



TAIHAN PRECISION TECHNOLOGY CO.,LTD

# TaiHan Precision Technology Co.,Ltd.

## Annual Report

### 2022

**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>**

**Printed on May 5, 2023**

1. Spokesperson and deputy 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>

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## I. The Report to All Shareholders

Dear Shareholders,

Aided by the steady increase in both shipments of plastic injection molding products of multi-function machines/printers and projector cases, the Company's two production bases in the Philippines and Vietnam enjoyed good capacity utilization rates last year. This, together with the Company's efforts in reducing relevant operating costs, successfully achieved its annual goal of profit growth. The Group's consolidated revenue totaled NT\$2,660,152 thousand in 2022, up 28% from NT\$2,085,430 thousand registered in 2021. The operating net-profits reached NT\$246,172 thousand in 2022, a significant increase of 75% from NT\$140,677 thousand in 2021. Profit and loss after-tax posted NT\$157,807 thousand in 2022, up 105% from NT\$77,058 thousand in 2021. With the production line arrangement in Southeast Asia, the Company will actively explore emerging markets to achieve the economic scale and improve the net profit margin, thus creating better earnings per share to repay the support of all shareholders. The report on the 2022 annual operating status is as follows:

### 1. Operating performance in 2022

#### (1) 2022 business plan implementation results (consolidated report):

Unit: NT\$thousand

| Item \ Amount                        | 2022        | 2021        | Incremental Amount | Percent Change (%) |
|--------------------------------------|-------------|-------------|--------------------|--------------------|
| Operating Income                     | 2,669,152   | 2,085,430   | 583,722            | 28%                |
| Operating Costs                      | (2,199,441) | (1,740,378) | 459,063            | 26%                |
| Gross Profits                        | 469,711     | 345,052     | 124,659            | 36%                |
| Operating Expenses                   | (223,539)   | (204,375)   | 19,164             | 9%                 |
| Operating Profits (losses)           | 246,172     | 140,677     | 105,495            | 75%                |
| Non-operating Income and Expenses    | 12,414      | (6,709)     | 19,123             | 285%               |
| Income (Losses) Before Tax           | 258,586     | 133,968     | 124,618            | 93%                |
| Tax Benefits (Expenses)              | (100,779)   | (56,910)    | 43,869             | 77%                |
| Net Profit (Losses)                  | 157,807     | 77,058      | 80,749             | 105%               |
| Net profits per share (losses) (NTD) | 2.05        | 1.00        | 1.05               | 105%               |

**(2) Financial Analysis (consolidated report):**

| Item                | Year  |         |         |
|---------------------|---|---------|---------|
|                     | 2022  | 2021    |         |
| Financial Structure | Debt to Assets Ratio (%)                                  | 37.86%  | 31.66%  |
|                     | Ratio of long-term funds to fixed assets (%)              | 229.66% | 190.16% |
| Solvency            | Current ratio (%)   | 229.11% | 227.40% |
|                     | Quick ratio (%)   | 187%    | 183.22% |
|                     | Interest coverage ratio (times)                           | 19.66   | 20.31   |
| Management Capacity | Accounts receivable turnover rate (times)                 | 5.60    | 5.54    |
|                     | Sales turnover days                                       | 65.21   | 65.82   |
|                     | Inventory turnover rate (times)                           | 11.4    | 10.12   |
|                     | Average days on sale                                      | 32.01   | 36.07   |
|                     | Fixed asset turnover (times)                              | 2.90    | 2.26    |
|                     | Total Asset Turnover Rate (Times)                         | 1.06    | 0.92    |
| Profitability       | Return on Assets (%)                                      | 6.70%   | 3.50%   |
|                     | Return on Shareholders' Equity (%)                        | 9.64%   | 4.85%   |
|                     | Net Profit Rate (%)                                       | 5.91%   | 3.70%   |
|                     | Earnings per share (NT Dollor) Retrospectively Adjustment | 2.05    | 1.00    |

**(3) Budget implementation status**

The Company's financial forecasts for 2022 were not disclosed to the public. The overall operating achievement rate is about 108.96% to its internal target. This attributes to the Japanese multi-functional business machine customers have more orders than expected in order to replenish inventory after the Covid-19 epidemic.

**(4) The R&D (Research and Development) status**

The Company has been focusing on the production of precision mold for 3C and OA products for a long time. Its industrial characteristics focus on the accumulation of experience and the inheritance of technology, so there is no major R&D plan currently. The current R&D work is

transferred to the participating of the customer's own product development work in the engineering design of prototype product stage.

## **2. Business plan summary of current year, future development strategies, and external environment impacts**

Though the annual profit target was successfully achieved on 2022, the management team will never be complacent. For 2023, it is still full of various challenges. The operating policy, future development strategy and the impact of the external environment for 2023 are as follows:

### **(1) Annual business policy and important production and marketing policies for 2023:**

- (1) The Group expects to continue to develop high value-added products with its highly-customized technical capabilities, and at the same time continue to deepen the overall production capacity utilization rate of its production bases in Vietnam, the Philippines, and China (Dongguan), including optimizing Dongguan plant's design and manufacture of precision molds. In addition, with its secondary processing automation process, it is expected to complete the advantages of R&D design, production technology, and one-stop service in the factory.
- (2) In line with the increasing demand of customers for new models with high design complexity, internal process optimization will be strengthened, and the processing technology after molding will also be gradually emphasized. In addition to boosting the performance of production capacity utilization rate, this move will help to continuously improve the performance of the Company's overall gross profit margin.
- (3) To continue to carry out new product introduction planning with major customers. It is expected that after the launch of new products, the overall revenue scale will gradually increase, which will help the Company maintain good order visibility and promote long-term upward growth in operations.

### **(2) Expected sales and its base**

The Company will continue to develop new business opportunities in different industries based on past sales performance. In addition to grasping the market share of original products, it will continue to track the development schedule of new products. In addition, it will open up space for cooperation with customers in different industries, diversify the risk of industrial concentration of a single customer, and bring positive injection to the Company's medium and long-term operations.

### **(3) Future development strategies:**

Looking forward to 2023, TaiHan PRECISION TECHNOLOGY CO., LTD will still uphold its business philosophy of "customer first, quality first", provide products and services of the required quality, and create a win-win future with customers. Based on the Company's professional mold research and development technology, it will accelerate process improvement and increase automation, continuously reduce procurement costs, and increase flexibility and adaptability. And with the help of the layout of the Southeast Asian production line, it will actively explore emerging markets, expand the

economic scale and improve the profit margin so as to create better earnings per share.

**(4) Impacts from external competitions, regulations, and overall operation environment:**

Although the consumer electronics industry is affected by the supply chain shipments due to the low demand of end consumers, TaiHan continues to carry out new product introduction planning, and pays more attention to the post-processing technology of plastic injection molding products. And with the new models with high complexity, it optimizes the product sales mix in order to promote the stable growth of the overall operating performance.

Faced with the increase in labor costs of overseas factories, the reduction of tax incentives, and fierce competition among peers, in addition to strengthening cost control to face fierce competition, we hope to create high entry barriers, rank as an irreplaceable partner for customers, and continue to expand niche markets.

The change of the regulatory environment is a problem that enterprises need to face. The Company continues to strengthen the efficiency and flexibility of the operation mode. Under the compliance with the laws and regulations, it will track the changes of laws and regulations at any time and evaluate and revise internal regulations and the formulation and implementation of compliance plans.

Recently, the promotion of climate change and sustainable management related to general environment and policies has been gradually carried out. The Company continues to invest appropriate resources in carbon taxes and fees, energy management, supplier and customer management, and human rights management. In the future, we will implement the above-mentioned risk control and management, improve operating efficiency, and prepare contingency measures in advance.

**Sincerely yours,**

**Tsai Chen-long**

**Chairman**

**TaiHan Precision Technology Corporation**



## II. Company profile

**1 Date of Incorporation: Aug 28<sup>th</sup>, 1987**

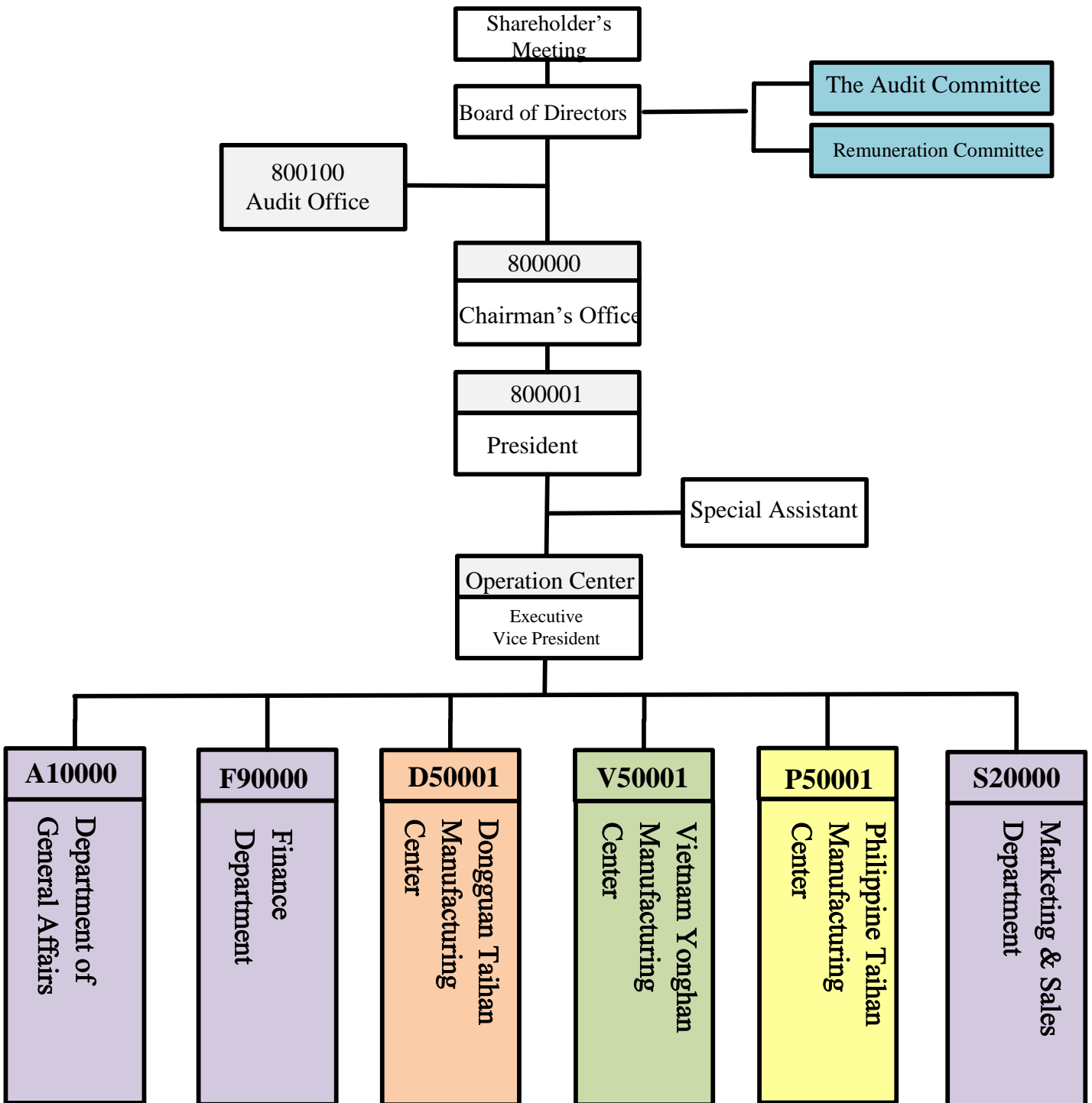
### **2 Company Chronology**

| 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 relocated to 1 <sup>st</sup> Floor, No. 568, Section 1, Minsheng North Road, Guishan District, Taoyuan City   |
| 2022/05 | Established a mold center in Dongguan.  |

### 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, supervision and achievement of the Dongguan plant.  |
| Vietnam Yonghan Manufacturing Center   | Operational performance analysis, supervision and achievement of the Vietnam factory.   |
| Philippine TaiHan Manufacturing Center | Operational performance analysis, supervision and achievement 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 15, 2023

| 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 in positions in the company and other companies | Other officers, directors or supervisors who have a relationship of spouse or second degree of kinship |      |              |       |
|----------------------|--------------------------------------|--------------------------------|--------|-------|---------------------|----------------|---------------------------|-------------------------------------|--------------------|----------------|--------------------|---------------------------------------|--------------------|-------------------------------|--------------------|-------------|---|--|------|--------------|-------|
|                      |                                      |                                |        |       |                     |                |                           | Shares                              | Shareholding ratio | Shares         | Shareholding ratio | Shares                                | Shareholding ratio | Shares                        | Shareholding ratio |             |   | Title  | Name | Relationship |       |
| Chairman             | Taiwan                               | SpeedTech Corporation(Note1)   | -      |       | 109.06.16           | 3              | 107.06.13                 | 15,012,000                          | 19.05%             | 22,599,000     | 28.67%             | 0                                     | 0                  | 0                             | 0                  | -           |   | None   | None | None         | Note2 |
|                      |                                      | Representative: Tsai Chen-long | Male   | 51-60 |                     |                |                           | 0                                   | 0                  | 805,000        | 1.02%              | 0                                     | 0                  | 1,100,000                     | 1.40%              | Note3       | Note3   | None   | None | None         | None  |
| Director             | Taiwan                               | SpeedTech Corporation (Note1)  | -      |       | 109.06.16           | 3              | 107.06.13                 | 15,012,000                          | 19.05%             | 22,599,000     | 28.67%             | 0                                     | 0                  | 0                             | 0                  | -           |   | None   | None | None         | None  |
|                      |                                      | Representative: Chang Zhiren   | Male   | 41-50 |                     |                |                           | 0                                   | 0                  | 0              | 0%                 | 0                                     | 0                  | 0                             | 0                  | Note3       | Note3   | None   | None | None         | None  |
| Director             | Taiwan                               | SpeedTech Corporation (Note1)  | -      |       | 109.06.16           | 3              | 107.06.13                 | 15,012,000                          | 19.05%             | 22,599,000     | 28.67%             | 0                                     | 0                  | 0                             | 0                  | -           |   | None   | None | None         | None  |
|                      |                                      | Representative: Lee Jiabe      | Male   | 41-50 |                     |                |                           | 0                                   | 0                  | 0              | 0%                 | 0                                     | 0                  | 0                             | 0                  | Note3       | Note3   | None   | None | None         | None  |
| Director             | Taiwan                               | Yang Jianping                  | Male   | 51-60 | 109.06.16           | 3              | 77.12.12                  | 652,000                             | 0.83%              | 670,000        | 0.85%              | 0                                     | 0                  | 0                             | 0                  | Note3       | Note3   | None   | None | None         | None  |
| Independent director | Taiwan                               | Zhuang Weimin                  | Male   | 51-60 | 109.06.16           | 3              | 106.06.19                 | 0                                   | 0                  | 0              | 0                  | 0                                     | 0                  | 0                             | 0                  | Note3       | Note3   | None   | None | None         | None  |
| Independent director | Taiwan                               | Chen Yiping                    | Female | 41-50 | 109.06.16           | 3              | 109.06.16                 | 40,000                              | 0.05%              | 40,000         | 0.05%              | 0                                     | 0                  | 0                             | 0                  | Note3       | Note3   | None   | None | None         | None  |
| Independent director | Taiwan                               | Lin Junyi                      | Male   | 41-50 | 110.07.16           | 2              | 110.07.16                 | 0                                   | 0                  | 0              | 0                  | 0                                     | 0                  | 0                             | 0                  | Note3       | Note3   | None   | None | None         | None  |

Note 1: It was originally Taiqiao Investment Co., Ltd., which was merged with SpeedTech Corporation on 2023/3/31 (merger base date), and SpeedTech Corporation is the surviving company.

Note 2: The Company's chairman concurrently acts as general manager as he is familiar with characteristics and expertise of the industry. The Company plans to add independent director seats to be in line with regulations/laws in the future.

Note 3:

| Title                | Name   | Experiences   | Currently positions in the company and other companies  |
|----------------------|--|---|---|
| Chairman             | Speed Tech Corporation<br>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. | Chief Strategy Officer, Strategy Committee, Luxshare Precision Industry Co., Ltd.; Director, Stech International Co., Ltd.; Director, Space Speed Technology Limited; Legal Person Representative, Luxshare-ICT, Inc.; Director, Dongguan Lide Precision Industry Co., Ltd.; Director, Luxshare Precision Industry Co., Ltd.; Chairman, Speed Tech ICT SDN.BHD.; Director, Castle Rock Inc.; Chairman, Assem Technology Co., Ltd.; Director, Speedtech (HK) Co., Limited; Chairman, Speedtech Intelligence Co., Ltd.; Director and legal person representative, Cyber Acoustics, LLC; Director and legal person representative, Caldigit Holding Limited; Director and legal person repetitive, Caldigit Limited; Company Representative, FORTUNE SHARE CORPORATION; Chairman, Xin An Investment Company Limited; Chairman, Xinfeng Investment Company Limited; Chairman, Speed Tech Corporation; Chairman, TaiHan Precision Technology Co., Ltd. |
| Director             | SpeedTech Corporation<br>Representative: Chang Zhiren    | Master, Department of Mechanical Engineering, National Central University<br>Director of Sales and Marketing, Speed Tech Corporation  | Executive Vice President, TaiHan Precision Technology Co., Ltd. · Section Chief, Sales and Marketing Dept, Speed Tech Corp.   |
| Director             | SpeedTech Corporation<br>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<br>Chairman, TaiHan Precision Technology Co., Ltd   | Special Assistant, Chairman's Office, TaiHan Precision Technology Co., Ltd. · Director, Yuguang Investment Co., Ltd. · Director, Lajue Life and Leisure Co., Ltd Chairman, Be Ample Company LTD.  |
| Independent director | Zhuang Weimin  | Master of Business Administration, The City University of New York<br>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<br>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<br>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<br>Independent Director, Speed Tech Corporation; Independent Director, Shin Ruenn development Co., Ltd.; Independent Director, JIIN YEEH DING ENTERPRISE CORP.   |

2. Major shareholders of corporate shareholders:

April 15, 2023

| Name of legal person shareholder | Major shareholders of corporate shareholders | Shareholding ratio |
|----------------------------------|--|--------------------|
| SpeedTech Corporation            | ICT-LANTO LIMITED                            | 30.43%             |
|                                  | FORTUNE SHARE CORPORATION                    | 7.23%              |

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

April 15, 2023

| Name of legal person shareholder | Major shareholders of corporate shareholders | Shareholding ratio |
|----------------------------------|--|--------------------|
| ICT-LANTO LIMITED                | Luxshare Precision Industry Co., LTD.        | 100%               |
| FORTUNE SHARE CORPORATION        | Xinfeng Investment Company Limited           | 80%                |
|                                  | Tsai Chen-long                               | 20%                |

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

April 15, 2023

| Qualification  | Professional qualifications and experience  | Independence situation  | Number of independent directors of other public companies |
|----------------|---|---|---|
| Name           |   |   |   |
| Tsai Chen-long | Mr. Tsai Chen-long graduated from Arizona State University with a master's degree in electronic and computer engineering. He once worked as the vice president of marketing at Luxshare Precision Industry Co., Ltd., responsible for marketing. With his plenty experiences in the industry, he possesses operational judgment, operation management, crisis management, industry knowledge, international market outlook, leadership, decision-making ability and experience.<br>None of any circumstances stipulated in the Article 30 of the Company Act. | Complies with Article 26-3, Items 3 to 4 of the Securities and Exchange Act: None of the directors of the company has a relationship of spouse or relative within the second degree of kinship. | 0   |
| Chang Zhiren   | Mr. Chang Zhiren graduated from the National Central University with a master degree in the Department Of The Mechanical Engineering. He used to be the director of the marketing and Sales department of SPEEDTECH   |   | 0   |

|               |  |  |   |
|---------------|--|--|---|
|               | <p>CORP. Mr. Chang owns plenty experiences and knowledges in operational judgment, management, accounting and financial analysis, crisis management, industry knowledge, international market, leadership and decision-making. None of any circumstances stipulated in the Article 30 of the Company Act.</p>  |  |   |
| Lee Jiahe     | <p>Graduated from the Mechanical Department of Oriental Institute of Technology, Mr. Lee Jiahe is currently working as a senior manager of the operation center of TaiHan Precision Technology Co., Ltd. He owns operational judgment, operation management, crisis management, industry knowledge, international market outlook, leadership, decision-making ability and experience. None of any circumstances stipulated in the Article 30 of the Company Act.</p> |  | 0 |
| Yang Jianping | <p>Graduated from Dept. of Mechanical Drafting of Taipei Kai-Nan Commercial and Industrial High School, Mr. Yang Jianping He is currently serving as a director of Yuguang Investment Company Limited. He owns operational judgment, operation management, crisis management, industry knowledge, international market outlook, leadership, decision-making ability and experience. None of any circumstances stipulated in the Article 30 of the Company Act.</p>   |  | 0 |
| Zhuang Weimin | <p>Mr. Zhuang Weimin served as the chief financial officer of the emerging stock company Micro Base Technology Corp (3184) from 2002 to 2011. He then served as the chief financial officer and accounting director of the emerging stock company DV Biomed CO. LTD (6539) from 2014 to 2015. From 2016 till now, he has served as the head of the finance and administration department and concurrently acted as the accounting head in Kwan's</p>                 | <ol style="list-style-type: none"> <li>1. Oneself, spouse, and relatives within the second-degree kinship does not serve as directors, supervisors, employees of the company or its affiliates.</li> <li>2. Oneself, spouse, and relatives within the second- degree kinship (or use the name of others) does not hold 1% of total shares issued by the company, or hold as a top ten shareholder in natural persons.</li> <li>3. Not any of serving as director, supervisor or employee of any</li> </ol> | 0 |

|             |   |  |   |
|-------------|---|--|---|
|             | <p>International Co., Ltd. (6101), an OTC company. None of any circumstances stipulated in Article 27 of the Company Act that the government, legal person or its representative shall be elected. None of any circumstances stipulated in the Article 30 of the Company Act.</p>   | <p>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).</p> |   |
| Chen Yiping | <p>Ms. Chen Yiping served as the deputy general manager and vice president on investment in the CTC CAPITAL, INC. from 2007 to 2020. Before that, she was the financial manager in the OTC company CHARDIN TECH CORPORATION from 2004 to Jan 2007. She worked as Section Chief in the Project Investment Section in Cathay Life Insurance Company, Ltd. and the Manager of Investment Department in Yitai Investment Management Consulting Company, the subsidiary of Cathay Life Insurance. Ms. Chen currently serves as the founder and executive partner of FOR WIN ASSETS MANAGEMENT LTD. Ms. Chen possess over twenty years experiences in the corporate finance and venture capital area, and serves as a board director of several companies. Ms. Chen holds a master's degree from the Department of Finance, National Taiwan University and a bachelor's degree from the Department of Economics, National Taiwan University.</p> <p>None of any circumstances stipulated in Article 27 of the Company Act that the government, legal person or its representative shall be elected.</p> <p>None of any circumstances stipulated in the Article 30 of the Company Act.</p> | <p>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:<br/>None</p>   | 0 |
| Lin Junyi   | <p>Mr. Lin Junyi served as the prosecutor of the New Taipei City District Prosecutor's Office and the prosecutor of the Agency Against Corruption (AAC) from 2002 to April 2013. He then; served as the chief lawyer in Hengsheng Law firm. Lawyer Lin has more than 21</p>   |  | 3 |



|  |  |  |  |
|--|--|--|--|
|  | <p>years of practical experience in the legal practice field, and is familiar with relevant laws and regulations such as the domestic securities market and operations.</p> <p>None of any circumstances stipulated in Article 27 of the Company Act that the government, legal person or its representative shall be elected.</p> <p>None of any circumstances stipulated in the Article 30 of the Company Act.</p> |  |  |
|--|--|--|--|

## 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 20<sup>th</sup> Meeting of the 10<sup>th</sup> 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 12<sup>th</sup> 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.

#### B. Board Independence

A total of seven directors comprise the 12<sup>th</sup> 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 15, 2023

| 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      | Tsai Chen-long | Male   | 2021.7.26           | 805,000        | 1.02% | 0  | 0     | 1,100,000                     | 1.40% | 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, TaiHuan 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, SpeedTech ICT SDN.BHD., Director, Castle Rock, Inc, Chairman, Taiqiao Investment Co., Ltd., Chairman, Assem Technology, Co., Ltd Company Representative, FORTUNE SHARE CORPORATION; Chairman, Xin An Investment Company Limited; Chairman, Xinfeng Investment Company Limited; | None   | None | None         | (Note2)   |
| Executive Vice President | Taiwan      | Chang Zhiren   | Male   | 2021.05.04          | 0              | 0     | 0  | 0     | 0                             | 0     | Master of Mechanical Engineering, National Central University<br>Director of Sales and Marketing Department, SpeedTech Corporation   | None  | None   | None | None         | None  |
| Vice President           | Taiwan      | Huang Xiaoling | Female | 2000.01.01          | 36,679         | 0.05% | 0  | 0     | 0                             | 0     | Master, Information Management, Nanzan University<br>Vietnam Yonghan Manufacturing Center President  | None  | None   | None | None         | None  |
| Associate Manager        | Taiwan      | Chen Jinzhong  | Male   | 2017.10.13          | 112,000        | 0.14% | 0  | 0     | 0                             | 0     | Master, International Finance Dept, National Taipei University<br>Chief Financial Officer, LienMing  | Director, TaiHuanland (Philippines) Inc.<br>Director, TaiHuan Precision Technology (Philippines) Co.,   | None   | None | None         | None  |



(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: NT\$,000

| Title                | Name  | Remuneration                                  |  |   |  |   |  | 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)   |  | Ratio of Total Remuneration (A+B+C+D) to Net Income (%) |  | Salary, Bonuses, and Allowances (E)                           |  |  | Severance Pay (F) |       | Employee Compensation (G)                     |  |
|                      |   | The company consolidated financial statements | All companies in the consolidated financial statements | The company consolidated financial statements | All companies in the consolidated financial statements | The company consolidated financial statements | All companies in the consolidated financial statements | The company consolidated financial statements                      | All companies in the consolidated financial statements | The company consolidated financial statements           | All companies in the consolidated financial statements | The company consolidated financial statements                 | All companies in the consolidated financial statements |  | Cash              | Stock | The company consolidated financial statements | All companies in the consolidated financial statements |
| Directors            | Taiqiao Investment Co., Ltd., Representative: Tsai Chen-long (Note 1) | 0   | 0  | 0   | 0  | 0   | 60   | 60   | 60   | 60  | 60   | 630   | 0  | 0  | 1,026             | 1,026 | 1,700   |  |
|                      | Taiqiao Investment Co., Ltd., Representative: Chang Zhiren (Note 1)   | 0   | 0  | 0   | 0  | 0   | 60   | 60   | 60   | 60  | 1,945  | 107   | 450  | 0  | 2,562             | 2,562 | 500-  |  |
|                      | Taiqiao Investment Co., Ltd., Representative: Lee Jiahe (Note 1)      | 0   | 0  | 0   | 0  | 0   | 60   | 60   | 60   | 60  | 398  | 24  | 76   | 0  | 558               | 558   | 500   |  |
|                      | Taiqiao Investment Co., Ltd., Yang Jianping                           | 0   | 0  | 1,500   | 1,500  | 1,500   | 1,500  | 0  | 0  | 0   | 0  | 0   | 0  | 0  | 1,500             | 1,500 | None  |  |
| Independent director | Zhuang Weimin   | 240   | 240  | 1,294   | 1,294  | 1,294   | 60   | 60   | 60   | 60  | 5,167  | 0   | 0  | 0  | 6,521             | 6,521 | None  |  |
|                      | Chen Yiping   | 240   | 240  | 1,294   | 1,294  | 1,294   | 60   | 60   | 60   | 60  | 0  | 0   | 0  | 0  | 1,594             | 1,594 | None  |  |
|                      | Lin Junyi (Note 4)  | 240   | 240  | 1,294   | 1,294  | 1,294   | 60   | 60   | 60   | 60  | 0  | 0   | 0  | 0  | 1,594             | 1,594 | None  |  |

Note 1: Taiqiao Investment Co., Ltd., was merged with SpeedTech Corporation on 2023/3/31 (merger base date), and SpeedTech Corporation is the surviving company.

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:

When the company makes profits, it may allocate no more than 3% as the director's remuneration. The remuneration of the company's directors and independent directors is handled in accordance with the company's "Directors' Salary and Remuneration Measures". The payment is calculated based on the principle of whether they participate in the company's daily management, concurrent positions on other committees of the company, attendance rate of the board of directors meeting, etc. The remuneration proposal will be passed after the resolution of the board of directors and reported to the shareholders' meeting.

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

| Title  | Name | Remuneration     |  |                   |  |                            |  | Relevant Remuneration Received by Directors Who are Also Employees |  | Ratio of Total Compensation              |  | Remuneration from ventures other than subsidiaries or from the parent company (Note 1) |                                     |             |  |             |  |      |            |
|--|------|------------------|--|-------------------|--|----------------------------|--|--|--|--|--|--|-------------------------------------|-------------|--|-------------|--|------|------------|
|  |      | Remuneration (A) |  | Severance Pay (B) |  | Directors Compensation (C) |  | Allowances (D)   |  | Remuneration (A+B+C+D) to Net Income (%) |  |  | Salary, Bonuses, and Allowances (E) |             | Severance Pay (F)                                      |             | Employee Compensation (G)                              |      | Income (%) |
|  |      | 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                               | The company | All companies in the consolidated financial statements | The company | All companies in the consolidated financial statements | Cash | Stock      |
| <b>non-employees, etc.) in the most recent years: None</b> |      |                  |  |                   |  |                            |  |  |  |  |  |  |                                     |             |  |             |  |      |            |

(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 consolidated financial statements | All companies in the consolidated financial statements | The company consolidated financial statements | 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 consolidated financial statements | All companies in the consolidated financial statements            |       |   |
|                          |                |   |  |   |  |                         | Cash   | Stock                     |             |  |   |   | Cash  |   |
| President                | Tsai Chen-long | 630   | 0  | 0   | 0  | 0                       | 0  | 336                       | 0           | 336  | 0   | 966   | 966   | 1,700   |
| Executive Vice President | Chang Zhiren   | 1,944   | 107  | 107   | 0.6  | 0.6                     | 0  | 450                       | 0           | 450  | 0   | 2,502   | 2,502 | 500   |
| Vice President           | Huang Xiaoling | 1,925   | 108  | 108   | 522  | 522                     | 0  | 528                       | 0           | 528  | 0   | 3,084   | 3,981 | None  |

### 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        | 0            | 0           | 0     | 0  |
|          | Executive Vice President | Chang Zhiren          |              |             |       |  |
|          | Associate Manager        | Huang Xiaoling        |              |             |       |  |
|          | Associate Manager        | Gu Jianzhong (Note 1) |              |             |       |  |
|          | Associate Manager        | Takayoshi Ninomiya    |              |             |       |  |
|          | Vice President           | Chen Jinzhong         |              |             |       |  |
|          | Associate Manager        | Chen Zhengwen         |              |             |       |  |

Note 1: Retired on 2023/3/15

- (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/package, payment setting, business performances, and relevance to future risks:

| Title                        | Remuneration as a percentage of net profit after tax in 2021 |   | Remuneration as a percentage of net profit after tax in 2022 |   |
|------------------------------|--|---|--|---|
|                              | The company  | All companies in the consolidation report | The company  | All companies in the consolidation report |
| Director                     | 13.93%   | 15.51%                                    | 10.74%   | 10.74%                                    |
| President and vice president | 7.78%  | 9.36%                                     | 4.15%  | 4.72%                                     |

The policy, standard and package, and procedures for setting up remuneration, the correlation with business performance and future risks:

(1) Policy, standard and package of remuneration:

- When the Company makes profits for the current year, it may allocate no more than 3% as the director's remuneration according to the Article 21 of the Article of Incorporation of the Company. For the distribution of directors' remuneration, the Remuneration Committee prepares a distribution proposal considering the overall performance of the Board of Directors, the Company's operating performance, future operations and risk. The proposal will be submitted to the board for approval, and reported to the Shareholders' Meeting.
- The manager's remuneration of the Company shall be paid according to the Company's operating performance, financial status, operating status and personal performance. When the Company makes profits for the current year, it may allocate no less than 1% as the employees' remuneration according to the Article 21 of the Article of Incorporation of the Company. The Company uses performance appraisal results as a reference for the issuance of managers' bonuses in accordance with the "Performance Appraisal Management Measures".
- The composition of the Company's remuneration includes cash, stock options, bonuses, various allowances and other measures with substantial rewards. It is determined in accordance with the "Organizational Regulations of the Remuneration Committee" of the Company. Its scope is in consistent with the remuneration of directors and managers has been stipulated in "Regulations



Governing Information to be Published in Annual Reports of Public Companies”.

(2) Procedures for determining remunerations:

1. In order to regularly evaluate the remuneration of directors and managers, the Company has formulated "Directors' Salary and Remuneration Measures" applicable to directors and the "Performance Appraisal Management Measures" applicable to managers and employees. Those measures are used as the basis for the evaluation remuneration results. For the chairman and the general manager, remuneration is determined with reference to "Supplementary Appointment Management Measures" and links to the Company's operating performance. The remuneration results will be submitted to the Board of Directors for approval.
2. The performance appraisal and salary rationality of the directors and managers of the Company are regularly evaluated and reviewed by the Remuneration Committee and Board of Directors every year. The Company provides reasonable remunerations according to the degree of operation participation and the value of their contributions. The actual amounts of remuneration for directors and managers in 2022 will be proposed and reviewed by the Remuneration Committee and submitted to the board meeting for final approval.

(3) Correlation with business performance and future risks:

The review of the Company's remuneration policy and related payment standards is based on the Company's overall operating status as the main consideration. The payment standard is set according to the performance achievement rate and contributions, so as to improve the overall organizational effectiveness of the Board of Directors and management team. The Company also refers to the salary standard of the industry to ensure that the salary of the Company's management team is competitive in the industry, in order to retain excellent management talents.

### 3 Corporate Governance Operation

#### (1) Operation of the Board of Directors

In 2022, the Board of Directors met 6 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.(Note1)<br>Representative: Tsai Chen-long | 6                                   | 0                               | 100%                          | Should be present 6 times (A) |
| Director             | Taiqiao Investment Co., Ltd. (Note1)<br>Representative: Chang Zhiren  | 6                                   | 0                               | 100%                          | Should be present 6 times (A) |
| Director             | Taiqiao Investment Co., Ltd. (Note1)<br>Representative: Lee Jiahe     | 6                                   | 0                               | 100%                          | Should be present 6 times (A) |
| Director             | Yang Jianping   | 5                                   | 0                               | 83%                           | Should be present 6 times (A) |
| Independent director | Zhuang Weimin   | 6                                   | 0                               | 100%                          | Should be present 6 times (A) |
| Independent director | Chen Yiping   | 6                                   | 0                               | 100%                          | Should be present 6 times (A) |
| Independent director | Lin Junyi   | 6                                   | 0                               | 100%                          | Should be present 6 times (A) |

Note 1: Taiqiao Investment Co., Ltd., was merged with SpeedTech Corporation on 2023/3/31 (merger base date), and SpeedTech Corporation is the surviving company.

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: None °

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

The Company has passed the "Performance Evaluation Method of the Board of Directors and Functional Committees" on 2019/3/19, which stipulated that the Board of Directors and functional committees shall conduct self-assessment every year, and the external performance evaluation of the board shall be performed at least once every three years. The 2022 annual self-assessment and external evaluation have been reported to the Board of Directors on 2023/3/16. The results are as follows:

#### **2022 Self-assessment:**

1. Object to be assessed: The scope of evaluation includes the performance evaluation of the Board of Directors, functional committees and individual directors.

2. Assessment methods: self-assessment questionnaires including the Board of Directors, functional committees and directors.

3. Evaluation criteria:

- The items of the performance evaluation of the Board of Directors should include at least the following five aspects:

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 continuously advanced study
5. Internal controls

- The items of the performance evaluation of the board members (self or peers) should include at least the following six aspects:

1. Dominating goals and tasks of the Company
2. Responsibility recognition of directors
3. Involvement in the Company's operations
4. Internal relationship management and communication
5. Expertise and continuously advanced study of directors
6. Internal controls

- The items of the performance evaluation of the functional committees should include at least the following five aspects:
  1. Involvement in the Company's operations
  2. Responsibility recognition 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
- 4. Execution unit: the unit responsible for performance evaluation of Board of Directors and functional committees is the audit office.
- 5. Application of evaluation results: The Company's performance evaluation results for Board of Directors and functional committees are 4.91~4.96 (number 1: very poor; number 5: excellent), which was submitted to the Board of Directors on 2023/3/16. This result will be used as a reference when selecting or nominating director candidates. Also the performance evaluation results of directors are provided to the remuneration committee as a base to determine directors' remuneration.

#### **2022 External Assessment:**

The Company appointed Taiwan Investor Relations Institute to perform the external performance evaluation of the Board of Directors in 2022 (period 2022/1-2022/12). The organization and experts who conducted the evaluation did not have business relationship with the Company. As a result, the evaluation is independent. The five aspects of the evaluation are Board composition and professional development, decision-making quality, operation effectiveness, internal control and risk management, and the participation in corporate social responsibility. The institute assessed through document reviews, questionnaires, and online interviews. The evaluation report was issued on 2023/1/30.

#### **Summary of the evaluation report:**

1. One of the independent directors of the evaluated Company is female in order to implement the policies to promote gender equality, increase the participation of women in decision-making and strengthen the structure of the Board of Directors. In order to strengthen the supervisory function of the Board of Directors, there are three seats of independent directors which is more than one-third of the directors' seats. The consecutive terms of office of the independent directors does not exceed three terms, which shows that independent directors can objectively exercise their powers and avoid reducing independence due to long-term tenure.
2. In 2022, all directors completed the training hours in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies". Through continuous training for directors, directors can absorb the latest knowledges and improve resilience, which enable board members to perform their functions effectively.
3. The evaluated company has set up "Procedures for the Prevention of Insider Trading", "Code of Conduct and Ethics" and "Ethical Corporate Management Best Practice Principles", and "Handling of Cases Reporting Illegal, Immoral or Dishonest Behaviors". So from directors and senior executives to employees, suppliers, and customers, all are required to conduct business with integrity and law-abiding spirit.

#### **Suggestions:**

1. Set up a functional committee of the "Sustainable Development Committee".
2. Publish the English version of the sustainability report.
3. The number of directors who concurrently own employee status should not exceed one-third of the number of directors.
4. Add one seat of independent director.
5. Appoint a full-time corporate governance supervisor.
6. Formulate succession planning for board members and important management teams.
7. Develop an intellectual property management plan.
8. Evaluate the independency and suitability of certified public accountants with reference to the Audit Quality Index (AQI).
9. Conduct at least two investor conferences every year.
10. Report the annual self-concluded financial information approved by the Board of Directors in soft copy within 75 days after the end of the fiscal year

#### **Future improvement measures:**

The company will make the improvement according to the suggestions put forward by the Institute with consideration of the actual situation of the Company in line with relative law and regulations in

the future.

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 2022, 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) | 6                     | 0                               | 100%                             | Should attend 6 times (A) |

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

Note 2: Resigned on 2021/5/31

1. Other matters to be recorded

- 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 10 <sup>th</sup> meeting, Second Session 2022/3/14 | <ol style="list-style-type: none"> <li>The Company's annual business report, financial statements and consolidated financial statements for 2021.</li> <li>The subsidiary company intends to apply short-term loan quotas.</li> <li>The subsidiary company intends to apply short-term loans from the bank, and the Company intends to provide an endorsement guarantee for it.</li> <li>One subsidiary of the Company intends to lend funds to the other subsidiary.</li> <li>Amends some provisions of the "Procedures for Lending Funds to Others and Endorsement Guarantees" for the Company.</li> <li>Amends some provisions of the "Procedures for Lending Funds to Others and Endorsement Guarantees" for the subsidiary.</li> <li>Amends some provisions of the "Measures for Performance Evaluation of the Board of Directors".</li> <li>Amends some provisions of the "Measures for the Supervision of Subsidiaries".</li> <li>Amends some provisions of the "Procedures for the Prevention of Insider Trading".</li> <li>Plans to amend "Ethical Corporate Management Best Practice Principles".</li> <li>Plans to amend "Verification Authority Table of Taipei".</li> <li>Amends some provisions of the "Procedures for Election of Directors".</li> <li>Plans to amend some provisions of the "Procedures for</li> </ol> | All the present members agreed to approve the proposal, and submitted to the Board of Directors for approval without objection from all the present directors. |

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|   | acquiring or disposing of assets” of the Company.<br>14.Submits the Internal Control Statement of the Company for 2021.   |  |
| The 11 <sup>th</sup> meeting,<br>Second Session<br>2022/5/4   | <ol style="list-style-type: none"> <li>1. Reports the consolidated financial statements for the first quarter of 2022.</li> <li>2. The Company and its subsidiary intend to apply short-term loan quotas.</li> <li>3. The Company and its subsidiary intend to apply short-term loans from the bank. The Company and its subsidiary plan to provide an endorsement guarantee for it.</li> <li>4. The subsidiaries of the Company intend to lend funds to the other subsidiaries.</li> <li>5. The 2022 Assessment of Independency for Certified Public Accountant.</li> </ol>  |  |
| The 12 <sup>th</sup> meeting,<br>Second Session<br>2022/7/15  | <ol style="list-style-type: none"> <li>1. Relocation of an important subsidiary TaiHan Mold Products (Dongguan) Co., Ltd. The capital expenditure budget for metal molding department of TaiHan Mold Products (Dongguan) Co., Ltd.</li> </ol>   |  |
| The 13 <sup>th</sup> meeting,<br>Second Session<br>2022/8/3   | <ol style="list-style-type: none"> <li>1. Reports the consolidated financial statements for the second quarter of 2022.</li> <li>2. The Company and its subsidiary intend to apply short-term loan quotas.</li> <li>3. The subsidiary company intends to apply short-term loans from the bank, and the Company intends to provide an endorsement guarantee for it.</li> <li>4. The Company and its subsidiaries intend to lend funds to the other subsidiaries.</li> <li>5. The company plans to formulate “Internal major information processing procedures”</li> <li>6. The Company plans to amend “Verification Authority Table of Taipei”.</li> <li>7. Plans to amend some provisions of the “Articles of Incorporation” of the Company.</li> <li>8. The Company plans to issue employee restricted stock in 2022.</li> </ol> |  |
| The 14 <sup>th</sup> meeting,<br>Second Session<br>2022/10/12 | <ol style="list-style-type: none"> <li>1. The subsidiary company intends to apply short-term loan quotas.</li> <li>2. The subsidiary company intends to apply short-term loans from the bank, and the Company plans to provide an endorsement guarantee for it.</li> <li>3. The company proposes to apply issue guaranteed commercial paper.</li> <li>4. The Company and its subsidiaries intend to lend funds to the other subsidiaries.</li> <li>5. The subsidiary Yonghan Precision Technology Co., Ltd. plans to acquire land use right assets in Vietnam.</li> </ol>   |  |
| The 15 <sup>th</sup> meeting,<br>Second Session<br>2022/11/14 | <ol style="list-style-type: none"> <li>1. Reports the consolidated financial statements for the third quarter of 2022.</li> <li>2. The company and its subsidiaries intend to apply short and medium- and long-term loan quotas.</li> <li>3. The company intends to provide an endorsement guarantee for the subsidiary to apply the short-term loan quota from the bank.</li> </ol>  |  |

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|  | <ol style="list-style-type: none"> <li>4. The subsidiary intends to apply for the replacement of the medium and long-term financing contract and the Company and the subsidiary will execute mutual endorsement and guarantee.</li> <li>5. The Company and its subsidiaries intend to lend funds to the other subsidiaries.</li> <li>6. The Company's 2023 audit plan</li> <li>7. The Company plans to amend "Verification Authority Table of Taipei".</li> <li>8. The company plans to formulate the "Code of Practice for Sustainable Development".</li> <li>9. Amends some provisions of the "Operation Procedures of Fund Loan to Others and Endorsement Guarantee" for TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD subsidiary of the Company.</li> <li>10. Amends some provisions of the "Management Procedures For The Preparation Of Financial Statements"</li> <li>11. Plans to amend "Internal Major Information Processing Procedures"</li> <li>12. Plans to amend "Procedures for the Prevention of Insider Trading"</li> <li>13. Plans to recognize the relevant evaluation information of the company's leased office from the related party SpeedTech Corporation.</li> <li>14. To ratify the revised "Measures of Issuance for New Shares with Restricted Employee Rights" of the Company, the list of allotted employees and the number of allotted shares on 2022 which is the first issue.</li> </ol> |  |
| <p>The 16<sup>th</sup> meeting,<br/>Second Session<br/>2023/3/16</p> | <ol style="list-style-type: none"> <li>1. The Company's annual business report, financial statements and consolidated financial statements for 2022.</li> <li>2. The Company's Surplus Distribution Proposal for 2022</li> <li>3. The company's annual surplus cash distribution for 2022</li> <li>4. The Company and its subsidiary intend to apply short-term loan quotas.</li> <li>5. The subsidiary company intends to apply short-term loans from the bank, and the Company intends to provide an endorsement guarantee for it.</li> <li>6. The Company and its subsidiaries intend to lend funds to the other subsidiaries.</li> <li>7. Amends some provisions of the "Articles of Incorporation "</li> <li>8. Amends some provisions of the "Corporate Governance Best Practice Principles".</li> <li>9. Amends some provisions of "the Internal Management Cycle - Related Party Transaction Management and Operation".</li> <li>10. Amends some provisions of the "Code of Practice for Sustainable Development".</li> <li>11. Submits the Internal Control Statement of the Company for 2022.</li> <li>12. The appointment of Certified Public Accountant and the assessment of CPA independency for 2023. It is</li> </ol>  |  |

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|  |   | suggested that pre-approved certified accountants. Their firms and firm-affiliated enterprises may provide non-certification services to the Company and its subsidiaries  |  |
|  | The 17 <sup>th</sup> meeting, Second Session 2023/5/3 | <ol style="list-style-type: none"> <li>1. The Company's consolidated financial statements for the first quarter of 2023</li> <li>2. The Company's operating budgets of 2023</li> <li>3. Amends some provisions of the "Rules of Procedure for Shareholders' Meeting"</li> <li>4. The Company plans to issue financing commercial paper (CP2)</li> <li>5. The Company and its subsidiaries intend to lend funds to the other subsidiaries.</li> <li>6. The Company intends to increase the capital of TaiHan Mold Products (Dongguan) Co., Ltd. by US\$3.5 million</li> </ol> |  |

(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 16, 2023 at 3:30 pm |   |
| Conference Content              | 2022 Financial Report Review and Communication with Corporate Governing Units.  |
| Participants                    | Zhuang Weimin Independent Director, Chen Yiping Independent Director, Lin Junyi Independent Director, 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 |  | Summary Description   |
| 1. Does the company formulate and disclose the code of practice on corporate governance in accordance with the "Code of Practice for Corporate Governance of Listed/OTC Companies" or not?   | V                  |    | In accordance with the regulations, the Company mapped out the "Corporate Governance Code", and disclosed on its website for shareholder's reference at the same time.   | No major differences. |
| 2. The Company's shareholding structure and shareholders' equity<br>(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  | No major differences. |

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|  |   | at all times.  |  |
| (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 "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises".  | 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.<br>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 16, 2023.   | No major differences. °  |
| (4) Does the Company regularly assess the independence of CPAs or not?   | V | The Audit Committee of the Company regularly evaluates the independence of certified accountants every year and submits the evaluation results to the Board of Directors. The latest assessment was approved by the audit committee as resolution on and was submitted to the board meeting held on 2023/3/16 for resolution.<br><br>The assessed items for the independence of accountants are as follows:<br><br>1. Whether the CPA Independence Assessment Questionnaire (Note 1) is completed and the conclusion of the questionnaire complies with the  | No major differences. °  |



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|   |   | <p>independence and competence review.</p> <p>2. Whether the CPA's certified service has been appointed for seven years continuously.</p> <p>3. Whether the CPA obtains audit quality indicators (AQIs) as a reference for evaluating the appointment of certified accountants.</p> <p>4. Whether the Company obtains the Independence Statement issued by the accountant.</p> <p>Evaluation result: the review result is passed, so it is recommended to maintain the original CPA.</p> <p>(Note 1) The independent assessment questionnaire is mainly divided into three major parts, with a total of 18 sub-items. The first two questions of each item are listed below:</p> <ul style="list-style-type: none"> <li>➤ Review on the requirement for Independence <ul style="list-style-type: none"> <li>(1) Does the accountant himself or his spouse or minor children invest in the Company or share financial interests with the Company?</li> <li>(2) Does the accountant himself, his spouse, or his minor children have a loan relationship with the company? However, if the client is a financial institution with normal business relationship, this provision will not apply.</li> </ul> </li> <li>➤ Review on Independent operation: <ul style="list-style-type: none"> <li>(1) Whether the accountant evaded and not to undertake the cases under the condition that the accountant has a direct or significant indirect interest relationship with the entrusted matter which may affects its impartiality and independence?</li> <li>(2) Whether the accountant maintains its independence in terms of substance and in form when conducting the audit, review, check, project review and prepares CPA opinion?</li> </ul> </li> <li>➤ Review on competency: <ul style="list-style-type: none"> <li>(1) Has the accountant had a punishment record by the Accountants Discipline Committee in the past two years? Has the accounting firm been involved in any major litigation in the past two years or now?</li> <li>(2) Does the accounting firm have sufficient scale, resources and geographic coverage to handle corporate audit services?</li> </ul> </li> </ul> |   |
| 4. Does this listed/OTC company deploy a competent and appropriate number of corporate governance personnel, and appoint a corporate governance | 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   | The Company expects to refer to Article 20, "The Board of |

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| 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? |   | 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.  | 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 | 1. The company has set up spokesperson who serves as an external communication channel. All stakeholders can contact the Company through various channels such as telephone, "Contact Us" on the company website, and the contact window of each stakeholder in the "Sustainable Management Commitment" to report, prosecute and complain.<br>2. Issues and responses that the Company's stakeholders concern about are disclosed in the annual sustainability report and on the Company's website.<br>The Company website :<br><a href="https://www.thpt.com.tw/">https://www.thpt.com.tw/</a>   | 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<br>(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 ( <a href="http://www.thpt.com.tw">http://www.thpt.com.tw</a> ) 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.<br>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?  | V | 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 | 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.<br>2. The Company maps out retirement measures to guarantee a stable retirement life for employees.<br>3. The Company maintains good interaction with professional investment legal persons, main suppliers, customers, and other stakeholders. This | No major differences. ◦  |

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|  |  |  | relationship is regarded as just fine.   |  |
|  |  |  | <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> |  |

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.):
- The Company's 2022 (9th) corporate governance evaluation results were listed as 6% to 20%. 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.
- The Company's 2022 (9th) corporate governance evaluation results were listed as 6% to 20%. According to the evaluation results, the main improvement are described as follows:
- (1) Improved results:
1. Upload English financial reports, annual reports, shareholders' meeting agenda handbooks and meeting notices within the specified period.
  2. Disclose the sustainability report.
- (2) Priorities and measures of improvement:
1. Strengthen the publicity program for integrity management.
  2. Establish functional committees such as the Sustainable Development Committee.
- (3) The company will continue to evaluate the feasibility of future improvement for the parts that did not win the scores.

<Appendix 1>

| Title                                  | Name           | Study Date   | Organizer   | Course Title   | Study Hours |
|--|----------------|--------------|---|--|-------------|
| Legal person representative - Chairman | Tsai Chen-long | 2022/7/28~29 | Taiwan Institute for Sustainable Energy (TAISE)     | 2022 Net Zero and Sustainable Development Forum  | 7           |
| Legal person representative - Director | Chang Zhiren   | 2022/7/11    | The Institute of Internal Auditors - Chinese Taiwan | Case Analysis of Trade Secrets Act and Non-competition (including the crime of economic espionage in the newly revised National Security Act)  | 6           |
| Legal person representative - Director | Lee Jiahe      | 2022/7/11    | The Institute of Internal Auditors - Chinese Taiwan | Case Analysis of Trade Secrets Act and Non-competition (including the crime of economic espionage in the newly revised National Security Act)  | 6           |
| Director                               | Yang Jianping  | 2022/7/18    | The Institute of Internal Auditors - Chinese Taiwan | The functions and tasks of corporate governance personnel under the corporate governance blueprint and the latest practices of insider trading | 6           |
| Independent Director                   | Zhuang Weimin  | 2022/8/19    | Accounting Research and Development Foundation      | Continuing training courses for accounting executives of issuers, securities firms and   | 6           |

|                      |             |            |   |  |   |
|----------------------|-------------|------------|---|--|---|
|                      |             |            |   | stock exchanges (Director training)  |   |
| Independent Director | Chen Yiping | 2022/10/13 | Securities and Futures Institute        | Talking about corporate tax governance and tax technology solutions from the perspective of ESG trends and the epidemic environment    | 3 |
|                      |             | 2022/12/01 | Taiwan Academy of Banking and Finance   | Development trend of financial technology and information security risk  | 3 |
| Independent Director | Lin Junyi   | 2022/5/19  | Securities and Futures Institute        | Introduction and case analysis of short-term trading by company's insiders   | 3 |
|                      |             | 2022/8/10  | Taiwan Corporate Governance Association | ESG-related legal issues that the board of directors should consider and corporate integrity management and insider trading prevention | 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  |  |             |  |                        |  |
| Independent director  |  | Chen Yiping | 0  |                        |  |
| Independent director  |  | Lin Junyi   | 3  |                        |  |

(2) Information regarding the Remuneration Committee's operation

- The Company's remuneration committee is comprised of a total of three members.
- The term of the 4<sup>th</sup> Session of the Remuneration Committee is dated from June 24, 2020 to June 15, 2023. The committee held meetings for 3 times in the most recent year (2022), 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 | 3                     | 0                              | 100%                             | Should attend 3times (A) |
| Member   | Chen Yiping   | 3                     | 0                              | 100%                             | Should attend 3times (A) |
| Member   | Lin Junyi     | 3                     | 0                              | 100%                             | Should attend 3times (A) |

Other matters to be recorded:

- 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.
- 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) Responsibilities of the Remuneration Committee

The committee faithfully performs the following functions and powers, and submits its recommendations to the Board of Directors for discussion with the attention of a good administrator.

1. To formulate and regularly review the policies, systems, standards and structures for performance evaluation and remuneration of directors, supervisors and managers.
2. To evaluate and determine the remuneration of directors, supervisors and managers regularly.

(4) Important resolutions as of the publication date of the annual report:

| Date              | Meeting  | Important resolutions  |
|-------------------|--|--|
| August 3, 2022    | The 7 <sup>th</sup> meeting<br>Fourth Session  | Case 1: Salary proposal for deputy general manager<br>Case 2: The performance bonus distribution proposal for manager of the Company in 2022.  |
| November 14, 2022 | The 8 <sup>th</sup> meeting<br>Fourth Session  | Case 1: Annual Manager Salary Adjustment for 2023<br>Case 2: The Employee Remuneration distribution plan for managers of the company in 2022<br>Case 3: Distribution proposal of the employee restricted stocks for managers of the Company. |
| January 11, 2023  | The 9 <sup>th</sup> meeting<br>Fourth Session  | Case 1: The 2022 year-end bonus distribution plan for managers.  |
| March 16, 2023    | The 10 <sup>th</sup> meeting<br>Fourth Session | Case 1: The 2022 employee remuneration distribution<br>Case 2: The remuneration distribution proposal of directors   |
| May 3, 2023       | The 11 <sup>th</sup> meeting<br>Fourth Session | Case 1: The Company adds Directors' Remuneration 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 to handle senior management and supervision of the Board? | V                        |    | The Company has established a "Sustainable Implementation Team" in 2022 led by the executive vice president to be responsible for supervising the implementation of the corporate sustainable development policy. With the assist of audit office and executive secretary, the Team formulates relevant plans and objectives, reviews the validity of various data. It is divided into three major sections: corporate governance, environmental protection and social relations to make sure that relevant management policies are implemented in daily operation activities. The "Sustainability Implementation Team" regularly reports to the board of directors every year for (1) the status of stakeholders' discussions; (2) the identified major sustainability issues; (3) the proposed sustainability goals and goal revisions; (4) supervision on the implementation of sustainable goals; (5) the implementation of integrity management to review and urge the implementation of related policies. The board of directors of the Company reviews and examines the implementation report of sustainable development submitted by the management on a regular basis and gives opinions. | No major differences<br>◦  |

| Projects   | Implementation situation                         |   |  | Differences from the Code of Practice for Sustainable Development of Listed/OTC Companies and Reasons for Such |            |                         |             |                      |  |                   |   |         |                             |  |                 |   |  |   |                      |                       |   |                      |
|--|--|---|--|--|------------|-------------------------|-------------|----------------------|--|-------------------|---|---------|-----------------------------|--|-----------------|---|--|---|----------------------|-----------------------|---|----------------------|
|  | Yes  | No  | Summary  |  |            |                         |             |                      |  |                   |   |         |                             |  |                 |   |  |   |                      |                       |   |                      |
| 2. Does the Company conduct risk assessments on significant environmental, social, and corporate governance issues, and formulate relevant risk management policies or strategies? | V  |   | <p>(1) The scope of information disclosed by the Company covers existing bases in Taiwan, Mainland China, Vietnam and the Philippines. Based on the AA1000 SES stakeholder agreement and the development trend of sustainable issues at home and abroad, 21 issues related to the environment, society and corporate governance are listed. Through the analysis of major issues, the Company identifies major issues that have more influence on the Company and various stakeholders, and formulates relevant policies and goals, and continuously review their implementation performance.</p> <p>(2) Based on the evaluation, the identified risks and related risk management strategies are as follows:</p> <table border="1"> <thead> <tr> <th>Scope</th> <th>Risk Items</th> <th>Implementation Policies</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Environment</td> <td>Wastewater and Waste</td> <td>The company strictly complies with legal requirements in wastewater/waste treatment.</td> </tr> <tr> <td>Energy management</td> <td>Promote the importance of energy saving every year.</td> </tr> <tr> <td rowspan="3">Society</td> <td>Workplace Health and Safety</td> <td>Provide a good working environment and improve the development of friendly organizational culture.</td> </tr> <tr> <td>Labor Relations</td> <td>Build a culture of equality, tolerance, and open communication.</td> </tr> <tr> <td>Employee salary, benefits and career development</td> <td>Optimize competitiveness of salary to ensure the retention of outstanding talents</td> </tr> <tr> <td>Corporate Governance</td> <td>Operating performance</td> <td>Cooperate with the government and legal policies actively. Use Taiwan parent company as the operation center of finance, sales and R&amp;D. Make sure the rights and interests of employees and shareholders. Strengthen the functions of the Board of Directors. Fully fulfill the functions of the functional committee. Improve the transparency of information disclosure</td> </tr> </tbody> </table> | Scope  | Risk Items | Implementation Policies | Environment | Wastewater and Waste | The company strictly complies with legal requirements in wastewater/waste treatment. | Energy management | Promote the importance of energy saving every year. | Society | Workplace Health and Safety | Provide a good working environment and improve the development of friendly organizational culture. | Labor Relations | Build a culture of equality, tolerance, and open communication. | Employee salary, benefits and career development | Optimize competitiveness of salary to ensure the retention of outstanding talents | Corporate Governance | Operating performance | Cooperate with the government and legal policies actively. Use Taiwan parent company as the operation center of finance, sales and R&D. Make sure the rights and interests of employees and shareholders. Strengthen the functions of the Board of Directors. Fully fulfill the functions of the functional committee. Improve the transparency of information disclosure | No major differences |
| Scope  | Risk Items                                       | Implementation Policies   |  |  |            |                         |             |                      |  |                   |   |         |                             |  |                 |   |  |   |                      |                       |   |                      |
| Environment  | Wastewater and Waste                             | The company strictly complies with legal requirements in wastewater/waste treatment.  |  |  |            |                         |             |                      |  |                   |   |         |                             |  |                 |   |  |   |                      |                       |   |                      |
|  | Energy management                                | Promote the importance of energy saving every year.   |  |  |            |                         |             |                      |  |                   |   |         |                             |  |                 |   |  |   |                      |                       |   |                      |
| Society  | Workplace Health and Safety                      | Provide a good working environment and improve the development of friendly organizational culture.  |  |  |            |                         |             |                      |  |                   |   |         |                             |  |                 |   |  |   |                      |                       |   |                      |
|  | Labor Relations                                  | Build a culture of equality, tolerance, and open communication.   |  |  |            |                         |             |                      |  |                   |   |         |                             |  |                 |   |  |   |                      |                       |   |                      |
|  | Employee salary, benefits and career development | Optimize competitiveness of salary to ensure the retention of outstanding talents   |  |  |            |                         |             |                      |  |                   |   |         |                             |  |                 |   |  |   |                      |                       |   |                      |
| Corporate Governance   | Operating performance                            | Cooperate with the government and legal policies actively. Use Taiwan parent company as the operation center of finance, sales and R&D. Make sure the rights and interests of employees and shareholders. Strengthen the functions of the Board of Directors. Fully fulfill the functions of the functional committee. Improve the transparency of information disclosure |  |  |            |                         |             |                      |  |                   |   |         |                             |  |                 |   |  |   |                      |                       |   |                      |
| 3. Environmental issues<br>(1) Does the Company establish an appropriate environmental management system in line with  | V  |   | (1) All production factories of the Company have established an environmental management system in   | 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  |  |                   |                   |      |       |       |      |      |       |                           |
| its industrial characteristics?  |                          |                   | accordance with domestic laws and regulations and the requirement of ISO 14001 and obtain third-party certificates. The Company continuously prevents the possible harm to the environment through the "P-D-C-A" cycle model.  | ◦  |                   |                   |      |       |       |      |      |       |                           |
| (2) Does the Company dedicate to improve energy efficiency and use low impact recycled materials in terms of environmental protection?   | V                        |                   | (2) The Company continuously promotes energy management plans in each factory. Through power saving, water saving and recycling packaging material, the Company improves the efficiency of energy use to reduce the impact of environmental load.  | No major differences<br>◦  |                   |                   |      |       |       |      |      |       |                           |
| (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?   | V                        |                   | (3) The company evaluates the risks and opportunities of climate change with reference to the TCFD proposal framework issued by the Financial Stability Board (FSB).<br>There are five major risks were identified in 2021: policy and regulatory risk, reputation, investment in new technologies, changes in rainfall patterns and distribution, and increases in average temperatures. The Company had formulated corresponding measures for the risks, such as: plans to purchase Renewable Energy Certificates (REC), gradually replaces old and high-energy -consuming machines, improves water efficiency in the factory area, and promotes energy-saving and carbon-reducing actions, etc.<br>The detail of identification results and countermeasures has been disclosed on the company's official website. ( <a href="https://www.thpt.com.tw/environmental_sustainability/">https://www.thpt.com.tw/environmental_sustainability/</a> )   | No major differences<br>◦  |                   |                   |      |       |       |      |      |       |                           |
| (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                        |                   | (4) (1) Greenhouse gas emissions: TaiHan takes the initiative to conduct greenhouse gas (GHG) inventory in accordance with the requirements of ISO 14064-1 every year in order to grasp the basis for greenhouse gas emissions and reductions. In 2021, due to the office relocation, the electricity consumption from August to December is calculated with share base with the leased building, so the emissions in scope 2 were higher than previous year. The following data only includes greenhouse gas emissions in Taiwan, and does not include overseas factories.<br><table border="1" data-bbox="858 1352 1273 1482"> <thead> <tr> <th>Year</th> <th>Scope 1 (tonCO2e)</th> <th>Scope 2 (tonCO2e)</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>15.32</td> <td>32.95</td> </tr> <tr> <td>2022</td> <td>3.75</td> <td>22.38</td> </tr> </tbody> </table><br>(2) Water consumption<br>TaiHan's Taiwan headquarter office only use people's livelihood water. As the Company is located in a leased building, it is difficult to distinguish the water consumption from other tenants. Therefore, the Company's water consumption is calculated by the percentage of the leased area. The company's leased area is about 2% of the building, so the total water intake in 2022 was about 1021 M3 by proportion. All waste water of the Company is discharged to legal sanitary sewers in accordance with the regulations for waste water treatment, which will not pose a threat to the watershed ecosystem or natural water bodies. At the same time, the Company's water consumption is relatively small to the total water intake for the area and will not cause pressure on local water usage. The following data only includes water consumption in Taiwan, and does not include overseas factories of the Company. | Year   | Scope 1 (tonCO2e) | Scope 2 (tonCO2e) | 2021 | 15.32 | 32.95 | 2022 | 3.75 | 22.38 | No major differences<br>◦ |
| Year   | Scope 1 (tonCO2e)        | Scope 2 (tonCO2e) |  |  |                   |                   |      |       |       |      |      |       |                           |
| 2021   | 15.32                    | 32.95             |  |  |                   |                   |      |       |       |      |      |       |                           |
| 2022   | 3.75                     | 22.38             |  |  |                   |                   |      |       |       |      |      |       |                           |

| Projects   | Implementation situation            |    |  | Differences from the Code of Practice for Sustainable Development of Listed/OTC Companies and Reasons for Such |                                     |      |       |                      |       |  |
|--|-------------------------------------|----|--|--|-------------------------------------|------|-------|----------------------|-------|--|
|  | Yes                                 | No | Summary  |  |                                     |      |       |                      |       |  |
|  |                                     |    | <table border="1"> <thead> <tr> <th>YEAR</th> <th>Water Consumption (m<sup>3</sup>)</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>1,134</td> </tr> <tr> <td>2022</td> <td>1,021</td> </tr> </tbody> </table> <p>(3) Waste amount<br/>Although the Company belongs to the mold and plastic molding industry, it has no production operations in Taiwan and the overseas factories are not included. The waste in the office is shared with the leased building, so it is difficult to distinguish. The waste amount is small and only from the daily operations of the employees, so this data is not included in the statistics. The Company also continuously promotes garbage classification and reduces the use of disposable plastics, so as to increase the recycling and reuse, and reduce the waste generation.</p> <p>(4) Environmental sustainability objectives<br/>The Company already promoted sustainable management to all factories in 2022 and set up a follow-up reduction target. The short-term goal is to reduce water intake and electricity consumption by 1% every year, and the long-term goal is to reduce 8% of water intake and electricity consumption in 2030 compared to those in 2022. In the meantime, the Company continuously strengthens the waste classification and reduction in the factory area in order to reduce the environmental pollution. The carbon emissions of the Company's Taiwan operating units have dropped 5.89% in 2021 compared to 2020. At the same time, the Company's strategies to cope with climate change and greenhouse gas management include: planning power generation equipment utilizing renewable energy for its new plants, planning to purchase renewable energy certificates, and gradually replacing old and energy-intensive machines, and actively cooperating with end customers' carbon reduction policies and continuous carbon reduction in the use of materials</p> | YEAR   | Water Consumption (m <sup>3</sup> ) | 2021 | 1,134 | 2022                 | 1,021 |  |
| YEAR   | Water Consumption (m <sup>3</sup> ) |    |  |  |                                     |      |       |                      |       |  |
| 2021   | 1,134                               |    |  |  |                                     |      |       |                      |       |  |
| 2022   | 1,021                               |    |  |  |                                     |      |       |                      |       |  |
| <p>4. Social Issues</p> <p>(1) Whether the company has complied with relevant regulations and international human rights contract to formulate relevant management policies and procedures or not?</p> | V                                   |    | <p>(1) The company has formulated human rights policies in accordance with “Universal Declaration of Human Rights” of the United Nations and the “Declaration on Fundamental Principles and Rights at Work” of the International Labor Organization and other human rights policies formulated based on International Bill of Human Rights. At the same time, the Company abides by the provisions of various local laws and regulations. There is no violation of relevant laws and regulations and international human rights conventions in various personnel regulations of the Company.</p> <p>The Company's human rights management policies and specific plans are as follows:</p> <table border="1"> <thead> <tr> <th>Human Rights Management Policies</th> <th>Specific plans</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> </tbody> </table>  | Human Rights Management Policies   | Specific plans                      |      |       | No major differences |       |  |
| Human Rights Management Policies   | Specific plans                      |    |  |  |                                     |      |       |                      |       |  |
|  |                                     |    |  |  |                                     |      |       |                      |       |  |



| Projects   | Implementation situation  |                      |   | Differences from the Code of Practice for Sustainable Development of Listed/OTC Companies and Reasons for Such                           |  |                                 |  |                         |                                 |                     |   |                      |
|--|---|----------------------|---|--|--|---------------------------------|--|-------------------------|---------------------------------|---------------------|---|----------------------|
|  | Yes   | No                   | Summary   |  |  |                                 |  |                         |                                 |                     |   |                      |
| <p>(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?</p> <p>(3) Does the Company provide employees with a safe and healthy work environment, and regularly implement a safety and health education for employees?</p>  | V   |                      | <table border="1"> <tr> <td>Provide a safe/healthy work environment</td> <td>The Company regularly identifies risk sources in the employees' working environment and provides adequate personal protective equipment.</td> </tr> <tr> <td>Prohibition of working overtime</td> <td>Specify the upper limit of overtime hours and monitor through the attendance system.</td> </tr> <tr> <td>Manage workplace abuses</td> <td>Sound internal complaint system</td> </tr> <tr> <td>Maternal protection</td> <td>It is prohibited for maternity engaging in potentially harmful operations for half years before and after childbirth.</td> </tr> </table> | Provide a safe/healthy work environment  | The Company regularly identifies risk sources in the employees' working environment and provides adequate personal protective equipment. | Prohibition of working overtime | Specify the upper limit of overtime hours and monitor through the attendance system. | Manage workplace abuses | Sound internal complaint system | Maternal protection | It is prohibited for maternity engaging in potentially harmful operations for half years before and after childbirth. | No major differences |
|  |   |                      | Provide a safe/healthy work environment   | The Company regularly identifies risk sources in the employees' working environment and provides adequate personal protective equipment. |  |                                 |  |                         |                                 |                     |   |                      |
| Prohibition of working overtime  | Specify the upper limit of overtime hours and monitor through the attendance system.                                  |                      |   |  |  |                                 |  |                         |                                 |                     |   |                      |
| Manage workplace abuses  | Sound internal complaint system   |                      |   |  |  |                                 |  |                         |                                 |                     |   |                      |
| Maternal protection  | It is prohibited for maternity engaging in potentially harmful operations for half years before and after childbirth. |                      |   |  |  |                                 |  |                         |                                 |                     |   |                      |
| <p>(2)(1) Employee remuneration: The Company's year-end bonus is calculated for not less than 1% of the Company's annual profit according to the Company's Articles of Incorporation, then adjusted according to personal seniority and the department and personal performance. The year-end bonus will be distributed to all employees of the Company on a reasonable manner to encourage all colleagues who work hard together for the company's objectives. In addition, the salary of the same industry is also regularly reviewed and adjusted in a timely manner to maintain the company's overall salary competitiveness.</p> <p>(2) Employee welfares: The company has set up Employee Welfare Committee to allocate welfare funds in order to plan and provide various benefits for all employees, such as: employee travel, birthday gift vouchers, marriage allowances, maternity allowances, funeral allowances, etc. For the employees' vacation system, the Company gives each employee an appropriate number of days of leave in accordance with the provisions of the Labor Standards Act. Employees also can take maternity leave, paternity leave, menstrual leave, family care leave, marriage leave, etc. according to their needs, so as to maintain a good balance between work and family.</p> <p>(3)(1) In order to provide employees with a hygienic and safe working environment, the company inspects related equipment and working environment on regular basis. The Company also regularly arranges fire safety drills. Relevant measures have been disclosed on the company's official website:<br/> <a href="https://www.thpt.com.tw/compensation_and_benefits/">https://www.thpt.com.tw/compensation_and_benefits/</a></p> <p>(2) For the health status of employees, the Company regularly arranges a medical team to the factory for health check and education. The emergency medical equipment is also regularly inspected and replenished to provide a safe and hygienic working environment for employees. The education and training courses related to safety and fire protection of the Company (including overseas factories) in 2022 is as follows:</p> <table border="1"> <thead> <tr> <th>Person-times of education and training</th> <th>Total training hours</th> </tr> </thead> <tbody> <tr> <td>3,149</td> <td>11,351</td> </tr> </tbody> </table> | Person-times of education and training  | Total training hours | 3,149   | 11,351   | No major differences   |                                 |  |                         |                                 |                     |   |                      |
| Person-times of education and training   | Total training hours  |                      |   |  |  |                                 |  |                         |                                 |                     |   |                      |
| 3,149  | 11,351  |                      |   |  |  |                                 |  |                         |                                 |                     |   |                      |
| (4) The company has formulated fixed newcomer  |   |                      |   |  |  |                                 |  |                         |                                 |                     |   |                      |

| 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.   | V                        |    | education and training courses for all new employees to help newcomers quickly familiarize themselves with the work. The Company also arranges education and training of professional skills and mechanical operation every year for all direct labors. For indirect labors, the Company allocates budgets for external training every year to encourage employees to further enhance their career knowledge. In 2022, the total education and training person-times was 17,296 and total training hours were 52,195.5 hours for the Company (including overseas factories).   | 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?              | V                        |    | (5) The main factories of the Company have passed the verification of ISO 9001 quality management system to ensure that the marketing and labeling of the Company's products and services comply with relevant laws and international standards. In addition, the "Personal Data Protection Management Measures" have been set up by the Company to strictly limit the use and inquiry of personal and customer data to ensure customers' privacy.<br><br>(6) The suppliers of the company conduct supplier sustainability assessments in accordance with the Customer and Supplier Code of Conduct, which stipulates suppliers to be in compliance with applicable international standards in terms of the environment, labor rights, health and safety, and ethics. The Company continuously performs due diligence and implement supply chain management. | 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?  | V                        |    |  | 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 prepared the 2021 sustainability report in accordance with the report preparation guidelines (GRI Standards), and obtained the independent inspection statement after verification by the British Standards Institution (BSI).   | No major differences   |
| 6.. If the Company has its own sustainable development code in accordance with the "Code of Practice for Sustainable Development of Listed OTC Companies": The company implements the sustainable operation in accordance with the provisions of the "Code of Practice for Sustainable Development of Listed OTC Companies".                 |                          |    |  |  |
| 7. Other important information helpful to understand the implementation of the promotion of sustainable development:<br>Please refer to the sustainability report issued by the Company or on the Company's official website with the following URL: <a href="https://www.thpt.com.tw/sustainable/">https://www.thpt.com.tw/sustainable/</a> |                          |    |  |  |

## (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<br>(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", which been approved by Board of Directors, 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 company has established strict norms and ethical standards in the "Code of Conduct" and "Code of Integrity Management". All senior managers and directors are strictly prohibited from making any political contributions, accepting bribes,  | 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  |   |
| (3) Is there an operating procedure, behavioral guideline, and punishment/appeal system clearly set up for the plan of preventing dishonest behaviors, and is it implemented and revised regularly?   | V                            |    | improper charitable donations and receiving/giving gifts, etc.<br><br>(3) The Company clearly stipulates the ethics policy of honest management, related operating procedures, reporting and related penalties in the "Code of Integrity Management", "Procedures for Handling Reports of Illegal, Unethical or Dishonest Behaviors", and "Management Operations to Prevent Insider Trading" formulated by the Company.  | No major differences  |
| 2. Implementation of honesty principle<br>(1) Does the Company evaluate its counterparty's integrity records, and specify the value of honesty in the contract signed by both parties?<br><br>(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?<br><br>(3) Does the Company stipulate policies to prevent conflicts of interest, and offer appropriate petition channels, and implement the above-mentioned matters?<br><br>(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?<br><br>(5) Does the Company regularly hold internal or external education trainings on integrity management? | V<br><br>V<br><br>V<br><br>V |    | (1) The company has formulated the "Supplier Code of Conduct" as the legitimacy of agents, suppliers, customers or other commercial transaction objects, and investigates whether there is a record of dishonest behavior to avoid dealing with someone with a record of dishonest conduct.<br><br>In order to strengthen the integrity management, the Company's sustainable promotion team is responsible for promoting policies related to integrity management, and the audit office is responsible for supervising and implementing them. The implementation performance in 2022 includes: (1) Education and training for newcomers for 44 people (2) Employees signing the letter of commitment to integrity upon entry 100% (3) Senior executives signing integrity management statement 100%. The integrity management policy and the implementation of the prevention of dishonest behavior in 2022 have been reported to the board of directors on 5/3/2023.<br><br>(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 personnel to make statements.<br><br>(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.<br><br>(5) The integrity management is not yet incorporated into the education and training programs of the Company for the time being. | No major differences<br><br>No major differences °<br><br>No major differences<br><br>No major differences<br><br>To be adjusted according to actual needs. |
| 3. Operation of the Company's whistleblowing system<br>(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?   | V                            |    | (1) The company has established the "Code of Integrity Management" and "Code of Conduct" to specify the reporting methods, acceptance procedures and handling methods. All interested parties can report through the following channels:<br>(1) On the Company's website "Contact Us":<br>( <a href="https://www.thpt.com.tw/contact/">https://www.thpt.com.tw/contact/</a> ) and "Investor Relations Window"<br>( <a href="https://www.thpt.com.tw/invest_relati">https://www.thpt.com.tw/invest_relati</a>   | 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  |  |
| (2) Does the Company standardize operating procedures for the investigation of reported matters and relevant confidential mechanisms?   | V                     |    | onship/) with the mailbox of independent directors.<br>(2) Report mail address: relationship@thpt.com.tw<br><br>(2) The company has formulated the "Procedures for Handling Reports of Illegal, Immortal or Dishonest Behaviors". The procedures for handling cases are as follows: 1. Case acceptance, 2. Evidence collection and verification, 3. Report and adjudication, 4. Improvement and prevention. The report content and the information of relevant personnel will be kept confidential throughout the process. | No major differences   |
| (3) Does the Company take measures to protect the whistleblower from being mistreated due to the report?  | V                     |    | (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   |
| 4. Enhanced information disclosure<br>(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 [https://www.thpt.com.tw/board\\_of\\_directors/](https://www.thpt.com.tw/board_of_directors/) 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 16<sup>th</sup> 2023

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, 2022 (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 16, 2023. 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 the publication date of the Annual Report, 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  |
|----------------|--|--|
| March 14, 2022 | The 1 <sup>st</sup> 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 : Proposal on directors' remuneration distribution for 2021.</p> <p>Case 3 : Employee remuneration payment for 2021.</p> <p>Case 4 : Salary Proposal for Executive Vice President and Associate Manager.</p> <p>Case 5 : Proposal on distribution of surplus in 2021.</p> <p>Case 6 : The subsidiary company intends to apply short-term loan quotas.</p> <p>Case 7 : The subsidiary company intends to apply short-term loans from the bank, and the Company intends to provide an endorsement guarantee for it.</p> <p>Case 8 : One subsidiary of the Company intends to lend funds to the other subsidiary.</p> <p>Case 9 : Amends some provisions of the "Procedures for Lending Funds to Others and Endorsement Guarantees" for the Company.</p> <p>Case 10 : Amends some provisions of the "Procedures for Lending Funds to Others and Endorsement Guarantees" for the subsidiary.</p> <p>Case 11 : Amends some provisions of the "Measures for Performance Evaluation of the Board of Directors".</p> <p>Case 12 : Amends some provisions of the "Measures for the Supervision of Subsidiaries".</p> <p>Case 13 : Amends some provisions of the "Procedures for the Prevention of Insider Trading".</p> <p>Case 14 : Amends some provisions of the "Corporate Governance Code".</p> <p>Case 15 : Plans to amend "Verification Authority Table of Taipei".</p> <p>Case 16 : Amends some provisions of the "Director Election Method".</p> <p>Case 17 : Amends some provisions of the "Procedures for acquiring or disposing of assets".</p> <p>Case 18 : Revision of Group Performance Appraisal Measures.</p> <p>Case 19 : Amends some provisions of the "Article of Incorporation " of the Company.</p> <p>Case 20 : The Company intends to change the Company's location.</p> <p>Case 21 : Submits the Internal Control Statement of the Company for 2021.</p> |

|                |  |  |
|----------------|--|--|
|                |  | <p>Case 22 : Matters related to convening the Company's 2022 Annual General Meeting of Shareholders</p> <p>Case 23 : Amends some provisions of the “Rules of Procedure for Shareholders’ Meeting”.</p>   |
| May 4, 2022    | The 2 <sup>nd</sup> Board of Directors’ Meeting 2022 | <p>Case 1 : Reports the consolidated financial statements for the first quarter of 2022.</p> <p>Case 2 : 2022 operating budget of the Company.</p> <p>Case 3 : The Company and its subsidiary intend to apply short-term loan quotas.</p> <p>Case 4 : The Company’s subsidiary intends to apply short-term loans from the bank. The Company and its subsidiary plan to provide an endorsement guarantee for it.</p> <p>Case 5 : One subsidiary of the Company intends to lend funds to the other subsidiary</p> <p>Case 6 : The Company's greenhouse gas inventory and verification schedule planning</p> <p>Case 7 : The 2022 Assessment of Independency for Certified Public Accountant.</p>   |
| May 31, 2022   | General meeting of shareholders 2022                 | <p>Recognition cases:</p> <p>Case 1 : Annual Business Report and Financial Statements for 2021</p> <p>Case 2 : Surplus Distribution Proposal for 2021</p> <p>Discussion cases:</p> <p>Case 1 : Amend “Article of Incorporation ”</p> <p>Case 2 : Amend “Procedures for Lending Funds to Others and Endorsement Guarantees”</p> <p>Case 3 : Amend “Director Election Method”</p> <p>Case 4 : Amend “Procedures for acquiring or disposing of assets”</p> <p>Case 5 : Amend “Rules of Procedure for Shareholders’ Meeting”</p>   |
| July 5, 2022   | The 3 <sup>rd</sup> Board of Directors’ Meeting 2022 | <p>Case 1: Determining the ex-dividend base date for cash dividend distribution and its related matters</p> <p>Case 2: Relocation of an important subsidiary TaiHan Mold Products (Dongguan) Co., Ltd.</p> <p>Case 3: The capital expenditure budget for metal molding department of TaiHan Mold Products (Dongguan) Co., Ltd.</p>   |
| August 3, 2022 | The 4 <sup>th</sup> Board of Directors’ Meeting 2022 | <p>Case 1 : Reports the consolidated financial statements for the second quarter of 2022.</p> <p>Case 2 : The Company and its subsidiary intend to apply short-term loan quotas.</p> <p>Case 3 : The subsidiary company intends to apply short-term loans from the bank, and the Company intends to provide an endorsement guarantee for it.</p> <p>Case 4 : The Company and its subsidiaries intend to lend funds to the other subsidiaries.</p> <p>Case 5: The company plans to formulate “Internal major information processing procedures”</p> <p>Case 6 : The Company plans to amend “Verification Authority Table of Taipei” .</p> <p>Case 7 : Salary proposal for Associate Manager</p> <p>Case 8 : The company's manager performance bonus distribution plan for 2021.</p> <p>Case 9 : Amends some provisions of the “Article of Incorporation ”.</p> <p>Case 10: The Company plans to issue employee restricted stock in 2022</p> |

|                   |  |   |
|-------------------|--|---|
|                   |  | Case 11: Matters related to convening the Company's first extraordinary shareholders' meeting in 2022   |
| October 12, 2022  | The 5 <sup>th</sup> Board of Directors' Meeting 2022       | Case 1: The subsidiary company intends to apply short-term loan quotas.<br>Case 2: The subsidiary company intends to apply short-term loans from the bank, and the Company intends to provide an endorsement guarantee for it.<br>Case 3: The company proposes to apply issue guaranteed commercial paper<br>Case 4: The Company and its subsidiaries intend to lend funds to the other subsidiaries.<br>Case 5: The subsidiary Yonghan Precision Technology Co., Ltd. plans to acquire land use right assets in Vietnam.   |
| October 26, 2022  | 1 <sup>st</sup> Extraordinary meeting of shareholders 2022 | Discussion cases:<br>Case 1 : Amend Article of Incorporation<br>Case 2 : Issue employee restricted stock in 2022  |
| November 14, 2022 | The 6 <sup>th</sup> Board of Directors' Meeting 2022       | Case 1: Reports the consolidated financial statements for the third quarter of 2022.<br>Case 2: The Company and its subsidiary companies intend to apply medium-to-long-term loan quotas.<br>Case 3: The company intends to endorse the short-term loan quota for the subsidiary.<br>Case 4: The subsidiary intends to apply to the bank for replacement of the medium and long-term financing line contract. The Company to provide mutual endorsement guarantee<br>Case 4 : The Company and its subsidiaries intend to lend funds to the other subsidiaries.<br>Case 5: The Company and its subsidiaries intend to lend funds to the other subsidiaries.<br>Case 6: The Company's audit plan in 2023<br>Case 7: Schedule the Company's board of directors' meeting in 2023<br>Case 8: The Company plans to amend "Verification Authority Table of Taipei" .<br>Case 9 : The company plans to formulate "Code of Practice for Sustainable Development".<br>Case 10 : Amends some provisions of the "Procedures for Lending Funds to Others and Endorsement Guarantees" for the subsidiary TaiHan PRECISION TECHNOLOGY (SAMOA) CO., LTD.<br>Case 11 : Amends some provisions of the "Management procedures for the preparation of financial statements".<br>Case 12 : The Company plans to amend "Internal major information processing procedures".<br>Case 13 : The Company plans to amend "Procedures for the Prevention of Insider Trading".<br>Case 14 : Propose to recognize the relevant evaluation information of the Company's leased office from the related party SpeedTech Corporation.<br>Case 15 : Manager Salary Adjustment in 2022<br>Case 16 : The Company's manager and employee remuneration distribution plan for 2021<br>Case 17 : Distribution proposal of the employee restricted stocks |



|                  |  |  |
|------------------|--|--|
|                  |  | <p>for managers of the Company.</p> <p>Case 18 : Ratify the amended "Regulations on the Issuance of New Shares with Restricted Employee Rights" and the roster of allotted employees and the number of allotted shares for the first new shares with restricted employee rights in 2022.</p>   |
| January 11, 2023 | The 1 <sup>st</sup> Board of Directors' Meeting 2023 | <p>Case 1 : Schedule planning of the greenhouse gas inventory and verification for the subsidiaries</p> <p>Case 2 : The year-end bonus distribution for managers of the Company in 2022</p>  |
| March 16, 2023   | The 2 <sup>nd</sup> Board of Directors' Meeting 2023 | <p>Case 1 : The Company's annual business report, financial reports and consolidated financial statements for 2022.</p> <p>Case 2 : Company's Surplus Distribution Proposal for 2022</p> <p>Case 3 : The Company's 2022 annual surplus are distributed in cash</p> <p>Case 4 : The Company's proposal on distribution of directors' remuneration for 2022</p> <p>Case 5 : The Company's Employee remuneration payment for 2022</p> <p>Case 6 : The Company and its subsidiary intend to apply short-term loan quotas.</p> <p>Case 7 : The subsidiary company intends to apply short-term loans from the bank, and the Company intends to provide an endorsement guarantee for it.</p> <p>Case 8 : The Company and its subsidiaries intend to lend funds to the other subsidiaries.</p> <p>Case 9 : Amends some provisions of the "Article of Incorporation"</p> <p>Case 10: Amends some provisions of the "Corporate Governance Code"</p> <p>Case 11: Amends some provisions of the "Internal management cycle - related party transaction management procedures".</p> <p>Case 12 : Amends some provisions of the "Code of Practice for Sustainable Development".</p> <p>Case 13 : Submit the Company's 2022 Internal Control Statement.</p> <p>Case 14 : Re-election all of directors of the Company.</p> <p>Case 15 : Remove non-competition restrictions for new directors</p> <p>Case 16 : Handle matters related to the nomination of directors according to the candidate nomination system</p> <p>Case 17 : Matters related to convening the Company's 2023 annual shareholders' meeting</p> <p>Case 18 : Appointing certified public accountant for the company's in 2023 and independence assessment for the accountant</p> <p>Case 19 : Plans to pre-approve accountants and their firms and firm affiliates may provide non-certification services to the Company and its subsidiaries.</p> |
| May 3, 2023      | The 3 <sup>rd</sup> Board of Directors' Meeting 2023 | <p>Case 1: The Company's consolidated financial statements for the first quarter of 2023</p> <p>Case 2: The Company's operating budgets of 2023</p> <p>Case 3: Amends some provisions of the "Rules of Procedure for Shareholders' Meeting"</p> <p>Case 4: Nomination and reviewing of director (including independent director) candidates by the board of directors</p> <p>Case 5: The company appoints a "Corporate Governance Officer".</p> <p>Case 6: The Company plans to issue financing commercial paper (CP2)</p> <p>Case 7: The Company and its subsidiaries intend to lend funds to the other subsidiaries.</p>   |

|  |  |  |
|--|--|--|
|  |  | Case 8: The Company adds Directors' Remuneration Measures<br>Case 9: Company intends to increase the capital of TaiHan Mold Products (Dongguan) Co., Ltd. by US\$3.5 million |
|--|--|--|

- (2) The implementation of the 2022 Shareholder's Meeting resolutions:
1. 2021 Annual Business Report and Financial Statements: passed as the original proposal.
  2. The Company's distribution of earnings proposal: passed as the original proposal.
    - (I) Cash (dividend) of NT\$0.4 per share, (i.e. NT\$0.4 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\$30,839,368.
    - (II) Base date for rights distribution: August 8, 2022  
Ex-rights/ex-dividend trading day: August 2, 2022  
Cash dividend distribution date: August 30, 2022
  3. Amend "Article of Incorporation": passed as the original proposal. Approved by the Ministry of Economic Affairs to change the registration on 2022/8/26
  4. Amend "Procedures for Lending Funds to Others and Endorsement Guarantees": passed as the original proposal and effective immediately and effective immediately.
  5. Amend "Director Election Method": passed as the original proposal and effective immediately.
  6. Amend "Procedures for acquiring or disposing of assets": passed as the original proposal and effective immediately
  7. Amend "Rules of Procedure for Shareholders' Meeting": passed as the original proposal and 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:None

### 3. 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   | 2022.01.01~2022.12.31         | 0             | 207               | 207   |      |
|                      | Chi Ruiquan  |                               |               |                   |       |      |
| PwC Taiwan           | Huang Shijun | 2022.01.01~2022.12.31         | 3,164         | 273               | 3,437 |      |
|                      | Wu Yulong    |                               |               |                   |       |      |

1. The non-audit fees paid to Deloitte & Touche are NT\$200,000 for the transferring report and NT\$7,000 for other advance payments.
2. The non-audit fees paid to PwC Taiwan are other advance payment of NT\$273,000.
3. If the accounting firm is replaced and the audit fees paid in the replacement year is less than the audit fees in the previous year, the amount and reasons for the decrease in audit fees shall be disclosed: not applicable
4. If the audit public fees have decreased by more than 10% compared with the previous year, the amount, proportion and reason of the audit public fee reduction shall be disclosed: not applicable

### 4. 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  | Situation  | Party | Appointer                           |
|  | Voluntary termination of appointment   |       | V                                   |
|  | No longer accept (continue) appointment  |       |                                     |
| Comments and reasons for issuing audit reports other than no reservation opinions within the last two years  | 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<br>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                      |

3. 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

5. 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.
6. 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                           | 2022  |   | Current year until annual report publication date |   |
|----------------------|--------------------------------|---|---|---|---|
|                      |                                | 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                 | 5,000                                       | 0   | 0   | 0   |
| Director             | SPEEDTECH CORP. (Note 1)       | 0   |   | 0   | (9,990,000)   |
|                      | Representative: Tsai Chen-long | 5,000                                       | 0   | 0   | 0   |
|                      | Representative: Chang Zhiren   | 0   | 0   | 0   | 0   |
|                      | Representative: Lee Jiahe      | 0   | 0   | 0   | 0   |
|                      | 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   |
| Manager              | Tsai Chen-long                 | 5,000                                       | 0   | 0   | 0   |
|                      | Huang Xiaoling                 | 18,000                                      | 0   | 0   | 0   |
|                      | Chang Zhiren                   | 0   | 0   | 0   | 0   |
|                      | Chen Jinzhong                  | 0   | 0   | 0   | 0   |
|                      | Gu Jianzhong (Note 2)          | 0   | 0   | 0   | 0   |
|                      | Takayoshi Ninomiya             | 0   | 0   | 0   | 0   |
|                      | Chen Zhengwen                  | 0   | 0   | 0   | 0   |

Note 1: It was originally Taiqiao Investment Co., Ltd., which was merged with SpeedTech Corporation on 2023/3/31 (merger base date), and SpeedTech Corporation is the surviving company. As of the Annual Report publication date, the number of shares held by SpeedTech is 15,012,000 shares which took over from Taiqiao and 7,587,000 shares originally held by SpeedTech, and there is no additional increase or decrease in the number of shares

Note 2: the manager retired on 2023/3/15.

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 15, 2023

| 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   |  |
| Taiqiao Investment Co., Ltd.,                                | 15,012,000  | 19.05%             | 0  | 0                  | 0                                 | 0                  | SpeedTech Corporation  | The parent company that holds 100% of the shares and the chairman is the same person | SpeedTech Corporation was merged with Taiqiao Investment Co., Ltd., on 2023/3/31 (merger base date), and Speed Tech Corporation is the surviving company.  |
| Taiqiao Investment Co., Ltd., representative: Tsai Chen-long | 805,000     | 1.02%              | 0  | 0                  | 1,100,000                         | 1.4%               | None   | None   |  |
| SpeedTech Corporation  | 7,587,000   | 9.63%              | 0  | 0                  | 0                                 | 0                  | Taiqiao Investment Co., Ltd.,  | A 100% owned subsidiary with the same chairman                                       | Speed Tech Corporation was merged with Taiqiao Investment Co., Ltd., on 2023/3/31 (merger base date), and Speed Tech Corporation is the surviving company. |
| SpeedTech Corporation representative: Tsai Chen-long         | 805,000     | 1.02%              | 0  | 0                  | 0                                 | 0                  | None   | None   |  |
| Yuguang Investment Co., Ltd.                                 | 3,202,000   | 4.06%              | 0  | 0                  | 0                                 | 0                  | None   | None   |  |
| Yuguang Investment Co., Ltd. representative: Yang Jianping   | 670,000     | 0.85%              | 0  | 0                  | 0                                 | 0                  | None   | None   |  |
| Chen Taizheng  | 2,339,000   | 2.97%              | 0  | 0                  | 0                                 | 0                  | None   | None   |  |
| Zhou Yongbin   | 2,076,000   | 2.63%              | 0  | 0                  | 0                                 | 0                  | None   | None   |  |
| Xu Yueyun  | 1,533,000   | 1.94%              | 0  | 0                  | 0                                 | 0                  | None   | None   |  |

|   |           |       |   |   |   |   |      |      |  |
|---|-----------|-------|---|---|---|---|------|------|--|
| TaiHan Precision Technology's trust account of employee restricted stocks at CITIC Bank | 1,410,000 | 1.79% | 0 | 0 | 0 | 0 | None | None |  |
| Zeng Shiqian  | 1,367,000 | 1.73% | 0 | 0 | 0 | 0 | None |      |  |
| Huang Ziliang   | 1,315,000 | 1.67% | 0 | 0 | 0 | 0 | None | None |  |
| CHINA INVESTMENT AND DEVELOPMENT CO., LTD.  | 1,310,067 | 1.66% | 0 | 0 | 0 | 0 | None | None |  |
| CHINA INVESTMENT AND DEVELOPMENT CO., LTD.<br>representative: Xu Lide                   | 0         | 0     | 0 | 0 | 0 | 0 | None | None |  |

**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: (Data as of the first quarter of 2023)**

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%                 | Note  | 100%               | -                        | 100%               |
| YONGHAN HOLDING (SAMOA) CO., LTD.                   | -                        | 0%                 | 10,023,632  | 100%               | 10,023,632               | 100%               |
| YONGHAN PRECISION TECHNOLOGY CO., LTD.              | -                        | 0%                 | Note  | 100%               | -                        | 100%               |
| TAIHAN HOLDING PHILIPPINES CO., LTD.                | -                        | 0%                 | 22,589,000  | 100%               | 22,589,000               | 100%               |
| TaiHan Precision Technology (Philippines) Co., Inc. | -                        | 0%                 | 4,791,935   | 99.99%             | 4,791,935                | 99.99%             |
| TaiHanland (Philippines) Inc.                       | -                        | 0%                 | 4,519,800   | 39.99%             | 4,519,800                | 39.99%             |

Note : Not applicable, non-incorporated unissued shares, expressed as a shareholding ratio



## IV. Fundraising situation

### 1. Capital and Shares

#### (1) Source of share capital

April 15, 2023

| Year/<br>Month | Issue<br>Price | Approved share/capital |               | Paid-up share capital |             | Note  |  |         |
|----------------|----------------|------------------------|---------------|-----------------------|-------------|---|--|---------|
|                |                | Shares                 | Amount        | Shares                | Amount      | Source of capital   | Those who use<br>property other<br>than cash to offset<br>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<br>NT\$1,500,000   | None   | Note 2  |
| 1988/12        | 1000           | 12,000                 | 12,000,000    | 12,000                | 12,000,000  | Seasoned equity offering<br>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<br>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<br>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<br>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<br>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<br>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<br>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<br>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<br>NT\$150,000,000<br>Capital increase out of earnings<br>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<br>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<br>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<br>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<br>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<br>reserve NT\$60,393,000,<br>employee bonus NT\$10,039,300<br>and cancellation of treasury<br>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<br>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<br>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<br>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<br>bonds to new shares<br>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<br>bonds to new shares<br>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<br>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<br>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<br>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<br>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<br>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<br>NT\$80,000,000  | None   | Note 27 |
| 2022/8         | 10             | 150,000,000            | 1,500,000,000 | 77,098,419            | 770,984,190 | To comply with Article of   | None   | Note    |

| Year/<br>Month | Issue<br>Price | Approved share/capital |               | Paid-up share capital |             | Note  |  |            |
|----------------|----------------|------------------------|---------------|-----------------------|-------------|---|--|------------|
|                |                | Shares                 | Amount        | Shares                | Amount      | Source of capital   | Those who use<br>property other<br>than cash to offset<br>shares | Others     |
|                |                |                        |               |                       |             | Incorporation   |  | 28         |
| 2022/12        | 10             | 150,000,000            | 1,500,000,000 | 78,818,419            | 788,184,190 | Issue new shares with<br>restricting employee rights<br>NT\$1,720,000 | None   | Note<br>29 |

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 29 : 2022.12.21 Ref. No 11101234990

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

Note 28 : 2022.08.26 Ref. 111011588700

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| Type of<br>share | Approved capital               |                 |             | Note |
|------------------|--------------------------------|-----------------|-------------|------|
|                  | Outstanding shares<br>(Note 1) | Unissued shares | Total       |      |
| Common<br>stock  | 78,818,419                     | 71,181,581      | 150,000,000 |      |

Note 1: It belongs to OTC stocks.

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

## 2. Shareholder structure

April 15 2023

| Shareholder<br>structure<br>Quantity | Government<br>Institutions | Financial<br>Institutions | Other Legal<br>Persons | Individuals | Foreign<br>institutions and<br>outsiders | Total      |
|--------------------------------------|----------------------------|---------------------------|------------------------|-------------|--|------------|
| Number of<br>unit                    | 0                          | 2                         | 90                     | 9,298       | 26                                       | 9,416      |
| Shares                               | 0                          | 58,000                    | 35,593,486             | 38,892,637  | 4,274,296                                | 78,818,419 |
| Shareholding<br>ratio                | 0                          | 0.07%                     | 45.16%                 | 49.34%      | 5.43%                                    | 100.00%    |

### 3. Equity dispersion

Price/Share: NT\$10 April 15 2023

| Classification      | Number of shareholders | Shares     | Shareholding ratio |
|---------------------|------------------------|------------|--------------------|
| 1~ 999              | 6,714                  | 76,016     | 0.10%              |
| 1,000~ 5,000        | 1,896                  | 4,129,655  | 5.24%              |
| 5,001~ 10,000       | 322                    | 2,661,869  | 3.38 %             |
| 10,001~ 15,000      | 121                    | 1,549,386  | 1.97 %             |
| 15,001~ 20,000      | 77                     | 1,468,830  | 1.86%              |
| 20,001~ 30,000      | 73                     | 1,928,576  | 2.45%              |
| 30,001~ 40,000      | 50                     | 1,811,275  | 2.30%              |
| 40,001~ 50,000      | 33                     | 1,540,568  | 1.95%              |
| 50,001~ 100,000     | 51                     | 3,852,127  | 4.89%              |
| 100,001~ 200,000    | 28                     | 3,745,000  | 4.75%              |
| 200,001~ 400,000    | 19                     | 4,820,122  | 6.12%              |
| 400,001~ 600,000    | 13                     | 6,408,079  | 8.13%              |
| 600,001~ 800,000    | 4                      | 2,816,000  | 3.57 %             |
| 800,001~1,000,000   | 3                      | 2,652,000  | 3.36%              |
| More than 1,000,001 | 12                     | 39,358,916 | 49.93%             |
| Total               | 9,416                  | 78,818,419 | 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):

April 15 2023

| Name of major shareholders   | Holding shares (share) | Shareholding ratio (%) |
|--|------------------------|------------------------|
| Taiqiao Investment Co., Ltd.,  | 15,012,000             | 19.05%                 |
| SpeedTech Corporation  | 7,587,000              | 9.63%                  |
| Yuguang Investment Co., Ltd.   | 3,202,000              | 4.06%                  |
| Chen Taizheng  | 2,339,000              | 2.97%                  |
| Zhou Yongbin   | 2,076,000              | 2.63%                  |
| Xu Yueyun  | 1,533,000              | 1.94%                  |
| Trust Account of CITIC Bank for employees' restricted stock of Taihan Precision Technology | 1,410,000              | 1.79%                  |
| Zeng Shiqian   | 1,367,000              | 1.73%                  |
| Huang Ziliang  | 1,315,000              | 1.67%                  |
| CHINA INVESTMENT AND DEVELOPMENT CO., LTD.   | 1,310,067              | 1.66%                  |

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

Unit: NT Dollar

| Item                 |   | Year                         |        |                 |        |
|----------------------|---|------------------------------|--------|-----------------|--------|
|                      |   | 2021                         | 2022   | As of 3/31/2023 |        |
| Price per share      | Highest   | 29.05                        | 30.5   | 31.20           |        |
|                      | Lowest  | 19.60                        | 18.4   | 23.65           |        |
|                      | Average   | 22.90                        | 22.3   | 27.43           |        |
| Net value per share  | Before distribution                                     | 21.15                        | 22.35  | —               |        |
|                      | After distribution                                      | 21.15                        | 22.35  | —               |        |
| Earnings per share   | Weighted average number of shares (thousands of shares) |                              | 77,098 | 77,098          | 77,098 |
|                      | Earnings per share                                      | Before adjustment            | 1.00   | 1.00            | —      |
|                      |   | After adjustment             | 1.00   | (Note)          | —      |
| Dividends per share  | Cash Dividends  | Earnings                     | 0.4    | 0.41            | —      |
|                      |   | 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   |                              | 22.9   | 10.9            | —      |
|                      | Share price to dividend ratio                           |                              | 57.25  | 54.39           | —      |
|                      | Cash dividend yield                                     |                              | 1.75%  | 1.84%           | —      |

Note 1: On March 16, 2023, the board of directors approved the profit distribution of NT\$0.41 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 the report of the Shareholders' Meeting.

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

The Company plans to distribute a cash dividend of NT\$0.41 per share from the surplus for this 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 Incorporation, 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\$ 11,125,685 and the director's remuneration was NT\$6,675,411, 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 2022.

(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 2021:

In 2021, the Company distributed a total of NT\$4,632,663 as employees remuneration and NT\$2,779,106 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: The difference in employee remuneration is NT\$280,185, which will be handled as changes in accounting estimates. There is no difference in director remuneration.

- (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 depository receipts: None.**

**5. Employee stock option certificates and new shares with restricted employee rights:**

**(2) The situation for issuing employee restricted stock**

April 15, 2023

| Type of employee restricted stock  | First issue of employee restricted stock  |
|--|---|
| Effective date of declaration and total number of shares   | 2022/10/27  |
| Issuing Date   | 2022/11/25  |
| Number of new shares issued with restricted employee rights  | 1,720,000 shares  |
| Number of employee restricted stock still possible to issue  | 280,000 shares  |
| Issued prices  | NT\$25.45   |
| The ratio of total number of issued employee restricted stock to the total number of issued shares | 2.18%   |
| Acquired Criteria for Employee Restricted Stock  | (1) The employee has been employed for 10 months after being allocated with employee limited stock, and is still working for the Company at the end of the vested period, and the company's financial performance indicators and personal performance evaluation indicators are met, and the employee has not violated the labor contract, work rules, or the working contact with the company.<br>(2) Company performance indicators: the company will use the |

|  |   |
|--|---|
|  | <p>operating income or operating net profit in the consolidated financial statements of the most recent year when the vesting period expires as the company performance indicator:</p> <ol style="list-style-type: none"> <li>1. The first year: net profit after tax increases by more than 20% (inclusive) compared with the previous year</li> <li>2. The second year: operating income increases by more than 25% (inclusive) compared with the previous year.</li> <li>3. The third year: operating income increases by more than 25% (inclusive) compared with the previous year.</li> <li>4. The net profit after tax refers to the "Net profit for the current period attributable to the owner of the parent company" on the consolidated financial statement that has been verified and certified by the Company's CPA.</li> <li>5. If the above-mentioned company performance criteria are not met, it is deemed that the vested conditions have not been met.</li> </ol> <p>(3) Personal performance indicators: the latest annual personal performance evaluation results are grade A (inclusive) or above.</p> <p>(4) When the personal performance indicators and the company performance indicators are met at the same time, the maximum proportion of shares that employees can acquire in each year according to the service conditions as follows:</p> <ol style="list-style-type: none"> <li>1. 30% of the allotted shares if the term of office is one year after being allocated;</li> <li>2. 30% of the allotted shares if the term of office is two years after being allocated;</li> <li>3. 40% of the allotted shares if the term of office is two years after being allocated.</li> </ol> |
| <p>Rights to be restricted for the Employee Restricted Stock</p> | <ol style="list-style-type: none"> <li>1. Prior to the fulfillment of the vested conditions set forth in the preceding article, except for inheritance, employees shall not sell, pledge, transfer, give-away, set mortgage, or dispose of in other ways the restricted shares allocated to employees.</li> <li>2. The rights of the employees' restricted share to attend, propose, speak, vote, and election at the shareholders' meeting are the same as the issued ordinary shares before they meet the conditions stipulated in the preceding article. The employee restricted share shall be executed in accordance with the trust custody contract.</li> <li>3. The rights of the employees' restricted share to distribute earnings (including but not limited to: dividends, bonuses, and capital reserve allocation rights) and options for cash capital increase are the same as the issued ordinary shares before they meet the conditions stipulated in the preceding article. The employee restricted share shall be executed in accordance with the trust custody contract.</li> <li>4. From the closing date of the company's gratis allotment of shares, cash dividend closing date, cash capital increase subscription closing date, the shareholder meeting period stipulated in Article 165, Item 3 of the Company Act, or other</li> </ol>   |

|  |   |
|--|---|
|  | <p>statutory closing periods that occur according to facts to the rights as of the distribution base date, employees who meet the vested conditions during this period, the time and procedures for releasing the vested stocks shall be implemented in accordance with the trust custody contract.</p>                           |
| <p>Deposit condition for the employee restricted stock</p>   | <p>The Company's restricted employee stock shall be handled in the form of stock trust custody. The Company or the person designated by the Company shall act as an agent on behalf of all assigned employees to sign and revise trust-related contracts with trust institutions and to handle relevant trust-related issues.</p> |
| <p>Handling methods for employees who fail to meet the vested conditions after being allocated or subscribed</p> | <p>If employees fail to meet the vested conditions for the restricted employee stock, the company will purchase all the subscribed shares at the issue price and cancel the shares.</p>   |
| <p>The number of withdrawn or purchased employee restricted stock</p>  | <p>0 shares</p>   |
| <p>Number of shares whose restricted rights have been lifted</p>   | <p>0 shares</p>   |
| <p>Number of shares with restricted rights</p>   | <p>1,720,000 shares</p>   |
| <p>Ratio of number of shares with restricted rights to the total issued shares (%)</p>                           | <p>100%</p>   |
| <p>Impact on Shareholders' Equity</p>  | <p>After expensing employee bonus, the initial estimates for the maximum possible reduction in earnings per share from 2012 to 2014 is NT\$0.33, NT\$0.16, and NT\$0.07, respectively. The dilution of the company's earnings per share is not significant, so there is no major impact on shareholders' equity.</p>              |



(3) Names of managers and the 10 employees who acquired employee restricted stocks and the acquisition conditions:

April 15, 2023

|           | Title                         | Name               | Quantity of Employee Restricted stock | The ratio of the employee restricted shares to the | Restrict right been lifted    |              |              |  | With Restricted right |              |              |   |
|-----------|-------------------------------|--------------------|---------------------------------------|--|-------------------------------|--------------|--------------|--|-----------------------|--------------|--------------|---|
|           |                               |                    |                                       |  | Number of Shares Unrestricted | Issued price | Issued value | The ratio of the number of unrestricted shares to the total number of Issued shares of issued shares | Restricted Shares     | Issued price | Issued value | The ratio of the number of restricted shares to the total number of issued shares |
| Manager   | General Manager               | Tsai Chen-long     | 670,000                               | 0.85%  | None                          | NA           | NA           | None   | 670,000               | 25.45        | 17,051,500   | 0.85%   |
|           | Executive Vice President      | Chang Zhiren       |                                       |  |                               |              |              |  |                       |              |              |   |
|           | Associate Manager             | Chen Jinzhong      |                                       |  |                               |              |              |  |                       |              |              |   |
|           | Associate Manager             | Chen Zhengwen      |                                       |  |                               |              |              |  |                       |              |              |   |
|           | Associate Manager             | Takayoshi Ninomiya |                                       |  |                               |              |              |  |                       |              |              |   |
| Employees | Special Assistant to chairman | Li Jincheng        | 770,000                               | 0.98%  | None                          | NA           | NA           | None   | 770,000               | 25.45        | 19,596,500   | 0.98%   |
|           | Senior Manager                | Ruan Jianmin       |                                       |  |                               |              |              |  |                       |              |              |   |
|           | Senior Manager                | Lee Jiahe          |                                       |  |                               |              |              |  |                       |              |              |   |
|           | Senior Manager                | Hong Minxiong      |                                       |  |                               |              |              |  |                       |              |              |   |
|           | Manager                       | Chen Bocheng       |                                       |  |                               |              |              |  |                       |              |              |   |
|           | Manager                       | Jian Zhiming       |                                       |  |                               |              |              |  |                       |              |              |   |
|           | Manager                       | Yang Jiahua        |                                       |  |                               |              |              |  |                       |              |              |   |
|           | Assistant Manager             | Li Yanzhi          |                                       |  |                               |              |              |  |                       |              |              |   |
|           | Assistant Manager             | Peng Yingzhu       |                                       |  |                               |              |              |  |                       |              |              |   |
|           | Assistant Manager             | Li Weiquan         |                                       |  |                               |              |              |  |                       |              |              |   |

**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 types | 2021             |         | 2022             |         | 2023 Quarter one |         |
|---------------------|------------------|---------|------------------|---------|------------------|---------|
|                     | Operating Income | %       | Operating Income | %       | Operating Income | %       |
| Plastic Products    | 1,961,598        | 94.06%  | 2,530,609        | 94.81%  | 524,676          | 91.65%  |
| Mold                | 123,832          | 5.94%   | 138,543          | 5.19%   | 47,783           | 8.35%   |
| Painting            | 0                | 0%      | 0                | 0%      | 0                | 0%      |
| Total               | 2,085,430        | 100.00% | 2,669,152        | 100.00% | 572,549          | 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.

According to the analysis, the value of Taiwan's mold industry in 2022 was about NT\$45.9242 billion with growth of 19.72%.

### Analysis of the value of Taiwan's mold industry in 2022

Unit: NT\$ thousand

| Month | Category             | Production | Yearly growth (%) | Production Value | Yearly growth (%) | Sales (Thousand) | Yearly growth (%) | Direct Export Value | Yearly growth (%) |
|-------|----------------------|------------|-------------------|------------------|-------------------|------------------|-------------------|---------------------|-------------------|
|       |                      |            |                   | (Thousand)       |                   |                  |                   | (Thousand)          |                   |
| Jan   | Die casting mold     | 202,428    | -10.21            | 202,428          | -10.21            | 226,597          | -4.4              | 90,431              | 9.32              |
| Jan   | Stamping die         | 199,553    | -10.49            | 199,553          | -10.49            | 214,379          | -5.91             | 41,986              | -50.64            |
| Jan   | Plastic forming mold | 916,362    | -2.23             | 916,362          | -2.23             | 917,361          | 1.32              | 417,720             | 5.58              |
| Jan   | Other forming mold   | 2,389,509  | -8.61             | 2,389,509        | -8.61             | 2,275,847        | -11.25            | 1,209,730           | -16.42            |
| Feb   | Die casting mold     | 161,950    | -1.98             | 161,950          | -1.98             | 170,037          | 6.31              | 58,911              | 1.35              |
| Feb   | Stamping die         | 225,851    | 24.71             | 225,851          | 24.71             | 401,533          | 112.51            | 7,600               | -91.14            |
| Feb   | Plastic forming mold | 611,701    | -17.81            | 611,701          | -17.81            | 651,754          | -22.84            | 260,559             | -42.82            |
| Feb   | Other forming mold   | 2,129,367  | 19.4              | 2,129,367        | 19.4              | 2,111,915        | 20.13             | 1,060,16            | 31.78             |
| Mar   | Die casting mold     | 236,523    | 2.45              | 236,523          | 2.45              | 244,440          | 0.7               | 106,975             | 13                |
| Mar   | Stamping die         | 301,408    | -41.27            | 301,408          | -41.27            | 305,575          | -40.25            | 26,012              | -76               |
| Mar   | Plastic forming mold | 883,560    | -6.69             | 883,560          | -6.69             | 860,910          | -9.26             | 426,280             | 1                 |
| Mar   | Other forming mold   | 3,129,112  | -7.12             | 3,129,112        | -7.12             | 3,079,019        | -2.47             | 1,573,986           | 5                 |
| Apr   | Die casting mold     | 191,223    | -22.05            | 191,223          | -22.05            | 189,711          | -29.17            | 75,484              | -36.31            |
| Apr   | Stamping die         | 185,917    | -41.54            | 185,817          | -41.54            | 189,804          | -49.85            | 29,689              | -70.77            |
| Apr   | Plastic forming mold | 986,743    | -16.41            | 831,859          | -16.41            | 986,158          | 18.13             | 505,048             | 38.91             |
| Apr   | Other forming mold   | 2,882,024  | -15.65            | 2,882,024        | -15.65            | 2,791,517        | -18.38            | 1,542,706           | -19.54            |
| May   | Die casting mold     | 222,878    | -7.68             | 222,878          | -7.68             | 223,491          | -10.69            | 89,821              | 18.88             |
| May   | Stamping die         | 224,005    | 12.1              | 224,005          | 12.1              | 229,049          | 7.42              | 19,280              | -43.09            |
| May   | Plastic forming mold | 866,578    | -4.99             | 866,578          | -4.99             | 863,483          | -4.42             | 406,634             | -4.68             |
| May   | Other forming mold   | 3,094,779  | 7.59              | 3,094,779        | 7.59              | 3,054,828        | 5.06              | 1,747,507           | 19.72             |
| Jun   | Die casting mold     | 242,933    | -8.24             | 242,933          | -8.24             | 252,596          | -9.46             | 112,410             | -14.38            |

|  |                      |            |        |            |        |            |        |            |        |
|--|----------------------|------------|--------|------------|--------|------------|--------|------------|--------|
| Jun                                    | Stamping die         | 214,941    | -20.92 | 214,941    | -20.92 | 227,068    | -20.36 | 31,583     | -73.36 |
| Jun                                    | Plastic forming mold | 836,703    | 6.36   | 836,703    | 6.36   | 817,237    | 1.09   | 353,116    | 2.07   |
| Jun                                    | Other forming mold   | 2,947,644  | -2.45  | 2,947,644  | -2.45  | 2,893,985  | -2.27  | 1,560,266  | 4.7    |
| Jul                                    | Die casting mold     | 240,039    | 15.51  | 240,039    | 15.51  | 235,544    | 10.84  | 99,494     | 4.54   |
| Jul                                    | Stamping die         | 308,545    | -42.22 | 308,545    | -42.22 | 311,375    | 41.61  | 69,421     | 121.26 |
| Jul                                    | Plastic forming mold | 819,764    | -9.42  | 819,764    | -9.42  | 849,369    | 8.17   | 404,591    | 6.67   |
| Jul                                    | Other forming mold   | 3,048,574  | 37.23  | 3,048,574  | 37.23  | 3,029,107  | -10.04 | 1,598,388  | -15.08 |
| Aug                                    | Die casting mold     | 204,011    | -17.96 | 204,011    | -17.96 | 206,118    | -20.14 | 83,665     | -2.40  |
| Aug                                    | Stamping die         | 475,646    | 102.83 | 475,646    | 102.83 | 486,747    | 106.07 | 28,549     | -62.45 |
| Aug                                    | Plastic forming mold | 820,372    | -13.73 | 820,372    | -13.73 | 830,837    | -15.12 | 412,997    | 2.36   |
| Aug                                    | Other forming mold   | 3,097,486  | 8.19   | 3,097,486  | 8.19   | 3,136,580  | 5.09   | 1,799,297  | 19.70  |
| Sep                                    | Die casting mold     | 203,270    | -14.54 | 203,270    | -14.54 | 210,469    | -14.93 | 80,815     | 2.36   |
| Sep                                    | Stamping die         | 394,811    | 44.98  | 394,811    | 44.98  | 396,819    | 45.38  | 56,529     | -43.87 |
| Sep                                    | Plastic forming mold | 822,872    | 0.60   | 822,872    | -0.60  | 761,130    | -4.73  | 340,926    | -3.78  |
| Sep                                    | Other forming mold   | 3,010,534  | 10.99  | 3,010,534  | 10.99  | 2,918,964  | 2.48   | 1,606,397  | 14.97  |
| Oct                                    | Die casting mold     | 260,184    | 18.46  | 260,184    | 18.46  | 263,666    | 15.31  | 118,474    | 35.11  |
| Oct                                    | Stamping die         | 216,230    | -49.99 | 216,230    | -49.99 | 227,277    | -47.80 | 48,432     | -81.29 |
| Oct                                    | Plastic forming mold | 830,117    | -15.46 | 831,117    | -15.46 | 764,978    | -14.65 | 292,291    | -23.58 |
| Oct                                    | Other forming mold   | 2,421,285  | -5.41  | 2,421,285  | -5.41  | 2,347,513  | -9.68  | 1,279,399  | -0.46  |
| Nov                                    | Die casting mold     | 225,567    | 3.44   | 225,567    | 3.44   | 232,627    | 8.89   | 97,188     | 12.62  |
| Nov                                    | Stamping die         | 264,630    | 4.39   | 264,630    | 4.39   | 261,995    | 0.31   | 29,113     | -51.27 |
| Nov                                    | Plastic forming mold | 841,825    | -9.68  | 841,825    | -9.68  | 813,580    | -11.36 | 361,292    | -13.41 |
| Nov                                    | Other forming mold   | 3,134,756  | 16.46  | 3,134,756  | 16.46  | 3,172,258  | 20.04  | 2,000,171  | 50.80  |
| Dec                                    | Die casting mold     | 224,982    | -7.80  | 224,982    | -7.80  | 236,045    | -6.12  | 96,086     | -9.50  |
| Dec                                    | Stamping die         | 392,824    | 24.46  | 392,824    | 24.46  | 430,044    | 32.61  | 28,198     | 46.42  |
| Dec                                    | Plastic forming mold | 825,796    | -35.34 | 825,796    | -35.34 | 885,168    | -27.55 | 376,679    | -19.30 |
| Dec                                    | Other forming mold   | 2,884,930  | -0.41  | 2,884,930  | -0.41  | 2,827,517  | -2.15  | 1,447,690  | -5.01  |
| Total (Total production value of mold) |                      | 50,252,742 | -      | 50,252,742 | -      | 49,887,723 | -      | 24,450,137 | -      |

## 2022 Taiwan Mold Export Statistics

| Unit : Export Qty - KG |               | Export Value – NT\$thousand |                | Average unit price for export – NT\$/KG |                               |
|------------------------|---------------|-----------------------------|----------------|---|-------------------------------|
| Month                  | Export Qty    | %                           | Export Value   | %                                       | Average unit price for export |
| Jan                    | 1,131,555 Kg  | 9.45%                       | NT\$922,078    | 8.01%                                   | NT\$815/Kg                    |
| Feb                    | 888,974 Kg    | 7.42%                       | NT\$729,179    | 6.34%                                   | NT\$820/Kg                    |
| Mar                    | 1,209,864 Kg  | 10.10%                      | NT\$998,576    | 8.68%                                   | NT\$825/Kg                    |
| Apr                    | 1,130,396 Kg  | 9.44%                       | NT\$989,328    | 8.60%                                   | NT\$875/Kg                    |
| May                    | 1,120,237 Kg  | 9.35%                       | NT\$1,052,946  | 9.15%                                   | NT\$940/Kg                    |
| Jun                    | 980,174 Kg    | 8.18%                       | NT\$954,554    | 8.30%                                   | NT\$974/Kg                    |
| Jul                    | 1,121,180 Kg  | 9.36%                       | NT\$1,063,162  | 9.24%                                   | NT\$948/Kg                    |
| Aug                    | 1,038,827 Kg  | 8.67%                       | NT\$989,018    | 8.60%                                   | NT\$952/Kg                    |
| Sep                    | 1,142,781 Kg  | 9.54%                       | NT\$971,474    | 8.44%                                   | NT\$850/Kg                    |
| Oct                    | 1,049,152 Kg  | 8.76%                       | NT\$986,176    | 8.57%                                   | NT\$940/Kg                    |
| Nov                    | 170,678 Kg    | 1.43%                       | NT\$924,538    | 8.04%                                   | NT\$1,025/Kg                  |
| Dec                    | 991,814 Kg    | 8.28%                       | NT\$925,124    | 8.04%                                   | NT\$933/Kg                    |
| Total                  | 11,975,632 Kg | 100%                        | NT\$11,506,153 | 100%                                    | -                             |

Source: Customs Export Statistical Monthly Report/Sorted by Taiwan Mold and Die Industry Association

## 2022 Taiwan Mold Import Statistics

| Unit: Import Qty - KG |              | Import Value – NT\$ thousand |               | Import Average Unit Price – NT\$/KG |                           |
|-----------------------|--------------|------------------------------|---------------|-------------------------------------|---------------------------|
| Month                 | Import Qty   | %                            | Import Value  | %                                   | Import Average Unit Price |
| Jan                   | 733,680 Kg   | 8.56%                        | NT\$240,412   | 7.54%                               | NT\$ 328/Kg               |
| Feb                   | 363,137 Kg   | 4.24%                        | NT\$159,124   | 4.99%                               | NT\$ 438/Kg               |
| Mar                   | 621,648 Kg   | 7.25%                        | NT\$286,346   | 8.98%                               | NT\$ 461/Kg               |
| Apr                   | 399,355 Kg   | 4.66%                        | NT\$198,329   | 6.22%                               | NT\$ 497/Kg               |
| May                   | 467,489 Kg   | 5.45%                        | NT\$230,393   | 7.22%                               | NT\$ 493/Kg               |
| Jun                   | 1,323,690 Kg | 15.44%                       | NT\$332,756   | 10.43%                              | NT\$ 251/Kg               |
| Jul                   | 609,605 Kg   | 7.11%                        | NT\$251,547   | 7.89%                               | NT\$ 413/Kg               |
| Aug                   | 519,180 Kg   | 6.06%                        | NT\$225,127   | 7.06%                               | NT\$ 434/Kg               |
| Sep                   | 601,980 Kg   | 7.02%                        | NT\$264,646   | 8.30%                               | NT\$ 440/Kg               |
| Oct                   | 690,427 Kg   | 8.06%                        | NT\$332,506   | 10.43%                              | NT\$ 482/Kg               |
| Nov                   | 1,628,158 Kg | 19%                          | NT\$401,665   | 12.60%                              | NT\$ 247/Kg               |
| Dec                   | 612,558 Kg   | 7.15%                        | NT\$266,040   | 8.34%                               | NT\$ 434/Kg               |
| Total                 | 8,570,907 Kg | 100%                         | NT\$3,188,891 | 100%                                | -                         |

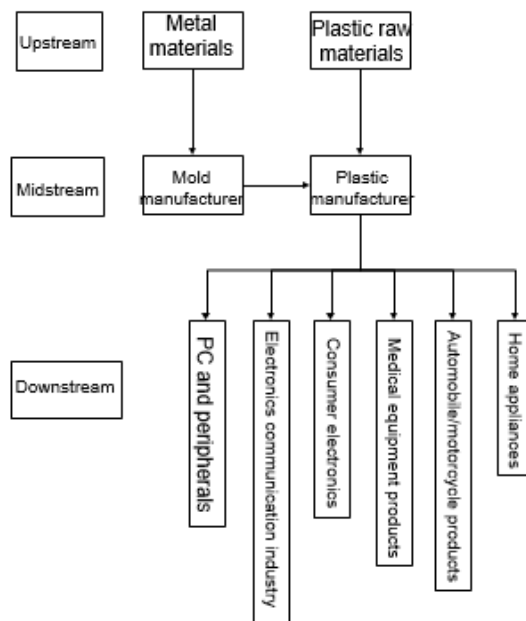
In terms of international trade, the export value of Taiwan's molds stood at NT\$11.506 billion, and the import value was NT\$3.189 billion, enjoying a trade surplus of NT\$8.317 billion. The export value increased by 11.85% and the import value increased by 10.92% compared with the same period a year 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: Thousand

| Item \ Year      | 2021      | 2022      | 2023 first quarter |
|------------------|-----------|-----------|--------------------|
| R&D Expenses (A) | 0         | 0         | 0                  |
| Net sales (B)    | 2,085,430 | 2,669,152 | 572,459            |
| (A)/(B)          | 0%        | 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

| Region \ Year | 2021      |         | 2022      |         | 2023 first quarter |         |
|---------------|-----------|---------|-----------|---------|--------------------|---------|
|               | Sales     | %       | Sales     | %       | Sales              | %       |
| Asian Region  | 2,085,430 | 100.00% | 2,669,152 | 100.00% | 572,459            | 100.00% |
| Taiwan        | 0         | 0%      | 0         | 0%      | 0                  | 0%      |
| Total         | 2,085,430 | 100.00% | 2,669,152 | 100.00% | 572,459            | 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:

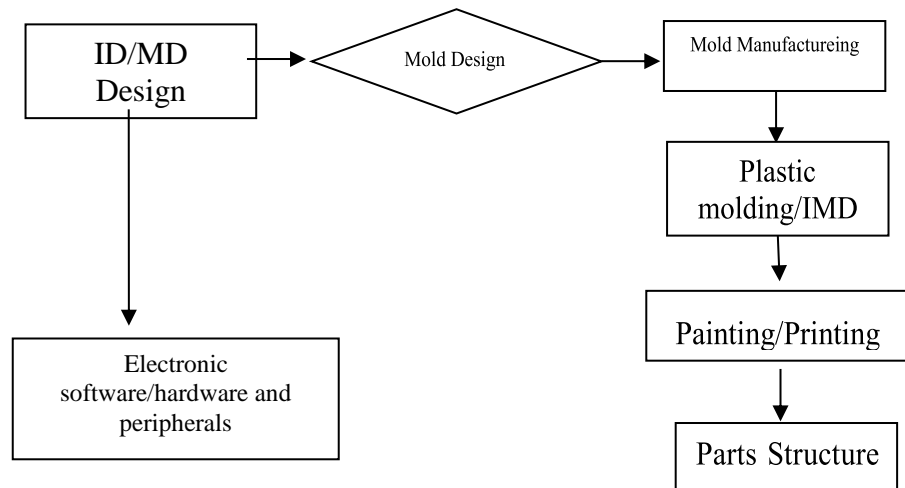
As an attempt to strengthen the development rate of both products and technologies, the training of professional and technical personnel is enforced, and the Company also has a complete plan for the improvement of production management, effective controls of product yield and inventories. These cost-down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

Unit: NT\$ thousand

| 2021      |          |           |         |                           | 2022      |           |         |                           | 2023 first quarter |         |        |                           |
|-----------|----------|-----------|---------|---------------------------|-----------|-----------|---------|---------------------------|--------------------|---------|--------|---------------------------|
| Item      | Name     | Sales     | [ % ]   | Relation ship with Issuer | Name      | Sales     | [ % ]   | Relation ship with Issuer | Name               | Sales   | [ % ]  | Relation ship with Issuer |
| 1         | Client A | 1,447,518 | 69.41%  | —                         | Client A  | 1,700,182 | 63.70%  | —                         | Client A           | 370,804 | 64.77% | —                         |
| 2         | Others   | 637,912   | 30.59%  | —                         | Others    | 968,970   | 36.30%  | —                         | Others             | 201,655 | 35.23% | —                         |
| Net Sales |          | 2,085,430 | 100.00% | —                         | Net Sales | 2,669,152 | 100.00% | —                         | Net Sales          | 572,459 | 100%   | —                         |

Note: Client A: BROTHER

## 2. List of major suppliers:

Unit: NT\$ thousand

| 2021         |        |           |         |                           | 2022         |           |         |                           | 2023 first quarter |         |         |                           |
|--------------|--------|-----------|---------|---------------------------|--------------|-----------|---------|---------------------------|--------------------|---------|---------|---------------------------|
| Item         | Name   | Sales     | [ % ]   | Relation ship with Issuer | Name         | Sales     | [ % ]   | Relation ship with Issuer | Name               | Sales   | [ % ]   | Relation ship with Issuer |
| 1            | S1     | 154,659   | 13.24%  | —                         | S1           | 194,318   | 12.00%  | —                         | S2                 | 40,102  | 12.95%  | —                         |
| 2            | S2     | 141,160   | 12.08%  | —                         | S2           | 184,051   | 11.37%  | —                         | S1                 | 33,902  | 10.95%  | —                         |
| 3            | Others | 872,521   | 74.68%  | —                         | Others       | 1,240,397 | 76.63%  | —                         | Others             | 235,646 | 76.1%   | —                         |
| Net purchase |        | 1,168,340 | 100.00% | —                         | Net purchase | 1,618,766 | 100.00% | —                         | Net purchase       | 309,650 | 100.00% | —                         |

Note: S1--> NAGASE (Vietnam factory)

S2--> INABATA(Philippine factory)

## 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.

(3) 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 value for the last two years

Unit: piece, set NT\$ thousand

| Year           | 2021                       |             |             | 2022      |             |             | 2023 first quarter |             |             |           |
|----------------|----------------------------|-------------|-------------|-----------|-------------|-------------|--------------------|-------------|-------------|-----------|
|                | Production Quantity/ Value | Capacity    | Quantity    | Value     | Capacity    | Quantity    | Value              | Capacity    | Quantity    | Value     |
| Major products |                            |             |             |           |             |             |                    |             |             |           |
| Mold           |                            | 924         | 699         | 149,445   | 924         | 428         | 137,560            | 107         | 125         | 16,348    |
| Plastic        |                            | 569,753,870 | 400,908,766 | 1,789,035 | 569,753,870 | 513,084,623 | 2,278,968          | 128,271,156 | 239,736,019 | 1,058,496 |
| Painting       |                            | 0           | 0           | 0         | 0           | 0           | 0                  | 0           | 0           | 0         |
| Total          |                            | (Note )     | (Note )     | 1,938,480 | (Note )     | (Note )     | 2,416,528          | (Note )     | (Note )     | 1,074,844 |

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

## 6. Sales for the last two years

Unit: piece, set NT\$ thousand

| Year<br>Sales<br>Qty/Value | 2021   |       |             |           | 2022   |       |             |           | 2023 first quarter |       |            |         |
|----------------------------|--------|-------|-------------|-----------|--------|-------|-------------|-----------|--------------------|-------|------------|---------|
|                            | Taiwan |       | Export      |           | Taiwan |       | Export      |           | Taiwan             |       | Export     |         |
|                            | Qty    | Value | Qty         | Value     | Qty    | Value | Qty         | Value     | Qty                | Value | Qty        | Value   |
| Mold                       | 0      | 0     | 3,186       | 123,832   | 0      | 0     | 908         | 138,543   | 0                  | 0     | 242        | 47,783  |
| Plastic                    | 0      | 0     | 411,569,911 | 1,961,598 | 0      | 0     | 484,345,630 | 2,530,609 | 0                  | 0     | 96,082,916 | 524,676 |
| Painting                   | 0      | 0     | 0           | 0         | 0      | 0     | 0           | 0         | 0                  | 0     | 0          | 0       |
| Total                      | (Note) | 0     | (Note)      | 2,085,430 | (Note) | 0     | (Note)      | 2,669,152 | (Note)             | 0     | (Note)     | 572,459 |

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, 2023

| Year                     |                   | 2021 | 2022  | As of the printing date of annual report |
|--------------------------|-------------------|------|-------|--|
| Employee number          | Direct Labor      | 0    | 0     | 0  |
|                          | Indirect Labor    | 32   | 41    | 42                                       |
|                          | Total             | 32   | 41    | 42                                       |
| Average age              |                   | 44   | 45.45 | 45                                       |
| Average years of service |                   | 7.77 | 6.07  | 6.17                                     |
| Education %              | PhD               | 0%   | 0%    | 0%                                       |
|                          | Master            | 15%  | 20%   | 21%                                      |
|                          | College           | 61%  | 61%   | 60%                                      |
|                          | High school       | 15%  | 12%   | 12%                                      |
|                          | Under high school | 9%   | 7%    | 7%                                       |

Statistics range: Taiwan

### 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:

| Type              | Training contents                             | Non-management | Management | Total |
|-------------------|---|----------------|------------|-------|
| Internal training | Professional knowledge and technical training | 7.5            | 4.5        | 12    |
|                   | New comers' training                          | 8              | 1          | 9     |
|                   | Information security training                 | 8              | 5          | 13    |
|                   | Occupational Safety and Health Training       | 16             | 7          | 23    |
| Sub total         |   | 39.5           | 17.5       | 57    |
| External training | Others  | 15             | 15         | 30    |
|                   | Professional knowledge and technical training | 37.5           | 58         | 95.5  |
| Sub total         |   | 52.5           | 73         | 125.5 |
| Total             |   | 92             | 90.5       | 182.5 |

Region of Data statistics: Taiwan

### (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 Individual Labor Pension Accounts of the Bureau of Labor Insurance for employee retirement benefits. Those who voluntarily deposit pensions will also be withheld from the employee's monthly salary to the Individual Labor Pension Account of the Labor Insurance Bureau according to the voluntary deposit rate.

(6) Agreement between labor and management: The Company enjoys a harmonious labor relationship, The Company irregularly communicates with employees through monthly meetings and labor unions, and exchanges opinions with employees through emails to maintain a good relationship between labor and management.

(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.<br>2. According to the Labor Safety Law, an annual inspection should be conducted on dangerous machinery and equipment.<br>3. Inspection and maintenance of high and low voltage electrical equipment, air conditioning equipment, and firefighting equipment. |
| Environmental protection at work          | 1. To replace damaged lighting equipment at any time<br>2. To update or repair the air-conditioning system to maintain the office's ventilation.<br>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.<br>2. Random publicity of all kinds of disaster prevention measures.   |

(9) For the last two years and up to the date of the date of the prospectus of Annual Report, 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: The company's labor-management agreement is based on the labor laws and regulations promulgated by the government. The relevant management procedures are stipulated from the employee's employment date. In the most recent year and up to the publication date of the annual report, the Company has not experienced any major labor disputes or losses.

## 6. Information security management

### Objectives:

The objectives of the Company's information security management are: to strengthen information security management, to ensure the confidentiality, integrity and availability of the information assets, to provide continuous operational environment, to meet the requirements of relevant laws and regulations, to protect it from internal and external deliberate or accidental attacks and threats and to protect the reputation of the company.

There are four major directions for the objectives of information security policy:

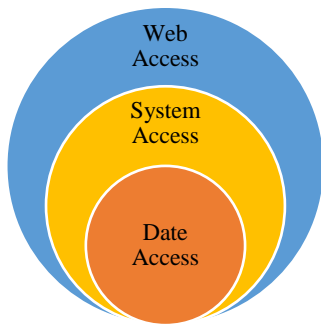
1. Operational aspect: to prevent the threat of information security risks and to reduce the impact of information security incidents.



2. Confidentiality: to ensure that the confidentiality of data which is not leaked, and to prevent improper use and access of data.
3. System aspect: to improve the availability of information equipment and systems so that to ensure the normal operation of information systems.
4. Awareness aspect: to improve the information security knowledge of employees, and fully publicize the responsibilities and obligations of employees in information security.

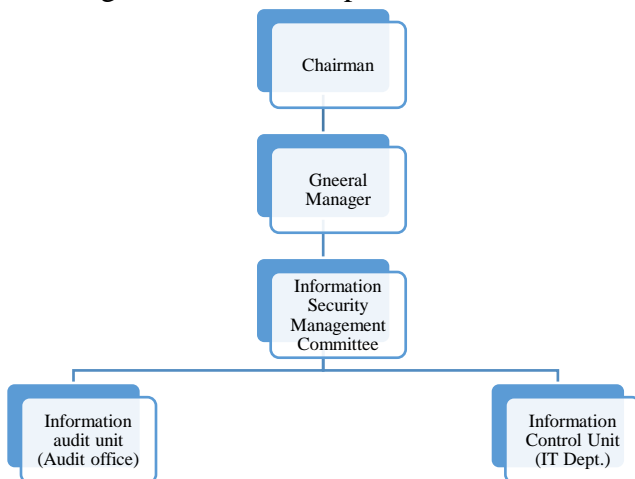
**Scopes:**

In order to prevent improper use, leakage, tampering, and destruction of information due to human negligence, natural disasters and other factors, which will bring various possible risks and harms to the Company, the Company sets information security management policies with the following scopes: data access control, system access control, network access control.



**Organizational Structure for Information Security**

The company established the “Information Security Management Committee” in 2022. The organization and operation for the committee is as follows.



- Under the information security management committee, The information department was set up with an information supervisor and several professional information personnel responsible for the following affairs:
  1. Responsible for formulating all internal information management rules and related operations, implementing various information activities and information cycles to build a comprehensive information security protection capability and promoting good information security awareness among

colleagues.

2. Carry out all information activities in accordance with information-related management measures, regularly review the information security system, and continuously track and review improvement measures.
- The audit office of the Company is the supervision unit of information security. The audit office has an audit supervisor and full-time auditors who are responsible for supervising the implementation of internal information security. If any missing is found or any event that does not meet the requirements of the operating procedures, the audit office shall request the information department to propose relevant improvement plans and specific actions to reduce internal information security risks.

### **Information Security Policies and Specific Management Plans**

"Information security is everyone's responsibility"

The policies are to strengthen the Company's information security management, to establish the concept of "information development is based on security", so that to ensure the confidentiality, integrity and availability of data processing for customers and colleagues. It is a must to ensure that the company's data processing is safe throughout the process, and provides safe, stable and efficient information services

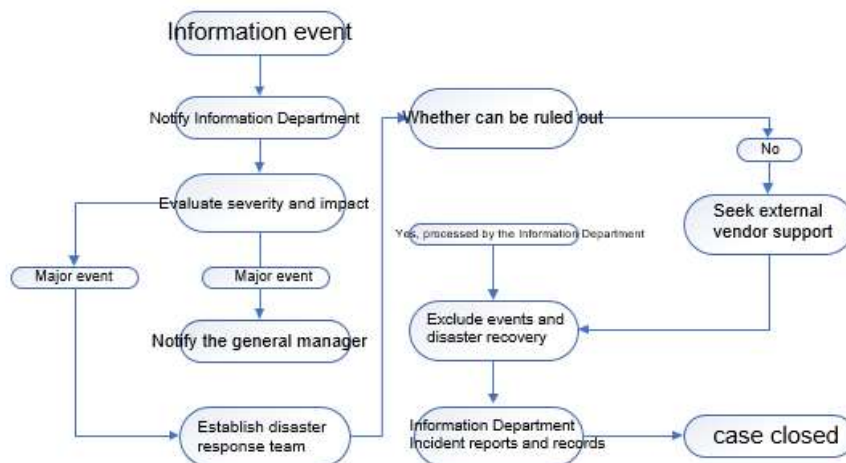
1. System specification: The company formulates information security management measures and information security inspection control items internally to regulate the information security behavior of company's personnel, and to regularly check whether the relevant systems are in line with changes in the environment, and to adjust them in a timely manner according to needs, and to regularly implemented internal audit to strengthen the operational management of the company's information security.
2. Application of new technology: In order to prevent various external threats for information security, regularly inspect and maintain various information security protection systems (such as firewall threat detection, anti-virus software, etc.) to enhance the security of the overall information environment.
3. Personnel training: Regularly implement personnel information security training courses and information security awareness drills to enhance colleagues' awareness of information security and information security threat alert.

| Type                             | Description  | Related measures  |
|----------------------------------|--|---|
| Account and authority management | <ol style="list-style-type: none"> <li>1. Account, password and authority control</li> <li>2. Password rule requirements</li> </ol>      | <ol style="list-style-type: none"> <li>1. Personnel account authority management and review.</li> <li>2. Regular inventory of personnel account authority.</li> <li>3. Force the regular change on password regularly.</li> </ol> |
| Access control                   | <ol style="list-style-type: none"> <li>1. Personnel access for internal system</li> <li>2. security measures for transmission</li> </ol> | <ol style="list-style-type: none"> <li>1. Internal access control.</li> <li>2. External website access control (blacklist)</li> </ol>   |
| External network                 | <ol style="list-style-type: none"> <li>1. Intrusion from the</li> </ol>  | <ol style="list-style-type: none"> <li>1. Network firewall set up</li> </ol>  |

|                     |   |   |
|---------------------|---|---|
| intrusion           | Internet<br>2. Virus invasion from personal computer                                    | 2. Install antivirus software and email filtering mechanism.  |
| System availability | 1. Maintain the availability of the system<br>2. Service interruption handling measures | 1. Daily system backup mechanism<br>2. Build UPS uninterruptible power system<br>3. Regular recovery drills |

## Information Security Notification Procedures

### Information Security Notification Procedure



※ Definition of [major event]: In accordance with Article 4, Item 26, of “Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities”

### Resources Invested in information security management

1. Regular “Internal training and education on information security knowledge” every year. The total training hours was 22.5 hours in 2022.
2. Regular [Information Security Drills such as: Phishing Letter Drill] every year. The number of participants was 15 people in 2022.
3. Seek external consultants to assist in establishing a management system that is completely in line with ISO/IEC 27001 in 2023. The total investment amount in 2022 is NT\$700,000.
4. Purchase a new Switch and firewall and sign a maintenance contract with external firm. Total investment amount is NT\$700,000 in 2022.

No major information security incidents took place as of the Company’s annual report **2022** 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 2023

| Contract nature | Parties to the contract | Contract start and end date | Major contents                     | Restrictions |
|-----------------|-------------------------|-----------------------------|------------------------------------|--------------|
| Bank Loan       | Mega Bank               | 2022/07/01-2023/06/30       | 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 ) |           |           |           |           | Financial information for current year till March 31, 2023 |
|---|---------------------|--|-----------|-----------|-----------|-----------|--|
|   |                     | 2018   | 2019      | 2020      | 2021      | 2022      |  |
| Current assets  |                     | 1,116,771  | 987,411   | 1,216,682 | 1,165,624 | 1,503,475 | 1,388,578  |
| Property, Plant and Equipment                             |                     | 1,127,533  | 1,126,016 | 1,014,265 | 922,407   | 918,561   | 937,808  |
| Intangible assets   |                     | 2,309  | 1,964     | 18,507    | 14,411    | 11,955    | 12,192   |
| Other assets  |                     | 261,261  | 237,397   | 203,941   | 164,168   | 339,492   | 359,598  |
| Total assets  |                     | 2,507,874  | 2,352,788 | 2,453,395 | 2,266,610 | 2,817,321 | 2,700,176  |
| Current liabilities                                       | Before distribution | 824,574  | 633,017   | 575,424   | 512,580   | 663,872   | 583,049  |
|   | After distribution  | 891,866  | 725,535   | 691,072   | 543,419   | (Note 2)  | —  |
| Non-current liabilities                                   |                     | 20,574   | 46,291    | 247,061   | 204,966   | 429,914   | 408,668  |
| Total liabilities   | Before distribution | 845,148  | 679,308   | 822,485   | 717,546   | 1,093,786 | 991,717  |
|   | After distribution  | 912,440  | 771,826   | 938,133   | 748,385   | (Note 2)  | —  |
| Equity attributable to shareholders of the parent company |                     | 1,662,726  | 1,673,480 | 1,630,910 | 1,549,064 | 1,723,535 | 1,048,459  |
| Capital stock   |                     | 841,524  | 851,484   | 770,984   | 770,984   | 788,184   | 788,184  |
| Capital surplus   | Before distribution | 762,908  | 747,838   | 668,899   | 668,899   | 695,473   | 695,473  |
|   | After distribution  | 741,879  | 710,831   | 668,899   | 668,899   | 695,473   | —  |
| Retained earnings   | Before distribution | 123,609  | 149,582   | 283,358   | 244,711   | 371,914   | 355,219  |
|   | After distribution  | 77,346   | 94,071    | 167,710   | 213,872   | (Note 2)  | —  |
| Other equity interest                                     |                     | (65,155)   | (74,924)  | (92,331)  | (135,530) | (132,036) | (130,417)  |
| Treasury stock  |                     | (160)  | (500)     | 0         | 0         | 0         | 0  |
| Non-controlling interest                                  |                     | 0  | 0         | 0         | 0         | 0         | 0  |
| Total equity  | Before distribution | 1,662,726  | 1,673,480 | 1,630,910 | 1,549,064 | 1,723,535 | 1,708,459  |
|   | After distribution  | 1,595,434  | 1,580,962 | 1,515,262 | 1,518,225 | (Note 2)  | —  |

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

Note 2: The 2022 Surplus Distribution Proposal has not been 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 ) |           |           |           |           | Financial information for current year till March 31, 2023 |
|---|--|-----------|-----------|-----------|-----------|--|
|   | 2018   | 2019      | 2020      | 2021      | 2022      |  |
| Operating revenue   | 2,788,241  | 2,352,721 | 1,906,581 | 2,085,430 | 2,669,152 | 572,459  |
| Gross Profit  | 430,140  | 358,458   | 292,760   | 345,052   | 469,711   | 85,644   |
| Income from operations  | 167,783  | 113,793   | 69,600    | 140,677   | 246,172   | 31,595   |
| Non-operating income  | (17,112)   | 16,682    | 228,185   | (6,709)   | 12,414    | (611)  |
| Income before tax   | 150,671  | 130,475   | 297,785   | 133,968   | 258,586   | 30,984   |
| Net profit of continuing business units for the current period          | 106,721  | 73,426    | 192,727   | 77,058    | 157,807   | 15,621   |
| Loss of closed business units   | 0  | 0         | 0         | 0         | 0         | 0  |
| Net income (Loss)   | 106,721  | 73,426    | 192,727   | 77,058    | 157,807   | 15,621   |
| Other comprehensive income (income after tax)                           | (6,093)  | (13,670)  | (23,202)  | (43,256)  | 44,169    | 0  |
| Total comprehensive income  | 100,628  | 59,756    | 169,525   | 33,802    | 201,976   | 10,857   |
| Net income attributable to shareholders of the parent                   | 106,721  | 73,426    | 192,727   | 77,058    | 157,807   | 15,621   |
| Net income attributable to non-controlling interest                     | 0  | 0         | 0         | 0         | 0         | 0  |
| Comprehensive income attributable to Shareholders of the parent company | 100,628  | 59,756    | 169,525   | 33,802    | 201,976   | 10,857   |
| Comprehensive income attributable to non-controlling interest           | 0  | 0         | 0         | 0         | 0         | 0  |
| Earnings per share (Note 2)   | 1.28   | 0.87      | 2.48      | 1.00      | 2.05      | 0.2  |

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 ) |           |           |           |           |
|---|---------------------|--|-----------|-----------|-----------|-----------|
|   |                     | 2018   | 2019      | 2020      | 2021      | 2022      |
| Current assets                                    |                     | 361,972  | 296,928   | 570,698   | 434,929   | 406,553   |
| Property, Plant and Equipment                     |                     | 1,099  | 1,688     | 888       | 2,924     | 2,565     |
| Intangible assets                                 |                     | 1,409  | 1,421     | 1,260     | 1,492     | 905       |
| Other assets                                      |                     | 1,500,916  | 1,534,863 | 1,257,040 | 1,320,875 | 1,570,227 |
| Total assets                                      |                     | 1,865,396  | 1,834,900 | 1,829,886 | 1,760,220 | 1,980,250 |
| Current liabilities                               | Before distribution | 194,589  | 157,496   | 150,666   | 140,282   | 146,247   |
|   | After distribution  | 261,881  | 250,014   | 266,314   | 171,121   | (Note 2)  |
| Non-current liabilities                           |                     | 8,081  | 3,924     | 48,310    | 70,874    | 110,468   |
| Total liabilities                                 | Before distribution | 202,670  | 161,420   | 198,976   | 211,156   | 256,715   |
|   | After distribution  | 269,962  | 253,938   | 314,624   | 241,995   | (Note 2)  |
| Equity attributable to shareholders of the parent |                     | 1,662,726  | 1,673,480 | 1,630,910 | 1,549,064 | 1,723,535 |
| Capital stock                                     |                     | 841,524  | 851,484   | 770,984   | 770,984   | 788,184   |
| Capital surplus                                   | Before distribution | 762,908  | 747,838   | 668,899   | 668,899   | 695,473   |
|   | After distribution  | 741,879  | 710,831   | 668,899   | 668,899   | -         |
| Retained earnings                                 | Before distribution | 123,609  | 149,582   | 283,358   | 244,711   | 371,914   |
|   | After distribution  | 77,346   | 94,071    | 167,710   | 213,872   | (Note 2)  |
| Other equity interest                             |                     | (65,155)   | (74,924)  | (92,331)  | (135,530) | (132,036) |
| Treasury stock                                    |                     | (160)  | (500)     | 0         | 0         | 0         |
| Non-controlling interest                          |                     | 0  | 0         | 0         | 0         | 0         |
| Total equity                                      | Before distribution | 1,662,726  | 1,673,480 | 1,630,910 | 1,549,064 | 1,723,535 |
|   | After distribution  | 1,595,434  | 1,580,962 | 1,515,262 | 1,518,225 | (Note 2)  |

Note 1: The above financial information has been checked or verified by CPA.

Note 2: The 2022 Surplus Distribution Proposal has not yet been 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 ) |          |          |          |          |
|---|------|--|----------|----------|----------|----------|
|   |      | 2018   | 2019     | 2020     | 2021     | 2022     |
| Operating revenue   |      | 363,891  | 541,743  | 501,033  | 637,223  | 824,508  |
| Gross Profit  |      | 13,213   | 21,672   | 29,222   | 43,453   | 46,987   |
| Income from operations  |      | (38,816)   | (35,561) | (39,295) | (16,456) | (21,912) |
| Non-operating income  |      | 156,614  | 129,887  | 296,533  | 112,237  | 226,625  |
| Income before tax   |      | 117,798  | 94,326   | 257,238  | 95,781   | 204,713  |
| Net profit of continuing business units for the current period          |      | 106,721  | 73,426   | 192,727  | 77,058   | 157,807  |
| Loss of closed business units   |      | 0  | 0        | 0        | 0        | 0        |
| Net income (Loss)   |      | 106,721  | 73,426   | 192,727  | 77,058   | 157,807  |
| Other comprehensive income (income after tax)                           |      | (6,093)  | (13,670) | (23,202) | (43,256) | 44,169   |
| Total comprehensive income  |      | 100,628  | 59,756   | 169,525  | 33,802   | 201,976  |
| Net income attributable to shareholders of the parent                   |      | 106,721  | 73,426   | 192,727  | 77,058   | 157,807  |
| Net income attributable to non-controlling interest                     |      | 0  | 0        | 0        | 0        | 0        |
| Comprehensive income attributable to Shareholders of the parent company |      | 100,628  | 59,756   | 169,525  | 33,802   | 201,976  |
| Comprehensive income attributable to non-controlling interest           |      | 0  | 0        | 0        | 0        | 0        |
| Earnings per share(Note2)   |      | 1.28   | 0.87     | 2.48     | 1.00     | 2.05     |

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       |
|------|-----------------|-------------------------|---------------------|
| 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 |
| 2022 | PwC Taiwan      | Huang Shijun、Wu Yulong  | Unqualified opinion |



## 2. Five-Year Financial Analysis

### 1. Financial Analysis Based on IFRS - Consolidated

| Item \ Year             |   | Financial Analysis for the Last Five Years(Note1) |         |         |         |              | Financial information for current year till March 31, 2023 |
|-------------------------|---|---|---------|---------|---------|--------------|--|
|                         |   | 2018  | 2019    | 2020    | 2021    | 2022 (note2) |  |
| Financial structure (%) | Debt Ratio  | 33.70%  | 28.87%  | 33.52%  | 31.66%  | 38.82%       | 36.73%   |
|                         | Ratio of long-term capital to property, plant and equipment | 149.29%   | 149.55% | 185.16% | 190.16% | 224.95%      | 225.75%  |
| Solvency (%)            | Current ratio   | 135.44%   | 147.62% | 211.44% | 227.40% | 226.47%      | 238.16%  |
|                         | Quick ratio   | 106.06%   | 113.54% | 170.81% | 183.22% | 186.76%      | 196.55%  |
|                         | Interest earned ratio (times)                               | 12.15   | 10.83   | 38.48   | 20.31   | 19.66        | 6.95   |
| Operating performance   | Accounts receivable turnover (times)                        | 5.23  | 4.81    | 4.94    | 5.54    | 5.59         | 4.45   |
|                         | Average collection period                                   | 69.82   | 75.88   | 73.84   | 65.88   | 65.29        | 81.99  |
|                         | Inventory turnover (times)                                  | 10.19   | 10.99   | 9.70    | 10.12   | 11.40        | 10.79  |
|                         | Accounts payable turnover (times)                           | 8.29  | 7.01    | 6.77    | 7.58    | 8.67         | 8.05   |
|                         | Average days in sales                                       | 35.79   | 33.21   | 37.63   | 36.07   | 32.01        | 33.84  |
|                         | Property, plant and equipment turnover (times)              | 2.47  | 2.09    | 1.88    | 2.15    | 2.86         | 2.44   |
|                         | Total assets turnover (times)                               | 1.11  | 1.00    | 0.78    | 0.88    | 1.05         | 0.85   |
| Profitability           | Return on total assets (%)                                  | 4.77%   | 3.46%   | 8.29%   | 3.50%   | 6.64%        | 0.75%  |
|                         | Return on stockholders' equity (%)                          | 6.54%   | 4.40%   | 11.66%  | 4.85%   | 9.64%        | 0.91%  |
|                         | Pre-tax income to paid-in capital (%)                       | 17.90%  | 15.32%  | 38.62%  | 17.38%  | 33.53%       | 3.93%  |
|                         | Profit ratio (%)  | 3.83%   | 3.12%   | 10.11%  | 3.70%   | 5.91%        | 2.73%  |
|                         | Earnings per share (NT\$)                                   | 1.28  | 0.87    | 2.48    | 1.00    | 2.05         | 0.2  |
| Cash flow               | Cash flow ratio (%)   | 31.00%  | 57.77%  | 38.01%  | 17.41%  | 43.16%       | 8.98%  |

|          |                              |        |        |        |        |         |         |
|----------|------------------------------|--------|--------|--------|--------|---------|---------|
|          | Cash flow adequacy ratio (%) | 61.23% | 91.37% | 87.76% | 98.04% | 121.83% | 130.15% |
|          | Cash reinvestment ratio (%)  | 8.17%  | 12.96% | 4.71%  | -1.02% | 9.01%   | 2.83%   |
| Leverage | Operating leverage           | 1.00   | 1.00   | 1.00   | 1.00   | 1.00    | 1       |
|          | Financial leverage           | 1.08   | 1.13   | 1.13   | 1.05   | 1.05    | 1.25    |

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

- (1) Reasons of increase in the ratio of long-term capital to real estate; Property, plant and equipment turnover (times); return on total assets, return on shareholders' equity; Pre-tax income to paid-in capital (%); Profit ratio (%) and earnings per share: Mainly due to the increase in overall revenue and profit. Reasons of increase in cash flow ratio, Cash flow adequacy ratio and cash reinvestment ratio: Due to the increase in cash inflow from operating activities.
- (2) In response to the amendment of International Accounting Standards No. 12 "Deferred income tax related to assets and liabilities arising from a single transaction" came into effect on January 1, 2012, the company's decommissioning liabilities and corresponding right-of-use assets on the effective date Relevant deductible and taxable temporary differences are recognized as deferred income tax assets and liabilities of \$43,838,000. The aforementioned accounting treatment only affects the expression of assets and liabilities, and has no impact on current profit and loss.

## 2. Financial Analysis Based on IFRS – the Company

| Item                    |   | Financial Analysis for the Last Five Years(Note1) |            |             |            |            |
|-------------------------|---|---|------------|-------------|------------|------------|
|                         |   | 2018  | 2019       | 2020        | 2021       | 2022       |
| Financial structure (%) | Debt Ratio  | 10.86   | 8.80%      | 10.87%      | 12.00%     | 12.96%     |
|                         | Ratio of long-term capital to property, plant and equipment | 152,029.75 %                                      | 99,372.27% | 189,101.35% | 55,401.44% | 70,674.49% |
| Solvency (%)            | Current ratio   | 186.02%   | 188.53%    | 378.78%     | 310.04%    | 277.99%    |
|                         | Quick ratio   | 185.03%   | 186.77%    | 373.65%     | 304.04%    | 273.74%    |
|                         | Interest earned ratio (times)                               | 685.87  | 251.2      | 1,333.84    | 2,281.5    | 7,582.96   |
| Operating performance   | Accounts receivable turnover (times)                        | 3.25  | 5.91       | 4.73        | 6.18       | 5.22       |
|                         | Average collection period                                   | 112.30  | 61.75      | 77.16       | 59.06      | 69.92      |
|                         | Inventory turnover (times)                                  | 305.60  | -          | -           | -          | -          |
|                         | Accounts payable turnover (times)                           | 3.22  | 4.46       | 3.74        | 5.09       | 5.22       |
|                         | Average days in sales                                       | 1.19  | -          | -           | -          | -          |
|                         | Property, plant and equipment turnover (times)              | 331.11  | 320.94     | 546.23      | 334.32     | 300.42     |
|                         | Total assets turnover (times)                               | 0.20  | 0.30       | 0.27        | 0.35       | 0.42       |
| Profitability           | Return on total assets (%)                                  | 5.86%   | 3.99%      | 10.53%      | 4.29%      | 8.44%      |
|                         | Return on stockholders' equity (%)                          | 6.54%   | 4.40%      | 11.66%      | 4.85%      | 9.64%      |
|                         | Pre-tax income to paid-in capital (%) (Note6)               | 14.00%  | 11.08%     | 33.36%      | 12.42%     | 25.97%     |
|                         | Profit ratio (%)  | 29.33%  | 13.55%     | 38.47%      | 12.09%     | 19.14%     |
|                         | Earnings per share (NT\$)                                   | 1.28  | 0.87       | 2.48        | 1.00       | 2.05       |
| Cash flow               | Cash flow ratio (%)   | -25.55%   | 0.00%      | 0.00%       | 0.00%      | 0.00%      |
|                         | Cash flow adequacy ratio (%)                                | 444.06%   | 94.25%     | 63.22%      | 34.23%     | 31.25%     |
|                         | Cash reinvestment ratio (%)                                 | -0.01%  | -6.09%     | -5.70%      | -7.46%     | -1.73%     |
| Leverage                | Operating leverage  | 1.50  | 1.01       | 1.00        | 0.84       | 1.00       |
|                         | Financial leverage  | 1.00  | 0.99       | 1.00        | 1.00       | 1.00       |

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

(1) Reasons of increase in the ratio of long-term capital to real estate; Interest earned ratio; Property, plant and equipment turnover; return on total assets, return on shareholders' equity; Pre-tax income to paid-in capital; Profit ratio and earnings per share: Mainly due to the increase in overall revenue and profit.

(2) Reasons of increase in Cash reinvestment ratio: Mainly due to the increase in long-term equity investment using the equity method 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 2022, 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 2023 Annual General Shareholders' Meeting

TaiHan Precision Technology Corporation

Audit Committee Convenor:

March 16, 2023

#### 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            | %                   |            |
| <b>CURRENT ASSETS</b> |   |                   |                     |                   |                     |            |
| 1100                  | Cash and cash equivalents   | 6(1)              | \$ 537,308          | 24                | \$ 623,074          | 26         |
| 1110                  | Financial asset at fair value through<br>P/L—Current                  | 6(2)              | -                   | -                 | 30,099              | 1          |
| 1136                  | Financial assets at fair value through<br>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                  | <b>Total current assets</b>   |                   | <u>1,165,624</u>    | <u>51</u>         | <u>1,216,682</u>    | <u>50</u>  |
| 1517                  | Financial asset at fair value through<br>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                  | <b>Total noncurrent assets</b>  |                   | <u>1,100,986</u>    | <u>49</u>         | <u>1,236,713</u>    | <u>50</u>  |
| 1XXX                  | <b>TOTAL Assets</b>   |                   | <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            | %                   |            |
| <b>CURRENT LIABILITIES</b>  |  |                   |                     |                   |                     |            |
| 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  | <b>Total current liabilities</b>                                 |                   | <u>512,580</u>      | <u>23</u>         | <u>575,424</u>      | <u>24</u>  |
| <b>NONCURRENT LIABILITIES</b>   |  |                   |                     |                   |                     |            |
| 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  | <b>Total noncurrent liabilities</b>                              |                   | <u>204,966</u>      | <u>9</u>          | <u>247,061</u>      | <u>10</u>  |
| 2XXX  | <b>Total liabilities</b>   |                   | <u>717,546</u>      | <u>32</u>         | <u>822,485</u>      | <u>34</u>  |
| <b>Equity attributable to owners of the parent company</b>                  |  |                   |                     |                   |                     |            |
| Capital stock   |  |                   |                     |                   |                     |            |
| 3110  | Common stock   | 6(15)             | 770,984             | 34                | 770,984             | 31         |
| Capital surplus   |  |                   |                     |                   |                     |            |
| 3200  | Capital surplus  | 6(16)             | 668,899             | 29                | 668,899             | 27         |
| Retained earnings   |  |                   |                     |                   |                     |            |
| 3310  | Appropriated as legal capital reserve                            | 6(17)             | 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  |  |                   |                     |                   |                     |            |
| 3400  | Other Entities   | 6(18)             | ( 135,530)          | ( 6)              | ( 92,331)           | ( 4)       |
| 3XXX  | <b>Total equity</b>  |                   | <u>1,549,064</u>    | <u>68</u>         | <u>1,630,910</u>    | <u>66</u>  |
| Significant Contingent Liabilities and Unrecognized Contractual Commitments |  |                   |                     |                   |                     |            |
| 3X2X  | Serious subsequent events  | 11                |                     |                   |                     |            |
| <b>TOTAL LIABILITIES AND EQUITY</b>   |  |                   |                     |                   |                     |            |
|   |  |                   | <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   | 6(19) \$ 2,085,430      | 100   | \$ 1,906,581 | 100   |
| 5000 | Operating costs  | 6(6)(24) ( 1,740,378)   | ( 83) | ( 1,613,821) | ( 84) |
| 5950 | Operating margin, net  | 345,052                 | 17    | 292,760      | 16    |
|      | Operating expenses   | 6(24)<br>(25)&7<br>(2)  |       |              |       |
| 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  | 12(2) ( 115)            | -     | ( 33)        | -     |
| 6000 | Total operating expenses   | ( 204,375)              | ( 10) | ( 223,160)   | ( 12) |
| 6900 | Operating profit   | 140,677                 | 7     | 69,600       | 4     |
|      | <b>NON-OPERATING INCOME AND EXPENSES</b>   |                         |       |              |       |
| 7100 | Interest income  | 6(20) 1,504             | -     | 974          | -     |
| 7010 | Other income   | 6(21) 10,780            | 1     | 17,016       | 1     |
| 7020 | Other gains and losses   | 22 ( 12,054)            | ( 1)  | 218,358      | 11    |
| 7050 | Finance costs  | 6(23)&7<br>(2) ( 6,939) | -     | ( 8,163)     | -     |
| 7000 | Total non-operating income and expense   | ( 6,709)                | -     | 228,185      | 12    |
| 7900 | <b>INCOME BEFORE INCOME TAX</b>  | 133,968                 | 7     | 297,785      | 16    |
| 7950 | INCOME TAX EXPENSE   | 6(26) ( 56,910)         | ( 3)  | ( 105,058)   | ( 6)  |
| 8200 | <b>Net income</b>  | \$ 77,058               | 4     | \$ 192,727   | 10    |
|      | <b>OTHER COMPREHENSIVE INCOME (LOSS)</b>   |                         |       |              |       |
|      | <b>Items that will not be reclassified subsequently to profit or loss:</b>                                   |                         |       |              |       |
| 8311 | Remeasurement of defined benefit obligation  | 6(13) (\$ 71)           | -     | (\$ 4,113)   | -     |
| 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(26) 14                | -     | 673          | -     |
| 8310 | Total amount of items that are not reclassified to profit or loss  | ( 256)                  | -     | ( 2,458)     | -     |
|      | <b>Items that may be reclassified subsequently to profit or loss</b>   |                         |       |              |       |
| 8361 | Exchange differences arising on translation of foreign Operations  | 6(18) ( 53,750)         | ( 3)  | ( 25,930)    | ( 1)  |
| 8399 | Income tax benefit related to items that will be reclassified subsequently                                   | 6(18) 10,750            | 1     | 5,186        | -     |
| 8360 | Total amount of items that are reclassified to profit or loss  | ( 43,000)               | ( 2)  | ( 20,744)    | ( 1)  |
| 8300 | <b>Other comprehensive income, net</b>   | (\$ 43,256)             | ( 2)  | (\$ 23,202)  | ( 1)  |
| 8500 | <b>Total comprehensive income</b>  | \$ 33,802               | 2     | \$ 169,525   | 9     |
|      | Net profit is allocated to :   |                         |       |              |       |
| 8610 | Parent Company Owner   | \$ 77,058               | 4     | \$ 192,727   | 10    |
|      | Total comprehensive income(loss)is allocated to :  |                         |       |              |       |
| 8710 | Parent Company Owner   | \$ 33,802               | 2     | \$ 169,525   | 9     |
|      | Basic earnings per share   |                         |       |              |       |
| 9750 | Net income   | 6(27) \$ 1.00           |       | \$ 2.48      |       |
|      | Diluted earnings per share   |                         |       |              |       |
| 9850 | Net income   | 6(27) \$ 1.00           |       | \$ 2.46      |       |

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 ~<br>December 31, 2021 | January 1 ~<br>December 31, 2020 |
|--|-------|----------------------------------|----------------------------------|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>                             |       |                                  |                                  |
| 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 ~<br>December 31, 2021 | January 1 ~<br>December 31, 2020 |
|--|-------|----------------------------------|----------------------------------|
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>                                 |       |                                  |                                  |
| 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                          |
| <b><u>Cash flows from financing activities</u></b>                                 |       |                                  |                                  |
| 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 SpeedTech 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<br/>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<br/>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<br/>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<br/>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>             | <u>Name of Subsidiaries</u>                         | <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><br><u>2021</u> | <u>December 31,</u><br><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><br><u>2021</u> | <u>December 31,</u><br><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><br><u>2021</u> | <u>December 31,</u><br><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><br><u>2021</u> | <u>December 31,</u><br><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><br><u>2021</u> | <u>December 31,</u><br><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><br><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><br><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<br/>Equipment</u> | <u>Transportation<br/>Equipment</u> | <u>Office Equipment</u> | <u>Other Equipment</u> | <u>Outstanding<br/>Construction<br/>and equipment<br/>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<br>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<br/>Equipment</u> | <u>Transportation<br/>Equipment</u> | <u>Office Equipment</u> | <u>Other Equipment</u> | <u>Outstanding<br/>Construction<br/>and equipment<br/>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<br>depreciation | - ( 154,391)     | ( 753,671)        | ( 399,572)                         | ( 14,315)                           | ( 9,855)                | ( 12,041)              | -   | ( 944,273)          |
|                             | <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               |
| Reclassification            | -                | ( 1,345)          | ( 1,734)                           | -                                   | -                       | -                      | -   | ( 3,079)            |
| Depreciation expense        | -                | 1,600             | 9,506                              | 2,437                               | 55                      | 422                    | ( 11)   | 14,009              |
| Net exchange difference     | ( 48)            | ( 23,233)         | ( 78,164)                          | ( 2,634)                            | ( 829)                  | ( 2,553)               | -   | ( 107,413)          |
| 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<br>depreciation | - ( 163,944)     | ( 753,546)        | ( 323,973)                         | ( 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> |

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> |
|-----------------------|---|----------------------------|-------------------|--------------------------|
|-----------------------|---|----------------------------|-------------------|--------------------------|

|  |   |                        |    |                |
|--|---|------------------------|----|----------------|
| Long-term bank loans   | Interest is payable quarterly from 1.37%  | Please refer to        | \$ | 152,612        |
| Mega Bank  | July 30, 2020 to July 30, 2027,<br>with principal repayment in<br>installments beginning in the<br>13th month | Note 8 for<br>details. |    |                |
| Less: Long-term loans due within one year or one<br>business cycle |   |                        | (  | 26,541)        |
|  |   |                        | \$ | <u>126,071</u> |

| <u>Nature of loan</u>  | <u>Loan Period and Repayment<br/>Method</u>   | <u>Interest Rate<br/>Range</u> | <u>Collateral</u>      | <u>December 31, 2020</u> |
|--|---|--------------------------------|------------------------|--------------------------|
| Long-term bank loans   | Interest is payable quarterly from  | 1.51%                          | Please refer to        | \$ 170,734               |
| Mega Bank  | July 30, 2020 to July 30, 2027,<br>with principal repayment in<br>installments beginning in the<br>13th month |                                | Note 8 for<br>details. |                          |
| Less: Long-term loans due within one year or one<br>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<br/>Present Value of<br/>Volunteer Services</u> | <u>Planned assets<br/>Fair value</u> | <u>Net defined benefit<br/>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<br/>Present Value of<br/>Volunteer Services</u> | <u>Planned assets<br/>Fair value</u> | <u>Net defined benefit<br/>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<br/>0.25%</u> | <u>Reduction of<br/>0.25%</u> | <u>Increase of<br/>0.25%</u>       | <u>Reduction of<br/>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   | 6,614            |
|               | <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 | -           | 2,355       |

(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) | <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 vested | <u>5,885</u>         | <u>-</u>                           | <u>( 5,885)</u> | <u>-</u>      | <u>-</u>          |
| #REF!   | <u>\$ 615,083</u>    | <u>\$ 53,673</u>                   | <u>\$ -</u>     | <u>\$ 143</u> | <u>\$ 668,899</u> |

2. 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. :

- (1) 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                           |
|                               | <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> |                    |

(18) Other equity items

|   | <u>2021</u>        |                         |                             |                     |
|---|--------------------|-------------------------|-----------------------------|---------------------|
|   | <u>Unrealized</u>  | <u>Foreign Currency</u> | <u>Employees no</u>         | <u>Total</u>        |
|   | <u>(loss) gain</u> | <u>Conversion</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>        |                         |                             |                    |
|---|--------------------|-------------------------|-----------------------------|--------------------|
|   | <u>Unrealized</u>  | <u>Foreign Currency</u> | <u>Employees no</u>         | <u>Total</u>       |
|   | <u>(loss) gain</u> | <u>Conversion</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>Revenue from</u>       |
|                 | <u>customer contracts</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:

|  | <u>December 31, 2021</u> | <u>December 31, 2020</u> | <u>January 1, 2020</u> |
|--|--------------------------|--------------------------|------------------------|
| Contractual liabilities – sales of goods | <u>\$ 3,092</u>          | <u>\$ 20,106</u>         | <u>\$ 4,243</u>        |

(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<br>amortized cost |             | <u>82</u>    |             | <u>123</u> |
|   | <u>\$</u>   | <u>1,504</u> | <u>\$</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>\$</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<br>through profit or loss |             |                |                   |
| Other   | (           | <u>1,776)</u>  | ( <u>2,255)</u>   |
|   | <u>(\$</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>\$</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 | \$          | <u>99,023</u>  | \$ <u>107,413</u> |
| Depreciation of right-of-use assets                   | \$          | <u>25,216</u>  | \$ <u>25,292</u>  |
| Depreciation expense on investment property           | \$          | <u>600</u>     | \$ <u>702</u>     |
| Amortization of intangible assets                     | \$          | <u>4,791</u>   | \$ <u>1,864</u>   |

(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 | 17,480           |    | 57,977         |
| 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>  |
|--|--------------------|-----|--------------|
| Translation differences between foreign operating entities | (\$ 10,750)        | (\$ | 5,186)       |
| Actuarial gains and losses on defined benefit plans        | (14)               | (\$ | 673)         |
|  | <u>(\$ 10,764)</u> | (\$ | <u>5,859</u> |

(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>Recognized in</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   | 13,895    | 16,662      | -        | 30,557    |
| Subtotal   | 67,014 (  | 16,828)     | 5,859    | 56,045    |
| 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   | ( 2,241)  | ( 41,149)   | -        | ( 43,390) |
| Total  | \$ 64,773 | (\$ 57,977) | \$ 5,859 | \$ 12,655 |

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

2021

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



|   | <u>2020</u>                 | Weighted<br>average<br>Outstanding<br>Number<br>of shares<br>(in thousands) | EPS<br>(NT\$) |
|---|-----------------------------|---|---------------|
|   | <u>Amount<br/>after tax</u> |   |               |
| <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>160</u>  |               |
| Net income attributable to ordinary shareholders of the parent company for the period | <u>\$ 192,727</u>           | <u>78,315</u>   | <u>2.46</u>   |

(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                                 | <u>\$ 45,165</u> | <u>\$ 21,145</u> |

(29) Changes in liabilities arising from financing activities

|  | Cash<br>Dividends<br><u>payable</u> | Short-term<br><u>loans</u> | Long-term loans<br>(including maturity<br><u>within one year</u> ) | <u>Deposit Guarantee</u> | Lease liabilities<br>( <u>Current/non-current</u> ) |
|--|-------------------------------------|----------------------------|--|--------------------------|---|
| January 1, 2021  | \$ -                                | \$ 149,918                 | \$ 170,734   | \$ 997                   | \$ 54,992   |
| Declaration of cash<br>dividends and capital<br>This provident<br>fund allots cash | 115,648                             | -                          | -  | -                        | -   |
| Cash dividends<br>payable and capital<br>surplus cash allotment                    | ( 115,648)                          | -                          | -  | -                        | -   |
| Increase in short-term<br>loans  | -                                   | 398,007                    | -  | -                        | -   |
| Decrease in short-term<br>loans  | -                                   | ( 389,344)                 | -  | -                        | -   |
| Repayment of long-<br>term loans   | -                                   | -                          | ( 12,755)  | -                        | -   |
| Increase in deposit<br>guarantee   | -                                   | -                          | -  | 323                      | -   |
| Increase in leasing<br>liabilities   | -                                   | -                          | -  | -                        | 4,255   |
| Principal repayment of<br>lease liabilities  | -                                   | -                          | -  | -                        | ( 28,413)   |
| Decrease in lease<br>liabilities   | -                                   | -                          | -  | -                        | ( 2,632)  |
| Exchange rate impact<br>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<br>payable and<br>capital surplus<br><u>cash allotment</u> | Short-term<br><u>loans</u> | Long-term loans<br>(including maturity<br><u>within one year</u> ) | <u>Deposit<br/>Guarantee</u> | Lease liabilities<br>( <u>Current/non-current</u> ) |
|---|---|----------------------------|--|------------------------------|---|
| January 1, 2020   | \$ -  | \$ 205,353                 | \$ 13,795  | \$ 2,047                     | \$ 4,249  |
| Declaration of cash dividends<br>and capital Cash allotment<br>from capital reserve | 92,518  | -                          | -  | -                            | -   |
| Cash dividends and<br>capitalization Cash allotment<br>from capital reserve         | ( 92,518)   | -                          | -  | -                            | -   |
| Increase in short-term<br>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<br>loans   | -   | -                          | -  | -                            | 73,185  |
| Increase in lease liabilities   | -   | -                          | -  | -                            | ( 22,461)   |
| Principal repayment of lease<br>liabilities   | -   | -                          | -  | ( 1,050)                     | -   |
| Decrease in deposits for<br>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                 |
| SpeedTech Corporation (SpeedTech)   | 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 SpeedTech 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> |
|-----------------------|-------------|-------------|
| SpeedTech 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> |
|-----------------------|--------------------------|--------------------------|
| SpeedTech 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> |
|-----------------------|--------------------------|--------------------------|
| SpeedTech Corporation | \$ 3,483                 | \$ -                     |

(4) Financial Costs

Interest expense recognized on the Group's lease liabilities :

|                       | <u>2021</u> | <u>2020</u> |
|-----------------------|-------------|-------------|
| SpeedTech 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> |
|-----------------------|-------------|-------------|
| SpeedTech 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 | <u>\$ 11,578</u> | <u>\$ 13,477</u> |

## 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> |                            |                 |
|--|--------------------------|----------------------------|-----------------|
|  | <u>Foreign currency</u>  |                            | Carrying amount |
|  | <u>(in thousands)</u>    | <u>Exchange rate (NTD)</u> |                 |
| <b>(Foreign currency: Functional currency)</b> |                          |                            |                 |
| <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><br><u>(in thousands)</u> | <u>Exchange rate</u> | <u>Carrying amount</u><br><u>(NTD)</u> |
| <b>(Foreign currency: Functional currency)</b> |  |                      |  |
| <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><br><u>(in thousands)</u> | <u>Exchange rate</u> | <u>Carrying amount</u><br><u>(NTD)</u> |
| <b>(Foreign currency: Functional currency)</b> |  |                      |  |
| <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>Sensitivity Analysis</u>     |  |  |
| <u>Rate of</u><br><u>change</u> | <u>Impact ( loss )</u><br><u>benefit</u> | <u>Effect of other</u><br><u>Comprehensive (loss)</u><br><u>income</u> |
| <b>(Foreign currency:</b>       |  |  |



**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>   |   |
| <b>(Foreign currency:<br/>Functional currency)</b> |    |                |                        |                        |   |
| <u>Financial Assets</u>                            |    |                |                        |                        |   |
| <u>Monetary items</u>                              |    |                |                        |                        |   |
| USD: NTD   | 1% | \$             | 3,016                  | \$                     | - |
| USD: CNY   | 1% |                | 906                    |                        | - |
| USD: PHP   | 1% |                | 1,837                  |                        | - |
| USD: VND   | 1% |                | 2,668                  |                        | - |
| <u>Financial liabilities</u>                       |    |                |                        |                        |   |
| <u>Monetary items</u>                              |    |                |                        |                        |   |
| 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<br/>1-60 days</u> | <u>Overdue<br/>61-90 days</u> | <u>Overdue<br/>91-180 days</u> | <u>Overdue 181<br/>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 |
|----------------------|--------|------|------|------|------|--------|

December 31, 2020

|                      | Not overdue | Overdue<br>1-60 days | Overdue<br>61-90 days | Overdue<br>91-180 days | Overdue 181<br>days or more | Total      |
|----------------------|-------------|----------------------|-----------------------|------------------------|-----------------------------|------------|
| Expected loss rate   | 0%~0.03%    | 0%~7.14%             | 0%~50.00%             | 0%~66.67%              | 100%                        |            |
| 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 :

|   | 2021   | 2020  |
|---|--------|-------|
| 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 :

| December 31, 2021                                     | Less than<br>3 months         | Within 3 months<br>to 1 year         | More than<br>1 year         |
|---|-------------------------------|--------------------------------------|-----------------------------|
| <b>Non-derivative financial liabilities :</b>         |                               |                                      |                             |
| 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                     |
| <b>December 31, 2020</b>                              | <b>Less than<br/>3 months</b> | <b>Within 3 months<br/>to 1 year</b> | <b>More than<br/>1 year</b> |
| <b>Non-derivative financial liabilities :</b>         |                               |                                      |                             |
| Lease liabilities (current/non-current)               | \$ 6,223                      | \$ 18,722                            | \$ 30,047                   |

|   |        |        |         |
|---|--------|--------|---------|
| 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                                       | <u>213,070</u>     | <u>445,064</u>         | <u>( 658,134)</u>                   | <u>-</u>            |
| 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                                       | <u>265,838</u>     | <u>301,672</u>         | <u>( 567,510)</u>                   | <u>-</u>            |
| 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

| No. | Loan funds company                            | Lender  | Past items                            | Is a related party | Current Maximum Amount | End of year balance | Actual expenditure | Interest Rate | Nature of Funding Loan                                 | Business Transaction amount | There are reasons why short-term financing funds are necessary | Allowance Amount of loss | Collateral | Name | Value      | The limit for individual target funds lending | Funding Loan and Total Limit | Remark |
|-----|---|---|---------------------------------------|--------------------|------------------------|---------------------|--------------------|---------------|--|-----------------------------|--|--------------------------|------------|------|------------|---|------------------------------|--------|
|     |   |   |                                       |                    |                        |                     |                    |               |  |                             |  |                          |            |      |            |   |                              |        |
| 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                |        |
|     | TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD. | TAIHAN/AND (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.

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 Company's net worth if the loans are made to the Company's subsidiaries (including indirectly reinvested subsidiaries). 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, 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.

Note 5: The above transactions are related party transactions that have been eliminated in the consolidated financial statements.  
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.

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.<br>(Note 1) | Endorser<br>Company Name                            | Company Name  | Endorsed by the guaranteee<br>Relationship | Endorsement<br>guarantee limit for a<br>single enterprise<br>(Note 3) | Current Maximum<br>Guarantee Balance | The End-of-Term<br>Endorsement<br>Guaranteed Balance | Actual<br>expenditure<br>amount | Amount of<br>endorsement<br>guarantee by<br>property<br>guarantee | Ratio of accumulated<br>endorsement<br>guarantee to net worth<br>of the most recent<br>financial statements | Endorsement<br>Guarantee<br>Maximum Limit<br>(Note 3) | Parent<br>company<br>endorsement of<br>subsidiary | Subsidiary<br>endorsement of<br>parent<br>company | Endorsement<br>guarantee for<br>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 TECHNOLOGY (PHILIPPINES) INC.            | (4)  | 774,532   | 85,593                               | 83,070   | 69,779                          | -   | 6%  | 1,549,064   | N   | N   | N  | -      |
| 2               | TAIHANLAND TECHNOLOGY (PHILIPPINES) INC.            | TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC. | (4)  | 774,532   | 85,593                               | 83,070   | 83,070                          | -   | 6%  | 1,549,064   | N   | N   | N  | -      |

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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.

Exhibit 3

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

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

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

The circumstances and reasons why the  
transaction conditions are different from those  
of normal transactions

| Import (sales) of<br>companies | Counterparty Name                                   | Relationship                  | Import<br>(Sales) | Amount     | Percentage of total<br>imports (sales) | Credit Period | Unit price  | Credit Period              | Balance | Notes receivable (paid) and accounts payable | Percentage of total notes<br>and accounts receivable<br>(payable) | Remark<br>(Note) |
|--------------------------------|---|-------------------------------|-------------------|------------|--|---------------|---|----------------------------|---------|--|---|------------------|
|                                |   |                               |                   |            |  |               |   |                            |         |  |   |                  |
| Our Company                    | TaiHan Mold Products (Dongguan) Co., Ltd.           | Our Company's Sub-subsiidiary | Import            | \$ 213,900 | 36%                                    | 120 days      | According to Our Company's transfer pricing policy system | No significant differences | 53,647  |  |   |                  |
| Our Company                    | TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC. | Our Company's Sub-subsiidiary | 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.<br>(Note 1) | Our Company                                   | Name of the trader | Trading partners                                    | Relationship with the counterparty<br>(Note 2) | Subjects         | Amount     | Terms of Trade  | Transaction history   |  |
|-----------------|---|--------------------|---|--|------------------|------------|---|---|--|
|                 |   |                    |   |  |                  |            |   | As a percentage of consolidated total revenue or Total assets<br>(Note 3) |  |
| 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 receivable | 27,690     | —   | 1.22%   |  |
| 1               | TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD. |                    | TAIHANLAND (PHILIPPINES) INC.                       | 3  | Other 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-subsidary 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 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

| Name of Investment Company<br>本公司             | Name of investee company                            | Location    | Main Business Items                                    | Original investment amount |                   | Held at end of period | (Loss) income of investees for the period | Investment income (loss) recognized in the period | Remark         |
|---|---|-------------|--|----------------------------|-------------------|-----------------------|---|---|----------------|
|   |   |             |  | End of last year           | End of the period |                       |   |   |                |
|   | TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.       | Samoa       | Professional Investment Business                       | \$ 1,092,737               | \$ 1,092,737      | \$ 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           | 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           | 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           | 526,560               | 12,265                                    | -   | Note 2         |
| YONGHAN HOLDING (SAMOA) CO., LTD.             | YONGHAN PRECISION TECHNOLOGY CO., LTD.              | Vietnam     | Production and sales of various plastic products, etc. | 320,391                    | 320,391           | 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           | 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 plastic products, etc. | 319,567                    | 319,567           | 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 from Taiwan at the beginning of the period | Amount of investments remitted or recovered during the period | Retrievable | Accumulated investment amount remitted from Taiwan at the end of the period | (Loss) income of investees for the period | Shareholding of our Company's direct or indirect investments | Investment (loss) recognized during the period (Note 2) | Carrying amount of investments at the end of the period (Note 2) | As at the end of the period | Investment income remitted | Remark  |
|---|--|-----------------|----------------------------|--|---|-------------|---|---|--|---|--|-----------------------------|----------------------------|---|
|   |  |                 |                            |  |   |             |   |   |  |   |  |                             |                            |   |
| TaiHan Mold Products (Dongguan) Co., Ltd. | 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 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 investing 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.

| Accumulated remittances from Taiwan to China at the end of the period | Investment quota in mainland China according to MOEAIC regulations (Note 3) |
|---|---|
| \$ 421,315  | \$ 929,438  |

Company Name  
Our Company

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)

| <u>Name of Investee Company in China</u>     | <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> |                              |                            |                         |              |
|--|-----------------------|----------|------------------------------|----------|-----------------------------------|----------|--|----------------|-------------------------------|------------------------------|----------------------------|-------------------------|--------------|
| TaiHan Mold Products(\$ (Dongguan) Co., Ltd. | <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> | <u>Current Interest</u> | <u>Other</u> |
|  | 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>Number of shares held</u> | <u>Shares</u><br><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            | %                   |            |
| <b>CURRENT ASSETS</b>    |   |                   |                     |                   |                     |            |
| 1100                     | Cash and cash equivalents                               | 6(1)              | \$ 318,176          | 18                | \$ 421,946          | 23         |
| 1110                     | Financial asset at fair value through<br>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<br>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                     | <b>Total current assets</b>                             |                   | <u>434,929</u>      | <u>25</u>         | <u>570,698</u>      | <u>31</u>  |
| <b>NONCURRENT ASSETS</b> |   |                   |                     |                   |                     |            |
| 1517                     | Financial asset at fair value through<br>P/L—Noncurrent | 6(3)              | 4,072               | -                 | 4,992               | 1          |
| 1550                     | Investments accounted for using<br>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                     | <b>Total noncurrent assets</b>                          |                   | <u>1,325,291</u>    | <u>75</u>         | <u>1,259,188</u>    | <u>69</u>  |
| 1XXX                     | <b>TOTAL Assets</b>                                     |                   | <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              | %          |
| <b>CURRENT LIABILITIES</b>   |  |       |                     |            |                     |            |
| 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   | <b>Total current liabilities</b>         |       | <u>140,282</u>      | <u>8</u>   | <u>150,666</u>      | <u>8</u>   |
| <b>NONCURRENT LIABILITIES</b>  |  |       |                     |            |                     |            |
| 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   | <b>Total noncurrent liabilities</b>      |       | <u>70,874</u>       | <u>4</u>   | <u>48,310</u>       | <u>3</u>   |
| 2XXX   | <b>Total liabilities</b>                 |       | <u>211,156</u>      | <u>12</u>  | <u>198,976</u>      | <u>11</u>  |
| <b>EQUITY</b>  |  |       |                     |            |                     |            |
| 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   | <b>Total equity</b>                      |       | <u>1,549,064</u>    | <u>88</u>  | <u>1,630,910</u>    | <u>89</u>  |
| Significant Contingent Liabilities and<br>Unrecognized Contractual Commitments |  |       |                     |            |                     |            |
| Serious subsequent events  |  | 11    |                     |            |                     |            |
| 3X2X   | <b>TOTAL LIABILITIES AND EQUITY</b>      |       | <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)  |
| <b>NON-OPERATING INCOME AND EXPENSES</b>   |                |              |       |              |       |
| 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 <b>INCOME BEFORE INCOME TAX</b>   |                | 95,781       | 15    | 257,238      | 52    |
| 7950 INCOME TAX EXPENSE  | 6(23)          | ( 18,723)    | ( 3)  | ( 64,511)    | ( 13) |
| 8000 <b>Net income of continuing business units</b>  |                | 77,058       | 12    | 192,727      | 39    |
| 8200 <b>Net income</b>   |                | \$ 77,058    | 12    | \$ 192,727   | 39    |
| <b>OTHER COMPREHENSIVE INCOME (LOSS)</b>   |                |              |       |              |       |
| <b>Items that will not be reclassified subsequently to profit or loss:</b>   |                |              |       |              |       |
| 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)  |
| <b>Items that may be reclassified subsequently to profit or loss</b>   |                |              |       |              |       |
| 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 <b>Other comprehensive income, net</b>  |                | ( \$ 43,256) | ( 7)  | ( \$ 23,202) | ( 5)  |
| 8500 <b>Total comprehensive income</b>   |                | \$ 33,802    | 5     | \$ 169,525   | 34    |
| <b>Basic earnings per share</b>  |                |              |       |              |       |
| 9750 Net income  | 6(24)          | \$ 77,058    | 1.00  | \$ 192,727   | 2.48  |
| <b>Diluted earnings per share</b>  |                |              |       |              |       |
| 9850 Net income  | 6(24)          | \$ 77,058    | 1.00  | \$ 192,727   | 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.

**TaiHan Precision Technology Co., Limited**  
**INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY**

December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

|   | Note  | Retained Earnings            |                 |                       |                         | Other Benefits          |                                      |   | Treasury Stock | Total Equity |  |
|---|-------|------------------------------|-----------------|-----------------------|-------------------------|-------------------------|--------------------------------------|---|----------------|--------------|--|
|   |       | 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 |
| <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 restrict employee rights | 6(15) | -                            | (37,007)        | -                     | -                       | -                       | -                                    | -   | -              | -            | 2,355                                      |
| Cash allocation from capital surplus                                      |       | -                            | -               | -                     | -                       | -                       | -                                    | -   | -              | -            | (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                               |

**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 ~<br>December 31, 2021 | January 1 ~<br>December 31, 2020 |
|---|-------|----------------------------------|----------------------------------|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>  |       |                                  |                                  |
| 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 ~<br>December 31, 2021 | January 1 ~<br>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  | 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>                   |
| <u>Cash flows from financing activities</u>                                 |                                  |                                  |
| 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)

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 SpeedTech 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.

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

Date and procedure of financial statement approval

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><br><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><br><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><br><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><br><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><br><u>2021</u> | <u>December 31,</u><br><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><br><u>2021</u> | <u>December 31,</u><br><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><br><u>2021</u> | <u>December 31,</u><br><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 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><br><u>2021</u> | <u>December 31,</u><br><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>Total</u> |
|-----------|-------------------------|------------------------|---------------------------|--------------|
|           | <u>Office Equipment</u> | <u>Other Equipment</u> | <u>Lease Improvements</u> |              |
| January 1 |                         |                        |                           |              |

|   |                |                  |                 |                  |
|---|----------------|------------------|-----------------|------------------|
| 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>    |
| 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<br/>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><br><u>Construction</u> | <u>Transportation</u><br><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><br><u>Construction</u> | <u>Transportation</u><br><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

December 31, 2021 December 31, 2020



|   |    |               |    |               |
|---|----|---------------|----|---------------|
| 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<br>Present Value of<br>Volunteer Services | Planned assets<br>Fair value | Net defined benefit<br>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<br>amounts included in interest<br>income or expenses) | -  | 140                          | 140   |
| Effect of changes in<br>demographic assumptions   | ( 749)   | -                            | ( 749)                                      |
| Effect of changes in financial<br>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<br>Present Value of<br>Volunteer Services | Planned assets<br>Fair value | Net defined benefit<br>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<br>amounts included in interest<br>income or expenses) | -  | 264                          | 264   |
| Effect of changes in<br>demographic assumptions   | ( 64)  | -                            | ( 64)                                       |
| Effect of changes in financial<br>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                             | <u>(\$ 369)</u>      | <u>\$ 383</u>       | <u>\$ 365</u>                      | <u>(\$ 354)</u>  |

## defined benefit obligations

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                               | -                     | ( 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>     |
|-------------------------------------|-------------|---|-----------------|
| Restrictions on Employee Rights IPO | <u>\$</u>   | - | <u>\$</u> 2,355 |

## (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<br/>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<br/>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> |

2. 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

1. 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.
2. 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.
3. 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.
4. 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.
5. The Company's earnings were distributed as follows :

(1) 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>   | Dividend per share | <u>2019</u>   | Dividend per share |
|-------------------------------|---------------|--------------------|---------------|--------------------|
|                               | <u>Amount</u> | (\$)               | <u>Amount</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 |
|                | <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><br><u>(loss) gain</u> | <u>Foreign Currency</u><br><u>Conversion</u> | <u>Employees no</u><br><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><br><u>(loss) gain</u> | <u>Foreign Currency</u><br><u>Conversion</u> | <u>Employees no</u><br><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>\$ 3,010</u> | <u>\$ 5,084</u> |

(19) Other Benefits and Losses

|  | <u>2021</u>       |           | <u>2020</u>    |
|--|-------------------|-----------|----------------|
| (Gain) loss on disposal of property,<br>plant and equipment                            | \$ -              | \$        | 788            |
| (Gain) loss on disposal of investment<br>property                                      | -                 |           | 219,846        |
| (Gain) loss on lease modification  | ( 85)             |           | -              |
| Net foreign currency exchange gains<br>(losses)  | ( 2,589)          | (         | 4,874)         |
| Financial assets at fair value through<br>profit or loss                               | 846               |           | 99             |
| Net (loss) gain or loss on financial<br>assets at fair value through profit or<br>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                             | \$ 44,078   | \$ | 46,192      |
| Depreciation expense on property, plant and equipment | \$ 908      | \$ | 800         |
| Depreciation of right-of-use assets                   | \$ 2,218    | \$ | 2,763       |
| Depreciation expense on investment property           | \$ -        | \$ | 76          |
| Amortization of intangible assets                     | \$ 1,059    | \$ | 958         |

(22) Employee benefit expenses

2021                      2020

|                                  |    |               |    |               |
|----------------------------------|----|---------------|----|---------------|
| 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  |    | 988           |    | 962           |
|                                  | \$ | <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>Recognized in</u> | <u>comprehensive (loss)</u> |                      |
|  | <u>January 1</u> | <u>(Loss) gain</u>   | <u>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</u> |
| Tax loss   | <u>13,895</u>    | <u>16,662</u>        | <u>-</u>                    | <u>(Loss) gain</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 realized                         | ( 1,422)         | 1,422              | -               | -                |
| - 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<br>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<br>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<br>after tax | Weighted average<br>Outstanding Number<br>of shares<br>(in thousands) | EPS<br>(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>   |
| <br>  |                     |   |               |
|   | <u>2020</u>         |   |               |
|   | Amount<br>after tax | Weighted average<br>Outstanding Number<br>of shares<br>(in thousands) | EPS<br>(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<br><u>loans</u> | <u>Deposit Guarantee</u> | Lease liabilities<br><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>                                   |

|   | Cash dividends payable<br>and Cash allotment from<br><u>capital surplus</u> | Short-term<br><u>loans</u> | <u>Deposit Guarantee</u> | _Lease liabilities<br><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>                 |
|---|--|
| SpeedTech Corporation (SpeedTech)                                       | 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 SpeedTech 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> |
|-----------------------|---------------|-------------|
| SpeedTech 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> |
|-----------------------|--------------------------|--------------------------|
| SpeedTech 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> |
|-----------------------|--------------------------|--------------------------|
| SpeedTech 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> |
|-----------------------|--------------|-------------|
| SpeedTech 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> |
|-----------------------|-------------|-------------|
| SpeedTech 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) 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

|   | <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   | 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>        |

|  | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|--|--------------------------|--------------------------|
| <u>Financial liabilities</u>                     |                          |                          |
| 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>    |
| <b>(Foreign currency: Functional currency)</b> |                          |                      |                 |
| <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>    |
| <b>(Foreign currency:</b>                      |                          |                      |                 |

**Functional currency)**

|                              |       |        |    |         |
|------------------------------|-------|--------|----|---------|
| <u>Monetary items</u>        |       |        |    |         |
| USD: NTD                     |       |        |    |         |
| <u>Financial liabilities</u> | 6,717 | 28.508 | \$ | 191,480 |
| <u>Monetary items</u>        |       |        |    |         |
| USD: NTD                     |       |        |    |         |
| <u>Monetary items</u>        | 4,183 | 28.508 |    | 119,251 |

(B) The aggregate amount of all exchange gains (losses) (both realized and unrealized) recognized in fiscal 2021 and 2020 for monetary items that are materially affected by exchange rate fluctuations are (\$2,589) and (\$4,874), respectively.

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

|                              |    | <u>2021</u>                 |                        |                        |
|------------------------------|----|-----------------------------|------------------------|------------------------|
|                              |    | <u>Sensitivity Analysis</u> |                        |                        |
|                              |    | <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>   |
| <b>(Foreign currency:</b>    |    |                             |                        |                        |
| <b>Functional currency)</b>  |    |                             |                        |                        |
| <u>Financial Assets</u>      |    |                             |                        |                        |
| <u>Monetary items</u>        |    |                             |                        |                        |
| USD: NTD                     | 1% | \$                          | 1,929                  | \$ -                   |
| <u>Financial liabilities</u> |    |                             |                        |                        |
| <u>Monetary items</u>        |    |                             |                        |                        |
| USD: NTD                     | 1% | (                           | 1,150)                 | -                      |
| <br>                         |    |                             |                        |                        |
|                              |    | <u>2020</u>                 |                        |                        |
|                              |    | <u>Sensitivity Analysis</u> |                        |                        |
|                              |    | <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>   |
| <br>                         |    |                             |                        |                        |
| <b>(Foreign currency:</b>    |    |                             |                        |                        |
| <b>Functional currency)</b>  |    |                             |                        |                        |
| <u>Financial Assets</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><br><u>1-60 days</u> | <u>Overdue</u><br><u>61-90 days</u> | <u>Overdue</u><br><u>91-180 days</u> | <u>Overdue 181</u><br><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><br><u>1-60 days</u> | <u>Overdue</u><br><u>61-90 days</u> | <u>Overdue</u><br><u>91-180 days</u> | <u>Overdue 181</u><br><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 :

2021                      2020

|   |    |    |    |   |
|---|----|----|----|---|
| 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><br><u>3 months</u> | <u>3 months</u><br><u>to 1 year</u> | <u>More than</u><br><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><br><u>3 months</u> | <u>3 months</u><br><u>to 1 year</u> | <u>More than</u><br><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 of      | 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 | Collateral |       | The limit for individual target funds lending | Remark        |
|-----|---|---|-------------------------------|--------------------|------------------------|-----------------------|---------------------------|---------------------|--|-----------------------------|---|------------|-------|---|---------------|
|     |   |   |                               |                    |                        |                       |                           |                     |  |                             |   | Name       | Value |   |               |
| 0   | Our Company                                   | TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.       | Other parties receivables     | Yes                | \$ 57,062              | \$ 55,380             | \$ -                      | -                   | People who need short-term financing funds | -                           | Operational Turnaround                                      | \$ -       | \$ -  | \$ 619,626                                    | Note 1、Note 2 |
| 1   | TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD. | TAIHAN PRODUCTS (DONGGUAN) CO., LTD.                | Other parties CO.,receivables | Yes                | 57,062                 | 55,380                | 13,845                    | -                   | People who need short-term financing funds | -                           | Operational Turnaround                                      | -          | -     | 619,626                                       | Note 1、Note 3 |
| 1   | TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD. | TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC. | Other parties receivables     | Yes                | 142,655                | 138,450               | 27,690                    | -                   | People who need short-term financing funds | -                           | Operational Turnaround                                      | -          | -     | 248,679                                       | Note 1、Note 4 |
| 1   | TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD. | TAIHANLAND (PHILIPPINES) INC.                       | Other parties receivables     | Yes                | 171,186                | 166,140               | 55,380                    | -                   | People who need short-term financing funds | -                           | Operational Turnaround                                      | -          | -     | 248,679                                       | Note 1、Note 4 |

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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 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

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

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<br>- 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)

| Import (sales) of companies | Counterparty Name                                   | Relationship               | Import (Sales) | Amount     | Percentage of total imports (sales) | Period   | Unit price  | Credit Period              | Balance | Percentage of total notes and accounts receivable (payable) | The status of and reasons for the |  |
|-----------------------------|---|----------------------------|----------------|------------|-------------------------------------|----------|---|----------------------------|---------|---|-----------------------------------|--|
|                             |   |                            |                |            |                                     |          |   |                            |         |   | Transaction Status                | Notes receivable (paid) and accounts payable |
| Our Company                 | TaiHan Mold Products (Dongguan) Co., Ltd.           | The Company's sub-subsiary | 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-subsiary | 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.<br>(Note 1) | Our Company                                   | Name of the trader                                  | Trading partners<br>Relationship with the<br>counterparty<br>(Note 2) |                  | Subjects                  | Amount     | Transaction history                                       |        | Percentage of Consolidated<br>Total Revenue or Total<br>Assets<br>(Note 3) |
|-----------------|---|---|---|------------------|---------------------------|------------|---|--------|--|
|                 |   |   |   |                  |                           |            |   |        |  |
| 0               | Our Company                                   | TaiHan Mold Products (Dongguan) Co., Ltd.           | 1   | Import           | 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           | 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 | Accounts payable          | 53,647     | Credit on 120 days  | 2.37%  |  |
| 0               | Our Company                                   | TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC. | 1   | Accounts payable | Accounts payable          | 56,398     | Credit on 120 days  | 2.49%  |  |
| 0               | Our Company                                   | YONGHAN PRECISION TECHNOLOGY CO., LTD.              | 1   | Sales revenue    | 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    | 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 receivable | Other accounts receivable | 27,690     | —   | 1.22%  |  |
| 1               | TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD. | TAIHANLAND (PHILIPPINES) INC.                       | 3   | Other receivable | Other accounts receivable | 55,380     | —   | 2.44%  |  |
| 2               | TAIHANLAND (PHILIPPINES) INC                  | TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC. | 3   | Rental income    | Rental income             | 30,905     | —   | 1.48%  |  |

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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)

| Name of Investment Company<br>Our Company           | Name of investee company<br>TAIHAN PRECISION<br>TECHNOLOGY (SAMOA) CO.,<br>LTD. | Location<br>Samoa | Main Business Items<br>Professional<br>Business                                  | Original investment amount               |                                  | Held at end of period       |               | Carrying<br>amount | (Loss) income<br>of the investee<br>company for<br>the period | Investment income<br>(loss) recognized in<br>the period | Remark            |
|---|---|-------------------|--|--|----------------------------------|-----------------------------|---------------|--------------------|---|---|-------------------|
|   |   |                   |  | End of current<br>period<br>\$ 1,092,737 | End of last year<br>\$ 1,092,737 | No. of shares<br>32,289,761 | Ratio<br>100% |                    |   |   |                   |
| TAIHAN PRECISION<br>TECHNOLOGY (SAMOA) CO.,<br>LTD. | TAIHAN HOLDING (SAMOA)<br>CO., LTD.   | Samoa             | Investment   | 391,133                                  | 391,133                          | 10,799,664                  | 100%          | 84,473             | ( 18,435)   | -   | Note 2            |
| TAIHAN PRECISION<br>TECHNOLOGY (SAMOA) CO.,<br>LTD. | YONGHAN HOLDING (SAMOA)<br>CO., LTD.  | Samoa             | Investment   | 321,162                                  | 321,162                          | 10,023,632                  | 100%          | 598,038            | 124,657   | -   | Note 2            |
| TAIHAN PRECISION<br>TECHNOLOGY (SAMOA) CO.,<br>LTD. | TAIHAN HOLDING<br>PHILIPPINES CO., LTD.   | Seychelles        | Investment   | 666,368                                  | 655,306                          | 22,139,000                  | 100%          | 526,560            | 12,265  | -   | Note 2            |
| YONGHAN HOLDING (SAMOA)<br>CO., LTD.                | YONGHAN PRECISION<br>TECHNOLOGY CO., LTD.                                       | Vietnam           | Production and sales of<br>various precision molds<br>and plastic products, etc. | 320,391                                  | 320,391                          | -                           | 100%          | 598,024            | 124,407   | -   | Note 2            |
| TAIHAN HOLDING<br>PHILIPPINES CO., LTD.             | TAIHANLAND (PHILIPPINES)<br>INC.  | Philippines       | Holding the production<br>base of Land and plant                                 | 308,755                                  | 308,755                          | -                           | 39.99%        | 315,941            | 13,064  | -   | Note 1、<br>Note 2 |
| TAIHAN HOLDING<br>PHILIPPINES CO., LTD.             | TAIHAN PRECISION<br>TECHNOLOGY (PHILIPPINES)<br>CO., INC.                       | Philippines       | Production and sales of<br>various precision molds<br>and plastic products, etc. | 319,567                                  | 319,567                          | 204,410                     | 99.99%        | 204,410            | 8,399   | -   | Note 1、<br>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  
China Investment Information - Basic Information  
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 | Amount of investment remitted or retrieved during the period | Retrieval | Cumulative investment amount remitted from Taiwan at the end of the period | Current income (loss) of the investee company (Loss) income for the period | Shareholding of our Company's direct or indirect investments | Investment (loss) recognized during the period (Note 2) | Carrying amount of investments at the end of the period | Investment income | Remark   |
|---|--|-----------------|----------------------------|---|--|-----------|--|--|--|---|---|-------------------|--|
|   |  |                 |                            |   |  |           |  |  |  |   |   |                   |  |
| TaiHan Mold (Dongguan) Co., Ltd.        | Production of various precision plastic molds and 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.

| Company Name | Cumulative amount of investment from Taiwan to Mainland China at the end of the period | MOEAIC Approved Investment Amount | Investment limit in Mainland China according to MOEAIC regulations (Note 3) |
|--------------|--|-----------------------------------|---|
| 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)

| Name of Mainland China investee company   | Sales (Import) |     | Property Transactions |   | Accounts receivable (paid) |     | Note endorsement guaranteee or Provision of collateral |                                 | Accommodation of funds |                 |                     |                  |       |
|---|----------------|-----|-----------------------|---|----------------------------|-----|--|---------------------------------|------------------------|-----------------|---------------------|------------------|-------|
|   | Amount         | %   | Amount                | % | Balance                    | %   | End of period balance                                  | Provision of collateral balance | End of period balance  | Maximum Balance | Interest Rate Range | Current Interest | Other |
|   | (\$)           |     | \$                    |   | (\$)                       |     | \$   |                                 | \$                     |                 |                     | \$               |       |
| TaiHan Mold Products (Dongguan) Co., Ltd. | 213,900        | 36% | -                     | - | 53,647                     | 47% | -  | -                               | -                      | -               | -                   | -                | -     |

TaiHua Precision Technology Co., Limited

Major Shareholders Information

December 31, 2021

Exhibit 9

|                        | <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 |         | 80,266     |
|  |         | \$ 318,176 |

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</u><br><u>balance</u> | <u>Number of</u><br><u>Shares</u> | <u>Investment</u><br><u>Amount</u> | <u>Increase in the</u><br><u>current period</u> | <u>Reduction of</u><br><u>the current period</u> | <u>End of period</u><br><u>balance</u> | <u>Market Value</u><br><u>or Net Equity</u> | <u>Provision of</u><br><u>guarantees or</u><br><u>pledges</u> | <u>Remark</u> |
|---|------------------------------------|-----------------------------------|------------------------------------|---|--|--|---|---|---------------|
|   |                                    |                                   |                                    |   |  |  |   |   |               |
|   | <u>(Thousands of shares)</u>       | <u>(Thousands of shares)</u>      | <u>Amount (Note 1)</u>             | <u>Amount of adjustment items (Note 1)</u>      | <u>(Thousands of shares)</u>                     | <u>(Thousands of shares)</u>           | <u>(NTD)</u>                                |   |               |
| TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD. | 32,290                             | \$ 1,189,388                      | \$ -                               | \$ 110,430 (\$ 2,676)                           | \$ -   | 32,290                                 | 38.51                                       |   | \$ 1,243,392  |
| Add (minus):                                  |                                    |                                   |                                    |   |  |  |   |   |               |
| Cumulative Conversion Adjustment:             |                                    |                                   |                                    |   |  |  |   |   | ( 53,750)     |
|   |                                    | \$ 1,189,388                      | \$ -                               | \$ 110,430 (\$ 56,426)                          | \$ -   |  |   |   | \$ 1,243,392  |

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<br>(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<br>Nature              | 2021            | 2020               | Total     | Operating Costs | Operating expenses | Total     |
|---------------------------------|-----------------|--------------------|-----------|-----------------|--------------------|-----------|
|                                 | Operating Costs | Operating expenses |           |                 |                    |           |
| 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

Unit: NT\$thousand

| Item \ Year                   | 2021      | 2022      | Difference |       |
|-------------------------------|-----------|-----------|------------|-------|
|                               |           |           | Amount     | %     |
| Current assets                | 1,165,624 | 1,503,475 | 337,851    | 29%   |
| Property, Plant and Equipment | 922,407   | 918,561   | -3,846     | -0.4% |
| Net property Investment       | 30,490    | 30,367    | -123       | 0%    |
| Other Intangible assets       | 14,411    | 11,955    | -2,456     | -17%  |
| Other assets                  | 133,678   | 309,125   | 175,447    | 131%  |
| Total assets                  | 2,266,610 | 2,773,483 | 506,873    | 22%   |
| Current liabilities           | 512,580   | 663,872   | 151,292    | 30%   |
| Non-current liabilities       | 204,966   | 386,076   | 181,110    | 88%   |
| Total liabilities             | 717,546   | 1,049,948 | 332,402    | 46%   |
| Capital stock                 | 770,984   | 788,184   | 17,200     | 2%    |
| Capital surplus               | 668,899   | 695,473   | 26,574     | 4%    |
| Retained earnings             | 244,711   | 371,914   | 127,203    | 52%   |
| Other adjustments             | -135,530  | -132,036  | 3,494      | -3%   |
| Total shareholder's equity    | 1,549,064 | 1,723,535 | 174,471    | 11%   |

Description :

1. Increase in current assets: mainly due to increase in revenue and accounts receivable.
2. Increase in other assets and total assets: mainly due to the increase in right-of-use assets in current period.
3. The increase in current liabilities: mainly due to the increase in purchases and accounts payable.
4. Increase in non-current liabilities and total liabilities: mainly due to the increase in lease liabilities.
5. Increase in retained earnings: mainly due to increase in profits.

## 2. Analysis of Financial Performance

### (1) Business performance analysis:

Unit: NT\$thousand

| Item                                   | Year      |           | Increase<br>(decrease) | Difference<br>(%) |
|--|-----------|-----------|------------------------|-------------------|
|  | 2021      | 2022      |                        |                   |
| Net Operating Income                   | 2,085,430 | 2,669,152 | 583,722                | 28%               |
| Operating Costs                        | 1,740,378 | 2,199,441 | 459,063                | 26%               |
| Gross Profit                           | 345,052   | 469,711   | 124,659                | 36%               |
| Operating Expenses                     | 204,375   | 223,539   | 19,164                 | 9%                |
| Operating Profits                      | 140,677   | 246,172   | 105,495                | 75%               |
| Non-operating Income                   | -6,709    | 12,414    | 19,123                 | 285%              |
| Income Before Tax                      | 133,968   | 258,586   | 124,618                | 93%               |
| Tax Benefits (expenses)                | -56,910   | -100,779  | 43,869                 | 77%               |
| Net Profit                             | 77,058    | 157,807   | 80,749                 | 105%              |
| Other Comprehensive Profits and Losses | -43,256   | 44,169    | 87,425                 | 202%              |
| Comprehensive Profits and Losses       | 33,802    | 201,976   | 168,174                | 499%              |

Analysis of changes in financial ratios:

1. Increases in operating income, operating costs, operating gross profit, operating profit, pre-tax net profit, income tax expenses, and net profit for the current period: Due to order increase from Japanese customers on multifunctional business machine for inventory replenishment after the COVID-19 epidemic, which resulting in increase in revenue.
2. Increase in non-operating income and expenses, net profit before tax, and net profit for the current period: the difference is mainly due to the exchange benefits arising from the appreciation of the US dollar.
3. Decrease in other comprehensive profits and losses: the impact of exchange rate fluctuations on the accumulated translation adjustments for the current period.
4. 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 | 124,659  | 551,062                | 283,738          | (968,459)             | 258,319                    |
| Description            | Due to order increase from Japanese customers for inventory replenishment after the COVID-19 epidemic, which led to overall increase in operating income |                        |                  |                       |                            |

## 3. Cash Flow Analysis

### (1) Cash flow analysis for the latest two years:

| Item | Year |      | Ratio of increase<br>(decrease) |
|------|------|------|---------------------------------|
|      | 2021 | 2022 |                                 |

|  |       |        |         |
|--|-------|--------|---------|
| Cash flow ratio  | 17.41 | 43.16  | 147.90% |
| Cash flow adequacy ratio   | 98.04 | 121.83 | 24.66%  |
| Cash reinvestment ratio  | -1.02 | 9.01   | 564.43% |
| Explanation of the change of the ratio:<br>(1) Increase in cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio: the increase in cash inflow from operating activities in the current period 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 |
| 679,818  | 686,006                                     | (141,781)        | 1,224,043                          | 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 2022 | Main reasons for profit (loss) | Improvement plan   | Future investment plan |
|---|----------------------|------------------------|--------------------------------|--|------------------------|
| TaiHan Mold Products (Dongguan) Co., Ltd.           | Long-term investment | -70,875                | 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.<br>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 | 175,176                | Operating normally             | None   | None                   |
| TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC. | Long-term investment | 94,261                 | Operating normally             | None   | None                   |
| TAIHANLAND (PHILIPPINES) INC.                       | Long-term investment | 12,356                 | 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       | 2021   |                | 2022   |                |
|-------------------|--------|----------------|--------|----------------|
|                   | Amount | % of net sales | Amount | % of net sales |
| Interest Incomes  | 1,504  | 0.07           | 1,422  | 0.05           |
| Interest Expenses | 15,257 | 1.03           | 8,923  | 0.33           |

The Company's interest income and expenses accounted for a very low proportion of its net sales 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                  | 2021    | 2022   |
|------------------------------|---------|--------|
| Foreign Exchange gain (loss) | -17,066 | 25,178 |
| % of net sales               | -0.82   | 0.94   |

As the Company's sales revenue is mostly denominated in US dollars, the exchange rate fluctuations may incur slight impacts on the net sales 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: There are no research and development plans currently

(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: In order to cope with business expansion requests and increase production capacity to win more orders, the Company's subsidiary YONGHAN PRECISION TECHNOLOGY CO., LTD. obtained right-of-use land assets planned to build factory to expand the production lines, which is expected to be helpful on revenues and profits. Before investing, the Company has continuously evaluated the possible capital requirements for plant expansion and various risks such as, project progress behind schedule, delays in equipment procurement and delivery, and changes on the order status. The Company has developed relevant supporting measures to reduce the adverse impact of various risks on the Company's operations. As of the publication date of the annual report, the Company's plant expansion plan is in line with the Company's expectations.
- (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: Taiqiao Investment Co., Ltd., the legal person director of the Company, was merged with SpeedTech Corp on 2023/3/31 (merger base date), and SpeedTech Corp is the surviving company. Taiqiao Investment Co., Ltd., was originally a subsidiary of SpeedTech Corp that directly held 100% of the shares, so the equity transfer has no direct impact and risk on the Company.
- (11) Effects and risks relating to the changes in management rights and the Company's response: None.
- (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.

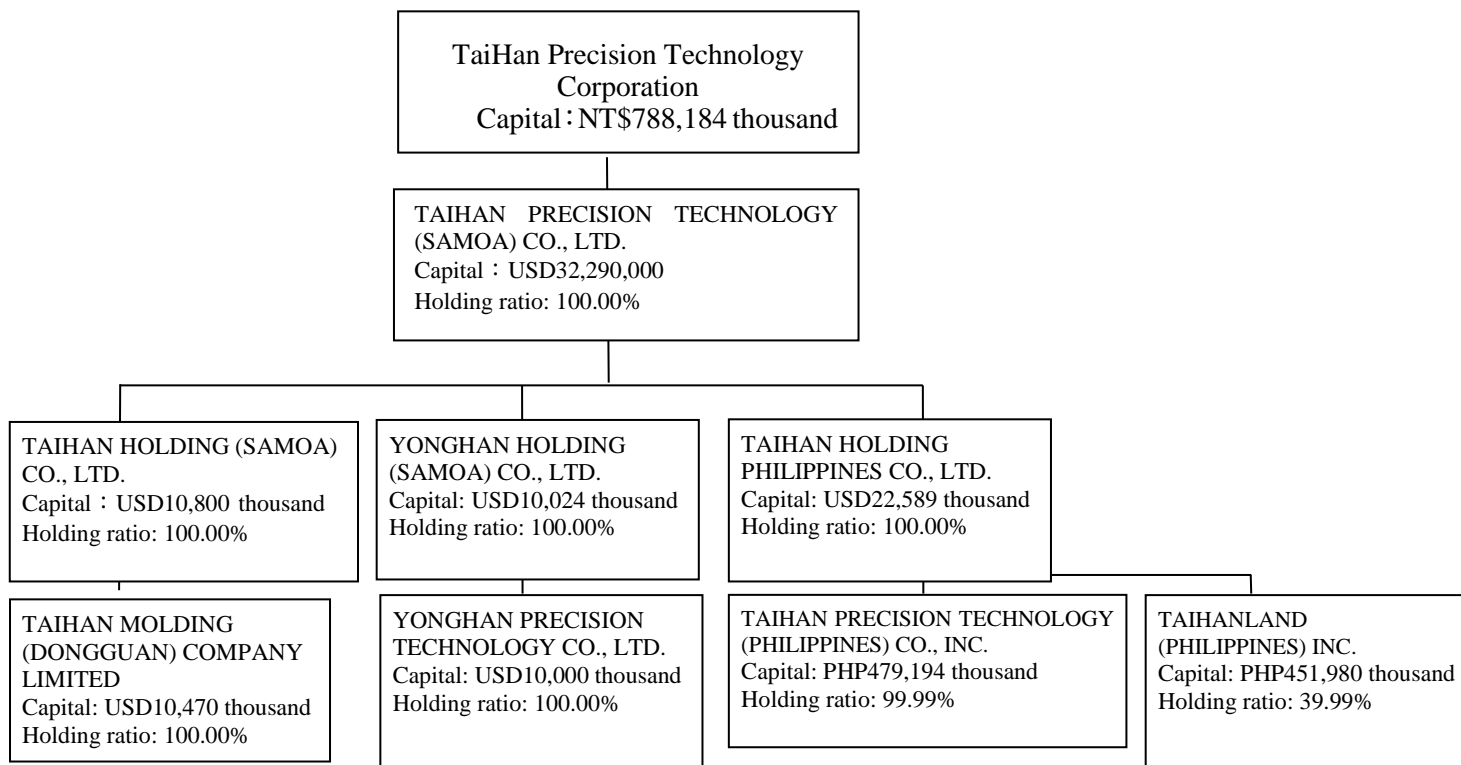
7. Other important matters: None °

## VIII. Special Disclosure

### 1. Information about affiliated companies:

#### 1.Information about affiliated companies

(1) Organization chart of affiliated companies: (Dec 31, 2022)



(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 2022

| 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<br>APIA , SAMOA   | USD 32,289,761                     | Holding company                       |
| TAIHAN HOLDING (SAMOA) CO., LTD.                    | 2004.02.10            | TRUSTNET CHAMBERS , P.O.BOX 1225<br>APIA , SAMOA   | USD 10,799,664                     | Holding company                       |
| YONGHAN HOLDING (SAMOA) CO., LTD.                   | 2006.6.23             | TRUSTNET CHAMBERS , P.O.BOX 1225<br>APIA , SAMOA   | USD 10,023,632                     | Holding company                       |
| TAIHAN HOLDING PHILIPPINES CO., LTD.                | 2012.11.15            | NO.24 LESPERANCE, PROVIDENCE<br>INDUSTRIAL ESTATE, MAHE<br>SEYCHELLES  | USD22,589,000                      | Holding company                       |
| TaiHan Molding (Dongguan ) Co., Ltd                 | 2001.01.04            | Room 101, No. 1-3, Qianmei Road,<br>Dongkeng Town, Dongguan City,<br>Guangdong Province  | RMB 85,078,377<br>(USD 12,676,000) | Mold and plastic<br>injection molding |
| YONGHAN PRECISION TECHNOLOGY CO., LTD..             | 2006.08.28            | Phu Tien Industrial Zone, Hai Duong<br>Province, Vietnam   | USD 10,000,000                     | Mold and plastic<br>injection molding |
| Taihan Precision Technology (Philippines) Co., Inc. | 2013.01.09            | Phase 2A Block 1 Lot 1, Jose P. Rizal<br>Avenue, Lima Technology Center - Special<br>Economic Zone, Lipa City, Batangas<br>Province,4217 Philippines | PHP 479,193,500                    | Mold and plastic<br>injection molding |
| Taihanland (Philippines) Inc.                       | 2013.01.09            | Phase 2A Block 1 Lot 1, Jose P. Rizal<br>Avenue,Lima Technology Center - Special<br>Economic Zone,Lipa City, Batangas<br>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<br>Representative: Tsai Chen-long      | 32,290                  | 100%               |
| TAIHAN HOLDING (SAMOA) CO., LTD.                    | Chairman  | TaiHan Precision Technology (Samoa) Co. Ltd,<br>Representative: Tsai Chen-long | 10,800                  | 100%               |
| YONGHAN HOLDING (SAMOA) CO., LTD.                   | Chairman  | TaiHan Precision Technology (Samoa) Co.Ltd<br>Representative: Tsai Chen-long   | 10,024                  | 100%               |
| TAIHAN HOLDING PHILIPPINES CO., LTD.                | Chairman  | TaiHan Precision Technology (Samoa) Co.,Ltd<br>Representative: Tsai Chen-long  | 22,589                  | 100%               |
| TAIHAN MOLDING (DONGGUAN) CO., LTD                  | Chairman  | TaiHan Holding (Samoa) Co., Ltd<br>Representative: Tsai Chen-long              | share capital<br>10,470 | 100%               |
|   | President | Huang Xiaoling   |                         |                    |
| YONGHAN PRECISION TECHNOLOGY CO., LTD               | Chairman  | Yonghan Holding (Samoa) Co.,Ltd<br>Representative: Tsai Chen-long              | share capital<br>10,000 | 100%               |
| TaiHan Precision Technology (Philippines) Co., Inc. | Chairman  | TAIHAN HOLDING PHILIPPINES CO., LTD.<br>Representative: Tsai Chen-long         | 4,792                   | 99.99%             |
|   | Director  | TAIHAN HOLDING PHILIPPINES CO., LTD.<br>Chen Jinzhong                          |                         |                    |
| Taihanland (Philippines) Inc.                       | Chairman  | TAIHAN HOLDING PHILIPPINES CO., LTD.<br>Representative: Tsai Chen-long         | 4,520                   | 39.99%             |
|   | Director  | TAIHAN HOLDING PHILIPPINES CO., LTD.<br>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) | Earnings per share (After tax) |
| TaiHan Precision Technology (Samoa) Co., Ltd.       | NTD 1,092,737,462 | NTD 1,676,912,561 | NTD 159,927,091   | NTD 1,516,985,470 | NTD 0             | NTD (370,705)        | NTD 209,839,204                      | Note 1                         |
| TAIHAN HOLDING (SAMOA) CO., LTD.                    | NTD 421,372,734   | NTD 15,000,789    | NTD 0             | NTD 15,000,789    | NTD 0             | NTD 0                | NTD(70,857,285)                      | Note 1                         |
| YONGHAN HOLDING (SAMOA) CO., LTD.                   | NTD 323,797,099   | NTD 819,933,652   | NTD 0             | NTD 819,933,652   | NTD 0             | NTD 0                | NTD 175,175,502                      | Note 1                         |
| TaiHan Molding (Dongguan ) Co., Ltd                 | NTD 349,447,2021  | NTD 348,193,255   | NTD 333,192,466   | NTD 15,000,789    | NTD 255,572,241   | NTD(66,118,072)      | NTD (70,857,285)                     | Note 1                         |
| YONGHAN PRECISION TECHNOLOGY CO., LTD.              | NTD 324,169,986   | NTD 1,088,116,497 | NTD 268,198,277   | NTD 819,918,220   | NTD 1,472,313,845 | NTD 200,900,034      | NTD 175,175,502                      | Note 1                         |
| TAIHAN HOLDING PHILIPPINES CO., LTD.                | NTD 680,848,940   | NTD 648,725,025   | NTD 790,968       | NTD 647,934,057   | NTD 0             | NTD (8,395,828)      | NTD 89,593,713                       | Note 1                         |
| TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC. | NTD 319,567,307   | NTD 546,271,312   | NTD 243,469,394   | NTD 302,801,918   | NTD 924,026,144   | NTD 121,275,676      | NTD 94,261,014                       | Note 1                         |
| TAIHANLAND (PHILIPPINES) INC.                       | NTD 308,754,679   | NTD 463,814,058   | NTD 130,743,253   | NTD 333,070,805   | NTD 0             | NTD (14,511,268)     | NTD 12,355,916                       | 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.<br/>Here is the list of people:<br/>(1) TaiHan, Dongguan: Jian Zhiming, Lu Peiru.<br/>(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.<br/>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.,<br/>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, 2023

**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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