



TaiHan Precision Technology Co.,Ltd.

Annual Report

2023

Important Disclaime :

This English-version handbook is a 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 10, 2024

1. Spokesperson and deputy spokesperson of the Company:

Item	Spokesperson	Acting Spokesperson
Name	Li, Chin Cheng	Absent
Title	Vice President	
Contact number	(03) 311-2025 #168	
E-mail	alen@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 Huang Shijun, Accountant Lin, Chiahung

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>

Precision Technology Corporation

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I. The Report to All Shareholders

Dear Shareholders,

Last year, the group faced multiple pressures, including the continuous increase in overseas labor costs, adjustments in inventory by brand manufacturers of multifunctional office machines after the COVID-19 pandemic, and lower-than-expected orders for consumer electronic components. As a result, the group's consolidated revenue decreased by 13% from NT\$2,669,152 thousand in 2022 to NT\$2,316,598 thousand, operating profit decreased by 34% from NT\$246,172 thousand in the 2022 to NT\$162,091 thousand, and post-tax profit decreased by 32% from NT\$157,807 thousand in 2022 to NT\$107,390 thousand. This year, in response to customer demand, the planning and construction of the new factory in Vietnam have been accelerated, while continuously monitoring the global economic environment, terminal market demand, closely managing customer orders and production scheduling, and striving to implement customer industry diversification, optimize production efficiency, strictly control various costs and expenses, and expand the scope of business orders, in order to gradually realize the benefits of important strategies and help the group achieve good operational growth. The report on the 2023 annual operating status is as follows:

2. Operating performance in 2023

(2) 2023 business plan implementation results (consolidated report):

Unit: NT\$thousand

<div>Amount</div> <div>Item</div>	2023	2022	Incremental Amount	Percent Change (%)
Operating Income	2,316,598	2,669,152	(352,554)	-13%
Operating Costs	(1,927,079)	(2,199,441)	(272,362)	-12%
Gross Profits	389,519	469,711	(80,192)	-17%
Operating Expenses	(227,428)	(223,539)	3,889	2%
Operating Profits (losses)	162,091	246,172	(84,081)	-34%
Non-operating Income and Expenses	37,080	12,414	24,666	199%
Income (Losses) Before Tax	199,171	258,586	(59,415)	-23%
Tax Benefits (Expenses)	(91,781)	(100,779)	(8,998)	-9%
Net Profit (Losses)	107,390	157,807	(50,417)	-32%
Net profits per share (losses) (NTD)	1.39	2.05	(0.66)	-32%

(2) Financial Analysis (consolidated report):

Year		2023	2022
Item			
Financial Structure	Debt to Assets Ratio (%)	32.83%	37.86%
	Ratio of long-term funds to fixed assets (%)	234.4%	229.66%
Solvency	Current ratio (%)	234.51%	229.11%
	Quick ratio (%)	194.46%	187%
	Interest coverage ratio (times)	9.62	19.66
Management Capacity	Accounts receivable turnover rate (times)	4.74	5.60
	Sales turnover days	77	65.21
	Inventory turnover rate (times)	11.27	11.4
	Average days on sale	32.38	32.01
	Fixed asset turnover (times)	2.54	2.90
	Total Asset Turnover Rate (Times)	0.84	1.06
Profitability	Return on Assets (%)	4.61%	6.70%
	Return on Shareholders' Equity (%)	6.14%	9.64%
	Net Profit Rate (%)	4.63%	5.91%
	Earnings per share (NT Dollor) Retrospectively Adjustment	1.39	2.05

(3) Budget implementation status

The Company's financial forecasts for 2023 were not disclosed to the public. The overall operating achievement rate is about 80% 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 pandemic.

(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 in 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

Currently, in response to international political situations and the effect of shortening supply chains, TaiHan is deepening its presence in the prosperous order environment and space in Southeast Asia. In recent years, the company has actively utilized its leading mold development design and mass production technology in the industry to develop multiple new models of printers/office machines in collaboration with customers, and actively seeks more orders from new customers in different industries and new markets, which may help diversify the company's customer industry layout and bring positive results to its operations. The operational policies for this year, future company development strategies, and the impact of the external environment are elaborated as follows:

(1) Annual business policy and important production and marketing policies for 2024:

- i. Deepen the performance of the plastic injection molding business and meet customer order delivery requirements through capacity allocation in Dongguan, Vietnam, and the Philippines to support the overall positive development of the group's operations.
- ii. Continuously strengthen the company's development design technical capabilities, optimize production processes, expand global business order momentum, and implement ESG-oriented development. Integrate green manufacturing technology into the production process, develop applications of environmentally friendly materials, effectively enhance the positive benefits of global corporate low-carbon transformation, and effectively differentiate the group from its peers, helping to establish TaiHan's reputation and competitiveness in the plastic injection molding market, and improve the group's order base.
- iii. Improve the yield of production based on the existing good production foundation, reduce production costs to increase product gross profit, and provide comprehensive services to existing customers from product design, mass production, logistics support, distribution, and after-sales services to strengthen long-term cooperative relationships.

(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 profit to the Company's medium and long-term operations.

(3) Future development strategies:

- i. Under the principle of economization, conduct process mechanization, automation, and rationalization through product process design to reduce reliance on manpower, lower costs, and improve quality.
- ii. Actively develop ultra-precision/ultra-fine machining technology and high-speed machining technology to maintain product market competitiveness, establish effective product market differentiation, and avoid detrimental price competition.
- iii. Fully leverage technical capabilities to develop various products according to the needs of different customers, enhance the added value of products, and maintain market competitiveness.

- iv. Strengthen internal talent training, focus on experience inheritance, and enhance pre-employment and on-the-job training for employees to improve their quality, improve labor conditions, and promote labor-management harmony.

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

Despite the continued impact of subdued consumer electronics consumption on supply chain shipment fluctuations, TaiHan continues to advance its plans for introducing new products, with a focus on post-processing processes for plastic injection molded products. With the introduction of more complex new models, it aims to optimize the overall product sales mix to achieve stable growth in overall operations.

In addition, facing the continuous increase in overseas labor costs, gradual reduction of tax incentives, and intense competition among peers, apart from strengthening cost control to cope with intense competition, TaiHan strives to create high entry barriers, becoming an irreplaceable partner for customers, and continuously expanding advantageous market opportunities.

Changes in regulatory environment are always issues that companies need to address. The company will continue to strengthen the efficiency and flexibility of its operating methods, track changes in laws and regulations in a timely manner, and evaluate and modify internal regulations and compliance plans, actively responding to changes in various regulatory environments.

Continuously monitoring the global economic environment, terminal market demand, maintaining close communication with customers, managing good shipment schedules, and continuously advancing plans for introducing high-value-added new products are expected to maintain a certain level of backlog orders, help the group achieve good operational growth. On the other hand, to align with the international trends of carbon reduction and green supply chains, TaiHan continues to move towards the global net zero emissions goal, formulating medium- and long-term emission reduction targets and relevant specifications, and conducting greenhouse gas inventories and carbon footprints, further promoting the company's sustainable development policy.

Sincerely yours,

Tsai Chen-long

Chairman

TaiHan Precision Technology Corporation

II. Company profile

1 Date of Incorporation: Aug 28th, 1987

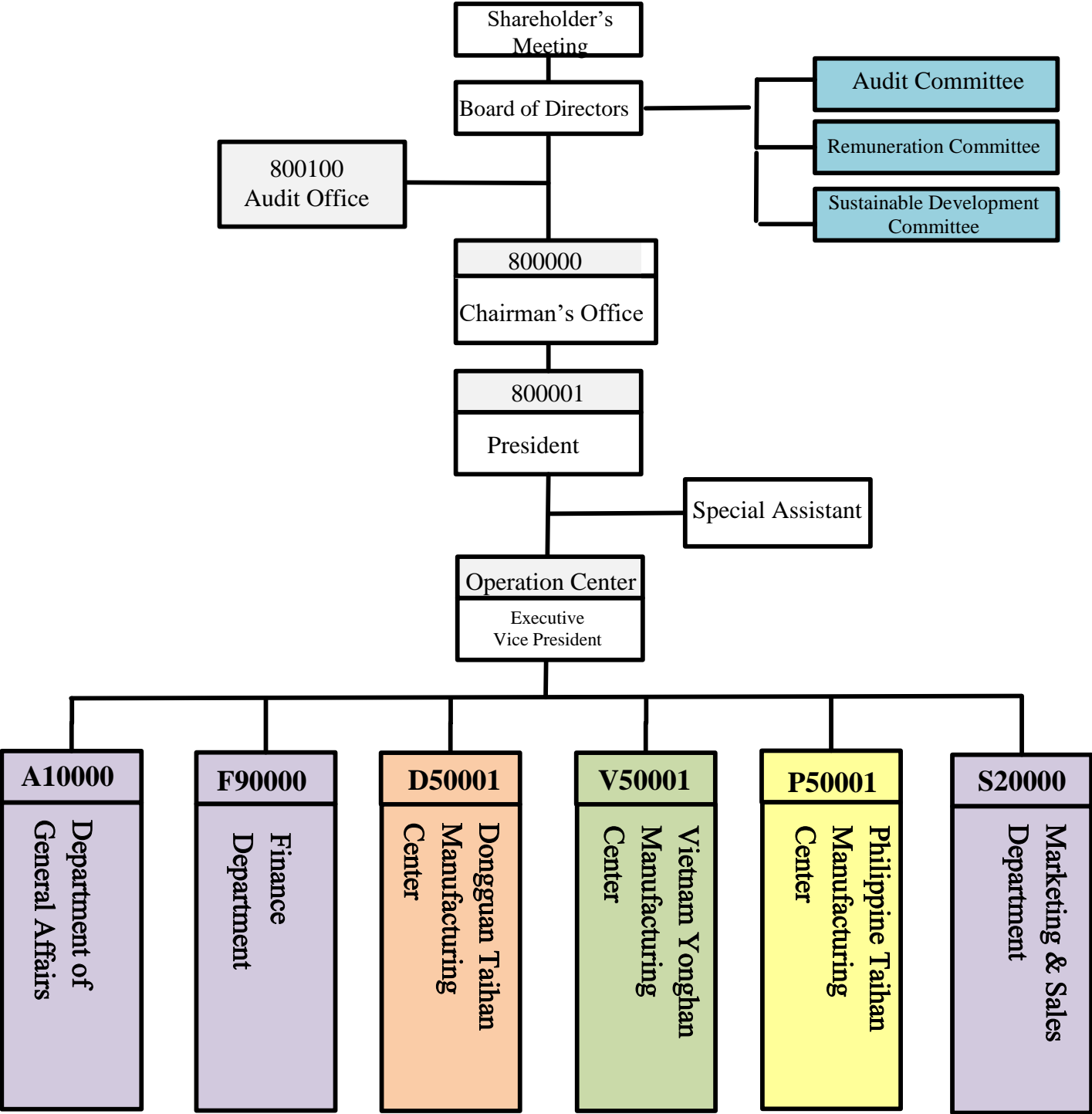
2 Company Chronology

Year	Chronology
1987/08	TaiHan Steel Mold Co., Ltd. was established in Taipei Shulin.
2000/06	Changed the company name to TaiHan Precision Technology Co., Ltd.
2004/01	Relocated to No. 12, Wuquan 6th Road, Wugu Industrial Zone
2004/02	The factory obtained certifications of ISO9001 and ISO14001.
2004/08	Acquired the Dongguan factory in mainland China, and entered the production process of integration of upstream, midstream and downstream
2005/02	Won the best supplier award of Japanese company, BROTHER
2005/08	TaiHan Precision Technology Co., Ltd. supplemented the office development issue
2005/12	TaiHan Precision Technology Co., Ltd. applied for IPO
2006/07	Won the 7th place in revenue growth and the 3rd place in profit growth in "Qinye Zhongxin Taiwan High-tech 2006 FAST50 Appraisal"
2006/08	Set up a Vietnam factory in line with the customer supply chain and the growth opportunity of Vietnam's entry into the World Trade Organization (WTO).
2006/12	Awarded as one of Deloitte Asia Pacific 2006 Top 500 Fastest Growing Companies
2007/02	Cooperated with the customer supply chain to invest in Kunshan plant.
2007/05	Ranked 970th in the Top 1000 Manufacturing Companies by Commonwealth Magazine, 83rd in Return on Assets, and 53rd in Top 100 Operations
2007/07	Won the 34th place in revenue growth and 50th place in profit growth in "Qinye Zhongxin Taiwan High-tech 2007 FAST50 Appraisal"
2007/08	Cooperated with the customer supply chain to set up the Suzhou factory
2007/11	Stocks listed on the OTC
2008/05	Stocks must be traded in margin financing and securities lending
2008/11	Punish Suzhou Plant
2009/12	Deployed energy-saving products and set up CLM GMBH in Germany
2010/11	Cooperated with the customer supply chain to expand Vietnam steel structure workshop and staff dormitory
2011/05	Obtained the new patent certificate No. M403112 issued by the Intellectual Property Bureau of the Ministry of Economic Affairs
2011/10	CLM GMBH entered liquidation process
2012/01	Obtained the new patent certificate No. M420119 issued by the Intellectual Property Bureau of the Ministry of Economic Affairs
2012/03	Cooperated with the customer supply chain to expand Kunshan Donghan Phase II plant
2012/11	Cooperated with the customer supply chain to invest in the Philippine factory
2013/06	The Philippine subsidiary company, TaiHanland (Philippines), Inc. is registered as a PEZA special economic zone enterprise and enjoys special tax concessions related to the zone.
2013/09	The Philippine subsidiary company, TaiHan Precision Technology (Philippines) Co., Inc., is registered as a processing and exporting enterprise in the PEZA Special Economic Zone, and enjoys preferential taxation related to the special zone.
2015/03	Suspended production of the Taipei factory
2016/03	The company's business address was moved to 1, 5th Floor, No. 9, Wuquan 1st Road, Xinzhuang District, New Taipei City
2016/12	Punish Kunshan Donghan Factory
2020/02	Disposal of Wugu Factory in New Taipei City
2021/07	Xuande Technology acquired shares in TaiHan Precision Technology
2021/08	The Company relocated to 1 st 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 14, 2024

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		Spouses, children, minor current shares		Shares holding by other names		Experience	Currently positions in the company and other companies	Other officers, directors or supervisors who have a relationship of spouse or second degree of kinship			Notes
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Taiwan	Speed Tech Corporation (Note 1)	-	Jun. 13, 2023	3	May 6, 2017	22,599,000	28.67%	22,599,000	28.86%	0	0	0	0	-	-	None	None	None	None
	Taiwan	Representative: Tsai Chen-Long	Male/51-60 years old		3		805,000	1.02%	874,000	1.12%	0	0	1,590,000	2.03%	Note 1	Note 1	None	None	None	None
Director	Taiwan	Speed Tech Corporation (Note 1)	-	Jun. 13, 2023	3	Jun. 13, 2023	22,599,000	28.67%	22,599,000	28.86%	0	0	0	0	-	-	None	None	None	None
	Taiwan	Representative : Li, Chincheng	Male/41-50 years old		3		0	0	69,000	0.09%	0	0	0	0	Note 1	Note 1	None	None	None	None
Director	Taiwan	Speed Tech Corporation (Note 1)	-	Jun. 13, 2023	3	Sep. 6, 2019	22,599,000	28.67%	22,599,000	28.86%	0	0	0	0	-	-	None	None	None	None
	Taiwan	Representative: Chang Zhien	Male/41-50 years old		3		0	0	45,000	0.06%	0	0	0	0	Note 1	Note 1	None	None	None	None
Director	Taiwan	Yang Jianping	Male/51-60 years old	Jun. 13, 2023	3	Dec. 12, 1988	670,000	0.85%	670,000	0.86%	0	0	0	0	Note 1	Note 1	None	None	None	None
Independent Director	Taiwan	Zhang Weimin	Male/51-60 years old	Jun. 13, 2023	3	Jun. 19, 2017	0	0	0	0	0	0	0	0	Note 1	Note 1	None	None	None	None
Independent Director	Taiwan	Chen Yiping	Female/51-60 years old	Jun. 13, 2023	3	Jun. 16, 2020	40,000	0.05%	40,000	0.05%	0	0	0	0	Note 1	Note 1	None	None	None	None
Independent Director	Taiwan	Lin Junyi	Male/41-50 years old	Jun. 13, 2023	3	Jul. 16, 2021	0	0	0	0	0	0	0	0	Note 1	Note 1	None	None	None	None
Independent Director	Taiwan	Chung, Ting-Chun	Male/51-60 years old	Jun. 13, 2023	3	Jun. 19, 2017	0	0	0	0	0	0	0	0	Note 1	Note 1	None	None	None	None

Note 1:

Title	Name	Experiences	Currently positions in the company and other companies
Chairman	Speed Tech Corporation 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 Precise 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	Speed Tech Corp. Representative: Li, Chincheng	Department of Information Engineering, Hungkuo Delin University of Technology Responsible Person of Luxshare Precision Industry Co., LTD.	Responsible person of CASTLE ROCK, INC.; responsible person of Chengxin Investment Co., Ltd.
Director	Speed Tech Corporation Representative: Chang Zhiren	Master, Department of Mechanical Engineering, National Central University Director of Sales and Marketing, Speed Tech Corporation	Special Assistant of TaiHan Precision Technology Co., Ltd., Speed Tech ICT Sdn Bhd Factory Director
Director	Yang Jianping	Mechanical Drawing Section, KaiNan High School of Commerce and Industry Chairman, TaiHan Precision Technology Co., Ltd	Responsible Person of Yuguang Investment Co., Ltd., Responsible Person of Laijue Life and Leisure Co., Ltd
Independent director	Zhuang Weimin	Master of Business Administration, The City University of New York Chief Financial Officer, Xiangyu Biomedical Technology Co., Ltd.	Director, Finance & General Affairs Dept, Kwans International Co., Ltd.
Independent director	Chen Yiping	Master, Finance Dept, National Taiwan University Director, For Win Assets Management Ltd.	Principle/Director, For Win Assets Management Ltd. ∙ Principle/Director, Gloria Beauty Co., Ltd. ∙ Director, Toplogis Inc (Cayman Islands), Director, TOPLOGIS INC. ∙ Director, JIFUT INTERNATIONAL MARKETING CO., LTD.
Independent director	Lin Junyi	Bachelor of Laws, Fu Jen Catholic University Completion of the 42nd phase of the Training Institute for Judges and Prosecutors	Certified lawyer of Hengsheng Lawfirm, Corporate Director Representative, Wiselink Co., Ltd, Corporate Director Representative, Max Zipper Co., Ltd, Corporate Director Representative, Kinmen Kaoliang Liquor Inc., Corporate Director Representative, Taiwan Sports Lottery Co., Ltd. Independent Director, Speed Tech Corporation; Independent Director, Shin Ruenn development Co., Ltd., Independent Director, JIIN YEEH DING ENTERPRISE CORP.
Independent Director	Chung, Ting-Chun	M.S., Graduate Institute of International Business, National Taiwan University Director, AB Value Asset Management Co., Ltd.	Director of COMPUCASE ENTERPRISE CO., LTD., representative of the corporate director LOYALTY FOUNDER ENTERPRISE CO.,LTD., representative of the corporate director, OPTIMA HEALTHCARE INC., representative of the corporate director of Transwell Biotech Co., Ltd.

2. Major shareholders of corporate shareholders:

April 14, 2024

Name of legal person shareholder	Major shareholders of corporate shareholders	Shareholding ratio
Speed Tech Corporation	ICT-LANTO LIMITED	30.12%
	FORTUNE SHARE CORPORATION	7.16%

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

April 14, 2024

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 14, 2024

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. 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
Li, Chincheng	Li, Chincheng graduated from Department of Information Engineering, Hungkuo Delin University of Technology. He currently works as the executive vice president of TaiHan Precision Technology. He has operational		0

	judgment, business management, crisis management, industry knowledge, international market view, leadership, decision-making skills and experience. Article of the Company Act does not apply.		
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 SPEED TECH 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.		0
Yang Jianping	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.		0
Zhuang Weimin	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 International Co., Ltd. (6101), an OTC company. None of any	<ol style="list-style-type: none"> 1. Oneself, spouse, and relatives within the second-degree kinship does not serve as directors, supervisors, employees of the company or its affiliates. 2. Oneself, spouse, and relatives within the second- degree kinship (or use the name of others) does not hold 1% of total shares issued by the company, or hold as a top ten shareholder in natural persons. 3. Not any of serving as director, supervisor or employee of any affiliates with specific relationships with the company (refer to the provisions of Article 	0

	<p>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>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. Business, legal, financial, and accounting services for which the cumulative amount of compensation received in the last two years did not exceed NT\$500,000.</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 years of practical experience in the legal practice field, and is familiar</p>		3

	with relevant laws and regulations such as the domestic securities market and operations. 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.		
Chung, Ting-Chun	Mr. Chung, Ting-Chun graduated from the Graduate Institute of International Business of National Taiwan University with a master's degree and is currently the Director, AB Value Asset Management Co., Ltd. He possesses the ability and experience in operational judgment, business management, accounting and financial analysis, crisis management, international market view, leadership, and decision-making. Article of the Company Act does not apply.		1

5. Diversity and independence of the Board of Directors

A. Board Diversity:

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

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

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

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

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

(6) International market views

(7) Leadership

(8) Decision-making abilities

Members in the list of the Company's 13th 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 Li Chincheng are good at "industry knowledge"; Zhuang Weimin, Chen Yiping, Chang Zhiren, and Chung Ting Chun are good at "accounting and financial analysis ability"; Tsai Chen-long, Chang Zhiren, Li Chincheng, Yang Jianping, Zhuang Weimin, Chen Yiping, Lin Junyi and Chung Ting Chun 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 directors of different genders.
- (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 eight directors comprise the 13th session of the Board with four 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) Business, legal, financial, accounting, or other services for which the cumulative amount of compensation received in the last two years did not exceed NT\$500,000.

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

1. Name 、major experiences, shares and type

April 14, 2024

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			Note
					Shares	Ratio	Shares	Ratio	Shares	Ratio			Title	Name	Relationship	
President	Taiwan	Tsai Chen-long	Male	2021.7.26	874,000	1.12%	0	0	1,590,000	2.03%	Department of Information Systems, Western International University, Master of Electronic and Computer Engineering, Arizona State University, Vice President of Sales and Marketing, Luxshare Precision Industry Co., Ltd., Chairman, TaiHan Precision Technology Co., Ltd.	Please refer to page 8.	None	None	None	(Note1)
Executive Vice President	Taiwan	Li, Chincheng	Male	2023.11.3	69,000	0.09%	0	0	0	0	Department of Information Engineering, Hungkuo Delin University of Technology Responsible Person of Luxshare Precision Industry Co., LTD.	Please refer to P.8	無	無	無	註 2
Vice President	Taiwan	Huang Xiaoling	Female	2000.01.01	36,679	0.05%	0	0	0	0	Master, Information Management, Nanzan University	YONGHAN PRECISION TECHNOLOGY CO.,LTD, General Manager	None	None	None	None
Associate Manager	Taiwan	Chen Jinzhong	Male	2017.10.13	133,000	0.17%	0	0	0	0	Master, International Finance Dept, National Taipei University Chief Financial Officer, Lien Ming Mobile Technology Co., Ltd Finance manager, YEH-CHIANG TECHNOLOGY CORP.	Director, TaiHanland (Philippines) Inc. Director, TaiHan Precision Technology (Philippines) Co., Inc.	None	None	None	None
Associate Manager	Taiwan	Hsieh, Cehng-Pin	Male	2023. 9.18	0	0	0	0	0	0	Institute of Shipbuilding Engineering, National Taiwan Ocean University Factory Director, Cal-Comp Precision	Vice President, Yonghan Precision Technology Co., Ltd.	None	None	None	None
Associate Manager	Japan	Takayoshi Ninomiya	Male	2014.11.01	259,122	0.34%	0	0	0	0	Electrical Engineering Dept., Aichi University, Japan Chief of Manufacturing, Kunimori Chemical Co., Ltd.,	None	None	None	None	None

											Japan					
Associate Manager	Taiwan	Chen Zhengwen	Male	2022.04.07	6,000	0.01%	0	0	0	0	Cheng Shiu Technical Collage/Dept. of Mechanical Engineer, Director, Engineering Dept., CAL- COMP PRECISION Co., Ltd.	Vice President, TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC	None	None	None	None

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

Note 2: Executive Vice President, Mr. Li, Chincheng, was newly appointed on Nov. 3, 2023, and the former Executive Vice President, Mr. Chang, Chihjen, was relieved of his duties.

(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								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company (Note 1)
		Remuneration (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements			
Directors	Speed Tech Corp.Co., Ltd., Representative: Tsai Chen-long(Note 1)	0	0	0	0	0	0	50	50	50 (0.05 %)	50 (0.05%)	1,818	1,818	0	0	0	1,418	0	1,418	3,286 (3.06%)	3,286 (3.06%)	2,956
	Speed Tech Corp.Co., Ltd., Representative: Chang Zhiren(Note 1)	0	0	0	0	0	0	60	60	60 (0.06 %)	60 (0.06 %)	2,728	2,728	108	108	0	925	0	925	3,820 (3.56 %)	3,820 (3.56 %)	405
	Speed Tech Corp.Co., Ltd., Representative: Lee Jiahe(Note 1)	0	0	0	0	0	0	10	10	10 (0.01%)	10 (0.01 %)	343	343	14	14	0	0	0	0	366 (0.34 %)	366 (0.34 %)	None
	Speed Tech Corp. (Note 1) Representative: Li, Chincheng (Note 3)	0	0	0	0	0	0	40	40	40 (0.04%)	40 (0.04%)	867	867	39	39	0	1,418	0	1,418	2,364 (2.20%)	2,364 (2.20%)	450
	Speed Tech Corp. (Note 1)	0	0	0	0	1,360	1,360	0	0	1,360 (1.27%)	1,360 (1.27%)	0	0	0	0	0	0	0	0	1,360 (1.27%)	1,360 (1.27%)	None
	Yang Jianping	0	0	0	0	427	427	60	60	487 (0.45%)	487 (0.45%)	0	0	0	0	0	0	0	0	487 (0.45%)	487 (0.45%)	None
Independent director	Zhuang Weimin	240	240	0	0	596	596	60	60	896 (0.83%)	896 (0.83%)	0	0	0	0	0	0	0	0	896 (0.83%)	896 (0.83%)	None
	Chen Yiping	240	240	0	0	596	596	60	60	896 (0.83%)	896 (0.83%)	0	0	0	0	0	0	0	0	896 (0.83%)	896 (0.83%)	None
	Lin Junyi (Note 4)	240	240	0	0	764	764	60	60	1,064 (0.99%)	1,064 (0.99%)	0	0	0	0	0	0	0	0	1,064 (0.99%)	1,064 (0.99%)	1,568
	Chung,Ting- Chun(Note 4)	120	120	0	0	539	539	30	30	689 (0.64%)	689 (0.64%)	0	0	0	0	0	0	0	0	689 (0.64%)	689 (0.64%)	1,568

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

Note 2: The representative resigned on Jun. 13, 2023.

Note 3: The representative was newly appointed on Jun. 13, 2023.

Note 4: The independent director was newly appointed on Jun. 13, 2023.

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

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

(2) Remuneration of President and Vice President

Unit: NT\$ thousand

Title	Name	Salary (A)		Severance Pay (B)		Bonus and allowance (C)		Employee compensation (D)				Ratio of Total Compensation (A+B+C+D) to net profit after tax (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Tsai Chen-long	1,458	1,458	0	0	360	360	0	1,418	0	1,418	3,236 (3.01%)	3,236 (3.01%)	2,956
Executive Vice President	Chang Zhiren (Note 1)	2,187	2,187	108	108	541	541	0	925	0	925	3,760 (3.5%)	3,760 (3.5%)	405
Executive Vice President	Li, Chincheng (Note 1)	867	867	39	39	0	0	0	1,418	0	1,418	2,324 (2.16%)	2,324 (2.16%)	450
Vice President	Huang Xiaoling	1,892	2,836	108	108	306	306	0	0	0	0	2,305 (2.15%)	3,250 (3.03%)	None

Note 1: Executive Vice President, Mr. Li, Chincheng, was newly appointed on Nov. 3, 2023, and the former Executive Vice President, Mr. Chang, Chihjen, was relieved of his duties.

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	Li, Chincheng				
	Associate Manager	Huang Xiaoling				
	Associate Manager	Hsieh, Cehng-Pin(Note 1)				
	Associate Manager	Takayoshi Ninomiya				
	Vice President	Chen Jinzhong				
	Associate Manager	Chen Zhengwen				

Note 1: Appointed on Sep. 18, 2023

(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:

1. An analysis of the aggregate amount of compensation paid to the Company's directors, supervisors, general manager, and vice president for the most recent two years as a percentage of after-tax net income for the most recent two-year period for both the Company and the Consolidated Company as a whole for the individual or separate financial statements:

Item Title	The Company				Consolidated statement of all companies			
	2022		2023		2022		2023	
	Total	Percentage of net income after tax	Total	Percentage of net income after tax	Total	Percentage of net income after tax	Total	Percentage of net income after tax
Director	17,778	11.27%	15,228	14.18%	17,778	11.27%	15,228	14.18%
President and Vice President	8,133	5.15%	11,626	10.83%	9,030	5.72%	12,571	11.71%
Net income after tax	157,807		107,390		157,807		107,390	

The increase in total compensation for managers in 2023 compared to 2022 was due to the following two factors:

- (1) In 2023, there was one more manager to be disclosed than in 2022 due to a change in the vice president's duties.
- (2) Issuance of new shares with restricted employee rights in 2023.
2. The policy, standard and package, and procedures for setting up remuneration, the correlation with business performance and future risks:
 - (1) Policies, criteria and organization of payment of remuneration:

. In accordance with the Company's "Regulations Governing Directors' Remuneration", the remuneration of directors for their duties is determined by the Board of Directors with reference to the industry norms, taking into account the extent of participation and the value of contribution of individual directors. In addition, if the Company has a profit in the current year, 3% of the profit will be set aside as remuneration for the directors in accordance with Article 21 of the Articles of Incorporation of the Company. The Company periodically evaluates the remuneration of directors in accordance with the "Regulations Governing Directors' Remuneration". The significant items of

directors' remuneration are summarized as follows:

- (a) The basic rights of the Directors are 1
- (b) Voting right for participating in the day-to-day management of the Company and concurrently serving as an employee of the Company is 1.
- (c) Voting right for acting as a joint and several endorsing guarantor for the Company's financing needs is 1.
- (d) Voting rights for directors who have concurrent duties on other committees of the Company is 1.
- (e) Voting right with a board attendance of 84% is 1.
- (f) Annualized, or if less than one year of service, based on the length of service.
- (g) The Chairman of the Board of Directors may adjust the voting rights according to other important contributions (professional advice in the areas of business, legal, finance, ESG, etc.).

The above evaluation results are proposed by the Remuneration Committee and approved by the Board of Directors in March of each year.

The Company's managerial compensation is based on the "Salary Management Regulations" and the "Performance Evaluation Management Regulations", which stipulate various work allowances and bonuses to sympathize with and reward employees for their hard work. Such bonuses are also subject to the Company's annual operating results, financial condition, operational condition and individual work performance. In addition, if the Company makes a profit during the year, no less than 1% of the profit will be appropriated as employees' remuneration in accordance with Article 21 of the Company's Articles of Incorporation. The results of the performance evaluation conducted by the Company in accordance with the "Management Determination Method for Performance Evaluation" are used as a reference for the granting of bonuses to managers, and the items of managerial performance evaluation are categorized into 1. financial indicators: In accordance with the Company's management income statement, each business group division is allocated the profit contribution to the Company with reference to the achievement rate of the manager's target. 2. Non-financial Indicators: Compensation is calculated based on the Company's core values, operational management capabilities, and participation in sustainable management, and the compensation system is reviewed from time to time in light of actual operating conditions and relevant laws and regulations.

The Company's compensation package, as determined by the Compensation Committee's rules and regulations, includes cash compensation, stock options, stock dividends, retirement or termination benefits, various allowances, and other material incentives, the scope of which is consistent the directors' and managers' compensation section in Regulations Governing Information to be Published in Annual Reports of Public Companies.

(2) Procedures for determining remunerations:

In order to evaluate the remuneration of directors and managers on a regular basis, the evaluation results are based on the Company's "Regulations Governing the Remuneration of Directors" and the "Management Determination of Performance Appraisals" applicable to managers and employees, respectively. In addition, the remuneration of the Chairman and the General Manager is determined by reference to the "Management Determination of Appointments" and the operating performance indicators of the Company, and is submitted to the Board of Directors for approval. To fully demonstrate the achievement of the operating performance targets, the scope of performance evaluation for the President is included: Managing operational safety, supervising the execution of financial plans, managing revenue, strengthening internal control, and implementing quality assurance and management.

The results of the 2023 Annual Self-Assessment of the performance of the Board of Directors, Board Members and members of the Functional Committees ranged from 4.74 to 4.96 out of 5, and the results of the assessment are reported to the Board of Directors in March of each year.

The reasonableness of the performance appraisal and remuneration of the directors and managers of the Company is regularly evaluated and reviewed by the remuneration committee and the board of directors on an annual basis. In addition to making reference to the individual's performance achievement rate and contribution to the Company, and taking into account the overall operating performance of the Company, the future risks and development trend of the industry, and reviewing the remuneration system from time to time in light of the actual operating conditions and the relevant

laws and regulations, the Company also provides reasonable remuneration after taking into account the current trend of corporate governance. In addition, the Company also takes into account the current trend of corporate governance and provides reasonable compensation in order to strike a balance between the Company's sustainable operation and risk control. The actual amount of directors' and managers' emoluments for 2023 was reviewed by the Remuneration Committee and approved at the Board of Directors' meeting.

(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.

4 Corporate Governance Operation

(1) Operation of the Board of Directors

In 2023, the 12th Board of Directors met 3 times (A), 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)	Note
Chairman	Speed Tech Corp.Co., Ltd.(Note1) Representative: Tsai Chen-long	3	0	100%	
Director	Speed Tech Corp.Co., Ltd. (Note1) Representative: Chang Zhiren	3	0	100%	
Director	Speed Tech Corp.Co., Ltd. (Note1) Representative: Lee Jiahe	2	0	67%	
Director	Yang Jianping	3	0	100%	
Independent director	Zhuang Weimin	3	0	100%	
Independent director	Chen Yiping	3	0	100%	
Independent director	Lin Junyi	3	0	100%	

The 13th Board of Directors held 3 meetings (A) in 2023 and the attendance of the directors was as follows:

Title	Name	Actual number of (attend) seats (B)	Number of delegated attendances	Actual (attend) seats % (B/A)	Note
Chairman	Speed Tech Corp. (Note 1) Representative: Tsai, Chen-Lung	2	1	67%	2023.6.13 Re-elected at the General Meeting of Shareholders on Jun. 13, 2023
Director	Speed Tech Corp. (Note 1) Representative: Chang, Zhiren	3	0	100%	2023. 6. 13 Re-elected at the General Meeting of Shareholders on Jun. 13, 2023
Director	Speed Tech Investment Corp. (Note 1) Representative: Li, Chincheng	3	0	100%	2023. 6. 13 Re-elected at the General Meeting of Shareholders on Jun. 13, 2023
Director	Yang, Chienping	3	0	100%	2023. 6. 13 Re-elected at the General Meeting of Shareholders on Jun. 13, 2023
Independent Director	Chuang, Weimin	3	0	100%	2023. 6. 13 Re-elected at the General Meeting of Shareholders on Jun. 13, 2023
Independent Director	Chen, Iping	3	0	100%	2023. 6. 13 Re-elected at the General Meeting of Shareholders on Jun. 13, 2023
Independent Director	Lin Junyi	3	0	100%	2023. 6. 13 Re-elected at the General Meeting of Shareholders on Jun. 13, 2023

Independent Director	Chung, Ting-Chun	3	0	100%	2023. 6. 13 Re-elected at the General Meeting of Shareholders on Jun. 13, 2023
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Note 1: Taiqiao Investment Co., Ltd., was merged with Speed Tech Corporation on 2023/3/31 (merger base date), and Speed Tech 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.

(1) Dates of Board Meetings: Jan. 11, 2023

Agenda: The Company's 2022 year-end bonus to managers

Directors' conflict of interest: Chairman Mr. Tsai, Chen-Lung, and Director Mr. Chang, Chihjen recused for the conflict of interest during the meeting.

Reasons for avoidance on conflict of interest and voting participation: The above directors are the interested party for this case. Apart from the interested party who has voluntarily avoided the relevant discussion and resolution, all other directors agreed to pass the resolution as presented.

(2) Dates of Board Meetings: Nov. 6, 2023

Agenda: Executive Vice President Compensation Proposal, 2023 Manager Salary Adjustment Proposal, and 2022 Manager and Employee Remuneration Proposal.

Directors' conflict of interest: Director Mr. Li, Chincheng, recused for the conflict of interest.

Reasons for avoidance on conflict of interest and voting participation: The above directors are the interested party for this case. Apart from the interested party who has voluntarily avoided the relevant discussion and resolution, all other directors agreed to pass the resolution as presented.

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. Self-assessment of each performance item was completed in 2023 and is summarized below. and has been reported by the Board of Directors on Mar. 8, 2024.

Assessment Cycle	Assessment Period	Assessment Scope	Assessment Method	Assessment Content	Assessment Result (1~5 points)
Performed once a year	2023/1/1~2023/12/31	Board of Directors	Internal Board Self-Assessment "Self-Assessment Questionnaire on Board Performance Evaluation"	A. Engagement in the Company's operations B. Enhance the quality of board decisions C. Board Composition and Structure D. Election and Continuing Education of Directors E. Internal Control	4.91
Performed once a year	2023/1/1~2023/12/31	Individual Board Members	Self-evaluation by Board Members "Self-Assessment Questionnaire for Board Members' Performance Evaluation"	A. Mastery of the company's objectives and tasks B. Awareness of Directors' Duties C. Degree of participation in the Company's operations D. Internal relationship management and communication E. Directors' Professional and	4.74

				continuing education F. Internal Control	
Performed once a year	2023/1/1~2023/12/31	Audit Committee	Members' self-assessment “Self-Assessment Questionnaire for Functional Committee Performance Evaluation”	A. Engagement in the Company's operations B. Functional Committee Awareness of Duties C. Enhance the quality of decision-making in functional committees D. Composition and Election of Members of the Functional Committee E. Internal Control	4.96
Performed once a year	2023/1/1~2023/12/31	Remuneration Committee	Members' self-assessment “Self-Assessment Questionnaire for Functional Committee Performance Evaluation”	A. Engagement in the Company's operations B. Functional Committee Awareness of Duties C. Enhance the quality of decision-making in functional committees D. Composition and Election of Members of the Functional Committee E. Internal Control	4.96
<p>4. The objectives of strengthening the functions of the Board of Directors (e.g., establishing an audit committee, enhancing information transparency, etc.) and the evaluation of the implementation status for the current and recent years.</p> <p>(1) Annual Meeting Schedule Pre-Planning</p> <p>(2) The Board of Directors of the Company continues to strengthen corporate governance and sustainability and is committed to obtaining favorable ratings in corporate governance assessments.</p> <p>(3) The Company has established a board of directors' regulations for the performance evaluation and implemented an overall board of directors' and individual directors' performance evaluation since 2020 and an overall external board of directors' evaluation since 2022.</p>					

- (2) The operation of the audit committee or the participation of supervisors in the operation of the Board of Directors
- The 2nd Audit Committee met twice (A) in 2023, 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	2	0	100%	
Independent director	Chen Yiping	2	0	100%	
Independent director	Lin Junyi (Note 1)	2	0	100%	
The 3rd Audit Committee met four times (A) in 2023, 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	Chuang, Weimin	4	0	100%	Directors were re-elected, and all independent directors formed the Audit Committee on Jun. 13, 2023
Independent Director	Chen, Iping	4	0	100%	
Independent Director	Lin, Chun-I	4	0	100%	
Independent	Chung, Ting-	4	0	100%	

Director	Chun				
<p>Other matters to be recorded</p> <p>1. If any of following circumstances takes place in the meeting of the Audit Committee, it is a must to state in detail the date of the meeting of the Audit Committee, the session, the content of the proposals, objections of independent directors, reservations or major recommendations, the Audit Committee's resolutions, and the Company's opinions.</p> <p>(1) The matters listed in Article 14-5 of the Securities and Exchange Act:</p>					
Meeting Session		Important Resolutions			Resolution results and the Company's handling of the audit committee's opinion
The 16 th meeting, Second Session 2023/3/16		<ol style="list-style-type: none"> The Company's annual business report, financial statements and consolidated financial statements for 2022. The Company's Surplus Distribution Proposal for 2022 The company's annual surplus cash distribution for 2022 The Company and its subsidiary intend to apply short-term loan quotas. The subsidiary company intends to apply short-term loans from the bank, and the Company intends to provide an endorsement guarantee for it. The Company and its subsidiaries intend to lend funds to the other subsidiaries. Amends some provisions of the "Articles of Incorporation " Amends some provisions of the "Corporate Governance Best Practice Principles". Amends some provisions of "the Internal Management Cycle - Related Party Transaction Management and Operation". Amends some provisions of the "Code of Practice for Sustainable Development". Submits the Internal Control Statement of the Company for 2022. The appointment of Certified Public Accountant and the assessment of CPA independency for 2023. It is suggested that pre-approved certified accountants. Their firms and firm-affiliated enterprises may provide non-certification services to the Company and its subsidiaries 			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.
The 17 th meeting, Second Session 2023/5/3		<ol style="list-style-type: none"> The Company's consolidated financial statements for the first quarter of 2023 The Company's operating budgets of 2023 Amends some provisions of the "Rules of Procedure for Shareholders' Meeting" The Company plans to issue financing commercial paper (CP2) The Company and its subsidiaries intend to lend funds to the other subsidiaries. The Company intends to increase the capital of TaiHan Mold Products (Dongguan) Co., Ltd. by US\$3.5 million 			
1st meeting of the 3rd committee 2023/6/19		<ol style="list-style-type: none"> Election of the Convener of the Third Audit Committee Subsidiary, Yonghan Precision Technology Co., Ltd., intends to build a new factory for operational use. 			
2nd meeting of the 3rd committee		<ol style="list-style-type: none"> Consolidated Financial Statements for 2023 Q2 The Company and its subsidiaries proposed to conduct short-term financing 			

2023/8/8	3. The Company's subsidiaries intend to obtain short-term financing from banks and the Company intends to provide endorsement and guarantee for them. The Company and subsidiaries propose capital loans to subsidiaries	
3rd meeting of the 3rd committee 2023/11/3	1. The Company and its subsidiaries proposed to conduct short-term financing 2. The Company's subsidiaries intend to obtain short-term financing from banks and the Company intends to provide endorsement and guarantee for them. 3. The Company and subsidiaries propose capital loans to subsidiaries 4. The Company's 2024 Annual Audit Program 5. The Company intends to amend "payroll cycle - employment operations, "payroll cycle - education and training operations "the payroll cycle - attendance practices, "the payroll cycle - appraisal, reward and punishment operations, "payroll cycle - personnel change operations, "computerized information system management cycle - program and data access control, "Computerized Information System Management Cycle - File and Equipment Security Control, "Procedures for Handling Material Internal Information".	
4th meeting of the 3rd committee 2023/11/4	Consolidated Financial Statements for 2023 Q3	
3rd Session, 5th Meeting 2024/3/8	1. 2023 Business Report, Financial Statements and Consolidated Financial Statements 2. Appropriation of the 2023 Surplus Distribution 3. Surplus Distribution by Cash for 2023 4. Subsidiary intended to apply for short-term financing 5. Subsidiary intended to apply for short-term financing. The Company intended to provide endorsement and guarantee for its subsidiary. 6. The case that the Company and its Subsidiary intended to make a loan to subsidiaries 7. Submission of the Company's 2023 Statement of Internal Control System 8. The Company's 2024 CPA Appointment and Independence Assessment 9. Make amendments to certain provisions of the Company's "Rules of Procedure for Meetings of the Board of Directors", "Standard Operating Procedures for Handling Requests from Directors", and "Rules Governing the Organization of the Audit Committee". 10. Revise the Company's and Subsidiaries' Approval Authority Chart 11. Determine the collection and cancellation of Restricted Stock Awards and the base date of capital reduction	
3rd Session, 6th Meeting 2024/5/8	1. Consolidated Financial Statements for Q1 2024 2. The Company's 2024 Business Budget 3. The case that the Company intended to make a loan to subsidiaries 4. The Company intended to write off the amount of endorsement and guarantee.	

	5. Revise the Company's and Subsidiaries' Approval Authority Chart	
(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 8, 2024 at 9:30 am		
Conference Content	2023 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, Mr. Feng, Yenhsiang 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	

(3) 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				
(1) Does the company establish internal operating procedures to deal with Shareholder Recommendations, Doubts, Disputes and Litigation and is it implemented in accordance with procedures or not?	V		The Shareholders' Meeting is convened by the Company to answer questions of shareholders in a face-to-face method. In the non-meeting period, a spokesman mailbox is available at the Company's website to provide the list of contacts, suggestions, and dispute questions from shareholders.	No major differences.
(2) Does the Company actually grasp the substantial controller of its main shareholders, and the list of ultimate controllers of main shareholders or not?	V		The Company keeps an eye on the list of major shareholders that actually control the Company and contact with them closely. It also pays attention to the changes of major shareholders' shareholding situation at all times.	No major differences.
(3) Has the company established and implemented a risk control and firewall mechanism with affiliated companies or not?	V		To comply with laws, the company has established the "Subsidiary Supervision Operation Regulations" and "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. The members of the Company's 13th Board of Directors are all from Taiwan,	No major differences.

		including one female member, and each director has the following capability: Skilled in “industrial knowledge”: Yang, Chienping, Tsai, Chen-Lung, Chang, Chihjen, Li, Chincheng; skilled in “accounting and financial analysis capability”: Chuang, Weimin, Chen, Iping, Chang, Chihjen and Chung, Tingchun; skilled in “operational judgement capability”, “operational management capability”, “crisis handling capability”, “international market perspective”, “leadership”, “decision-making”: Tsai, Chen-Lung, Chang, Chihjen, Li, Chincheng, Yang, Chienping, Chuang, Weimin, Chen, Iping, Lin, Chun-I and Chung, Tingchun. The above implementation status is also disclosed on the Company's website.	
(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	1. Remuneration Committee was established on Jun. 8, 2011 2. Audit Committee was established on Jun 19, 2017 3. Sustainability Committee was established on Nov. 6, 2023	No major differences.
(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, 2019 with the first such evaluation beginning in 2010. The 2023 evaluation of the Board was reported in the Board meeting on March 8, 2024.	No major differences.
(4) Does the Company regularly assess the independence of CPAs or not?	V	The Company's Audit Committee evaluates the independence and suitability of its certified public accountants annually, and in addition to requesting the certified public accountants to provide a Statement of Transcendent Independence and Audit Quality Indicators (AQIs), the Company's Audit Committee also evaluates the independence and suitability of the Company's certified public accountants according to the criteria in <Annex I> and the 13 AQI indicators. After confirming that the accountants have no other financial interests and business relationships with the Company except for the fees for visa and tax cases, and that the members of the accountant's family are not in breach of the independence requirements, as well as by referring to the information of the AQI indicators, we confirm that the accountants and the firm's experience in audit is better than the average of the industry, and that we will continue to improve the quality of our audit by introducing the digital	No major differences.

		audit tool in the recent fiscal year. The results of the most recent annual evaluation were discussed and approved by the Audit Committee on March 8, 2024, and were presented to the Board of Directors on March 8, 2024, which resolved to approve the evaluation of the independence and suitability of the CPAs.	
4. Does this listed/OTC company deploy a competent and appropriate number of corporate governance personnel, and appoint a corporate governance supervisor to be responsible for corporate governance-related affairs (including but not limited to providing directors and supervisors with the information required to execute their business, assisting directors and supervisors in complying with laws and regulations, to handle matters related to the meetings of the Board of Directors and shareholders' meetings in accordance with the law, and prepare minutes of the Board of Directors and shareholders' meetings, etc.) or not?	V	On May 3, 2023, the Board of Directors approved the creation of a Head of Corporate Governance, who is responsible for matters related to corporate governance.	No major differences.
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. 2. Issues and responses that the Company's stakeholders concern about are disclosed in the annual sustainability report and on the Company's website. The Company website : https://www.thpt.com.tw/	No major differences.
6. Does the Company appoint a professional stock agency to handle the affairs of the shareholders' meeting or not?	V	The Company appointed the Shares Agency Department of SinoPac Securities Corporation to handle matters related to shareholding operations.	No major differences.
7. Information disclosure (1) Does the Company set up a website to disclose information on its financial, business, and corporate governance status or not?	V	The Company has set up a dedicated website (http://www.thpt.com.tw) to disclose information related to its financial status, business operations, and corporate governance.	No major differences.
(2) Does the company adopt additional methods of information disclosure (Examples: English website, special persons to collect and disclose the company information, the implementation of a spokesperson system, and broadcasting of corporate information session on its website) or not?	V	To disclose corporate governance information, the Company puts its important information, financial status, shareholders' meetings and dividend distribution, internal audit unit and operation, important regulations and internal-related specifications, previous board meetings records, and other information in its website for the reference of investors. Meanwhile, it assigns special persons to be in charge of the company information collection and disclosure; and its spokesperson system and public announcements are implemented according to relevant laws and regulations.	No major differences.
(3) Does the Company make public and file the annual financial report within two months when the fiscal year is ended, and before the specified deadline to file its financial report for the first, second and third quarters as well as its operating conditions for the individual months or not?		In accordance with Article 36 of the Securities and Exchange Act, the Company makes public and files the annual financial report within three months when the fiscal year is ended. Within 45 days after the end of the first, second, and third quarter, the Company will announce and file a financial report, including operating conditions of each month.	The Company's announcements and declarations are all handled in accordance with Article 36 of the Securities and Exchange Law.
8. Does the Company offer other information to help a better understanding of its corporate governance (including but not limited to employee rights,	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	No major differences.

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?		<p>effort to ensure the rights and interests of employees. It also promotes energy saving measures on electricity and water, and confirms to environmental protection laws on product materials and waste disposals during the production process.</p> <p>2. The Company maps out retirement measures to guarantee a stable retirement life for employees.</p> <p>3. The Company maintains good interaction with professional investment legal persons, main suppliers, customers, and other stakeholders. This relationship is regarded as just fine.</p> <p>4. All of the directors are well-equipped with the relevant expertise, and continue to take advanced study in the code of practice for corporate governance. Please refer to Appendix 2 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>	
<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.):</p> <p>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.</p> <p>The Company's 2023 (10th) corporate governance evaluation results were listed as 6% to 20%. According to the evaluation results, the main improvement are described as follows:</p> <p>(1) Improved results:</p> <ol style="list-style-type: none"> 1. Establishment of the Sustainable Development Committee 2. Report the remuneration received by the Directors, including the remuneration policy, the content and the amount of individual emoluments <p>(2) Priorities and measures of improvement:</p> <ol style="list-style-type: none"> 1. It is expected that the English version of the Sustainability Report will be uploaded on the Market Observation Post System and the Company's website. 2. Expected to disclose interim financial reports for Q1, Q2, and Q3 in English. <p>(3) The company will continue to evaluate the feasibility of future improvement for the parts that did not win the scores.</p>			
<Appendix 1>			
Independence Assessment Program		Assessment Results	Whether Independence is satisfied
Does the accountant himself/herself, his/her spouse, or his/her minor children have any investment or financial interest sharing relationship with the Company?		No	Yes
Does the accountant himself/herself or his/her spouse or minor children have any loan of funds with the Company? However, this restriction does not apply if the principal is a financial institution and is in the ordinary course of business.		No	Yes
Is the accountant or a member of the audit services team currently or within the last two years a director, manager, or in a position of significant influence on an audit case?		No	Yes
Does the accountant or a member of the audit services team advertise or broker stock or other securities issued by the Company?		No	Yes
Do the accountants or members of the audit service team represent the Company in the defense of legal cases or other disputes with third parties, other than those permitted by law?		No	Yes

Are the accountants or members of the audit service team related to the Company's directors, managers, or persons with significant influence on the audit case by spouse, lineal descendant, lineal marriage, or consanguineous relationship such as second degree of kinship?	No	Yes
Does the co-certified public accountant who has been out of office for less than one year hold a position as a director or manager of the Company or a position that has significant influence on audit cases?	No	Yes
Did the accountant or members of the audit services team receive gifts or special favors of significant value from the Company or its directors, officers or substantial shareholders?	No	Yes
Is the accountant currently employed by the principal or auditee on a regular basis, receiving a fixed salary, or serving as a director or supervisor?	No	Yes
Have the accountants avoided and failed to undertake any assignment in which they have a direct or material indirect interest that affects their impartiality and independence?	Yes	Yes
When an accountant provides an audit, review, double-check, or project review of financial statements and issues an opinion, does the accountant maintain formal independence in addition to substantive independence?	Yes	Yes
Do members of the Audit Services Group, other co-practicing accountants or shareholders of the corporate accounting firm, the accounting firm, firm affiliates and allied firms also maintain independence from the Company?	Yes	Yes
Does the accountant perform professional services with integrity and rigor?	Yes	Yes
Has the accountant maintained an impartial and objective stance in the performance of his/her professional services, and has he/she avoided any prejudice, conflict of interest, or interested parties that might affect his/her professional judgment?	Yes	Yes

Suitability Assessment Items	Assessment Results	Whether Suitability is satisfied
Has the accountant been disciplined by the CPA Disciplinary Board in the last two years? Has this CPA firm been involved in any significant litigation in the last 2 years or currently?	Favorable	Yes
Does the accounting firm have sufficient scale, resources and regional coverage to handle corporate audit services?	Favorable	Yes
Does the accounting firm have a defined quality control process? Whether the orientation of the coverage includes the level and key points of the audit process, the manner in which audit issues and judgments are handled, the independence of the QC review and the management of risks.	Favorable	Yes
Does the accounting firm keep the Board informed of any significant issues and developments in risk management, corporate governance, financial accounting and related risk controls in a timely manner?	Favorable	Yes

Assessment Results: All of them meet the Company's independence and suitability assessment standards.

<Annex II >

Title	Name	Dates of Further Education	Organizer	Course Name	Hours
Representative of corporate directors	Tsai, Chen-Lung	2023/05/26	Environmental Protection Department, Executive Yuan	Green Chemistry for Sustainability	3
Representative of corporate directors	Tsai, Chen-Lung	2023/07/18	Accounting Research and Development Foundation	Seminar on Transformational Finance and Sustainable Disclosure 2023	3
Representative of corporate directors	Li, Chincheng	2023/07/25 ~2023/07/26	Securities and Futures Institute	Practical Workshop for Directors and Supervisors (including Independent) and Corporate Governance Executives-Taipei Class	12

Representative of corporate directors	Chang, Chihjen	2023/04/27	Taipei Exchange	Seminar on the Action Plan for Sustainable Development of Listed Companies	3
Representative of corporate directors	Chang, Chihjen	2023/05/26	Environmental Protection Department, Executive Yuan	Green Chemistry for Sustainability	3
Director	Yang, Chienping	2023/05/26	Environmental Protection Department, Executive Yuan	Green Chemistry for Sustainability	3
Director	Yang, Chienping	2023/07/18	Accounting Research and Development Foundation	Seminar on Transformational Finance and Sustainable Disclosure 2023	3
Independent Director	Chuang, Weimin	2023/08/09	Taipei Exchange	Seminar on the Declaration of Insiders' Shareholding Rights of Listed Companies	3
Independent Director	Chuang, Weimin	2023/12/07-2023/12/08	Accounting Research and Development Foundation	Continuing Education Course for Accounting Executives of Issuers, Securities Firms, and Securities Exchanges	9
Independent Director	Chen, Iping	2023/09/19	Securities and Futures Institute	Advanced Seminar on Directors and Supervisors (Including Independent) - How to Apply OKR to Board of Directors to Enhance the Effectiveness of Corporate Governance	3
Independent Director	Chen, Iping	2023/09/21	Taiwan Academy of Banking and Finance	Corporate Governance Seminar - Changes in Operation Management Models under Emerging Technologies	3
Independent Director	Lin, Chun-I	2023/05/11	Taiwan Corporate Governance Association	The Three Codes of Corporate Governance, Integrity and Corporate Sustainability and the Prevention of Insider Trading	3
Independent Director	Lin, Chun-I	2023/10/04	Securities and Futures Institute	Advanced Seminar on Directors and Supervisors (Including Independent) and Heads of Corporate Governance - How Directors and Supervisors from Non-Financial Affairs Backgrounds Review Financial Reports	3
Independent Director	Lin, Chun-I	2023/11/08	Taiwan Corporate Governance Association	Digital Technology and Artificial Intelligence Trends and Risk Management	3
Independent Director	Chung, Ting-Chun	2023/11/22	Securities and Futures Institute	2023 Annual Insider Trading Compliance Seminar	3
Independent Director	Chung, Ting-Chun	2023/06/09	Securities and Futures Institute	2023 Annual Insider Trading Prevention Seminar	3

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

1. Information regarding the Remuneration Committee members

Title	Qualification Name	Professional qualification and experiences	Independence situation	Number of members who are concurrently members of the remuneration committees of other publicly listed companies
Independent director	Zhuang Weimin	Please refer to P.9 for relative information disclosure for the directors' professional qualifications and the independence of independent directors.		0
Independent director	Chen Yiping			0
Independent director	Lin Junyi			3
Independent director	Chung, Ting-Chun			1

2. Information regarding the Remuneration Committee's operation

- (1) The Company's 4th and 5th session of Remuneration Committee are comprised of a total of three and four members, respectively.
- (2) The term of the 4th Session of the Remuneration Committee is dated from June 24, 2020 to June 15, 2023. The committee held meetings for four times (A) in the most recent year (2023), 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	4	0	100%	
Member	Chen Yiping	4	0	100%	
Member	Lin Junyi	4	0	100%	
Term of office of the 5th Remuneration Committee: From Jun. 19, 2023 to Jun. 12, 2026, the Remuneration Committee held a total of 1 time (A) during the most recent year (2023), with the following membership and attendance:					
Title	Name	Actual attendance (B)	Number of delegated attendance	Actual attendance rate (%) (B/A)	Notes
Convener	Lin Junyi	1	0	100%	
Member	Chen Yiping	1	0	100%	
Member	Zhuang Weimin	1	0	100%	
Member	Chung, Ting-Chun	1	0	100%	
Other matters to be recorded:					
(1) If the Board of Directors declines to accept or revise recommendations made by the remuneration committee, it must clearly state the date of the Board meeting, the session, proposal contents, the Board's resolutions, and the Company's handling of the remuneration committee's opinions (if the remuneration approved by the Board of Directors is better than the suggestion of the committee, it must state the situation and reasons for the difference): None of these matters.					
(2) For those matters that are resolved by the Remuneration Committee: if members have any objections or reservations with a record or written statement, the date of the Remuneration Committee, the session, proposal contents, opinions of all members and their handling of the opinions must be stated: None.					

3. 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:

Meeting Session	Important Resolutions	Results of the resolution and the Company's handling of the opinion of the Salary and Conditions Committee.
Jan. 11, 2023 Ninth meeting of the 4th committee	Case 1: The Company's 2022 Manager's Year-End Bonus Award.	All members present agreed to approve it. The case was reported to the Board of Directors for approval without objection by all directors present.
Mar. 16, 2023 10th meeting of the 4th committee	Case 1: The Company's 2022 Employee Remuneration Distribution. Case 2: The Company's 2022 Directors' Remuneration Distribution.	
May 3, 2023 11th meeting of the 4th committee	Case 1: The Company's introduced Regulations for	

	Directors' Compensation and Remuneration.	
Jun. 14, 2023 12th meeting of the 4th committee	Case 1: The Company's 2022 Manager and Employee's Remuneration Distribution.	
Nov. 3, 2023 1st meeting of the 5th committee	Case 1: Proposal for associate managers' remuneration. Case 2: Change in Executive Vice President. Case 3: Proposal for executive vice president's remuneration. Case 4: Salary Adjustment for Managers in 2023 Case 5: The Company's 2022 Manager and Employee's Remuneration Distribution. Case 6: Amendments to certain provisions of the Company's Internal Control over Payroll Categories.	
Jan. 22, 2024 2nd meeting of the 5th committee	Case 1: The Company's 2023 Manager's Year-End Bonus Award.	
Mar. 8, 2024 3rd meeting of the 5th committee	Case 1: The Company's 2023 Employee Remuneration Distribution. Case 2: The Company's 2023 Directors' Remuneration Distribution. Case 3: Withdrawn and cancellation of the Company's managers restricted employees' rights to the New Shares.	

(5) 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 and the Company shall disclose enforcement on weather-related information:

1. Implementation of the promotion of sustainable development and discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof:

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 the "Sustainability Committee" on Nov. 6, 2023. The Executive Vice President is responsible for overseeing the implementation of the corporate sustainability policy and is assisted by the Audit Office and the Executive Secretary in formulating relevant plans and targets and reviewing the validity of various data. The Sustainability Implementation Team is divided into the Corporate Governance Team, Environmental Protection Team and Social Relations Team to ensure that the relevant management policies are implemented in daily operations. The "Sustainable Development Committee" meets regularly every year. In 2023, the Committee's agenda included: (1) Stakeholder agreements; (2) Identification of significant sustainability issues; (3) Proposed sustainability goals and revisions to the goals; (4)	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																					
			Examination of SASB disclosure items; (5) Identification of the Group's climate risk; (6) Implementation of ethical business practices; and (7) Risk control implementation, etc., which are reported by the Chairman to the Board of Directors to review and urge the implementation of relevant policies. The Company's Board of Directors listens to and reviews the sustainability implementation reports (at least once a year) presented by the management and gives its opinion.																					
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, 20 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><tr><th>Scope</th><th>Risk Items</th><th>Implementation Policies</th></tr><tr><td rowspan="2">Environment</td><td>Energy management</td><td>Promote the importance of energy saving every year.</td></tr><tr><td>Workplace Health and Safety</td><td>Provide a good working environment and improve the development of friendly organizational culture.</td></tr><tr><td rowspan="2">Society</td><td>Labor Relations</td><td>Build a culture of equality, tolerance, and open communication.</td></tr><tr><td>Human Rights Assessment and Labor Rights</td><td>Protect the rights and interests of employees and establish a diversified, equal and inclusive working environment.</td></tr><tr><td rowspan="3">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&D. Make sure the rights and interests of employees and shareholders.</td></tr><tr><td>Corporate Governance</td><td>Strengthen the functions of the Board of Directors. Fully fulfill the functions of the functional committee. Improve the transparency of</td></tr><tr><td>Legal Compliance</td><td></td></tr></table>	Scope	Risk Items	Implementation Policies	Environment	Energy management	Promote the importance of energy saving every year.	Workplace Health and Safety	Provide a good working environment and improve the development of friendly organizational culture.	Society	Labor Relations	Build a culture of equality, tolerance, and open communication.	Human Rights Assessment and Labor Rights	Protect the rights and interests of employees and establish a diversified, equal and inclusive working environment.	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.	Corporate Governance	Strengthen the functions of the Board of Directors. Fully fulfill the functions of the functional committee. Improve the transparency of	Legal Compliance		No major differences
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Projects	Implementation situation					Differences from the Code of Practice for Sustainable Development of Listed/OTC Companies and Reasons for Such																							
	Yes	No	Summary																										
					information disclosure																								
				Information Security	Strengthen data recovery capabilities and implement information security awareness, education and prevention.																								
3. Environmental issues																													
(1) Does the Company establish an appropriate environmental management system in line with its industrial characteristics?	V		(1) All production factories of the Company have established an environmental management system in 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. We also conduct annual greenhouse gas inventories with reference to ISO 14064-1 to improve energy consumption and reduce carbon emissions.			No major differences ◦																							
(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. By replacing old equipment, selecting refrigerants with low global warming potential, and replacing energy-saving LED light tubes, the Company will save 59,012 kWh of electricity in 2023, and will continue to improve the efficiency of various energy sources in the future. In addition, we are actively studying the possibility of using recycled raw materials and increasing the frequency of recycling of packaging materials to minimize the impact of the production process on the environment.			No major differences ◦																							
(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). There are five major risks were identified in 2023: 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. The detail of identification results and countermeasures has been disclosed on the company's official website. (https://www.thpt.com.tw/environmental_sustainability/)			No major differences ◦																							
(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: Currently, only the Vietnam plant of TaiHan Precision Technology has passed ISO 14064-1 certification, while the rest of the plants conduct annual greenhouse gas inventories on their own to grasp the basis of greenhouse gas emissions and reductions. 2023 Total carbon emissions were 16,112 tons, a reduction of 1,164.7 tons of carbon emissions compared to 2022. We will continue to implement the relevant carbon reduction plan in the future.			No major differences ◦																							
			<table><tr><th colspan="2">Year/Scope</th><th>Taiwan</th><th>Vietnam</th><th>Dongguan</th><th>Philippines</th></tr><tr><td rowspan="2">2022</td><td>Scope I</td><td>3.74</td><td>236.22</td><td>175.71</td><td>367.10</td></tr><tr><td>Scope II</td><td>22.38</td><td>10,624.63</td><td>1,520.12</td><td>4,327.29</td></tr><tr><td>2023</td><td>Scope I</td><td>1.84</td><td>169.91</td><td>103.29</td><td>127.94</td></tr></table>				Year/Scope		Taiwan	Vietnam	Dongguan	Philippines	2022	Scope I	3.74	236.22	175.71	367.10	Scope II	22.38	10,624.63	1,520.12	4,327.29	2023	Scope I	1.84	169.91	103.29	127.94
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Projects	Implementation situation							Differences from the Code of Practice for Sustainable Development of Listed/OTC Companies and Reasons for Such																	
	Yes	No	Summary																						
				Scope II	22.35	8,824.55	1,562.33	5,300.19																	
			<p>(2) Water consumption</p> <p>TaiHan Precision Technology's production and manufacturing processes do not cause serious water pollution, and most of the water used is for cooling water and water used by the public during production. All wastewater is discharged to legal sanitary sewers for wastewater treatment in accordance with regulations, and does not pose a threat to the ecology of the watershed or to the natural bodies of water. At the same time, the amount of water used is relatively small in relation to the total amount of water withdrawn from the local area and will not put pressure on the local water supply. The Company's water withdrawals for each plant area in 2023 are shown in the table below (Taiwan area is excluded from the statistics from 2023 due to the shared water resources with the leased building and only office water for livelihood purposes), in millions of liters.</p> <table><tr><th>Year</th><th>Taiwan</th><th>Vietnam</th><th>Dongguan</th><th>Philippines</th></tr><tr><td>2022</td><td>1.134</td><td>15.330</td><td>16.850</td><td>32.851</td></tr><tr><td>2023</td><td>N/A</td><td>24.059</td><td>7.819</td><td>33.734</td></tr></table> <p>(3) Waste amount</p> <p>To minimize the environmental impact of the waste generated by the production and operation of TaiHan Precision Technology, all the waste generated by the Company is classified, and the reusable resources are prioritized to be put into the recycling cycle within the plant and entrusted to the local qualified transportation company for classification for landfill or incineration treatment. The Company's waste production in 2023 is shown in the table below. (In Taiwan, only the waste from offices is excluded from the statistics because it is difficult to distinguish it from the waste from the employees who share the leased building, and the waste generated is only a small amount of waste generated by the employees' daily operation.)</p> <p>(4) Environmental sustainability objectives</p> <p>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. In 2023, TaiHan Precision Technology replaced old light bulbs and air conditioners, saving a total of 59,012.05 kWh of electricity. At the same time, to cope with climate change and greenhouse gas management, we continue to formulate energy-saving measures.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	Taiwan	Vietnam	Dongguan	Philippines	2022	1.134	15.330	16.850	32.851	2023	N/A	24.059	7.819	33.734	
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4. Social Issues			<p>(1) The company has formulated human rights policies in</p>																						

Projects	Implementation situation			Differences from the Code of Practice for Sustainable Development of Listed/OTC Companies and Reasons for Such												
	Yes	No	Summary													
(1) Whether the company has complied with relevant regulations and international human rights contract to formulate relevant management policies and procedures or not?	V		<p>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><tr><th>Human Rights Management Policies</th><th>Specific plans</th></tr><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><tr><td>Management of external supplier rights</td><td>Annually publish a sustainability review to survey human rights, the environment, integrity and management systems. There were no human rights violations as a result of the 2023 survey.</td></tr></table>	Human Rights Management Policies	Specific plans	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.	Management of external supplier rights	Annually publish a sustainability review to survey human rights, the environment, integrity and management systems. There were no human rights violations as a result of the 2023 survey.	No major differences
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(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?	V		<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>	No major differences												
	V			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														
(3) Does the Company provide employees with a safe and healthy work environment, and regularly implement a safety and health education for employees?	V		(3)In order to provide employees with a hygienic and safe working environment, the company inspects related equipment and working environment on regular basis. (1) Regularly schedule fire safety drills and fire safety inspections. In 2023, there were no fire accidents in any of our plants. (2) The Company regularly arranges medical team to the factory for inspection and education training on the health condition of the employees; emergency medical equipment is also regularly inspected and replenished to provide a safe and hygienic working environment for the employees. (3) The Company regularly organizes occupational safety-related education and training. The status of participation in safety, environment, and fire prevention-related education and training courses in 2023 (including overseas plants) is as follows: <table><tr><th colspan="3">Statistics on Fire and Occupational Safety Related Education and Training</th></tr><tr><td rowspan="2">Environmental Safety and Fire Safety Education and Training</td><td>participants</td><td>2,606 participants</td></tr><tr><td>Hours</td><td>5,970 hours</td></tr><tr><td rowspan="2">Newcomer education and training (including Occupational Safety Education and Training)</td><td>participants</td><td>1,015 participants</td></tr><tr><td>Hours</td><td>3,262 hours</td></tr></table>	Statistics on Fire and Occupational Safety Related Education and Training			Environmental Safety and Fire Safety Education and Training	participants	2,606 participants	Hours	5,970 hours	Newcomer education and training (including Occupational Safety Education and Training)	participants	1,015 participants	Hours	3,262 hours	No major differences
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Newcomer education and training (including Occupational Safety Education and Training)	participants	1,015 participants															
	Hours	3,262 hours															
(4) Whether the Company offers training programs for an effective career development capability of employees or not.	V		(4) The Company conducts an annual occupational safety risk assessment and includes higher-risk machines, equipment, materials, and work practices as key items for regular (at least quarterly) inspections. It also confirms whether the high-risk items have been implemented in accordance with the improvement measures to minimize the recurrence of workplace accidents. The Company's Industrial Safety Statistics for 2023 <table><tr><th>Category</th><th>Recordable number of occupational injuries</th><th>Number of serious occupational injuries</th><th>Number of fatalities in occupational accidents</th></tr><tr><td>2023</td><td>1</td><td>0</td><td>0</td></tr></table>	Category	Recordable number of occupational injuries	Number of serious occupational injuries	Number of fatalities in occupational accidents	2023	1	0	0	No major differences					
Category				Recordable number of occupational injuries	Number of serious occupational injuries	Number of fatalities in occupational accidents											
2023	1	0	0														
(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		(4) In the fourth quarter of each year, TaiHan Precision Technology conducts a survey on employees' education and training needs, and compiles related education and training plans and budgets based on the needs of each unit. The courses are categorized into newcomer education and training, professional skills education and training, information and safety education and training, environmental safety education and training, and general education and training, and through these five aspects, we provide employees with training courses that meet different needs at different times in their careers. The number of training hours for the five major education programs in 2023 is shown in the table below. (24,901 hours of education and training in 2023; 15.2 hours per capita) <table><tr><th>Category</th><th>Content</th><th>Hours (hr)</th></tr></table>	Category	Content	Hours (hr)	No major differences										
Category				Content	Hours (hr)												
(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?																	

Projects	Implementation situation			Differences from the Code of Practice for Sustainable Development of Listed/OTC Companies and Reasons for Such															
	Yes	No	Summary																
			<table><tr><td>Newcomer Education Training</td><td>Brief introduction of the company's environment, culture and current situation to help newcomers integrate more quickly.</td><td>249</td></tr><tr><td>Professional Skills Education and Training</td><td>Professional knowledge and skills programs in production, sales, finance, and engineering.</td><td>15,247.5</td></tr><tr><td>Information Security Education and Training</td><td>Courses on information security risks and preventive measures, etc.</td><td>474</td></tr><tr><td>Environmental Safety Education and Training</td><td>Accident prevention, disaster drill, hazardous chemical awareness</td><td>5,959.5</td></tr><tr><td>General Education and Training</td><td>Seminars on law, ethical management, human rights, health, etc.</td><td>2,971</td></tr></table> <p>(5) For our company’s products: All of TaiHan Precision Technology's major facilities have passed ISO 9001 quality management system certification to ensure that the marketing and labeling of products and services comply with relevant regulations and international standards. Customer Privacy: The Company has put in place a "Personal Information Protection Management System" to label confidential and sensitive documents and to strictly limit the use of and access to customer and internal information to prevent any improper leakage of information. Customer Rights: The Company conducts regular customer satisfaction surveys to collect information on matters for future sustainable improvement, and provides a diversified and unobstructed complaint channel to listen to customers' needs in a timely manner.</p> <p>(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.</p>	Newcomer Education Training	Brief introduction of the company's environment, culture and current situation to help newcomers integrate more quickly.	249	Professional Skills Education and Training	Professional knowledge and skills programs in production, sales, finance, and engineering.	15,247.5	Information Security Education and Training	Courses on information security risks and preventive measures, etc.	474	Environmental Safety Education and Training	Accident prevention, disaster drill, hazardous chemical awareness	5,959.5	General Education and Training	Seminars on law, ethical management, human rights, health, etc.	2,971	
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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 2022 Sustainability Report in accordance with the Guidelines for the Preparation of Reports (GRI Standards) and obtained a Declaration of Independent Audit Opinion from TUV NORD, Germany, who performed the verification of the report. (The 2023 report is expected to be released in August 2024)	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":TaiHan Precision Technology has formally established a "Sustainability Committee" in November 2023, which is responsible for overseeing various sustainability issues and continuing to implement corporate sustainability in accordance with the provisions of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.																			

Projects	Implementation situation			Differences from the Code of Practice for Sustainable Development of Listed/OTC Companies and Reasons for Such
	Yes	No	Summary	
7. Other important information helpful to understand the implementation of the promotion of sustainable development:				
(1) Sustainable Development Committee The Company established the Sustainable Development Committee in December 2022, which consists of three directors (including two independent directors), and is chaired by Executive Vice President, Mr. Li, Chin-Cheng, as well as Independent Director, Mr. Lin, Chun-I, and Independent Director, Mr. Chung, Ting-Chun, as members, all of whom have the professional competence required by the Committee, as set out in the table below.				
Job Title		Member Name	Professional Competency	
Executive Vice General Manager		Li, Chin-Cheng	Operation Management, Corporate Governance	
Independent Director		Lin, Chun-I	Legal Interpretation, Corporate Governance	
Independent Director		Chung, Ting-Chun	Financial Analysis and Operation Management	
The role of the Company's Sustainability Committee is to assist the Board of Directors for the following:				
I. Determine the annual plans and strategies for sustainable development.				
II. Supervise the strategies and plans for sustainable development, track and review the effectiveness of annual programs and projects.				
III. Review of the Sustainability Report.				
IV. Decision on other matters related to sustainable development.				
Operation of the Sustainable Development Committee:				
Member	No. of Attendance Required		No. of Actual Attendance	No. of Non-Attendance or Attendance by Proxy
Li, Chin-Cheng	1		1	0
Lin, Chun-I	1		1	0
Chung, Ting-Chun	1		1	0
(2) Please refer to the sustainability report issued by the Company or on the Company’s official website with the following URL: https://www.thpt.com.tw/sustainable/				

2. Enforcement of climate-related information

Item	Enforcement
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<p>1. Describe the Board's and management's supervision and governance of climate-related risks and opportunities.</p> <p>2. Describe how the identified climate risks and opportunities affect the business, strategy and finances of the organization (short, medium and long term).</p> <p>3. Describe the financial impact of extreme climate events and transformational actions.</p> <p>4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.</p> <p>5. If scenario analysis is used to assess the resilience to climate change risk, the scenarios, parameters, assumptions, analytical factors, and key financial</p>	<p>1. The Board of Directors is the highest decision-making unit for the Company's climate risk management, and the Sustainability Committee under the Board of Directors assists in the implementation of sustainability initiatives, monitors the progress and effectiveness of various sustainability issues, and formulates climate-related risk management and response strategies, and reports to the Board of Directors annually on the results of the implementation of these initiatives and future response plans. The Company has included the issue of climate change in its daily management of sustainability issues, and the "Sustainability Implementation Team" is responsible for upstream/downstream and interdepartmental integration, tracking the consumption of water, electricity and waste on a monthly basis and reviewing the results of the reduction plan on a quarterly basis, and reporting the risks identified in the TCFD, related countermeasures, and short-, medium-, and long-term plans to the Sustainability Committee on a regular basis once a year, and to the Board of Directors via the Executive Vice President. The Executive Vice President also reports to the Board of Directors.</p> <p>2. The Company refers to the TCFD (Task Force on Climate-Related Financial Disclosures) framework to disclose the likelihood, probability, and degree of impact of the Company's exposure to climate-related risks and opportunities, and to assess their potential financial impact on the Company in the short-, medium-, and long-term, and to identify priority entities and transformation risks to manage. In addition, the Company identifies the priority entities to manage and the risks of restructuring, and includes climate risks and opportunities in its daily operations through interdepartmental discussions, and has estimated the costs of related contingency plans in accordance with its response strategy, in order to minimize the impacts of climate risks on the Company's operations.</p> <p>3. The results of TaiHan Precision Technology's estimation of the entity and transformation risks that the Company may assume under the best-case scenario and the worst-case scenario are as follows:</p> <ul style="list-style-type: none"> ➤ Physical risk: The Company assessed that drought, heavy rainfall and flooded areas in 2050 would not have a significant impact on the plant and equipment. Therefore, the Company estimated the impact of extreme weather conditions on the Company based on the loss of output for one day of suspension of work. The Group suffered a loss of production value of approximately NT\$6 million as a result of the one-day work stoppage. ➤ Transformation risk: <ul style="list-style-type: none"> (1) Carbon fee: The Company's 2050 carbon expense costs are estimated to be over NT\$60 million under the Stated Policies Scenario and over NT\$56 million under the Net Zero Emissions by 2050 Scenario. (2) By actively investing in carbon-reducing transformation technologies, the Company expects a 25% reduction in electricity consumption in 2050 compared to 2023. With respect to renewable energy installations, the Company does not anticipate additional renewable energy installations under established policy scenarios. Under the policy of net-zero emissions by 2050, the Company expects 20% of the total electricity consumption in 2023 to be built from renewable energy sources. <p>4. Once every two years, the "Sustainability Implementation Team" initiates a discussion on TCFD climate risks and opportunities, bringing together senior executives from each department to discuss the issues raised by domestic and foreign industries and international organizations, the proposed TCFD framework, and the perceived risks and opportunities in the course of operation. The possibility of financial risks to the Company, the degree of impact and the time of occurrence of such risks</p>
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impacts should be described.	are examined separately as a means of prioritizing the management of climate risks and opportunities, and the proposed contingency plans are included in the ESG daily management tracking and management in order to review the progress and effectiveness of their implementation.
6. If there is a transition plan for managing climate-related risks, describe the plan and the metrics and objectives used to identify and manage entity and transition risks.	<p>5. In terms of physical risk, TaiHan Precision Technology has estimated the risk and potential financial loss of Taiwan and its plants under extreme climatic conditions based on the ideal scenario (SSP1-2.6) and the worst case scenario (SSP5-8.5) in IPCC AR6, and by referring to the simulation information provided by the Taiwan Climate Change Estimation Information and Adaptation Knowledge Platform (TCCIP). The scenario modeling of the Company's transformation risk is based on the International Energy Agency's (IEA) 2022 World Energy Outlook (WEO) with the following assumptions:</p> <p>(1) Established Policy Scenarios (STEPS) describes the trajectory of development in today's policy environment.</p> <p>(2) The Net Zero Emissions Scenario (NZE) 2050 proposes a scenario that stabilizes global average warming at 1.5°C and achieves universal access to modern energy by 2030.</p>
7. If internal carbon pricing is used as a planning tool, the basis for price setting should be specified.	<p>6. From 2022, TaiHan Precision Technology set a goal to reduce water, electricity, and waste by 1% per year, and the actual implementation plan includes:</p> <p>(1) Promote staff to conserve electricity and turn off the power at any time.</p> <p>(2) Each year, each plant submits a plan to save electricity, and in 2023, we have invested NT\$150,000 and save 68,000 kWh of electricity, and in 2024, we have planned to save no less than the amount of energy we saved in 2023.</p> <p>(3) TaiHan Precision Technology has planned to complete the replacement of all light bulbs with energy-saving LED bulbs/tubes by 2030, and at the same time to replace the old refrigeration (refrigerator/air conditioner/air compressor) equipment with new environmentally friendly refrigerants.</p>
8. If climate-related targets are set, information on the activities covered, the scope of greenhouse gas emissions, the planning period, and the annual progress of achievement should be provided; if carbon offsets or carbon credits are used, they should be provided. Renewable Energy Certificates (RECs) were used to meet the relevant targets should specify the source and amount of carbon reduction credits or the amount of Renewable Energy Certificates (RECs) to be offset.	<p>7. The Company's internal carbon pricing is still under development.</p> <p>8. Refer to 2-1 and 2-2 below.</p>
9. Greenhouse Gas Inventory and Confirmation (also in 2-1).	9. Refer to the 2-1 below.

2-1 Company's greenhouse gas inventory and confirmation for the last two years:

2-1-1 Greenhouse Gas Inventory Information

TaiHan Precision Technology Greenhouse Gas Emissions (Tonnes CO₂e) and Density (Tonnes CO₂e/Million) in the Recent Two Years

Year	Scope I (metric tons CO ₂ e)	Scope II (metric tons CO ₂ e)	Density (metric tons CO ₂ e/million)

2022	782.76	16,494.42	6.46
2023	402.98	15,709.42	6.96

2-1-2 Greenhouse Gas Confirmation Information

The Company's Vietnam site is currently the only site that has been verified by a third party, and we expect to complete external verification of greenhouse gas credibility at all sites by 2026.

2-2 GHG Reduction Targets, Strategies, and Specific Action Plans (fine-tuned annually with policy)

	Short-term goals	Medium-term goals	Long-term goals
Time	2025-2026	2030	2040
Carbon Reduction Goals	5% reduction from 2022	15% reduction from 2022	30% reduction from 2022
Greenhouse Gas Reduction Strategies and Specific Action Plans	1. Replace energy-saving light bulbs or install sensor lights. 2. Replace air conditioning system with environmentally friendly refrigerant. 3. Replace some old energy-consuming equipment. 4. Increase the rate of recycling of packaging materials.	1. Install solar power generation. 2. Plan for the purchase of green power or renewable energy certificates. 3. Enhance the utilization rate of waste recycling.	1. The Company's gas/diesel trucks are gradually being replaced by electric or tractor-trailers. 2. Examine the possibility of using recycled plastics in products. 3. Increase the rate of renewable energy construction.

(6) Performance of integrity management and measures

Evaluation Item	Operational Situation			Differences from the Code of Integrity Management of Listed/OTC Companies and Reasons for Such
	Yes	No	Summary	
1. Policies and plans stipulated for integrity management (1) Is an integrity management policy available with the approval of the Board of Directors, which clearly states the policy and practices in both regulations and external documents of the Company, including the commitment of the Board and its senior management on the implementation of this policy?	V		(1) The Company's "Code of Integrity Management", 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, improper charitable donations and receiving/giving gifts, etc.	No major differences
(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		(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 (1) Does the Company evaluate its counterparty's integrity records, and specify the value of honesty in the contract signed by both parties?	V		(1) The company has formulated the "Supplier Code of Conduct" as the	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	
<p>(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?</p>	V		<p>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.</p> <p>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 2023 includes: (1) Total number of training sessions related to ethical management: 938; 1,666 hours. (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 2023 have been reported to the board of directors on 2024/1/22.</p>	No major differences °
<p>(3) Does the Company stipulate policies to prevent conflicts of interest, and offer appropriate petition channels, and implement the above-mentioned matters?</p>	V		<p>(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.</p>	No major differences
<p>(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?</p>	V		<p>(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.</p>	No major differences
<p>(5) Does the Company regularly hold internal or external education trainings on integrity management?</p>		V	<p>(5) Our company will arrange integrity management education training for all new employees upon their arrival and ask them to sign the "Ethical Management Commitment", and will also organize at least one integrity management education training from time to time every year to promote our company's integrity management concept and policy. (938 education and training sessions for Integrity Management in 2023; 1,666 hours)</p>	
<p>3. Operation of the Company's whistleblowing system</p> <p>(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?</p>	V		<p>(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: (1) On the Company's website "Contact Us": (https://www.thpt.com.tw/contact/) and "Investor Relations Window" (https://www.thpt.com.tw/invest_relationship/) with the mailbox of independent directors. (2) Report mail address: relationship@thpt.com.tw</p>	No major differences
<p>(2) Does the Company standardize operating procedures for the investigation of reported matters and relevant confidential mechanisms?</p>	V		<p>(2) The company has formulated the "Procedures for Handling Reports of Illegal, Immoral or Dishonest Behaviors". The procedures for handling cases are as follows: 1. Case acceptance, 2. Evidence collection and</p>	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) Does the Company take measures to protect the whistleblower from being mistreated due to the report?	V		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. (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 (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.				

(7) 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/ for more details:

(8) 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.

(9) 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 8th 2024

2023 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 8, 2024. From among eight (Attendance in person 7 persons, attended by proxy 1 person) directors who attended, none have objecting opinions 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
January 11, 2023	The 1 st Board of Directors' Meeting 2023	Case 1 : Schedule planning of the greenhouse gas inventory and verification for the subsidiaries Case 2 : The year-end bonus distribution for managers of the Company in 2022
March 16, 2023	The 2 nd Board of Directors' Meeting 2023	Case 1 : The Company's annual business report, financial reports and consolidated financial statements for 2022. Case 2 : Company's Surplus Distribution Proposal for 2022 Case 3 : The Company's 2022 annual surplus are distributed in cash Case 4 : The Company's proposal on distribution of directors' remuneration for 2022 Case 5 : The Company's Employee remuneration payment for 2022 Case 6 : The Company and its subsidiary intend to apply short-term loan quotas. 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. Case 8 : The Company and its subsidiaries intend to lend funds to the other subsidiaries. Case 9 : Amends some provisions of the "Article of Incorporation" Case 10: Amends some provisions of the "Corporate Governance Code" Case 11: Amends some provisions of the "Internal management cycle - related party transaction management procedures". Case 12 : Amends some provisions of the "Code of Practice for Sustainable Development". Case 13 : Submit the Company's 2022 Internal Control Statement. Case 14 : Re-election all of directors of the Company. Case 15 : Remove non-competition restrictions for new directors Case 16 : Handle matters related to the nomination of directors according to the candidate nomination system Case 17 : Matters related to convening the Company's 2023 annual shareholders' meeting Case 18 : Appointing certified public accountant for the company's in 2023 and independence assessment for the accountant Case 19 : Plans to pre-approve accountants and their firms and firm affiliates may provide non-certification services to the Company and its subsidiaries.

May 3, 2023	The 3 rd 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> <p>Case 8: The Company adds Directors' Remuneration Measures</p> <p>Case 9: Company intends to increase the capital of TaiHan Mold Products (Dongguan) Co., Ltd. by US\$3.5 million</p>
Jun. 13, 2023	2023 General Shareholders' Meeting	<p>Acknowledgements:</p> <p>Case 1: The Company's 2022 Annual Report of Operations and Financial Statements</p> <p>Case 2: 2022 Appropriation of Surplus</p> <p>Discussion items:</p> <p>Case 1: Amendment to the Articles of Incorporation</p> <p>Case 2: Amendment to the Rules of Procedure of the Shareholders' Meeting</p> <p>Election matters:</p> <p>Case 1: General election of directors of the company</p> <p>Other items:</p> <p>Case 1: Release of new directors from non-competition prohibition</p>
Jun. 19, 2023	Fourth Board of Directors' Meeting in 2023	<p>Case 1: Election of Chairman of the Company</p> <p>Case 2: Determination of the ex-dividend date of the cash dividend and related matters</p> <p>Case 3: Appointment of Members of the Fifth Remuneration Committee</p> <p>Case 4: Subsidiary, Yonghan Precision Technology Co., Ltd., intends to build a new factory for operational use.</p> <p>Case 5: The Company's 2022 Manager and Employee's Remuneration Distribution.</p>
Aug. 8, 2023	Fifth Board of Directors' Meeting in 2023	<p>Case 1: Consolidated Financial Statements for 2023 Q2</p> <p>Case 2: The Company and its subsidiaries proposed to conduct short-term financing</p> <p>Case 3: The Company's subsidiaries intend to obtain short-term financing from banks and the Company intends to provide endorsement and guarantee for them.</p> <p>Case 4: The Company and subsidiaries proposed capital loans to subsidiaries</p>
Nov. 6, 2023	Sixth case in 2023 Board of Directors	<p>Case 1: Consolidated Financial Statements for 2023 Q3</p> <p>Case 2: The Company and its subsidiaries proposed to conduct short-term financing</p> <p>Case 3: The Company's subsidiaries intend to obtain short-term financing from banks and the Company intends to provide endorsement and guarantee for them.</p> <p>Case 4: The Company and subsidiaries propose capital loans to subsidiaries</p> <p>Case 5: The Company's 2024 Annual Audit Program</p> <p>Case 6: The Company intends to amend "payroll cycle - employment operations, "payroll cycle - education and training operations "the payroll cycle - attendance practices, "the payroll cycle - appraisal, reward and</p>

		<p>punishment operations, "payroll cycle - personnel change operations, "computerized information system management cycle - program and data access control, "Computerized Information System Management Cycle - File and Equipment Security Control, "Procedures for Handling Material Internal Information".</p> <p>Case 7: Schedule for the 2024 Annual Meeting of the Board of Directors of the Company</p> <p>Case 8: The Company intends to establish a Sustainable Development Committee ("SDC") and to establish a "Sustainable Development Committee Charter".</p> <p>Case 9: Appointment of members of the first Sustainable Development Committee of the Company</p> <p>Case 10: Proposal for associate managers' remuneration</p> <p>Case 11: Change in Executive Vice President</p> <p>Case 12: Proposal for executive vice president's remuneration</p> <p>Case 13: Salary Adjustment for Managers in 2023</p> <p>Case 14: The Company's 2022 Manager and Employee's Remuneration Distribution</p>
Jan. 22, 2024	First meeting in 2024 Board of Directors	<p>Case 1: Appointment of Spokesperson of the Company</p> <p>Case 2: The Company's 2023 year-end bonus to managers</p>
Mar. 8, 2024	Second meeting in 2024 Board of Directors	<p>Case 1: The Company's 2023 Annual Business Report, Financial Statements and Consolidated Financial Statements</p> <p>Case 2: Distribution of the 2023 Annual Surplus of the Company</p> <p>Case 3: The Company's 2023 Distribution of surplus by cash</p> <p>Case 4: The Company's 2023 Directors' Remuneration Distribution</p> <p>Case 5: The Company's 2023 Employee Remuneration Distribution</p> <p>Case 6: Subsidiaries intends to obtain short-term financing</p> <p>Case 7: Subsidiaries intends to obtain short-term financing from banks and the Company intends to provide endorsement and guarantee</p> <p>Case 8: The Company and subsidiaries propose capital loans to subsidiaries</p> <p>Case 9: Submission of the Company's 2023 Statement of Internal Control System</p> <p>Case 10: Matters relating to the convening of the 2024 General Shareholders' Meeting</p> <p>Case 11: The Company's 2024 Accounting Appointment and Independence Assessment</p> <p>Case 12: Amendments to certain provisions of the Company's "Rules of Procedure for Meetings of the Board of Directors", "Standard Operating Procedures for Handling Requests from Directors", and "Rules Governing the Organization of the Audit Committee".</p> <p>Case 13: Amendments to the Company's and Subsidiaries' Statement of Audit Authority</p> <p>Case 14: Determination of the basis of capital reduction for the recovery and cancellation of the Company's new shares with restricted employee rights</p>

May 8, 2024	Third Meeting in 2024 Board of Directors	<p>Case 1: Consolidated Financial Statements for Q1 2024</p> <p>Case 2: The Company's 2024 Business Budget</p> <p>Case 3: Establish the ex-dividend date of the cash dividend and related matters</p> <p>Case 4: The case that the Company intended to make a loan to subsidiaries</p> <p>Case 5: The Company intended to write off the amount of endorsement and guarantee.</p> <p>Case 6: Revise the Company's and Subsidiaries' Approval Authority Chart</p>
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- (2) The implementation of the 2023 Shareholder's Meeting resolutions:
1. 2022 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\$0.41 per share, (i.e. NT\$0.41 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\$32,315,552.
 - (II) Base date for rights distribution: July 16, 2023
Ex-rights/ex-dividend trading day: July 10, 2023
Cash dividend distribution date: August 3, 2023
 3. Amend "Article of Incorporation": passed as the original proposal. Approved by the Ministry of Economic Affairs to change the registration on 2023/7/11.
 4. Amend "Rules of Procedure for Shareholders' Meeting": passed as the original proposal and effective immediately
 5. Comprehensive re-election of directors of the Company: Eight directors (including four independent directors) were reelected, and the new list of directors was approved by the Ministry of Economic Affairs for registration on July 11, 2023.
 6. The case of lifting the restriction on the competition prohibition of the Company's new directors and their representatives: Adopted as drafted.
12. 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.
13. 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

5. 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
PwC Taiwan	Huang Shijun Lin, Chiahung	2023.01.01~2023.12.31	3,220	477	3,697	

1. Non-audit fees paid by the Company to PwC for specialized services on transfer pricing reports and other advances on its behalf
2. 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
3. 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

6. Information about the replacement of CPA

1. About former CPA

Date of replacement		March 16, 2023Date of pass by the Board of Directors		
Reasons for replacement		Since 2023, the change of accountants is in line with the adjustment of duties within the CPA firm.		
Explanations: Whether the replacement is initiated by the appointer or no longer accepts appointment by CPA	Party		CPA	Appointer
	Situation			
	Voluntary termination of appointment		Not applicable	Not applicable
	No longer accept (continue) appointment		Not applicable	Not applicable
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	Huang Shijun Lin, Chiahung
Date of appointment	March 16, 2023 (Board Approval Date)
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

7. 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.
8. 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	2023		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	69,000	0	2,000	0
Corporate Director/Major Shareholder	SPEED TECH CORP. (Note 1)	0	(9,990,000)	0	0
Representative of Corporate Director	Representative: Tsai Chen-long	69,000	0	2,000	0
	Representative: Chang Zhiren	45,000	0	0	0
	Representative: Lee Jiahe	0	0	Not applicable	Not applicable
	Representative: Li, Chincheng	69,000	0	0	0
Director	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
	Chung, Ting-Chun	0	0	0	0
Manager	Tsai Chen-long	69,000	0	2,000	0
	Li, Chincheng	69,000	0	0	0
	Chen Jinzhong	21,000	0	0	0
	Huang Xiaoling	0	0	0	0
	Hsieh, Cehng-Pin	0	0	0	0
	Chen Zhengwen	24,000	0	(18,000)	0
	Takayoshi Ninomiya	21,000	0	0	0
	Gu Jianzhong (Note 2)	0	0	Not applicable	Not applicable
	Chang Zhiren (Note 2)	45,000	0	Not applicable	Not applicable

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.

(2) Representative Director Mr. Li, Jiahe retired on Jun. 13, 2023; Manager Mr. Gu, Jianzhong retired on Mar. 15, 2023; Manager Mr. Chang, Chihjen was not a manager after his duties were adjusted on Nov. 3, 2023.

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

9. 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 14, 2024

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	
SPEED TECH CORP. Representative: Tsai Chen-long	22,599,000	28.86%	0	0	0	0	Xinfeng Investment Co., Ltd.	Same representative	
							Tsai Chen-long	Representative of the Company	
Yuguang Investment Co., Ltd. Representative: Yang Jianping	3,202,000	4.09%	0	0	0	0	None	None	
TSENG, SHIH-CHIH	1,844,000	2.35%	0	0	0	0	None	None	
CHOU, YUNG-PIN	1,817,000	2.32%	0	0	0	0	None	None	
Xinfeng Investment Co., Ltd. Representative: Tsai Chen-long	1,580,000	2.02%	0	0	0	0	SPEED TECH CORP.	Same representative	
							Tsai Chen-long	Representative of the Company	
CHEN, TAI-CHENG	1,571,000	2.01%	0	0	0	0	None	None	
CHINA INVESTMENT AND DEVELOPMENT CO., LTD. Representative: CHANG, CHANG-PANG	1,310,067	1.67%	0	0	0	0	Grand Cathay Venture Co., Ltd. Capital	Same representative	
Grand Cathay Venture Co., Ltd. Representative: CHANG, CHANG-PANG	1,117,849	1.43%	0	0	0	0	CHINA INVESTMENT AND DEVELOPMENT CO., LTD.	Same representative	
Tsai Chen-long	874,000	1.12%	0	0	1,590,000	2.03%	SPEED TECH CORP.	Representative of the Company	
							Xinfeng Investment Co., Ltd.	Representative of the Company	
HUANG, JING-YI	850,000	1.09%	0	0	0	0	None	None	

10. 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 2024)

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.	35,789,761	100%	-	0%	35,789,761	100%
TAIHAN HOLDING (SAMOA) CO., LTD.	-	0%	14,299,664	100%	14,299,664	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 14, 2024

Year/ Month	Issue Price	Approved share/capital		Paid-up share capital		Note		
		Shares	Amount	Shares	Amount	Source of capital	Those who use property other than cash to offset shares	Others
1987/8	1000	500	500,000	500	500,000	Initiate capital for the establishment	None	Note 1
1988/7	1000	2,000	2,000,000	2,000	2,000,000	Seasoned equity offering NT\$1,500,000	None	Note 2
1988/12	1000	12,000	12,000,000	12,000	12,000,000	Seasoned equity offering NT\$10,000,000	None	Note 3
1999/12	10	2,800,000	28,000,000	2,800,000	28,000,000	Seasoned equity offering NT\$16,000,000	None	Note 4
2002/2	10	4,050,000	40,500,000	4,050,000	40,500,000	Seasoned equity offering NT\$12,500,000	None	Note 5
2002/12	10	6,000,000	60,000,000	6,000,000	60,000,000	Seasoned equity offering NT\$19,500,000	None	Note 6
2003/12	10	7,800,000	78,000,000	7,800,000	78,000,000	Seasoned equity offering NT\$18,000,000	None	Note 7
2004/2	10	10,000,000	100,000,000	10,000,000	100,000,000	Seasoned equity offering NT\$22,000,000	None	Note 8
2004/8	10	15,000,000	150,000,000	15,000,000	150,000,000	Seasoned equity offering NT\$50,000,000	None	Note 9
2004/11	15	17,000,000	170,000,000	17,000,000	170,000,000	Seasoned equity offering NT\$20,000,000	None	Note 10
2005/7	34	50,000,000	500,000,000	36,000,000	360,000,000	Seasoned equity offering NT\$150,000,000 Capital increase out of earnings NT\$40,000,000	None	Note 11
2006/7	10	50,000,000	500,000,000	43,800,000	438,000,000	Capital increase out of earnings NT\$78,000,000	None	Note 12
2007/3	60	50,000,000	500,000,000	48,700,000	487,000,000	Seasoned equity offering NT\$49,000,000	None	Note 13
2007/8	10	70,000,000	700,000,000	54,170,000	541,700,000	Capital increase out of earnings NT\$54,700,000	None	Note 14
2007/11	52	70,000,000	700,000,000	61,393,000	613,930,000	Seasoned equity offering NT\$72,230,000	None	Note 15
2008/8	10	70,000,000	700,000,000	67,436,230	674,362,300	Capital increase out of capital reserve NT\$60,393,000, employee bonus NT\$10,039,300 and cancellation of treasury stock NT\$10,000,000	None	Note 16
2009/2	10	70,000,000	700,000,000	66,253,230	662,532,300	Cancellation of treasury stock NT\$11,830,000	None	Note 17
2011/5	10	70,000,000	700,000,000	64,253,230	642,532,300	Cancellation of treasury stock NT\$20,000,000	None	Note 18
2013/5	10	70,000,000	700,000,000	62,753,230	627,532,300	Cancellation of treasury stock NT\$15,000,000	None	Note 19
2017/9	10	70,000,000	700,000,000	62,765,292	627,652,920	Increase capital from convertible bonds to new shares NT\$120,620	None	Note 20
2017/11	10	100,000,000	1,000,000,000	83,193,419	831,934,190	Increase capital from convertible bonds to new shares NT\$204,281,270	None	Note 21
2018/10	10	100,000,000	1,000,000,000	84,152,419	841,524,190	Issue employee restricted stocks NT\$9,590,000	None	Note 22
2019/1	10	100,000,000	1,000,000,000	84,140,419	841,404,190	Cancellation of employee restricted stocks NT\$120,000	None	Note 23
2019/4	10	100,000,000	1,000,000,000	84,115,419	841,154,190	Cancellation of employee restricted stocks NT\$250,000	None	Note 24
2019/6	10	100,000,000	1,000,000,000	85,148,419	851,484,190	Issue employee restricted stocks NT\$10,330,009	None	Note 25
2020/2	10	100,000,000	1,000,000,000	85,098,419	850,984,190	Cancellation of employee restricted stocks NT\$500,000	None	Note 26
2020/4	10	100,000,000	1,000,000,000	77,098,419	770,984,190	Cancellation of treasury stock NT\$80,000,000	None	Note 27
2022/8	10	150,000,000	1,500,000,000	77,098,419	770,984,190	To comply with Article of	None	Note

Year/ Month	Issue Price	Approved share/capital		Paid-up share capital		Note		
		Shares	Amount	Shares	Amount	Source of capital	Those who use property other than cash to offset shares	Others
						Incorporation		28
2022/12	10	150,000,000	1,500,000,000	78,818,419	788,184,190	Issue new shares with restricting employee rights NT\$1,720,000	None	Note 29
2024/4	10	150,000,000	1,500,000,000	78,302,419	783,024,190	Cancellation of new shares with restricted employee rights NT\$5,160,000	無	註30

Note 1 : 1987.08.28 No 275451

Note 2 : 1988.07.19 No 322235

Note 3 : 1988.12.12 No 424268

Note 4 : 1999.12.18 Ref. (88) No 88496170

Note 5 : 2002.02.19 Ref. No 0200231718200

Note 6 : 2002.12.12 Ref. No 09133116150

Note 7 : 2003.12.01 Ref. No 09233043730

Note 8 : 2004.02.24 Ref. No 09331724360

Note 9 : 2004.08.16 Ref. No 09332584560

Note 10 : 2004.11.19 Ref. No 09333061170

Note 11 : 2005.07.14 Ref. No 09432463700

Note 12 : 2006.07.20 Ref. No 09532527930

Note 13 : 2007.03.02 Ref. No 09631747360

Note 14 : 2007.08.22 Ref. B No 09601201790

Note 15 : 2007.11.08 Ref. B No 09601274250

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

Note 29 : 2022.12.21 Ref. No 11101234990

Note 30 : 2024.04.02 Ref. No 11330044420

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Type of share	Approved capital			Note
	Outstanding shares (Note 1)	Unissued shares	Total	
Common stock	78,302,419	71,697,581	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 14 2024

Shareholder structure Quantity	Government Institutions	Financial Institutions	Other Legal Persons	Individuals	Foreign institutions and outsiders	Total
Number of unit	0	1	104	10,171	20	10,296
Shares	0	9,000	34,316,506	41,904,617	2,072,296	78,302,419
Shareholding ratio	0	0.01%	43.82%	53.52%	2.65%	100.00%

3. Equity dispersion

Price/Share: NT\$10 April 14 2024

Classification	Number of shareholders	Shares	Shareholding ratio
1~ 999	7,095	87,541	0.11%
1,000~ 5,000	2,172	4,811,029	6.14%
5,001~ 10,000	430	3,491,192	4.46 %
10,001~ 15,000	183	2,341,502	2.99 %
15,001~ 20,000	93	1,732,449	2.21%
20,001~ 30,000	91	2,333,156	2.98%
30,001~ 40,000	54	1,943,285	2.48%
40,001~ 50,000	44	2,052,846	2.62%
50,001~ 100,000	59	4,250,302	5.43%
100,001~ 200,000	31	4,440,000	5.67%
200,001~ 400,000	18	5,174,122	6.61%
400,001~ 600,000	12	6,020,079	7.69%
600,001~ 800,000	4	2,860,000	3.65%
800,001~1,000,000	2	1,724,000	2.20%
More than 1,000,001	8	35,040,916	44.75%
Total	10,296	78,302,419	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 14 2024

Name of major shareholders	Holding shares (share)	Shareholding ratio (%)
SPEED TECH CORP.	22,599,000	28.86%
Yuguang Investment Co., Ltd.	3,202,000	4.09%
TSENG, SHIH-CHIEN	1,844,000	2.35%
CHOU, YUNG-PIN	1,817,000	2.32%
Xinfeng Investment Co., Ltd.	1,580,000	2.02%
CHEN, TAI-CHENG	1,571,000	2.01%
CHINA INVESTMENT AND DEVELOPMENT CO., LTD.	1,310,067	1.67%
Grand Cathay Venture Capital Co., Ltd.	1,117,849	1.43%
Tsai Chen-long	874,000	1.12%
HUANG, JING-YI	850,000	1.09%

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

Unit: NT Dollar

Year			2022	2023	As of 3/31/2024
Item					
Price per share	Highest		30.5	31.2	23.65
	Lowest		18.4	20.2	20.35
	Average		22.3	24.2	21.35
Net value per share	Before distribution		22.35	22.65	—
	After distribution		22.35	22.65	—
Earnings per share	Weighted average number of shares (thousands of shares)		77,098	78,168	77,614
	Earnings per share	Before adjustment	2.05	1.39	—
		After adjustment	2.05	(Note)	—
Dividends per share	Cash Dividends	Earnings	0.41	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		10.9	17.41	—
	Share price to dividend ratio		54.39	59.02	—
	Cash dividend yield		1.84%	1.69%	—

Note 1: On March 08, 2024, 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\$ 7,136,153 and the director's remuneration was NT\$4,281,692, 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 2023.

(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 2022:

In 2022, the Company distributed a total of NT\$11,125,685 as employees remuneration and NT\$6,675,411 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: No difference.

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

2. Handling of corporate bonds:

(1) Handling of corporate bonds: None.

(2) Information on conversion of corporate bonds: None.

(3) Information of exchange of corporate bonds: None.

(4) General report on the issuance of corporate bonds: None.

3. Handling of special shares: None.

4. Handling of overseas depositary receipts: None.

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

(2) The situation for issuing employee restricted stock

April 14, 2024

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	0 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	<p>(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.</p> <p>(2) Company performance indicators: the company will use the operating income or operating net profit in the consolidated financial statements of the most recent year when the</p>

	<p>vesting period expires as the company performance indicator:</p> <ol style="list-style-type: none"> 1. The first year: net profit after tax increases by more than 20% (inclusive) compared with the previous year 2. The second year: operating income increases by more than 25% (inclusive) compared with the previous year. 3. The third year: operating income increases by more than 25% (inclusive) compared with the previous year. 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. 5. If the above-mentioned company performance criteria are not met, it is deemed that the vested conditions have not been met. <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"> 1. 30% of the allotted shares if the term of office is one year after being allocated; 2. 30% of the allotted shares if the term of office is two years after being allocated; 3. 40% of the allotted shares if the term of office is two years after being allocated.
Rights to be restricted for the Employee Restricted Stock	<ol style="list-style-type: none"> 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. 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. 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. 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 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.
Deposit condition for the employee restricted stock	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.
Handling methods for employees who fail to meet the vested conditions after being allocated or subscribed	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.
The number of withdrawn or purchased employee restricted stock	516,000 shares
Number of shares whose restricted rights have been lifted	516,000 shares
Number of shares with restricted rights	688,000 shares
Ratio of number of shares with restricted rights to the total issued shares (%)	0.87%
Impact on Shareholders' Equity	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.

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

April 14, 2024

	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	525,000	0.85%	225,000	25.45	5,726,250	0.29%	300,000	25.45	7,635,000	0.38%
	Executive Vice President	Li chincheng										
	Associate Manager	Chen Jinzhong										
	Associate Manager	Chen Zhengwen										
	Associate Manager	Takayoshi Ninomiya										
Employees	Special Assistant	Chang, Zhiren	483,000	0.98%	207,000	25.45	5,268,150	0.26%	276,000	25.45	7,024,200	0.35%
	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	2022		2023		2024 Quarter one	
	Operating Income	%	Operating Income	%	Operating Income	%
Plastic Products	2,530,609	94.81%	2,049,061	88.45%	487,644	89.09%
Mold	138,543	5.19%	267,537	11.55%	59,715	10.91%
Painting	0	0%	0	0%	0	0%
Total	2,669,152	100.00%	2,316,598	100.00%	547,359	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, multi-function printers, printers, computer peripheral devices, such as webcam and mice. 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, The challenges of multiple downside risks include the continued pressure of international inflation and interest rate hikes, the Ukraine-Russia war, China's economic slowdown, the resurgence of the U.S.-China technology dispute, and the growing impact of climate change.

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 2023, compared with 2022.

(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 2023 was about NT\$64.6179 billion, an annual increase of 129%..

Analysis of the value of Taiwan's mold industry in 2023

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	224,982	-7.8	224,982	-7.8	236,045	-6.12	90,086	-9.5
Jan	Stamping die	392,824	24.46	392,824	24.46	430,044	32.61	28,198	46.42
Jan	Plastic forming mold	825,796	-35.34	825,796	-35.34	855,168	-27.55	376,679	-19.3
Jan	Other forming mold	2,884,930	-0.41	2,884,930	-0.41	2,827,517	-2.15	1,447,690	-5.01
Feb	Die casting mold	176,913	6.71	176,913	6.71	193,335	11.04	78,549	40.73
Feb	Stamping die	161,074	-28.68	161,074	-28.68	166,064	-58.64	48,237	534.70
Feb	Plastic forming mold	697,463	3.39	697,463	3.39	665,179	-1.83	324,100	-15.37
Feb	Other forming mold	2,644,650	24.20	2,644,650	24.20	2,478,095	17.34	1,389,032	31.02
Mar	Die casting mold	362,119	-8.12	362,119	-8.12	369,263	-10.71	166,099	-3.04
Mar	Stamping die	385,575	-20.93	385,575	-20.93	430,028	-13.06	181,421	316.09
Mar	Plastic forming mold	1,546,730	-2.45	1,546,730	-2.45	1,381,949	-10.55	584,729	-23.57
Mar	Other forming mold	3,585,406	-8.32	3,585,406	-8.32	3,487,367	-9.42	1,942,986	-0.29
Apr	Die casting mold	383,458	20.26	383,458	20.26	422,269	33.49	169,611	34.76
Apr	Stamping die	173,804	-44.23	173,804	-44.23	180,432	-43.29	23,360	-53.06
Apr	Plastic forming mold	1,324,838	-25.19	1,324,839	-25.19	1,250,670	-29.33	629,709	-30.52
Apr	Other forming mold	3,583,035	0.71	3,583,035	0.71	3,493,876	1.39	2,229,443	17.07
May	Die casting mold	374,728	-3.03	374,728	-3.03	412,085	6.16	180,774	25.06
May	Stamping die	331,999	-17.49	331,999	-17.49	357,706	-12.93	38,284	18.47
May	Plastic forming mold	1,426,750	-8.26	1,426,750	-8.26	1,420,893	-8.31	772,879	5.91
May	Other forming mold	3,604,758	-5.96	3,604,758	-5.96	3,523,314	-6.89	2,219,125	3.35
Jun	Die casting mold	455,254	12.44	455,254	12.44	489,357	16.42	226,354	27.24
Jun	Stamping die	393,275	9.16	393,275	9.16	403,742	6.08	50,192	-5.19
Jun	Plastic forming mold	1,370,608	-8.72	1,370,608	-8.72	1,322,235	-9.85	562,262	-11.27
Jun	Other forming mold	3,349,199	-7.96	3,349,199	-7.96	3,224,992	-9.73	1,956,943	1.6
Jul	Die casting mold	405,435	-0.42	405,435	-0.42	445,158	11.13	224,995	40.86
Jul	Stamping die	306,976	-40.12	306,976	-40.12	307,270	-40.36	19,677	-83.09
Jul	Plastic forming mold	1,374,951	-6.54	1,374,951	-6.54	1,356,929	4.57	579,198	-6.38
Jul	Other forming mold	3,215,191	-13.29	3,215,191	-13.29	3,074,601	-16.54	1,703,022	-13.82
Aug	Die casting mold	374,646	10.57	374,646	10.57	377,758	10.44	165,249	20.55
Aug	Stamping die	850,349	6.66	850,349	6.66	855,942	4.91	204,254	326.84
Aug	Plastic forming mold	1,449,519	-1.54	1,449,519	-1.54	1,413,116	-5.23	653,253	-11.86

Month	Category	Production	Yearly growth (%)	Production Value	Yearly growth (%)	Sales (Thousand)	Yearly growth (%)	Direct Export Value	Yearly growth (%)
				(Thousand)				(Thousand)	
Aug	Other forming mold	3,112,275	-18.61	3,112,275	-18.61	2,989,957	-22.78	1,706,148	-23.19
Sep	Die casting mold	308,534	-7.89	308,534	-7.89	311,172	16.42	226,354	27.24
Sep	Stamping die	759,907	15.33	759,907	15.33	768,531	15.99	35,570	-62.44
Sep	Plastic forming mold	1,491,861	1.62	1,491,861	1.62	1,462,194	7.7	457,993	-24.89
Sep	Other forming mold	3,240,066	-11.93	3,240,066	-11.93	3,111,804	-12.79	1,365,382	-31.75
Oct	Die casting mold	350,139	-17.81	350,139	-17.81	371,589	-13.29	163,787	-13.9
Oct	Stamping die	993,117	174.19	993,117	174.19	1,143,314	200.3	38,373	-52.7
Oct	Plastic forming mold	1,279,621	-12.3	1,279,621	-12.3	1,229,483	-8.37	550,088	5.96
Oct	Other forming mold	2,749,265	-8.08	2,749,265	-8.08	2,682,917	-7.55	1,567,162	-0.45
Nov	Die casting mold	418,107	14.36	418,107	14.36	429,056	14.32	189,013	19.36
Nov	Stamping die	544,118	22.75	544,118	22.75	549,773	25.27	58,023	18.98
Nov	Plastic forming mold	1,785,745	20.68	1,785,745	20.68	1,886,469	32.02	1,046,826	63.13
Nov	Other forming mold	3,331,204	-13.92	3,331,204	-13.92	3,254,329	-16.94	1,680,864	-31.81
Dec	Die casting mold	360,552	-2.03	360,552	-2.03	428,172	10.51	167,842	7.91
Dec	Stamping die	910,019	38.3	910,019	38.3	921,141	27.87	378,924	702.23
Dec	Plastic forming mold	1,226,220	-15.52	1,226,220	-15.52	1,183,102	-23.87	604,776	-9.61
Dec	Other forming mold	3,119,914	-12.67	3,119,914	-12.67	2,965,197	-15.39	1,455,516	-18.69
Total (Total production value of mold)		64,617,899	-	64,617,899	-	63,570,599	-	30,965,031	-

2023 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	1,032,361 Kg	8.82%	NT\$901,256	8.22%	NT\$873/Kg
Feb	751,349 Kg	6.42%	NT\$807,582	7.37%	NT\$1,075/Kg
Mar	1,144,879 Kg	9.78%	NT\$963,383	8.79%	NT\$841/Kg
Apr	807,864 Kg	6.90%	NT\$916,223	8.36%	NT\$1,134/Kg
May	780,843 Kg	6.67%	NT\$871,879	7.96%	NT\$1,117/Kg
Jun	999,199 Kg	8.53%	NT\$893,322	8.15%	NT\$894/Kg
Jul	900,429 Kg	7.69%	NT\$817,708	7.46%	NT\$908/Kg
Aug	1,307,272 Kg	11.16%	NT\$983,544	8.98%	NT\$752/Kg
Sep	701,411 Kg	5.99%	NT\$821,667	7.50%	NT\$1,171/Kg
Oct	716,254 Kg	6.12%	NT\$831,063	7.58%	NT\$1,160/Kg
Nov	1,075,775 Kg	9.19%	NT\$967,693	8.83%	NT\$900/Kg
Dec	1,492,510 Kg	12.75%	NT\$1,182,278	10.79%	NT\$792/Kg
Total	11,710,146 Kg	100%	NT\$10,957,598	100%	-
Source: Customs Export Statistical Monthly Report/Sorted by Taiwan Mold and Die Industry Association					

2023 Taiwan Mold Import Statistics

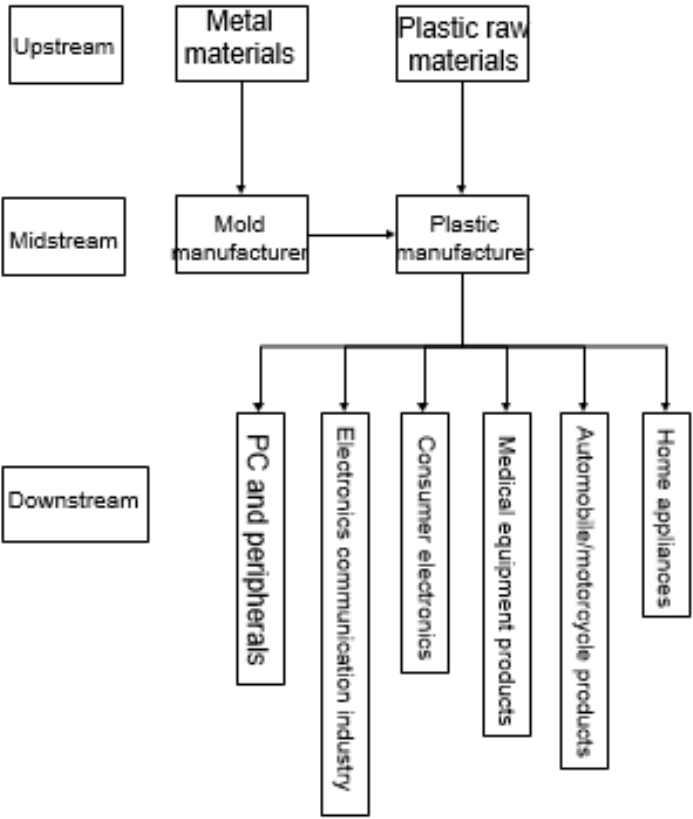
Unit: Import Qty - KG		Import Value – NT\$ thousand		Import Average Unit Price – NT\$/KG	
Month	Import Qty	%	Import Value	%	Import Average Unit Price
Jan	1,078,455 Kg	11.49%	NT\$292,941	10.32%	NT\$ 272/Kg
Feb	595,997 Kg	6.35%	NT\$207,069	7.30%	NT\$ 347/Kg
Mar	895,875 Kg	9.55%	NT\$301,924	10.64%	NT\$ 337/Kg
Apr	726,725 Kg	7.75%	NT\$201,809	7.11%	NT\$ 278/Kg
May	700,040 Kg	7.46%	NT\$247,683	8.73%	NT\$ 354/Kg
Jun	686,057 Kg	7.31%	NT\$201,366	7.10%	NT\$ 294/Kg
Jul	1,033,524 Kg	11.02%	NT\$253,914	8.95%	NT\$ 246/Kg
Aug	735,953 Kg	7.84%	NT\$248,861	8.77%	NT\$ 338/Kg
Sep	844,600 Kg	9.00%	NT\$260,946	9.20%	NT\$ 309/Kg
Oct	950,087 Kg	10.13%	NT\$281,530	9.92%	NT\$ 296/Kg
Nov	674,257 Kg	7.19%	NT\$177,982	6.27%	NT\$ 264/Kg
Dec	460,421 Kg	4.91%	NT\$161,690	5.70%	NT\$ 351/Kg
Total	9,381,991 Kg	100%	NT\$2,837,715	100%	-

In terms of international trade, in 2023, the export value of Taiwan molds was NT\$10.958 billion, the import value was NT\$2.838 billion, and the trade surplus was NT\$8.12 billion, with the export value reaching 95% and the import value reaching 89% compared to the same period. 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.

(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	2022	2023	2024 first quarter
R&D Expenses (A)	0	0	0
Net sales (B)	2,669,152	2,316,598	547,359
(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	2022		2023		2024 first quarter	
	Sales	%	Sales	%	Sales	%
Asian Region	2,669,152	100.00%	2,316,598	100.00%	547,359	100.00%
Taiwan	0	0%	0	0%	0	0%
Total	2,669,152	100.00%	2,316,598	100.00%	547,359	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:

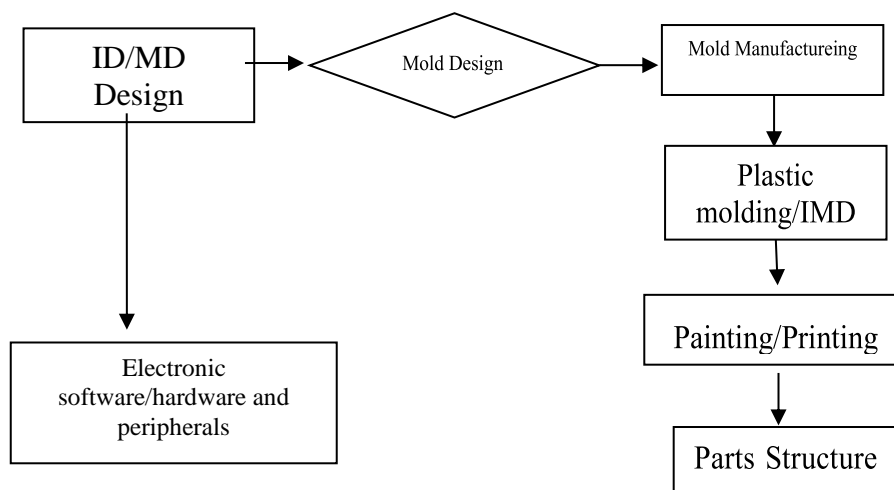
As an attempt to strengthen the development rate of both products and technologies, the training of professional and technical personnel is enforced, and the Company also has a complete plan for the improvement of production management, effective controls of product yield and inventories. These cost-down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

2022					2023				2024 first quarter			
Item	Name	Sales	[%]	Relation ship with Issuer	Name	Sales	[%]	Relations hip with Issuer	Name	Sales	[%]	Relation ship with Issuer
1	Client A	1,700,182	63.70%	—	Client A	1,442,164	62.25%	—	Client A	331,291	60.53%	—
2	Others	968,970	36.30%	—	Others	874,434	37.75%	—	Others	216,068	39.47%	—
Net Sales		2,669,152	100.00%	—	Net Sales	2,316,598	100.00%	—	Net Sales	547,359	100%	—

Note: Client A: BROTHER

2. List of major suppliers:

Unit: NT\$ thousand

2022					2023				2024 first quarter			
Item	Name	Sales	[%]	Relation ship with Issuer	Name	Sales	[%]	Relation ship with Issuer	Name	Sales	[%]	Relations hip with Issuer
1	S1	194,318	12.00%	—	S2	218,497	18.44%	—	S2	55,699	20.29%	—
2	S2	184,051	11.37%	—	S1	136,650	11.53%	—	S1	39,811	14.50%	—
3	Others	1,240,397	76.63%	—	Others	829,510	70.03%	—	Others	179,039	65.21%	—
Net purchase		1,618,766	100.00%	—	Net purchase	1,184,657	100.00%	—	Net purchase	274,549	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	2022			2023			2024 first quarter		
Production Quantity/ Value									
Major products	Capacity	Quantity	Value	Capacity	Quantity	Value	Capacity	Quantity	Value
Mold	924	428	137,560	924	377	181,822	94	100	41,283
Plastic	569,753,870	513,084,623	2,278,968	569,753,870	371,828,817	1,787,007	92,957,204	81,867,421	416,604
Painting	0	0	0	0	0	0	0	0	0
Total	(Note)	(Note)	2,416,528	(Note)	(Note)	1,968,829	(Note)	(Note)	457,887

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

6. Sales for the last two years

Unit: piece, set NT\$ thousand

Sales Qty/Value	Year		2022				2023				2024 first quarter			
			Taiwan		Export		Taiwan		Export		Taiwan		Export	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Mold	0	0	908	138,543	0	0	993	267,537	0	0	242	59,715		
Plastic	0	0	484,345,630	2,530,609	0	0	350,848,461	2,049,061	0	0	82,572,034	487,644		
Painting	0	0	0	0	0	0	0	0	0	0	0	0		
Total	(Note)	0	(Note)	2,669,152	(Note)	0	(Note)	2,316,598	(Note)	0	(Note)	547,359		

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

3. Employee Information

Information on employees in the last two years

Year		2022	2023	As of the printing date of annual report
Employee number	Direct Labor	0	0	0
	Indirect Labor	41	47	47
	Total	41	47	47
Average age		45.45	44.5	45.4
Average years of service		6.07	5.62	5.89
Education %	PhD	0%	0%	0%
	Master	20%	16.7%	16.7%
	College	61%	64.6%	64.6%
	High school	12%	10.4%	10.4%
	Under high school	7%	8.3%	8.3%

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.

5. 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 2023 are as follows:

Type	Training contents	Non-management	Management	Total
Internal training	Professional knowledge and technical training	147	42	189
	New comers' training	14	1	15
	Information security training	9	7	16
	Occupational Safety and Health Training	11.5	4	15.5
Sub total		181.5	54	235.5
External training	Others	48	0	48
	Professional knowledge and technical training	93.5	56.5	150
Sub total		141.5	56.5	198
Total		323	110.5	433.5

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. 2. According to the Labor Safety Law, an annual inspection should be conducted on dangerous machinery and equipment. 3. Inspection and maintenance of high and low voltage electrical equipment, air conditioning equipment, and firefighting equipment.
Environmental protection at work	1. To replace damaged lighting equipment at any time 2. To update or repair the air-conditioning system to maintain the office's ventilation. 3. Regular maintenance of drinking water equipment to make sure drinking water is safe.
Disaster prevention measures and response	1. To cooperate with the management unit of the leased office to practice various disaster evacuation plans. 2. Random publicity of all kinds of disaster prevention measures.

(9) For the last two years and up to the date of the 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:

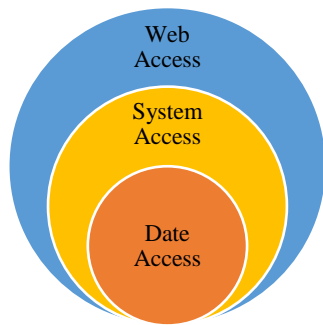
The objectives of the Company's information security management are: to strengthen information security management, to ensure the confidentiality, integrity and availability of the information assets, to provide continuous operational environment, to meet the requirements of relevant laws and regulations, 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.

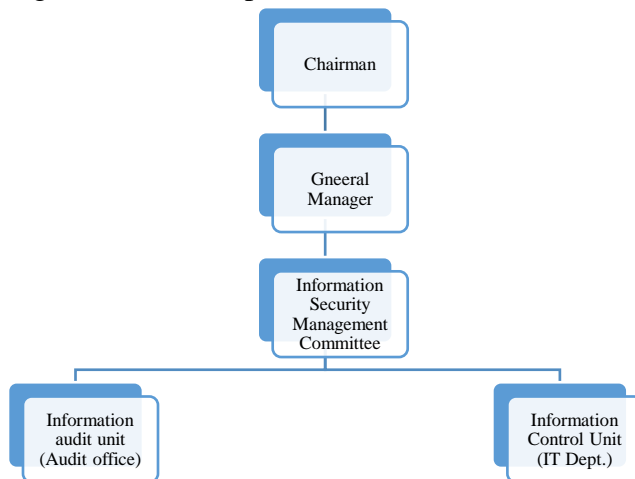
Scopes:

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

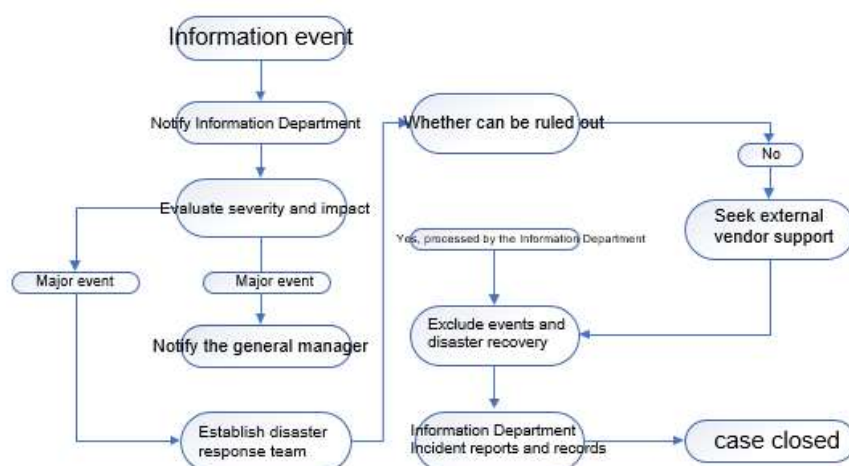
1. System specification: The company formulates information security management measures and information security inspection control items internally to regulate the information security behavior of company's personnel, and to regularly check whether the relevant systems are in line with changes in the 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	1. Account, password and authority control 2. Password rule requirements	1. Personnel account authority management and review. 2. Regular inventory of personnel account authority. 3. Force the regular change on password regularly.
Access control	1. Personnel access for internal system 2. security measures for	1. Internal access control. 2. External website access control (blacklist)

	transmission	
External network intrusion	1. Intrusion from the Internet 2. Virus invasion from personal computer	1. Network firewall set up 2. Install antivirus software and email filtering mechanism.
System availability	1. Maintain the availability of the system 2. Service interruption handling measures	1. Daily system backup mechanism 2. Build UPS uninterruptible power system 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 16 hours in 2023.
2. Regular [Information Security Drills such as: Phishing Letter Drill] every year. The number of participants was 16 people in 2023.
3. Obtained ISO/IEC 27001 certification in 2023 and put the amount into operation in 2023: NT\$580,000.
4. Firewall Ongoing maintenance contracts with external vendors, amount invested in 2023: NT\$180,000

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

May 10, 2024

Contract nature	Parties to the contract	Contract start and end date	Major contents	Restrictions
Bank Loan	Mega Bank	2023/07/01-2024/06/30	Short-term loans (NT\$240 million)	—
	CTBC Bank	2023/07/31-2024/07/30	Short-term loans (NT\$200 million)	—
	IBFC	2023/06/01-2024-05/31	Commercial promissory credit (NT\$50 million)	—
Lease Contract	Speed Tech Corporation	2021/06/01-2026/06/30	Renting: 1st floor of No. 558, Section 1, Minsheng North Road, Guishan District, 1 household	—
	Hotai Leasing Corporation	2023/09/20-2026/09/19	Lease of Official Car	—

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

Year Item		Financial Summary for The Last Five Years (Note 1)					Financial information for current year till March 31, 2024
		2019	2020	2021	2022	2023	
Current assets		987,411	1,216,682	1,165,624	1,503,475	1,230,707	1,254,904
Property, Plant and Equipment		1,126,016	1,014,265	922,407	918,561	900,150	909,801
Intangible assets		1,964	18,507	14,411	11,955	10,206	10,048
Other assets		237,397	203,941	164,168	383,330	493,682	499,850
Total assets		2,352,788	2,453,395	2,266,610	2,817,321	2,634,745	2,674,603
Current liabilities	Before distribution	633,017	575,424	512,580	663,872	524,779	491,347
	After distribution	725,535	691,072	543,419	696,188	(Note 2)	—
Non-current liabilities		46,291	247,061	204,966	429,914	340,470	343,734
Total liabilities	Before distribution	679,308	822,485	717,546	1,093,786	865,249	835,081
	After distribution	771,826	938,133	748,385	1,126,102	(Note 2)	—
Equity attributable to shareholders of the parent company		1,673,480	1,630,910	1,549,064	1,723,535	1,769,496	1,839,522
Capital stock		851,484	770,984	770,984	788,184	788,184	783,024
Capital surplus	Before distribution	747,838	668,899	668,899	695,473	682,341	687,501
	After distribution	710,831	668,899	668,899	695,473	682,341	—
Retained earnings	Before distribution	149,582	283,358	244,711	371,914	445,613	447,101
	After distribution	94,071	167,710	213,872	339,598	(Note 2)	—
Other equity interest		(74,924)	(92,331)	(135,530)	(132,036)	(146,642)	(78,104)
Treasury stock		(500)	0	0	0	0	0
Non-controlling interest		0	0	0	0	0	0
Total equity	Before distribution	1,673,480	1,630,910	1,549,064	1,723,535	1,769,496	1,839,522
	After distribution	1,580,962	1,515,262	1,518,225	1,691,219	(Note 2)	—

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

Note 2: The 2023 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, 2024
	2019	2020	2021	2022	2023	
Operating revenue	2,352,721	1,906,581	2,085,430	2,669,152	2,316,598	547,359
Gross Profit	358,458	292,760	345,052	469,711	389,519	96,689
Income from operations	113,793	69,600	140,677	246,172	162,091	39,336
Non-operating income	16,682	228,185	(6,709)	12,414	37,080	(611)
Income before tax	130,475	297,785	133,968	258,586	199,171	14,296
Net profit of continuing business units for the current period	73,426	192,727	77,058	157,807	107,390	33,592
Loss of closed business units	0	0	0	0	0	0
Net income (Loss)	73,426	192,727	77,058	157,807	107,390	33,592
Other comprehensive income (income after tax)	(13,670)	(23,202)	(43,256)	44,169	(45,478)	67,079
Total comprehensive income	59,756	169,525	33,802	201,976	61,912	100,671
Net income attributable to shareholders of the parent	73,426	192,727	77,058	157,807	107,390	33,592
Net income attributable to non-controlling interest	0	0	0	0	0	0
Comprehensive income attributable to Shareholders of the parent company	59,756	169,525	33,802	201,976	61,912	100,671
Comprehensive income attributable to non-controlling interest	0	0	0	0	0	0
Earnings per share (Note 2)	0.87	2.48	1.00	2.05	1.39	0.43

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)				
		2019	2020	2021	2022	2023
Current assets		296,928	570,698	434,929	403,169	203,519
Property, Plant and Equipment		1,688	888	2,924	2,565	2,499
Intangible assets		1,421	1,260	1,492	905	2,607
Other assets		1,534,863	1,257,040	1,320,875	1,573,611	1,850,559
Total assets		1,834,900	1,829,886	1,760,220	1,980,250	2,059,184
Current liabilities	Before distribution	157,496	150,666	140,282	146,247	136,513
	After distribution	250,014	266,314	171,121	178,563	(Note 2)
Non-current liabilities		3,924	48,310	70,874	110,468	153,175
Total liabilities	Before distribution	161,420	198,976	211,156	256,715	289,688
	After distribution	253,938	314,624	241,995	289,031	(Note 2)
Equity attributable to shareholders of the parent		1,673,480	1,630,910	1,549,064	1,723,535	1,769,496
Capital stock		851,484	770,984	770,984	788,184	788,184
Capital surplus	Before distribution	747,838	668,899	668,899	695,473	682,341
	After distribution	710,831	668,899	668,899	695,473	682,341
Retained earnings	Before distribution	149,582	283,358	244,711	371,914	445,613
	After distribution	94,071	167,710	213,872	339,598	(Note 2)
Other equity interest		(74,924)	(92,331)	(135,530)	(132,036)	(146,642)
Treasury stock		(500)	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	1,673,480	1,630,910	1,549,064	1,723,535	1,769,496
	After distribution	1,580,962	1,515,262	1,518,225	1,691,219	(Note 2)

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

Note 2: The 2023 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)				
	2019	2020	2021	2022	2023
Operating revenue	541,743	501,033	637,223	824,508	667,028
Gross Profit	21,672	29,222	43,453	46,987	40,040
Income from operations	(35,561)	(39,295)	(16,456)	(21,912)	(51,645)
Non-operating income	129,887	296,533	112,237	226,625	211,326
Income before tax	94,326	257,238	95,781	204,713	159,681
Net profit of continuing business units for the current period	73,426	192,727	77,058	157,807	107,390
Loss of closed business units	0	0	0	0	0
Net income (Loss)	73,426	192,727	77,058	157,807	107,390
Other comprehensive income (income after tax)	(13,670)	(23,202)	(43,256)	44,169	(45,478)
Total comprehensive income	59,756	169,525	33,802	201,976	61,912
Net income attributable to shareholders of the parent	73,426	192,727	77,058	157,807	107,390
Net income attributable to non-controlling interest	0	0	0	0	0
Comprehensive income attributable to Shareholders of the parent company	59,756	169,525	33,802	201,976	61,912
Comprehensive income attributable to non-controlling interest	0	0	0	0	0
Earnings per share(Note2)	0.87	2.48	1.00	2.05	1.39

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
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
2023	PwC Taiwan	Huang Shijun, Lin Chia-Hung	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, 2024
		2019	2020	2021	2022	2023 (Note2)	
Financial structure (%)	Debt Ratio	28.87%	33.52%	31.66%	38.82%	32.83%	31.22%
	Ratio of long-term capital to property, plant and equipment	149.55%	185.16%	190.16%	224.95%	234.40%	239.97%
Solvency (%)	Current ratio	147.62%	211.44%	227.40%	226.47%	234.51%	255.40%
	Quick ratio	113.54%	170.81%	183.22%	186.76%	194.46%	219.13%
	Interest earned ratio (times)	10.83	38.48	20.31	19.66	9.62	14.71
Operating performance	Accounts receivable turnover (times)	4.81	4.94	5.54	5.59	4.74	4.98
	Average collection period	75.88	73.84	65.88	65.29	77.00	73.28
	Inventory turnover (times)	10.99	9.70	10.12	11.40	11.27	12.76
	Accounts payable turnover (times)	7.01	6.77	7.58	8.67	7.68	8.88
	Average days in sales	33.21	37.63	36.07	32.01	32.38	28.62
	Property, plant and equipment turnover (times)	2.09	1.88	2.15	2.86	2.54	2.41
	Total assets turnover (times)	1.00	0.78	0.88	1.05	0.84	0.82
Profitability	Return on total assets (%)	3.46%	8.29%	3.50%	6.64%	4.61%	1.38%
	Return on stockholders' equity (%)	4.40%	11.66%	4.85%	9.64%	6.14%	1.86%
	Pre-tax income to paid-in capital (%)	15.32%	38.62%	17.38%	33.53%	25.26%	6.85%
	Profit ratio (%)	3.12%	10.11%	3.70%	5.91%	4.63%	6.14%
	Earnings per share (NT\$)	0.87	2.48	1.00	2.05	1.39	0.43
Cash flow	Cash flow ratio (%)	57.77%	38.01%	17.41%	43.16%	80.84%	-5.66%

	Cash flow adequacy ratio (%)	91.37%	87.76%	98.04%	121.83%	195.15%	184.98%
	Cash reinvestment ratio (%)	12.96%	4.71%	-1.02%	9.01%	12.39%	-1.47%
Leverage	Operating leverage	1.00	1.00	1.00	1.00	1.00	1.00
	Financial leverage	1.13	1.13	1.05	1.05	1.16	1.11
<p>1. Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%) Interest Coverage Multiple, Total Asset Turnover (Times), Return on Assets, Return on Equity, Income Before Taxes to Paid-in Capital, Net Income Ratio and Earnings Per Share decreased: The decrease was mainly due to the overall decrease in revenue and decrease in 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.</p> <p>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, 2023, 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 NT\$37,268,000. The aforementioned accounting treatment only affects the expression of assets and liabilities, and has no impact on current profit and loss.</p>							

2. Financial Analysis Based on IFRS – the Company

Item \ Year		Financial Analysis for the Last Five Years(Note1)				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt Ratio	8.80%	10.87%	12.00%	12.96%	14.07%
	Ratio of long-term capital to property, plant and equipment	99,372.27%	189,101.35 %	55,401.44%	70,674.49%	76,937.62%
Solvency (%)	Current ratio	188.53%	378.78%	310.04%	277.99%	149.08%
	Quick ratio	186.77%	373.65%	304.04%	273.74%	148.25%
	Interest earned ratio (times)	251.2	1,333.84	2,281.5	7,582.96	1,389.53
Operating performance	Accounts receivable turnover (times)	5.91	4.73	6.18	5.22	4.20
	Average collection period	61.75	77.16	59.06	69.92	86.90
	Inventory turnover (times)	-	-	-	-	-
	Accounts payable turnover (times)	4.46	3.74	5.09	5.22	5.95
	Average days in sales	-	-	-	-	-
	Property, plant and equipment turnover (times)	320.94	546.23	334.32	300.42	263.44
	Total assets turnover (times)	0.30	0.27	0.35	0.42	0.33
Profitability	Return on total assets (%)	3.99%	10.53%	4.29%	8.44%	5.32%
	Return on stockholders' equity (%)	4.40%	11.66%	4.85%	9.64%	6.15%
	Pre-tax income to paid-in capital (%) (Note6)	11.08%	33.36%	12.42%	25.97%	20.26%
	Profit ratio (%)	13.55%	38.47%	12.09%	19.14%	16.10%
	Earnings per share (NT\$)	0.87	2.48	1.00	2.05	1.39
Cash flow	Cash flow ratio (%)	-16.23%	-29.95%	-11.11%	-72.01%	45.16%
	Cash flow adequacy ratio (%)	94.25%	63.22%	34.23%	31.25%	28.51%
	Cash reinvestment ratio (%)	-6.09%	-5.70%	-7.46%	-1.73%	1.63%
Leverage	Operating leverage	1.01	1.00	0.84	1.00	1.04
	Financial leverage	0.99	1.00	1.00	1.00	1.00

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

- (1) Decrease in current ratio and quick ratio: The decrease in current assets was mainly due to the decrease in receivables, cash and cash equivalents.
- (2) Decrease in interest cover, total asset turnover (times), return on assets, return on equity, net income before tax to paid-in capital and earnings per share: The decrease was mainly due to the overall decrease in revenue and decrease in profit.
- (3) Reasons of decrease in cash reinvestment ratio: Mainly due to the decrease 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

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 \times (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 2023, sent by the Board of Directors to PwC Taiwan, were reviewed and certified by Huang Shijun, Lin, Chiahung 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 2024 Annual General Shareholders' Meeting

TaiHan Precision Technology Corporation

Audit Committee Convenor:

March 8, 2024

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 consolidated financial statements of TaiHan Precision Technology Co., Limited as of and for the year ended December 31, 2023, 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 8, 2024

INDEPENDENT AUDITORS' REPORT

(2024) No. Financial Auditing- 23005154

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, 2023, and the related consolidated statements of income, changes in equity, and cash flows for the period from January 1, 2023 to December 31, 2023, 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, 2023 and its consolidated financial results and consolidated cash flows for the period from January 1 to December 31, 2023 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 entrusted by TaiHan Group 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, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2023 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 engaged in the design, manufacture and trading of various precision molds, tooling and plastic molding products. Significant sales customers account for a significant portion of the Group's annual revenue and have a high inherent risk of sales revenue; Therefore, we consider the existence of significant sales revenue from customers with sales revenue of 10% of total operating revenue to be one of the most important matters in our audit.

In accordance with the Audit Procedure

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

1. 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. Obtain and test 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

We have audited the financial statements of TaiHan Precision Technology Co., Ltd. for the years ended December 31, 2023 and 2022, and have issued an unqualified audit report thereon for your reference.

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 Taihan 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, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PWC Taiwan

HUANG,SHIH-CHUN

CPA:

LIN,CHIA-HUNG

Financial Supervisory Commission

Certified Registration No.: Financial-Supervisory-
Securities-Auditing- 1050029449

Financial Supervisory Commission

Certified Registration No.: Financial-Supervisory-
Securities-Auditing- 1080323093

March 8, 2024

TaiHan Precision Technology Co., Limited and Subsidiaries
CONSOLIDATED STATEMENTS OF BALANCE SHEET
December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

ASSETS			Note	December 31, 2023		December 31, 2022		
				Amount	%	Amount	%	
CURRENT ASSETS								
1100	Cash and cash equivalents	6(1)	\$	594,077	23	\$	679,818	24
1136	Financial asset at fair value through P/L - Current	6(3)		1,902	-		1,956	-
1150	Notes receivable, net	6(4)		-	-		254	-
1170	Accounts receivable, net	6(4) & 7(2)		420,554	16		555,767	20
1200	Other receivables	7(2)		2,842	-		616	-
1220	Current tax assets			195	-		36	-
130X	Inventory	6(5)		144,137	5		197,551	7
1410	Prepayments			66,033	3		66,012	2
1470	Other current assets			967	-		1,465	-
11XX	Total current assets			1,230,707	47		1,503,475	53
Non-current assets								
1517	Financial asset at fair value through P/L - Non-current	6(2)		4,492	-		3,108	-
1600	Property, plant and equipment	6(6)&8		900,150	34		918,561	33
1755	Right-of-use assets	6(7)&8		177,211	7		190,498	7
1760	Investment property, net	6(9)&8		29,798	1		30,367	1
1780	Investment property, net			10,206	-		11,955	-
1840	Deferred income tax assets	6(26)		103,407	4		99,140	4
1915	Prepayment for equipment			2,538	-		28,726	1
1920	Refundable deposits			13,976	1		10,604	-
1990	Other non-current assets - other	6(10)		162,260	6		20,887	1
15XX	Total non-current assets			1,404,038	53		1,313,846	47
1XXX	TOTAL Assets		\$	2,634,745	100	\$	2,817,321	100

(Continued on next page)

TaiHan Precision Technology Co., Limited and Subsidiaries
CONSOLIDATED STATEMENTS OF BALANCE SHEET
December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

LIABILITIES AND EQUITY			December 31, 2023		December 31, 2022	
			Note	Amount	%	Amount
CURRENT LIABILITIES						
2100	Short-term borrowings	6(11)	\$ 119,800	5	\$ 159,806	6
2130	Contractual liability - Current	6(19)	202	-	2,970	-
2150	Notes payable		-	-	11	-
2170	Accounts payable		222,889	8	279,126	10
2200	Other payables	6(12) & 7(2)	96,008	4	119,678	4
2230	Current tax liabilities		40,176	2	50,821	2
2250	Provisions - current		12,634	-	1,159	-
2280	Lease liabilities - Current	7(2)	28,772	1	19,417	1
2320	Long-term liabilities due within one year or one operating cycle	6(13)	-	-	29,258	1
2399	Other current liabilities - Other		4,298	-	1,626	-
21XX	Total current liabilities		524,779	20	663,872	24
NON-CURRENT LIABILITIES						
2540	Long-term borrowings	6(13)	-	-	109,709	4
2570	Deferred income tax liabilities	6(26)	186,719	7	151,050	5
2580	Lease liabilities - Non-current	7(2)	145,369	6	166,839	6
2640	Net defined benefit liability - Non-current	6(14)	1,656	-	1,304	-
2645	Guarantee deposit received		5,069	-	1,012	-
2670	Other non-current liabilities - Other		1,657	-	-	-
25XX	Total non-current liabilities		340,470	13	429,914	15
2XXX	Total liabilities		865,249	33	1,093,786	39
Equity attributable to owners of the parent company						
	Capital stock	6(16)				
3110	Common stock		788,184	30	788,184	28
	Capital surplus	6(17)				
3200	Capital surplus		682,341	26	695,473	25
	Retained earnings	6(18)				
3310	Appropriated as legal capital reserve		61,026	2	45,222	1
3320	Appropriated as special capital reserve		91,596	3	135,531	5
3350	Unappropriated earnings		292,991	11	191,161	7
Other Entities						
3400	Other Entities		(146,642)	(5)	(132,036)	(5)
3XXX	Total equity		1,769,496	67	1,723,535	61
	Significant Contingent Liabilities and Unrecognized Contractual Commitments	9				
	Serious subsequent events	11				
3X2X	TOTAL LIABILITIES AND EQUITY		\$ 2,634,745	100	\$ 2,817,321	100

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 and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
January 1 ~ December 31, 2023 and 2022

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

	Item	Note	2023		2022	
			Amount	%	Amount	%
4000	Operating revenues	6(19) & 7(2)	\$ 2,316,598	100	\$ 2,669,152	100
5000	Operating costs	6(5) & 7(2)	(1,927,079)	(83)	(2,199,441)	(83)
5950	Operating margin, net		389,519	17	469,711	17
	Operating expenses	6(24) & 7(2)				
6100	Sales and marketing		(33,813)	(2)	(36,679)	(1)
6200	General and administrative expenses		(193,691)	(8)	(186,818)	(7)
6450	Expected credit impairment gains (losses)	12(2)	76	-	(42)	-
6000	Total operating expenses		(227,428)	(10)	(223,539)	(8)
6900	Operating profit		162,091	7	246,172	9
	NON-OPERATING REVENUE AND EXPENSES					
7100	Interest income	6(20)	3,383	-	1,602	-
7010	Other income	6(21)	9,723	1	16,269	1
7020	Other gains and losses	6(22)	47,058	2	8,401	-
7050	Finance costs	6(23) & 7(2)	(23,084)	(1)	(13,858)	-
7000	Total non-operating revenue and expense		37,080	2	12,414	1
7900	INCOME BEFORE INCOME TAX		199,171	9	258,586	10
7950	Net income	6(26)	(91,781)	(4)	(100,779)	(4)
8200	OTHER COMPREHENSIVE INCOME (LOSS)		\$ 107,390	5	\$ 157,807	6
	Net income					
8311	Remeasurement of defined benefit obligation	6(14)	(\$ 1,719)	-	\$ 294	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income		1,968	-	(709)	-
8349	Income tax benefit related to items that will not be reclassified subsequently	6(26)	344	-	(59)	-
8310	Total amount of items that are not reclassified to profit or loss		593	-	(474)	-
	Items that may be reclassified subsequently to profit (or loss)					
8361	Exchange differences arising on translation of financial statements of foreign operations		(57,588)	(2)	55,801	2
8399	Income tax benefit related to items that will be reclassified subsequently	6(26)	11,517	-	(11,158)	-
8360	Total amount of items that are reclassified to profit or loss		(46,071)	(2)	44,643	2
8300	Other comprehensive income, net		(\$ 45,478)	(2)	\$ 44,169	2
8500	Total comprehensive income		\$ 61,912	3	\$ 201,976	8
	Net profit attributable to:					
8610	Parent Company Owner		\$ 107,390	5	\$ 157,807	6
	Total comprehensive income(loss) attributable to:					
8710	Parent Company Owner		\$ 61,912	3	\$ 201,976	8
	Basic earnings per share					
9750	Net income	6(27)	\$ 1.39		\$ 2.05	
9850	Diluted earnings per share					
	Net income	6(27)	\$ 1.37		\$ 2.03	

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 and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
January 1 ~ December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Equity attributable to owners of the parent company										
Note	Retained Earnings					Other Equity			Treasury Stock	Total Equity
	Capital Stock - Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employees' Compensation		
		\$ 770,984	\$ 668,899	\$ 37,522	\$ 92,332	\$ 114,857	(\$ 136,423)	\$ 893	\$ -	\$ 1,549,064
		-	-	-	-	157,807	-	-	-	157,807
		-	-	-	-	235	44,643	(709)	-	44,169
		-	-	-	-	158,042	44,643	(709)	-	201,976
	6(18)									
		-	-	7,700	-	(7,700)	-	-	-	-
		-	-	-	43,199	(43,199)	-	-	-	-
		-	-	-	-	(30,839)	-	-	-	(30,839)
	6(16)	17,200	26,574	-	-	-	-	-	(43,774)	-
	6(15)	-	-	-	-	-	-	-	3,334	3,334
		\$ 788,184	\$ 695,473	\$ 45,222	\$ 135,531	\$ 191,161	(\$ 91,780)	\$ 184	(\$ 40,440)	\$ 1,723,535
		\$ 788,184	\$ 695,473	\$ 45,222	\$ 135,531	\$ 191,161	(\$ 91,780)	\$ 184	(\$ 40,440)	\$ 1,723,535
		-	-	-	-	107,390	-	-	-	107,390
		-	-	-	-	(1,375)	(46,071)	1,968	-	(45,478)
		-	-	-	-	106,015	(46,071)	1,968	-	61,912
	6(17)									
		-	-	15,804	-	(15,804)	-	-	-	-
		-	-	-	(43,935)	43,935	-	-	-	-
		-	-	-	-	(32,316)	-	-	-	(32,316)
	6(15)	-	(13,132)	-	-	-	-	-	29,497	16,365
		\$ 788,184	\$ 682,341	\$ 61,026	\$ 91,596	\$ 292,991	(\$ 137,851)	\$ 2,152	(\$ 10,943)	\$ 1,769,496

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

January 1 ~ December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

	Note	January 1 ~ December 31, 2023	January 1 ~ December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		\$ 199,171	\$ 258,586
Adjustment Items			
Profit and loss items			
Depreciation expense on property, plant and equipment	6(24)	105,737	96,063
Depreciation expense on investment property	6(24)	590	576
Depreciation expense on right-of-use assets	6(24)	25,112	31,522
Intangible assets amortization expense	6(24)	5,484	4,721
Expected credit impairment loss (gain)	12(2)	(76)	42
Finance costs	6(23)	23,084	13,858
Interest income	6(20)	(3,383)	(1,602)
Compensation costs of restricted stock awards	6(15)	16,365	3,334
Loss (gain) on disposal of property, plant and equipment	6(22)	-	8,426
Dividend revenue	6(21)	(109)	(680)
Lease modification loss (gain)	6(22)	-	(370)
Changes in operating assets and liabilities			
Changes in operating assets, net			
Notes receivables, net		254 (	145)
Accounts receivables		135,259 (	158,267)
Other receivables		(2,226)	750
Inventories		53,414 (	9,350)
Prepayments		(21)	(31,100)
Other current assets		498 (	479)
Changes in Liabilities Related to Operating			
Contractual liabilities - current		(2,768)	(122)
Notes payables		(11)	(29)
Accounts payables		(56,237)	61,665
Other payables		(17,793)	31,364
Provision - current		11,475	1,159
Other current liabilities - others		2,672	267
Other non-current liabilities - others		1,657 (	1,118)
Net defined benefit liabilities		(1,367)	(1,106)
Cash generated from operations		496,781	307,965
Interest received		3,383	1,602
Interest paid		(24,520)	(12,530)
Income tax paid		(51,419)	(10,489)
Income tax refunded		36	-
Net cash inflows from operating activities		424,261	286,548

(Continued on next page)

TaiHan Precision Technology Co., Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

January 1 ~ December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

	<u>Note</u>	<u>January 1 ~ December 31, 2023</u>	<u>January 1 ~ December 31, 2022</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Refund of paid-up capital for capital reduction from financial assets at fair value through other comprehensive income		\$ 584	\$ 255
Acquisition of property, plant and equipment	6(28)	(92,415)	(31,893)
Disposal of property, plant and equipment		-	823
Acquisition of property, plant and equipment- payment of notes payables		-	(10,950)
Prepayments for equipment (increase)		-	(63,707)
Decrease in prepayments for equipment		9,190	-
Acquisition of intangible assets		(3,735)	(2,035)
Decrease in guaranteed deposits paid		188	7,884
Guaranteed deposits paid (increase)		(3,560)	(7,327)
Other non-current assets - others (increase)		(141,373)	(20,887)
Dividends received		109	680
Net cash outflows from financing activities		(231,012)	(127,157)
<u>Cash flows from financing activities</u>			
Increase in short-term borrowings	6(29)	1,458,343	607,375
Repayment of short-term borrowings	6(29)	(1,500,394)	(575,948)
Repayment of long-term borrowings	6(29)	(140,064)	(25,900)
Increase in guaranteed deposits received	6(29)	4,087	-
Repayment of principal of lease liabilities	6(29)	(19,474)	(23,599)
Cash dividend paid	6(29)	(32,316)	(30,839)
Net cash outflows from financing activities		(229,818)	(48,911)
Exchange effects		(49,172)	32,030
INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS		(85,741)	142,510
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		679,818	537,308
CASH AND CASH EQUIVALENTS, END OF YEAR		\$ 594,077	\$ 679,818

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, 2023 and 2022

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

1. History of the Company

- (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, manufacturing, and trading of various precision molds, tooling, and plastic molding products.
- (2) The Company's shares have been listed and transacted on TPEx since November 2007.
- (3) The Speed Tech Corporation Group owns the Company's equity and is the single largest shareholder of the Company and has substantial control over the Company's personnel, finances, and operations and will become the parent company in August 2021. In addition, Luxshare Precision Industry Co., Ltd. (registered and established in People's Republic of China) is the ultimate parent 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 8, 2024.

3. Application of newly issued and revised standards and interpretations

- (1) The impacts of adopting new or revised IFRS accounting standards endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the "FSC")

The following table summarizes the newly issued, amended, and revised IFRS accounting standards and interpretations of IFRS accounting standards endorsed by the FSC for 2023:

	<u>Effective Date</u> <u>Issued</u> <u>by IASB</u>
<u>New, Revised, or Amended Standards or Interpretations</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 single transaction"	January 1, 2023
Amendments to IAS 12 "International Tax Reform — Pillar Two Model Rules"	May 23, 2023

Except as explained below, the Group has evaluated that the above standards and interpretations do not have a significant effect on the Group's financial position and financial performance:

Amendments to IAS 12 "Deferred tax related to assets and liabilities arising from single transaction"

The amendments request entities to recognize the relevant deferred tax assets and liabilities for initial recognition of single transactions give rise to equal taxable and deductible temporary differences.

The Group recognized deferred tax assets and liabilities for all the deductible and taxable temporary differences of right-of-use assets and lease liabilities as of January 1, 2022. As of December 31, 2023, December 31, 2022, and January 1, 2022, the deferred tax assets have been increased by \$37,268, \$43,838, and \$6,696 and the deferred tax liabilities have been increased by \$37,268, \$43,838, and \$6,696, respectively.

- (2) The standards or interpretations issued by the International Accounting Standards Board and endorsed by the FSC which have not yet been adopted as of the date of authorization for issue

The following table summarizes the new, amended, and revised IFRS accounting standards and interpretations of IFRS accounting standards approved by the FSC for application in 2024:

<u>New Issues / Amendments / Revised Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 16 "Lease Liability in Sale and Leaseback"	January 1, 2024
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024

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

- (3) The IFRS accounting standards 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 IFRS accounting standards issued by the IASB that have not yet been incorporated into IFRS accounting standards endorsed by the FSC:

<u>New Releases / Amendments / Revised Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17 "Comparative Information of the Initial Application of IFRS 17 and IFRS 9"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

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.

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 consolidated financial statements have been prepared 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 (hereinafter referred to as IFRSs) as endorsed and issued by the FSC, which are effective.

(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 at fair value through other comprehensive income or loss that are measured at fair value.
 - (2) 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 IFRS accounting standards requires the use of certain critical accounting estimates. The process of applying 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 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

Name of Investment Company	Name of Subsidiaries	Business Scope	Percentage of Ownership		Note
			December 31, 2023	December 31, 2022	
The Company	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	Professional Investment Business	100%	100%	-
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN HOLDING (SAMOA) CO., LTD.	Professional Investment Business	100%	100%	-
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	YONGHAN HOLDING (SAMOA) CO., LTD.	Professional Investment Business	100%	100%	-
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN HOLDING PHILIPPINES CO., LTD.	Professional Investment Business	100%	100%	-
TAIHAN HOLDING (SAMOA) CO., LTD.	TaiHan Mold Products (Dongguan) Co., Ltd.	Production and sales of various precision molds and plastic products, etc.	100%	100%	Note 1
YONGHAN HOLDING (SAMOA) CO., LTD.	YONGHAN PRECISION TECHNOLOGY CO., LTD.	Production and sales of various precision molds and plastic products, etc.	100%	100%	Note 2
TAIHAN HOLDING PHILIPPINES CO., LTD.	TAIHANLAND (PHILIPPINES) INC.	Holding the land and plant of the production base	100%	100%	Note 3
TAIHAN HOLDING PHILIPPINES CO., LTD.	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	Production and sales of various precision molds and plastic products, etc.	100%	100%	Note 4

All of the above subsidiaries included in the consolidated financial statements as of December 31, 2023 and 2022 are significant subsidiaries and have been audited by our accountants.

Note 1: 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, among others.

Note 2: 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 3: 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 4: 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 functional currency of the Company is "New Taiwan Dollar." And the functional currencies of subsidiaries are "New Taiwan Dollar," "CNY," "VND," and "USD." 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. For those which are 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 Non-current 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 are short-term, highly liquid investments that are readily convertible to a fixed amount of cash with minimal risk of changes in value. Time deposits that meet the above definition and are held to meet short-term cash commitments for operating purposes are classified as cash equivalents.

(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 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.

(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 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, 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.

(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 that are not interest-bearing are measured at the original invoice amount because the effect of discounting is not significant.

(10) 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.

(11) Derecognition of financial assets

Financial assets are derecognized when the Group'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

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.

(14) 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

(15) 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.

(16) 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.

(17) 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.

(18) 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.

(19) 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.

(20) 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.

(21) Derecognition of financial liabilities

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

(22) Provisions

A provision (warranty liability) is a present legal or constructive obligation or arising from past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and shall be recognized when the amount of the obligation can be measured with sufficient reliability. The amount recognized as a provision shall be the best estimate present value of the expenditure required to settle the obligation at the balance sheet date.

(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 Restricted Stock Awards

(1) Compensation cost is recognized at the grant date based on 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) Income tax

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

Cash dividends from earnings distribution in 2021 and 2020 are recognized as a liability in the financial statements when the Company's stockholders resolve to distribute them. Cash dividends from earnings distribution after 2022 are recognized as a liability in the financial statements upon a special resolution of the board of directors in accordance with the Company's Articles of Incorporation. In addition, stock dividends are recognized as stock dividends to be distributed when the Company's stockholders resolve to distribute them and are transferred to common stock on the basis date of issuance of new shares.

(28) Revenue Recognition

1. The Group sells various precision molds and plastic. Sales revenue 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) Operating Segment

The Group's operating segment 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. Significant 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) Significant judgments in the adoption of accounting policies

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

(2) Significant Accounting Estimates and Assumptions

1. Valuation 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.

Please refer to Note 6(5) for the carrying amount of inventories as of December 31, 2023.

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.

Please refer to Note 6(4) for the carrying amount of accounts receivables as of December 31, 2023.

6. Description of significant accounting items

(1) Cash and Cash Equivalents

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Cash on hand	\$ 801	\$ 820
Checking Deposit and Savings Deposit	537,983	678,998
Cash equivalents – time bank deposits	<u>55,293</u>	<u>-</u>
	<u>\$ 594,077</u>	<u>\$ 679,818</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 other comprehensive income

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Non-current Items:		
Equity instruments		
Stocks of unlisted companies (Note)	\$ 2,340	\$ 2,924
Valuation Adjustment	<u>2,152</u>	<u>184</u>
	<u>\$ 4,492</u>	<u>\$ 3,108</u>

Note: The investee implemented capital reduction and returned the payment for shares at the amounts of \$584 and \$255 in December 2023 and 2022, respectively, for adjustments of operating strategies.

1. The Group chose to classify strategic investments in stocks as financial assets at fair value through other comprehensive income.
2. Please refer to the consolidated statements of comprehensive income for the amounts recognized in comprehensive income (loss) arising from financial assets at fair value through other comprehensive income.
3. The Group has not pledged financial assets at fair value through other comprehensive income as collateral.
4. Please refer to Note 12(3) for the related fair value information.

(3) Financial assets measured at amortized cost

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Current Items:		
Time deposits with maturity of more than three months to less than one year	<u>\$ 1,902</u>	<u>\$ 1,956</u>
The Group has not pledged financial assets measured at amortized cost as security.		

(4) Accounts receivable

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Notes Receivable	\$ -	\$ 254
Accounts Receivable	\$ 420,693	\$ 555,952
Less: Allowance for losses	<u>(139)</u>	<u>(185)</u>
	<u>\$ 420,554</u>	<u>\$ 555,767</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, 2023 and 2022 were all generated from customer contracts, and the balance of notes and accounts receivables from customer contracts as of January 1, 2022 was \$397,800.
3. Group does not hold any collateral for its accounts receivable.

(5) Inventory

	<u>December 31, 2023</u>	
<u>Cost</u>	<u>Allowance for</u> <u>decline in value</u>	<u>Carrying amount</u>

Raw Materials	\$	54,198	(\$	3,254)	\$	50,944
In Production		20,320	(	1,202)		19,118
Finished products		79,282	(	5,206)		74,075
	\$	<u>153,800</u>	(\$	<u>9,662</u>)	\$	<u>144,137</u>

				<u>December 31, 2022</u>		
		<u>Cost</u>		<u>Allowance for decline in value</u>		<u>Carrying amount</u>
Raw Materials	\$	87,201	(\$	4,284)	\$	82,917
In Production		39,029	(	592)		38,437
Finished products		86,129	(	9,932)		76,197
	\$	<u>212,359</u>	(\$	<u>14,808</u>)	\$	<u>197,551</u>

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

	<u>2023</u>	<u>2022</u>
Cost of inventories sold	\$ 1,932,225	\$ 2,191,888
Loss on decline in value of inventories (gain on reversal) (	<u>5,146)</u>	<u>7,553</u>
	<u>\$ 1,927,079</u>	<u>\$ 2,199,441</u>

The Group had a reversal benefit due to the destocking for the inventories that were previously recognized as a loss on decline in value.
(Blank below)

(6) Property, plant and equipment

2023

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Transportation Equipment</u>	<u>Office Equipment</u>	<u>Other Equipment</u>	<u>Unfinished construction and equipment pending acceptance</u>	<u>Total</u>
January 1								
Cost	\$ 67,091	\$ 733,214	\$ 1,077,553	\$ 20,847	\$ 11,949	\$ 11,515	\$ 44,807	\$ 1,966,976
Accumulated depreciation and impairment	-	(178,213)	(834,395)	(17,813)	(9,994)	(8,000)	-	(1,048,415)
	<u>\$ 67,091</u>	<u>\$ 555,001</u>	<u>\$ 243,158</u>	<u>\$ 3,034</u>	<u>\$ 1,955</u>	<u>\$ 3,515</u>	<u>\$ 44,807</u>	<u>\$ 918,561</u>
January 1	\$ 67,091	\$ 555,001	\$ 243,158	\$ 3,034	\$ 1,955	\$ 3,515	\$ 44,807	\$ 918,561
Additions	-	23,614	26,577	3,012	1,269	5,261	28,241	87,974
Reclassification	-	24,442	34,565	6,244	282	5,049	(53,584)	16,998
Depreciation expense	-	(25,173)	(74,469)	(2,499)	(740)	(2,856)	-	(105,737)
Net exchange difference	37	(23,808)	374	(2,120)	(668)	(411)	8,950	(17,646)
December 31	<u>\$ 67,128</u>	<u>\$ 554,076</u>	<u>\$ 230,205</u>	<u>\$ 7,671</u>	<u>\$ 2,098</u>	<u>\$ 10,558</u>	<u>\$ 28,414</u>	<u>\$ 900,150</u>
December 31								
Cost	\$ 67,128	\$ 832,917	\$ 1,229,956	\$ 26,994	\$ 23,221	\$ 20,329	\$ 28,414	\$ 2,228,959
Accumulated depreciation and impairment	-	(278,841)	(999,751)	(19,323)	(21,123)	(9,771)	-	(1,328,809)
	<u>\$ 67,128</u>	<u>\$ 554,076</u>	<u>\$ 230,205</u>	<u>\$ 7,671</u>	<u>\$ 2,098</u>	<u>\$ 10,558</u>	<u>\$ 28,414</u>	<u>\$ 900,150</u>

2022

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Transportation Equipment</u>	<u>Office Equipment</u>	<u>Other Equipment</u>	<u>Unfinished construction and equipment pending acceptance</u>	<u>Total</u>
January 1								
Cost	\$ 66,104	\$ 702,342	\$ 1,024,625	\$ 21,680	\$ 11,736	\$ 23,359	\$ 35,314	\$ 1,885,160
Accumulated depreciation and impairment	-	(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>
January 1	\$ 66,104	\$ 534,843	\$ 268,983	\$ 5,402	\$ 1,341	\$ 10,420	\$ 35,314	\$ 922,407
Additions	-	10,592	13,101	-	886	1,472	77	26,128
Disposal	-	(1,482)	(1,214)	-	-	(6,553)	-	(9,249)
Reclassification	-	6,032	27,272	16	247	1,617	4,664	39,848
Depreciation expense	-	(21,969)	(68,719)	(2,444)	(1,048)	(1,883)	-	(96,063)
Net exchange difference	987	26,985	3,735	60	529	(1,558)	4,752	35,490
December 31	<u>\$ 67,091</u>	<u>\$ 555,001</u>	<u>\$ 243,158</u>	<u>\$ 3,034</u>	<u>\$ 1,955</u>	<u>\$ 3,515</u>	<u>\$ 44,807</u>	<u>\$ 918,561</u>
December 31								
Cost	\$ 67,091	\$ 733,214	\$ 1,077,553	\$ 20,847	\$ 11,949	\$ 11,515	\$ 44,807	\$ 1,966,976
Accumulated depreciation and impairment	-	(178,213)	(834,395)	(17,813)	(9,994)	(8,000)	-	(1,048,415)
	<u>\$ 67,091</u>	<u>\$ 555,001</u>	<u>\$ 243,158</u>	<u>\$ 3,034</u>	<u>\$ 1,955</u>	<u>\$ 3,515</u>	<u>\$ 44,807</u>	<u>\$ 918,561</u>

1. For the years 2023 and 2022, 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.

(7) Lease transaction - lessee

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 8 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, 2023	\$ 12,429	\$ 178,069	\$ -	\$ 190,498
Additions	-	487	3,317	3,804
Depreciation expense(	421)	(24,415)	(276)	(25,112)
Effect of exchange rate changes	(401)	8,422	-	8,021
December 31, 2023	<u>\$ 11,607</u>	<u>\$ 162,563</u>	<u>\$ 3,041</u>	<u>\$ 177,211</u>

	<u>Land Use Rights</u>	<u>Building Construction</u>	<u>Transportation Equipment</u>	<u>Total</u>
January 1, 2022	\$ 11,917	\$ 30,246	\$ -	\$ 42,163
Additions	-	186,952	-	186,952
Early termination	-	(7,525)	-	(7,525)
Depreciation expense(	412)	(31,110)	-	(31,522)
Effect of exchange rate changes	924	(494)	-	430
December 31, 2022	<u>\$ 12,429</u>	<u>\$ 178,069</u>	<u>\$ -</u>	<u>\$ 190,498</u>

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

	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss for the period</u>		
Interest expense on lease liabilities	\$ 7,912	\$ 4,935
Lease payments for assets of low value	311	462
Lease modification loss (benefit)	-	(370)
	<u>\$ 8,223</u>	<u>\$ 5,027</u>

4. In addition to the cash outflow for lease related expenses mentioned in Note 6(7)(3) above, please refer to Note 6(29) for the Group's total cash outflow for principal repayment of lease liabilities for 2023 and 2022.
5. Please refer to Note 8 for information on right-of-use assets pledged as collaterals.

(8) Lease transaction - lessor

1. The underlying assets of the lease are the warehouses, and the lease term is 3 years. Lease contracts are negotiated individually and contain various terms and conditions. In order to guarantee the condition of assets, without the consent of lessor, the underlying assets of the leases shall not be sub-leased, lent, sold, or used by other parties in other ways, and the leasehold shall not be transferred to other parties.
2. Please refer to Note 6(21) for the rental income recognized based on operating lease contracts in 2023 and 2022. There is no variable lease payment.
3. The maturity analysis of lease payments under operating lease is as follows:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
2023	-	6,352
2024	1,141	1,059
	<u>\$ 1,141</u>	<u>\$ 7,411</u>

(9) Investment property

	<u>2023</u>			
	<u>Land</u>		<u>Buildings and structures</u>	<u>Total</u>
January 1				
Cost	\$ 3,183	\$	28,919	\$ 32,102
Accumulated depreciation	-	(	1,735)	(1,735)
	<u>\$ 3,183</u>	<u>\$</u>	<u>27,184</u>	<u>\$ 30,367</u>
January 1				
Depreciation expense	-	(	590)	(590)
Net exchange difference	2		19	21
December 31	<u>\$ 3,185</u>	<u>\$</u>	<u>26,613</u>	<u>\$ 29,798</u>
December 31				
Cost	\$ 3,185	\$	29,278	\$ 32,463
Accumulated depreciation	-	(	2,665)	(2,665)
	<u>\$ 3,185</u>	<u>\$</u>	<u>26,613</u>	<u>\$ 29,798</u>
	<u>2022</u>			
	<u>Land</u>		<u>Buildings and structures</u>	<u>Total</u>
January 1				
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>
January 1	\$ 3,136	\$ 27,354
Depreciation expense	- (576)	(576)
Net exchange difference	47	406
December 31	<u>\$ 3,183</u>	<u>\$ 27,184</u>
		<u>\$ 30,367</u>
December 31		
Cost	\$ 3,183	\$ 28,919
Accumulated depreciation	- (1,735)	(1,735)
	<u>\$ 3,183</u>	<u>\$ 27,184</u>
		<u>\$ 30,367</u>

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

	<u>2023</u>	<u>2022</u>
Rental income from investment properties	<u>\$ 7,054</u>	<u>\$ 6,389</u>
Direct operating expenses incurred on investment properties that generate rental income in the current period	<u>\$ 590</u>	<u>\$ 576</u>

2. The fair values of investment properties held by the Group as of December 31, 2023 and 2022 were \$33,089 and \$33,223 respectively, and were valued based on the market evidence of significant assumptions and valuation of similar property transactions prices by the management.

3. Please refer to Note 8 for the information on investment properties pledge as collaterals.

(10) Other non-current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepayments for land use rights	\$ 158,569	\$ 17,523
Prepayments for intangible assets	<u>3,691</u>	<u>3,364</u>
	<u>\$ 162,260</u>	<u>\$ 20,887</u>

(11) Short-term borrowings

<u>Nature of loan</u>	<u>December 31, 2023</u>	<u>Interest Rate Range</u>	<u>Collateral</u>
Bank Loans			
Credit Loan	<u>\$ 119,800</u>	6.40%	None
<u>Nature of loan</u>	<u>December 31, 2022</u>	<u>Interest Rate Range</u>	<u>Collateral</u>
Bank Loans			
Credit Loan	<u>\$ 159,806</u>	4.90%-5.25%	None

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

(12) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries and bonuses payable	\$ 33,865	\$ 38,246
Compensation payable to employees and directors and supervisors	14,536	17,801
Processing fees payable	2,342	8,975
Payables for equipment	1,292	5,733
Utilities payable	4,787	4,227
Package fees payable	3,857	10,498
Service expenses payable	6,570	5,738
Other	28,759	28,460
	<u>\$ 96,008</u>	<u>\$ 119,678</u>

(13) Long-term borrowings

For the year ended December 31, 2023: None.

<u>Nature of loan</u>	<u>Loan Period and Repayment Method</u>	<u>Interest Rate Range</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long-term bank loans	Interest is payable quarterly from	5.48%	Please refer to	\$ 138,967
Mega Bank	July 30, 2020 to July 30, 2027, with principal repayment in installments beginning in the 13th month		Note 8 for details.	
Less: Long-term borrowings due within one year or one business cycle			(	29,258)
			\$	<u>109,709</u>

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

(14) Pension

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, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	(\$ 15,249)	(\$ 15,330)
Fair value of planned assets	<u>13,593</u>	<u>14,026</u>
Net defined benefit obligation	<u>(\$ 1,656)</u>	<u>(\$ 1,304)</u>

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

	<u>Defined Benefits Present Value of Volunteer Services</u>	<u>Planned assets Fair value</u>	<u>Net defined benefit Assets (liabilities)</u>
2023			
Balance as of January 1	(\$ 15,330)	\$ 14,026	(\$ 1,304)
Current service cost	(166)	-	(166)
Interest (expense) income	(215)	<u>205</u>	(10)
	<u>(15,711)</u>	<u>14,231</u>	<u>(1,480)</u>
Remeasurements.			
Return on plan assets (excluding amounts included in interest income or expenses)	-	21	21
Effect of changes in demographic assumptions	-	-	-
Effect of changes in financial assumptions	(116)	-	(116)
Experience Adjustments	(1,624)	-	(1,624)
	<u>(1,740)</u>	<u>21</u>	<u>(1,719)</u>
	-	1,543	1,543
Contribution to retirement fund	<u>2,202</u>	<u>(2,202)</u>	<u>-</u>
Balance on December 31	<u>(\$ 15,249)</u>	<u>\$ 13,593</u>	<u>(\$ 1,656)</u>
2022			
Balance as of January 1	(\$ 14,529)	\$ 11,825	(\$ 2,704)
Current service cost	(156)	-	(156)
Interest (expense) income	(109)	<u>93</u>	(16)
	<u>(14,794)</u>	<u>11,918</u>	<u>(2,876)</u>
Remeasurements.			
Return on plan assets (excluding amounts included in interest income or expenses)	-	830	830
Effect of changes in financial assumptions	841	-	841
Experience Adjustments	(1,377)	-	(1,377)
	<u>(536)</u>	<u>830</u>	<u>294</u>
Contribution to retirement fund	<u>-</u>	<u>1,278</u>	<u>1,278</u>
Balance on December 31	<u>(\$ 15,330)</u>	<u>\$ 14,026</u>	<u>(\$ 1,304)</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, 2023 and 2022, 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>2023</u>	<u>2022</u>
Discount rate	<u>1.30%</u>	<u>1.40%</u>
Future salary increase rate	<u>2.50%</u>	<u>2.50%</u>

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

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

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase of</u>	<u>Reduction of</u>	<u>Increase of</u>	<u>Reduction of</u>
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
<u>December 31, 2023</u>				
Effect on the present value of defined benefit obligations	(\$ 297)	\$ 305	\$ 292	(\$ 285)
<u>December 31, 2022</u>				
Effect on the present value of defined benefit obligations	(\$ 330)	\$ 341	\$ 327	(\$ 319)

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 2024 is \$1,543.

(7) As of December 31, 2023, the weighted-average duration of the retirement plan is 7 years. An analysis of the maturity of pension payments is presented below:

	<u>Amount</u>
Within 1 year	\$ 10,581
1 ~ 5 years	7,128
	<u>\$ 17,709</u>

2. Defined contribution plan

(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 2023 and 2022, the Group recognized pension costs of \$11,871 and \$12,618, respectively, based on the above pension plan.

(15) Share Based Payment

1. The share-based payment agreements of the Group:

The issuance of restricted stock awards has been resolved by the special meeting of shareholders on October 26, 2022. The total number of shares issued is 2,000 thousand of shares, with par value of NT\$10. The total amount issued is \$20,000. The subscription price of employees is NT\$0 per share, and the actual date of issuance is authorized to be determined by the chairman. The restricted stock awards have been effective registration by the competent authorities and have been resolved by the board of directors to issue (grant) 1,720 thousand of shares. The restricted stock awards are granted to the full-time employees of the Company.

<u>Type of agreement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Period</u>	<u>Vesting condition</u>
Restricted stock award	November 14, 2022	1,720 thousands of shares	3 years	Satisfaction of performance conditions(Note)

Note: After satisfaction of personal performance conditions and company's performance conditions, the highest vesting ratios for each year based on service conditions are as follows:

(1) Serving for 1 year after the grant, 30% of the granted quantity ;

(2) Serving for 2 years after the grant, 30% of the granted quantity ;

(3) Serving for 3 years after the grant, 40% of the granted quantity.

2. The detailed information of the aforementioned share-based payment agreement

	2023		2022	
	Quantity (thousands of shares)	Weighted-average exercise price (NTD)	Quantity (thousands of shares)	Weighted-average exercise price (NTD)
Outstanding restricted stock awards as of January 1	1,720		-	
Restricted stock awards granted to employees in the current period	-	-	1,720	-
Restricted stock awards vested in the current period	(516)	-	-	-
Restricted stock awards as of December 31	<u>1,204</u>		<u>1,720</u>	

3. The maturity date and the exercise price of outstanding stock options at the balance sheet date

<u>Type of agreement</u>	<u>Grant date</u>	<u>Maturity date</u>	<u>December 31, 2023</u>	
			Number of shares (in thousands)	Exercise price (NT\$)
Restricted stock award	November 14, 2022	November 31, 2025	1,204	-

<u>Type of agreement</u>	<u>Grant date</u>	<u>Maturity date</u>	<u>December 31, 2022</u>	
			<u>Number of shares (in thousands)</u>	<u>Exercise price (NT\$)</u>
Restricted stock award	November 14, 2022	November 31, 2025	1,720	-

4. The information on the fair value of the share-based payments granted is as follows:

Type of agreement	Grant date	Stock price (NT\$)	Exercise price (NT\$)	Expected volatility	Expected duration	Expected dividends	Risk-free rate	Fair value per share (NT\$)
Restricted stock award	November 14, 2022	25.45	-	N/A	N/A	N/A	N/A	25.45

5. Relevant effect arising from share-based payment transactions

Salary expenses

The restricted stock award will be granted to employees the 30% portion after serving for 2 years after granted. As it is expected that performance conditions will not be satisfied in the second year, the salary expenses recognized after the adjustments are as follows:

	2023	2022
Restricted stock award	\$ <u>16,365</u>	\$ <u>3,334</u>

(16) Share Capital

1. As of December 31, 2023, the Company have an authorized capital of \$1,500,000, divided into 150,000 thousand shares and a paid-in capital of \$788,184 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>2023</u>	<u>2022</u>
<u>Share Capital</u>		
January 1	78,818	77,098
Issuance of restricted stock award	<u>-</u>	<u>1,720</u>
December 31	<u>78,818</u>	<u>78,818</u>

2. In order to attract and retain professionals required by the Company, the issuance of restricted stock awards has been resolved by the special meeting of shareholders on October 26, 2022, and the grant has been resolved by the board of directors on November 14, 2022. The total number of shares issued is 1,720 thousand of shares, with par value of NT\$10. The base date of the issuance of new shares is November 25, 2022. The vesting conditions are the satisfaction of both personal serving periods of granted employees and performance evaluation standards. If vesting conditions are not satisfied, the shares of the employees will be bought back entirely by the issuance price and cancelled.

(17) Capital surplus

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. The changes in capital surplus are as follows:

	<u>2023</u>				
	<u>Issue Premium</u>	<u>Treasury Stock Transactions</u>	<u>RSA</u>	<u>Other</u>	<u>Total</u>
January 1	\$ 615,083	\$ 53,673	\$ 26,574	\$ 143	\$ 695,473
Compensation cost of restricted stock award	-	-	(13,132)	-	(13,132)
Restricted stock award vested	<u>7,972</u>	<u>-</u>	<u>(7,972)</u>	<u>-</u>	<u>-</u>
December 31	<u>\$ 623,055</u>	<u>\$ 53,673</u>	<u>\$ 5,470</u>	<u>\$ 143</u>	<u>\$ 682,341</u>
	<u>2022</u>				
	<u>Issue Premium</u>	<u>Treasury Stock</u>	<u>RSA</u>	<u>Other</u>	<u>Total</u>

		<u>Transactions</u>			
January 1	\$ 615,083	\$ 53,673	\$ -	\$ 143	\$ 668,899
Issuance of Restricted stock award	-	-	26,574	-	26,574
December 31	<u>\$ 615,083</u>	<u>\$ 53,673</u>	<u>\$ 26,574</u>	<u>\$ 143</u>	<u>\$ 695,473</u>

(18) Retained earnings/subsequent events

1. (1) Based on the Company's Articles of Incorporation amended by the shareholders meeting on May 31, 2022

Based on the Company's Articles of Incorporation before the amendments before the resolution made by the shareholders meeting held on May 31, 2022

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, which shall be made by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors. Besides, according to Article 240, paragraph 5 of the Company Act, distributable dividends and bonuses in whole or in part may be paid in cash, and according to Article 241 of the Company Act, distributing the legal reserve and the capital reserve, in whole or in part in cash, must be reported during the shareholders' meeting.

- (2) Based on the Company's Articles of Incorporation before the amendments before the resolution made by the shareholders meeting held on May 31, 2022

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 be reported during the shareholders' meeting.

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.

2. 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.
3. 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.
4. The Company's earnings distribution is as follows.:

- (1) At the ordinary shareholders' meetings held on June 13, 2023 and May 31, 2022, it was resolved that the appropriation of earnings for 2022 and 2021 be approved as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	Dividend per share (\$)	<u>Amount</u>	Dividend per share (\$)
Provision of legal	\$ 15,804		\$ 7,700	

reserve				
Provision (reversal) of special reserve	(43,935)		43,199	
Cash dividends	<u>32,316</u>	0.41	<u>30,839</u>	0.40
	<u>\$ 4,185</u>		<u>\$ 81,738</u>	

(2) The Board of Directors resolved on March 8, 2024 to distribute earnings for fiscal 2023 as follows:

	<u>2023</u>	Dividend per share
	<u>Amount</u>	(\$)
Provision for legal reserve	\$ 10,601	
Provision for special reserve	44,103	
Cash dividends	<u>32,104</u>	0.41
	<u>\$ 86,808</u>	

(19) Operating revenue

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>2023</u>	<u>2022</u>
	<u>Revenue from</u>	<u>Revenue from</u>
	<u>customer contracts</u>	<u>customer contracts</u>
Molds	\$ 267,537	\$ 138,543
Plastic molding	<u>2,049,061</u>	<u>2,530,609</u>
	<u>\$ 2,316,598</u>	<u>\$ 2,669,152</u>

2. Contract Liabilities

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

	<u>December 31,</u>	<u>December 31,</u>	<u>January 1, 2022</u>
	<u>2023</u>	<u>2022</u>	
Contractual liabilities – sales of goods	\$ 202	\$ 2,970	\$ 3,092

(2) The amount of revenue recognized in the current period for the opening contract liabilities for 2023 and 2022 was \$2,970 and \$3,092, respectively.

(20) Interest income

	<u>2023</u>	<u>2022</u>
Bank Deposit Interest	\$ 3,262	\$ 1,514
Interest income on financial assets measured at amortized cost	<u>121</u>	<u>88</u>
	<u>\$ 3,383</u>	<u>\$ 1,602</u>

(21) Other income

	<u>2023</u>	<u>2022</u>
Rental Income	\$ 7,054	\$ 6,389
Dividend income	109	680
Indemnity income	-	4,090
Other	<u>2,560</u>	<u>5,110</u>
	<u>\$ 9,723</u>	<u>\$ 16,269</u>

(22) Other gains and (losses)

	<u>2023</u>	<u>2022</u>
Gain (loss) on disposal of property, plant and equipment	\$ -	(\$ 8,426)
Gain (loss) on lease modification	-	370
Net foreign currency exchange gains (losses)	47,797	25,178
Other	<u>(739)</u>	<u>(8,721)</u>
	<u>\$ 47,058</u>	<u>\$ 8,401</u>

(23) Financial Costs

	<u>2023</u>	<u>2022</u>
Interest charges on bank loans	\$ 15,125	\$ 8,923
Interest expense on lease liabilities	7,912	4,935
Others	<u>47</u>	<u>-</u>
	<u>\$ 23,084</u>	<u>\$ 13,858</u>

(24) Additional information on the nature of fees

	<u>2023</u>	<u>2022</u>
Employee benefit expenses	<u>\$ 448,249</u>	<u>\$ 420,404</u>
Depreciation expense on property, plant and equipment	<u>\$ 105,737</u>	<u>\$ 96,063</u>
Depreciation of right-of-use assets	<u>\$ 25,112</u>	<u>\$ 31,522</u>
Depreciation expense on investment property	<u>\$ 590</u>	<u>\$ 576</u>
Amortization of intangible assets	<u>\$ 5,484</u>	<u>\$ 4,721</u>

(25) Employee benefit expenses

	<u>2023</u>	<u>2022</u>
Salary Costs	\$ 369,601	\$ 336,452
Labor and Health Insurance Costs	37,032	38,567

Pension Fees	12,047	12,790
Directors' remuneration	4,817	7,320
Other employee benefit expenses	24,752	25,275
	<u>\$ 448,249</u>	<u>\$ 420,404</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 \$7,136 and \$11,126 for 2023 and 2022 respectively, and the compensation to directors is estimated to be \$4,282 and \$6,675 respectively, and the aforementioned amount is recorded as salary expense. For 2023, the amount is estimated at 4.17% and 2.50%, respectively, based on the profitability of the year.
The remuneration to employees and remuneration to directors and supervisors for 2022, resolved by the Board of Directors, amounted to \$11,126 and \$6,675 respectively, which were consistent with the amounts recognized in the financial statements for 2021 and were paid in cash amount of \$8,008 and \$6,675 respectively, for the year ended December 31, 2023.
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>2023</u>	<u>2022</u>
Current income tax:		
Income taxes arising from current income	\$ 45,386	\$ 52,567
Surtax on unappropriated earnings	7,693	-
(Overestimation) Underestimation of prior years' income tax	(4,561)	1,580
Total current income tax	<u>48,518</u>	<u>54,147</u>
Deferred income tax:		
Origination and reversal of temporary differences	43,263	46,632
Income tax expense	<u>\$ 91,781</u>	<u>\$ 100,779</u>

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

	<u>2023</u>	<u>2022</u>
Translation differences between foreign (\$ operating entities	11,517	\$ 11,158
Actuarial gains and losses on defined benefit plans	(344)	59
	<u>(\$ 11,861)</u>	<u>\$ 11,217</u>

- (3) The Group has no income tax related to direct debit or credit interests for the years 2023 and 2022.

2. Relationship between income tax expense and accounting profit

<u>2023</u>	<u>2022</u>
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Income tax on net income before income tax at statutory rate (Note)	\$	62,686	\$	91,254
Expenses excluded under the tax law		1,712		2,107
Tax-exempt domestic dividend revenue	(	22)	(	136)
Tax losses not recognized as deferred tax assets		15,213		3,562
Underestimation (overestimation) of prior years' income tax	(	4,561)		1,580
Foreign income tax		248		77
Surtax on unappropriated earnings		7,693		-
Others		8,812		2,335
Income tax expense	\$	91,781	\$	100,779

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>2023</u>			
	<u>January 1</u>	<u>Recognized in (Loss) gain</u>	<u>Recognized in other comprehensive (loss) income</u>
Deferred income tax assets:			<u>December 31</u>
Temporary differences:			
- Allowance for loss on decline in value of inventories	\$ -	\$ -	\$ -
- Accrued pension liability	1,585	-	344
- Exchange differences of foreign operating institutions	22,948	-	11,517
- Effect of lease liabilities	43,838	(6,570)	-
- Others	2,198	(1,597)	-
Tax loss	28,571	573	-
Subtotal	99,140	(7,594)	11,861
Deferred income tax liabilities:			
Temporary differences:			
- Accumulated foreign investment benefits recognized under the equity method	(106,508)	(41,222)	-
- Effect of right-of-use assets	(43,838)	6,570	-
- Others	(704)	(1,017)	-
Subtotal	(151,050)	(35,669)	-
Total	(\$ 51,910)	(\$ 43,263)	\$ 11,861

<u>2022</u>			
	<u>January 1</u>	<u>Recognized in (Loss) gain</u>	<u>Recognized in other comprehensive (loss) income</u>
Deferred income tax assets:			<u>December 31</u>

Temporary differences:				
- Allowance for loss on decline in value of inventories	\$ 139	(\$ 139)	\$ -	\$ -
- Accrued pension liability	1,644	-	(59)	1,585
- Exchange differences of foreign operating institutions	34,106	-	(11,158)	22,948
- Effect of lease liabilities	6,696	37,142	-	43,838
- Others	1,908	290	-	2,198
Tax loss	33,618	(5,047)	-	28,571
Subtotal	78,111	32,246	(11,217)	99,140
Deferred income tax liabilities:				
Temporary differences:				
- Accumulated foreign investment benefits recognized under the equity method	(64,772)	(41,736)	-	(106,508)
- Effect of right-of-use assets	(6,696)	(37,142)	-	(43,838)
- Others	(704)	-	-	(704)
Subtotal	(72,172)	(78,878)	-	(151,050)
Total	\$ 5,939	(\$ 46,632)	(\$ 11,217)	(\$ 51,910)

4. The effective period of the Group's unused tax losses and the amount of unrecognized deferred income tax assets as of December 31, 2023 and 2022 are as follows:

		December 31, 2023		Income not recognized		Lase
	Year of occurrence	Tax loss	Amount not deducted	as deferred tax assets		deductible year
The Company	2017 (Approved)	\$ 344,150	\$ 73,081	\$ -	-	2027
	2018 (Approved)	28,848	28,848	-	-	2028
	2021 (Approved)	1,524	1,524	-	-	2031
	2023 (Declared)	42,267	42,267	-	-	2033
		\$ 416,789	\$ 145,720	\$ -	-	
TaiHan Dongguan	2017 (Approved)	\$ 14,992	\$ 14,992	\$ 14,992	-	2022
	2020 (Approved)	25,131	25,131	25,131	-	2025
	2021 (Approved)	28,412	28,412	28,412	-	2026
	2022 (Approved)	52,975	52,975	52,975	-	2026
	2023 (Declared)	60,853	60,853	60,853	-	2028
		\$ 182,363	\$ 182,363	\$ 182,363	-	
		\$ 599,152	\$ 328,083	\$ 182,363	-	

December 31, 2022

	Year of occurrence	Tax loss	Amount not deducted	Income not recognized as deferred tax assets	Last deductible year
The Company	2017 (Approved)	\$ 344,150	\$ 110,591	\$ -	2027
	2018 (Approved)	28,848	28,848	-	2028
	2021 (Declared)	3,632	3,632	-	2031
		<u>\$ 376,630</u>	<u>\$ 143,071</u>	<u>\$ -</u>	
TaiHan Dongguan	2017 (Approved)	\$ 14,992	\$ 14,992	\$ 14,992	2022
	2020 (Approved)	25,131	25,131	25,131	2025
	2021 (Approved)	28,412	28,412	28,412	2026
	2022 (Declared)	14,248	14,248	14,248	2026
		<u>\$ 82,783</u>	<u>\$ 82,783</u>	<u>\$ 82,783</u>	
		<u>\$ 459,413</u>	<u>\$ 225,854</u>	<u>\$ 82,783</u>	

5. As of December 31, 2023 and 2022, 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 2021, and all other companies have completed their income tax returns in accordance with local government regulations.

(27) Earnings per share

	<u>2023</u>		
	Amount after tax	Weighted average Outstanding Number of shares (in thousands)	EPS (NT\$)
<u>Basic EPS</u>			
Net income attributable to ordinary shareholders of the parent company	<u>\$ 107,390</u>	<u>77,168</u>	<u>1.39</u>
<u>Diluted EPS</u>			
Net income attributable to ordinary shareholders of the parent company for the period	\$ 107,390	77,168	
Effect of dilutive potential ordinary shares			
-Employee compensation	-	420	
-RSA	-	543	
Net income attributable to ordinary shareholders of the parent company for the period with the effect of dilutive potential ordinary shares	<u>\$ 107,390</u>	<u>78,131</u>	<u>1.37</u>
	<u>2022</u>		
	Amount after tax	Weighted average Outstanding Number of shares (in thousands)	EPS (NT\$)
<u>Basic EPS</u>			
Net income attributable to ordinary shareholders of the parent company	<u>\$ 157,807</u>	<u>77,098</u>	<u>2.05</u>
<u>Diluted EPS</u>			
Net income attributable to ordinary shareholders of the parent company for the period	\$ 157,807	77,098	
Effect of dilutive potential ordinary shares			
-Employee compensation	-	507	
-RSA	-	71	
Net income attributable to ordinary shareholders of the parent company for the period with the effect of dilutive potential ordinary shares	<u>\$ 157,807</u>	<u>77,676</u>	<u>2.03</u>

(28) Supplemental Cash Flow Information

Investing activities that are only partially paid in cash:

	<u>2023</u>		<u>2022</u>
Acquisition of property, plant, and equipment	\$ 87,974	\$	26,128
Add: Amount due to equipment at the beginning of the period	5,733		11,498
Less: Payable for equipment at the end of the period	(1,292)	(	5,733)
Cash paid during the period	<u>\$ 92,415</u>	\$	<u>31,893</u>

(29) Changes in liabilities arising from financing activities

	Cash Dividends <u>payable</u>	Short-term <u>loans</u>	Long-term borrowings (including maturity <u>within one year</u>)	<u>Guaranteed</u> <u>deposits</u> <u>received</u>	Lease liabilities (<u>Current/non-current</u>)
January 1, 2023	\$ -	\$ 159,806	\$ 138,967	\$ 1,012	\$ 186,256
Increase in short-term borrowings	-	1,458,343	-	-	-
Repayment of short-term borrowings	-	(1,500,394)	-	-	-
Repayment of long-term borrowings	-	-	(140,064)	-	-
Increase in leasing liabilities	-	-	-	4,087	-
Repayment of lease principal	-	-	-	-	3,804
Other non-cash changes	-	-	-	-	(19,474)
Cash dividends declared	32,316	-	-	-	-
Cash dividends paid	(32,316)	-	-	-	-
Effect of exchange rate	-	2,045	1,097	(30)	3,555
December 31, 2023	<u>\$ -</u>	<u>\$ 119,800</u>	<u>\$ -</u>	<u>\$ 5,069</u>	<u>\$ 174,141</u>

	Cash Dividends <u>payable</u>	Short-term <u>loans</u>	Long-term borrowings (including maturity <u>within one year</u>)	<u>Guaranteed</u> <u>deposits</u> <u>received</u>	Lease liabilities (<u>Current/non-current</u>)
January 1, 2022	\$ -	\$ 127,606	\$ 152,612	\$ 1,234	\$ 32,086
Increase in short-term borrowings	-	607,375	-	-	-
Repayment of short-term borrowings	-	(575,948)	-	-	-
Repayment of long-term borrowings	-	-	(25,900)	-	-
Increase in guaranteed deposits received	-	-	-	-	186,952
Increase in leasing liabilities	-	-	-	-	-
Repayment of lease principal	-	-	-	-	(23,599)
Cash dividends declared	30,839	-	-	-	-
Cash dividends paid	(30,839)	-	-	-	-
Effect of exchange rate	-	773	12,255	(222)	(1,288)
December 31, 2022	<u>\$ -</u>	<u>\$ 159,806</u>	<u>\$ 138,967</u>	<u>\$ 1,012</u>	<u>\$ 186,256</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 substantive control over the Group (Note)
Speed Tech Corporation (SPEED TECH)	Parent company of the Group (Note)
Dongguan Leader Precision Industry Co.,Ltd.(Dongguan Leader)	Fellow subsidiary
Speed Tech ICT Sdn Bhd (SPEED MALAYSIA)	Fellow subsidiary
Teleray Smart Technologies (Dongguan) Co. LTD(Teleray Smart Technologies)	Other related party
All directors, general managers and key management personnel, etc.	Key management and governance units of the Group

(2) Significant transactions with related parties

1. Sales Transactions

(1) Operating revenue

The Group sold goods to related parties as follows:

	<u>2022</u>	<u>2021</u>
Luxshare Group	\$ 22,025	\$ 5,322
SPEED TECH	9,307	-
Fellow subsidiaries	2,498	-
	<u>\$ 33,830</u>	<u>\$ 5,322</u>

(3) Accounts receivables

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

	<u>December 31, 2023</u>	<u>December 31, 2021</u>
Luxshare Group	\$ 8,758	\$ 1,872
SPEED TECH	5,335	-
Fellow subsidiaries	1,753	-
	<u>\$ 15,846</u>	<u>\$ 1,872</u>

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 30 to 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>2023</u>	<u>2022</u>
SPEED TECH	\$ 997	\$ 996

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 payables

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
SPEED TECH	\$ 95	\$ 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, 2023</u>	<u>December 31, 2022</u>
SPEED TECH	<u>\$ 1,953</u>	<u>\$ 2,720</u>

(4) Financial Costs

Interest expense recognized on the Group's lease liabilities:

	<u>2023</u>	<u>2022</u>
SPEED TECH	<u>\$ 20</u>	<u>\$ 27</u>

Interest for fiscal 2023 and 2022 is calculated at 0.86% per annum.

3. Transactions of Renting Plants

(1) Other Revenue

Details of rent income arising from renting plants to related parties are as follows:

	<u>2023</u>	<u>2022</u>
Fellow subsidiaries	<u>\$ 733</u>	<u>\$ -</u>
Other related parties	<u>2,333</u>	<u>-</u>
	<u>\$ 3,066</u>	<u>\$ -</u>

Rents of the aforementioned renting plants are negotiated by both parties, and rents are collected monthly.

(2) Other Receivables

Details of other receivables arising from the aforementioned transactions are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fellow subsidiaries	<u>\$ 108</u>	<u>\$ -</u>

4. Other Transactions

(1) Operating Expenses

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

	<u>2023</u>	<u>2022</u>
SPEED TECH	<u>\$ 50</u>	<u>\$ 33</u>

(2) Other Payables

Details of other payables arising from aforementioned related party transactions are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
SPEED TECH	<u>\$ -</u>	<u>\$ 141</u>

(3) Advance payment transactions/other receivables

Other receivables arising from other miscellaneous transactions and advance payment for related parties are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fellow subsidiaries	<u>\$ 1,514</u>	<u>\$ -</u>

(3) Key Management Compensation Information

	<u>2023</u>	<u>2022</u>
Short-term Employee Benefits	\$ 15,948	\$ 14,597
Share-based payments	<u>8,474</u>	<u>1,132</u>
	<u>\$ 24,422</u>	<u>\$ 15,729</u>

8.Pledged assets

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

<u>Asset items</u>	<u>Carrying amount</u> <u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Guarantee purposes</u>
Property, plant, and equipment- Land	\$ 67,128	\$ 67,091	Bank loans and endorsement and guarantee provided for subsidiaries
Property, plant and equipment- Building	191,589	194,838	"
Property, plant and equipment - machinery and equipment	14,696	23,230	"
Investment property - land	3,185	3,183	"
Right-of-use assets - land	<u>11,607</u>	<u>12,429</u>	"
	<u>\$ 288,205</u>	<u>\$ 300,771</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, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	\$ 12,115	\$ 76,349
Right-of-use assets - land	<u>27,093</u>	<u>156,218</u>
	<u>\$ 39,208</u>	<u>\$ 232,567</u>

2. As of December 31, 2023 and 2022, the Group's promissory notes for bank credit facilities amounted to \$857,202 and \$934,398, respectively.

3. As of December 31 2023 and 2022, the Group's endorsements and guarantees provided for other parties are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Guarantee amount	<u>\$ 1,084,345</u>	<u>\$ 961,912</u>
Actual usage amount	<u>\$ 119,800</u>	<u>\$ 299,935</u>

10.Significant disaster Losses

None.

11. Significant Subsequent Events

Please refer to Note 6(18) for the appropriation of 2023 earnings approved by the board of directors on March 8, 2024.

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 2023 remains the same as for 2022. Please refer to the consolidated balance sheets for the debt ratios as of December 31, 2023 and 2022.

(2) Financial Instruments

1. Types of Financial Instruments

Please refer to Note 6 and the consolidated balance sheets for the information on the financial assets (cash and cash equivalent, financial assets at amortized cost-current, notes receivables, net, accounts receivables, net, other receivables, financial assets at fair value through other comprehensive income-non-current and refundable deposits), financial liabilities (short-term borrowings, notes payables, accounts payables, other payables, long-term borrowings (including the portion due within 1 year), and lease liabilities (current/non-current), and guaranteed deposits received).

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 US Dollar) and are therefore subject to exchange rate fluctuations.:

December 31, 2023

Carrying amount

Foreign currency

(in thousands)

Exchange rate (NTD)

**(Foreign currency:
Functional**

currency)

Financial Assets

Monetary items

USD: NTD	9,431	30.718	\$	289,701
USD: CNY	1,835	7.108		56,368
PHP: USD	37,885	0.0180		20,916
USD: VND	18,585	24,235		570,894

Financial Liabilities

Monetary items

USD: NTD	7,481	30.718		229,801
USD: CNY	3,047	7.108		93,598
PHP: USD	30,320	0.0180		215,499
USD: VND	4,548	24,235		139,705

December 31, 2022

Carrying amount

Foreign currency

(in thousands) Exchange rate (NTD)

(Foreign currency:
Functional
currency)

Financial Assets

Monetary items

USD: NTD	17,014	30.732	\$	522,874
USD: CNY	1,687	6.9620		51,845
USD: PHP	8,765	55.80		269,366
USD: VND	19,944	23,575		612,919

Financial Liabilities

Monetary items

USD: NTD	8,930	30.732		274,437
USD: CNY	3,713	6.9620		114,108
USD: PHP	11,460	55.80		352,189
USD: VND	6,239	23,575		191,737

(B) Please refer to Note 6(22) for the aggregate amount of all exchange (loss) gains (both realized and unrealized) recognized in 2023 and 2022 on the Group's monetary items that are materially affected by exchange rate fluctuations.

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

2023

Sensitivity Analysis

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

(Foreign currency:
Functional currency)

Financial Assets

Monetary items

USD: NTD	1%	\$	2,897	\$	-
USD: CNY	1%		564		-
PHP: USD	1%		209		-

USD: VND	1%	5,709	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	1%	(2,298)	-
USD: CNY	1%	(936)	-
PHP: USD	1%	(2,155)	-
USD: VND	1%	(1,397)	-
	<u>2022</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>
(Foreign currency: Functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD: NTD	1%	\$ 5,229	\$ -
USD: CNY	1%	518	-
USD: PHP	1%	2,694	-
USD: VND	1%	6,129	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	1%	(2,744)	-
USD: CNY	1%	(1,141)	-
USD: PHP	1%	(3,522)	-
USD: VND	1%	(1,917)	-

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 \$45 and \$31 for 2023 and 2022 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 2023 and 2022, 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 \$1,198 and \$2,988 in fiscal 2023 and 2022 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 61 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, 2023

	<u>Not overdue</u>	<u>Overdue 1-60 days</u>	<u>Overdue 61-90 days</u>	<u>Overdue 91-180 days</u>	<u>Overdue 181 days or more</u>	<u>Total</u>
Expected loss rate	0.03%	0.06%	0.09%	0.12-24.94%	100%	
Total carrying value	<u>\$ 387,768</u>	<u>\$ 28,838</u>	<u>\$ 3,687</u>	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ 420,693</u>
Allowance for losses	<u>\$ 116</u>	<u>\$ 8</u>	<u>\$ 1</u>	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ 139</u>

December 31, 2022

	<u>Not overdue</u>	<u>Overdue 1-60 days</u>	<u>Overdue 61-90 days</u>	<u>Overdue 91-180 days</u>	<u>Overdue 181 days or more</u>	<u>Total</u>
Expected loss rate	0.03%	0.06%	0.09%	0.12-10.78%	100.00%	
Total carrying value	<u>\$ 539,008</u>	<u>\$ 15,910</u>	<u>\$ 1,241</u>	<u>\$ 31</u>	<u>\$ 16</u>	<u>\$ 556,206</u>
Allowance for losses	<u>\$ 158</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 16</u>	<u>\$ 185</u>

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

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

	<u>2023</u>		<u>2022</u>	
January 1	\$	185	\$	137
Expected credit impairment (benefit) loss	(	76)		42

Effect of exchange rate	30	6
December 31	\$ 139	\$ 185

(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. On December 31, 2023 and 2022, the Group held the above investments (other than cash and cash equivalents) at \$6,394 and \$5,064 respectively, to generate immediate cash flows to manage liquidity risk.
- C. The Group's unutilized borrowing facilities as of December 31, 2023 and 2022 are \$1,011,918 and \$571,508 respectively.
- D. The Group's derivative financial liabilities and non-derivative financial liabilities are due within one year based on the remaining period from the balance sheet date to the contractual maturity date, except for those listed in the table below, and the contractual cash flow amounts disclosed are undiscounted amounts as follows:

<u>December 31, 2023</u>	<u>Less than 3 months</u>	<u>Within 3 months to 1 year</u>	<u>More than 1 year</u>
<u>Non-derivative financial liabilities:</u>			
Short-term borrowings	\$ 120,205	\$ -	
Lease liabilities (current/non-current)	33,265	164,604	\$ 197,869
Long-term borrowings (including those due within one year)	-	-	-
 <u>December 31, 2022</u>	 <u>Less than 3 months</u>	 <u>Within 3 months to 1 year</u>	 <u>More than 1 year</u>
<u>Non-derivative financial liabilities:</u>			
Lease liabilities (current/non-current)	\$ 25,680	\$ 169,058	\$ 194,738
Long-term borrowings (including those due within one year)	36,571	121,726	158,297

(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 are as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fair value on a recurring basis				
Financial assets at fair value through other comprehensive income				
- Equity Securities	\$ -	\$ -	\$ 4,492	\$ 4,492
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fair value on a recurring basis				
Financial assets at fair value through other comprehensive income				
- Equity Securities	\$ -	\$ -	\$ 3,108	\$ 3,108

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

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 the appraised company is determined by the value of appraised company's assets and liabilities evaluated.

5. There are no transfers between Level 1 and Level 2 in fiscal 2023 and 2022.

6. The following table shows the changed in Level 3 in 2023 and 2022:

	<u>2023</u>	<u>2022</u>
	<u>Non-derivative equity instruments</u>	<u>Non-derivative equity instruments</u>
January 1	\$ 3,108	\$ 4,072
Recognized in other comprehensive (loss) income	1,968	(709)
Capital Reduction Refunds	(584)	(255)
December 31	\$ 4,492	\$ 3,108

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 quantitative information of significant unobservable inputs used in the valuation model of level 3 fair value measurement and the sensitivity analysis to the changes in significant unobservable inputs are as follows:

	<u>December 31,</u> <u>2023</u>	<u>Valuation</u> <u>technique</u>	<u>Significant</u> <u>unobservable</u> <u>input</u>	<u>Interval</u> <u>(weighted-</u> <u>average)</u>	<u>Relationship</u> <u>between the inputs</u> <u>and fair value</u>
	<u>Fair value</u>				
Non-derivative equity instrument:					
Stock of	\$ 4,492	Net asset value	N/A	-	N/A
unlisted		method			
companies					

	<u>December 31,</u> <u>2022</u>	<u>Valuation</u> <u>technique</u>	<u>Significant</u> <u>unobservable</u> <u>input</u>	<u>Interval</u> <u>(weighted-</u> <u>average)</u>	<u>Relationship</u> <u>between the inputs</u> <u>and fair value</u>
	<u>Fair value</u>				
Non-derivative equity instrument:					
Stock of	\$ 3,108	Net asset value	N/A	-	N/A
unlisted		method			
companies					

9. 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).

13. Other Disclosures

(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: Please refer to 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: None.

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 Note 13(1)10.

(4) Information on major shareholders

Please refer to the Exhibit 8.

14. Segment 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 Segment 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) Segment Information

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

			<u>Reconciliation</u>	
<u>2023</u>	<u>Mold</u>	<u>Plastic molding</u>	<u>and Write off</u>	<u>Total</u>
External Revenue	\$ 267,537	\$ 2,049,061	\$ -	\$ 2,316,598
Internal segment revenue	152,534	548,574	(701,108)	-
Segment revenue	<u>\$ 420,071</u>	<u>\$ 2,597,635</u>	<u>(\$ 701,108)</u>	<u>\$ 2,316,598</u>
Segment (loss) income	<u>\$ 18,719</u>	<u>\$ 143,372</u>	<u>\$ -</u>	<u>\$ 162,091</u>
Segment income or loss includes:				
Depreciation and amortization	<u>\$ 15,813</u>	<u>\$ 121,110</u>	<u>\$ -</u>	<u>\$ 136,923</u>
<u>2022</u>	<u>Mold</u>	<u>Plastic molding</u>	<u>Reconciliation</u>	
			<u>and Write off</u>	<u>Total</u>
External Revenue	\$ 138,543	\$ 2,530,609	\$ -	\$ 2,669,152
Internal segment revenue	85,571	721,696	(807,267)	-
Segment revenue	<u>\$ 224,114</u>	<u>\$ 3,252,305</u>	<u>(\$ 807,267)</u>	<u>\$ 2,669,152</u>
Segment (loss) income	<u>(\$ 21,082)</u>	<u>\$ 267,254</u>	<u>\$ -</u>	<u>\$ 246,172</u>
Segment income or				

loss includes:

Depreciation and amortization	\$ 11,384	\$ 121,498	\$ -	\$ 132,882
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(4) Reconciliation of segment profit and loss

Inter-segment 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>2023</u>	<u>2022</u>
Segment (loss) income	\$ 162,091	\$ 246,172
Interest income	3,383	1,602
Other income	9,723	16,269
Other gains and (losses)	47,058	8,401
Financial costs	(23,084)	(13,858)
Profit (loss) before tax from continuing operations	\$ 199,171	\$ 258,586

(5) Product Information

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

	<u>2023</u>	<u>2022</u>
Mold Revenue	\$ 267,537	\$ 138,543
Plastic molding revenue	2,049,061	2,530,609
	<u>\$ 2,316,598</u>	<u>\$ 2,669,152</u>

(6) Geographic Information

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

	<u>2023</u>		<u>2022</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
China and Hong Kong	\$ 680,678	\$ 209,737	\$ 850,493	\$ 209,872
Taiwan	-	10,077	-	6,173
Southeast Asia	1,635,920	1,062,349	1,818,659	984,949
	<u>\$ 2,316,598</u>	<u>\$ 1,282,163</u>	<u>\$ 2,669,152</u>	<u>\$ 1,200,994</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>2023</u>	<u>Segment</u>	<u>2022</u>	<u>Segment</u>
	<u>Revenue</u>		<u>Revenue</u>	
Customer A	\$ 1,442,164	Mold	\$ 1,700,182	Mold
Customer B	148,144	Plastic molding	190,184	Plastic molding

TaiHan Precision Technology Co., Limited and subsidiaries
 Loaning funds to others
 For the Year Ended December 31, 2023

Exhibit 1

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

No.	Loan funds company	Lender	Past items	Is a related party	Current Maximum Amount	End of year balance	Actual expenditure Amount	Interest Rate Range	Nature of Funding Loan	Business Transaction amount	There are reasons why short-term financing funds are necessary	Allowance Amount of loss	Collateral		The limit for individual target funds lending	Funding Loan and Total Limit	Remark
													Name	Value			
0	The Company	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	Other receivables related parties	Yes	\$ 64,850	\$ 61,436	\$ -	-	Those who have the need for short-term financing funds	\$ -	Operational Turnaround	\$ -	\$ -	\$ -	\$ 707,798	\$ 707,798	Note 1.Note 2
0	The Company	YONGHAN PRECISION TECHNOLOGY CO., LTD.	Other receivables related parties	Yes	226,975	215,026	-	-	Those who have the need for short-term financing funds	-	Operational Turnaround	-	-	-	707,798	707,798	Note 1.Note 2
1	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN MOLD PRODUCTS (DONGGUAN)	Other receivables related parties	Yes	178,338	168,949	76,795	-	Those who have the need for short-term financing funds	-	Operational Turnaround	-	-	-	708,062	708,062	Note 3
1	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	Other receivables related parties	Yes	94,170	30,718	-	-	Those who have the need for short-term financing funds	-	Operational Turnaround	-	-	-	708,062	708,062	Note 3
1	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHANLAND (PHILIPPINES) INC.	Other receivables related parties	Yes	182,430	122,872	61,436	-	Those who have the need for short-term financing funds	-	Operational Turnaround	-	-	-	708,062	708,062	Note 3

Note 1: The total amount of the Company's capital loans shall not exceed 50% of the net value of the Company's most recent accountants' report.

Note 2: If the Company engages in the lending of funds for short-term financing purposes, the total amount of funds lent shall not exceed 40% of the Company's latest accountants' net worth. The amount of individual loans shall not exceed 10% of the net value of the Company's most recent accountants' report.

The amount of individual loans shall not exceed 10% of the Company's latest audited financial statements and shall not exceed 40% of the Company's net worth if the loans are made to the Company's subsidiaries (including indirectly reinvested subsidiaries).

Note 3:If TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD. 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 40% and 20% of the net value of the most recent audited financial statements of TAIHAN PRECISION TECHNOLOGY (SAMOA) CO. If the borrower is the subsidiary which the Company holds directly or indirectly 100% of the voting shares, the total amount of funds lent and the amount of individual funds lent shall not exceed 40% and 40% of the net value of the most recent audited financial statements of TAIHAN PRECISION TECHNOLOGY (SAMOA) CO. The audited net worth of TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD. for the year ended December 31, 2023 amounted to \$1,770,155.

Note 4:The above transactions are related party transactions that have been eliminated in the consolidated financial statements.

TaiHan Precision Technology Co., Limited and subsidiaries
Endorsement for others
For the Year Ended December 31, 2023

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

Exhibit 2

No.	Endorser	Endorsed by the guarantee		Relationship	Endorsement guarantee limit for a single enterprise	Amount of endorsement			Ratio of accumulated endorsement		Endorsement Guarantee Maximum Limit	Parent company endorsement of subsidiary	Subsidiary endorsement of parent company	Endorsement guarantee for mainland China	Remark
		Current Maximum Endorsement Guarantee Balance	The End-of-Term Endorsement Guaranteed Balance			Actual expenditure amount	guarantee by property guarantee	guarantee to net worth of the most recent financial statements							
(Note 1)	Company Name	Company Name	(Note 2)	(Note 3)						(Note 3)					
0	The Company	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	(2)	\$ 884,748	\$ 194,550	\$ 184,308	\$ -	\$ -	10%	\$ 1,769,496	Y	N	N	-	
0	The Company	YONGHAN PRECISION TECHNOLOGY CO., LTD.	(2)	884,748	178,338	168,949	-	-	10%	1,769,496	Y	N	N	-	
0	The Company	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	(2)	884,748	648,500	522,206	119,800	-	30%	1,769,496	Y	N	N	-	
0	The Company	TaiHan Mold Products (Dongguan) Co., Ltd.	(2)	884,748	64,850	61,436	-	-	3%	1,769,496	Y	N	Y	-	
1	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	TAIHANLAND (PHILIPPINES) INC.	(4)	390,071	77,820	73,723	-	-	4%	392,093	N	N	N	-	
2	TAIHANLAND (PHILIPPINES) INC.	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	(4)	344,672	77,820	73,723	-	-	4%	344,575	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 total amount of endorsements and guarantees provided by the Company shall not exceed 100% of the net worth of the Company's financial statements attested by CPA in the most recent period. The accumulated amount of endorsements and guarantees provided for a single entity shall not exceed 25% of the net worth of the Company's financial statements attested by CPA in the most recent period. If the endorsee or guarantee is the Company's subsidiary (including sub-subsidiary), the amount of endorsements and guarantees provided by the Company shall not exceed 50% of the net worth of the Company's financial statements attested by CPA in the most recent period.

Note 4: The total amount of endorsements and guarantees provided by TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC. shall not exceed 100% of the net worth of TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.'s financial statements attested by CPA in the most recent period. The accumulated amount of endorsements and guarantees provided for a single entity shall not exceed 25% of the net worth of TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.'s financial statements attested by CPA in the most recent period. If the endorsee or guarantee and endorser or guarantor are subsidiaries which the Company holds directly or indirectly 100% of the voting shares, the amount of endorsements and guarantees shall not exceed 100% of the net worth of the guarantor's financial statements attested by CPA in the most recent period. The net worth of TAIHANLAND (PHILIPPINES) INC. for the years ended December 31, 2023 amounted to \$392,093.

Note 5: The total amount of endorsements and guarantees provided by TAIHANLAND (PHILIPPINES) INC. shall not exceed 100% of the net worth of TAIHANLAND (PHILIPPINES) INC.'s financial statements attested by CPA in the most recent period. The accumulated amount of endorsements and guarantees provided for a single entity shall not exceed 25% of the net worth of TAIHANLAND (PHILIPPINES) INC.'s financial statements attested by CPA in the most recent period. If the endorsee or guarantee and endorser or guarantor are subsidiaries which the Company holds directly or indirectly 100% of the voting shares, the amount of endorsements and guarantees shall not exceed 100% of the net worth of the guarantor's financial statements attested by CPA in the most recent period. The net worth of TAIHANLAND (PHILIPPINES) INC. for the years ended December 31, 2023 amounted to \$344,575.

Note 6: The exchange rates used for the translation of endorsement are based on the resolution by the board of directors.

TaiHan Precision Technology Co., Limited and subsidiaries
Marketable securities held at the end of the period
January 1 - December 31, 2023

Exhibit 3

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

<u>Company held</u>	<u>Types and names of securities</u>	<u>Relationship with the issuer of marketable securities</u>	<u>Billing Subjects</u>	<u>Number of shares</u>	<u>Carrying amount</u>	<u>End of period Percentage of ownership</u>	<u>Fair Value</u>	<u>Remark</u>
Our Company	Ordinary shares of non-listed counterparties - Asia Pacific Emerging Industry Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - non-current	292	\$ 4,492	0.56% \$	4,492	-

Note: The percentage of ownership is calculated based on the total number of shares issued by the investee.

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
For the Year Ended December 31, 2023

Exhibit 4

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

			<u>Transaction Details</u>				<u>The circumstances and reasons why the transaction conditions are different from those of normal transactions</u>			<u>Notes receivable (paid) and accounts payable</u>		Remark
<u>Company of purchase (sales)</u>	<u>Counterparty Name</u>	<u>Relationship</u>	<u>Purchase (Sales)</u>	<u>Amount</u>	<u>Percentage of total imports (sales)</u>	<u>Credit Period</u>	<u>Unit price</u>	<u>Credit Period</u>		<u>Balance</u>	<u>Percentage of total notes and accounts receivable (payable)</u>	<u>(Note)</u>
The Company	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	Sub-subsidiary	Purchase	\$ 478,605	72%	120 days	According to Our Company's transfer pricing policy system	No significant differences		(\$ 73,536)	(73%)	
TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC. The Company	The Company	The Company	(Sales)	(478,605)	(58%)	120 days	According to Our Company's transfer pricing policy system	No significant differences		73,536	56%	
The Company	TaiHan Mold Products (Dongguan) Co., Ltd.	Sub-subsidiary	Purchase	145,709	22%	120 days	According to Our Company's transfer pricing policy system	No significant differences		(25,918)	(26%)	
TaiHan Mold Products (Dongguan) Co., Ltd.	The Company	The Company	(Sales)	(145,709)	(64%)	120 days	According to Our Company's transfer pricing policy system	No significant differences		25,918	45%	

Note: The amounts have been eliminated in the consolidated financial statements.

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
For the Year Ended December 31, 2023

Exhibit 5

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

					<u>Transaction history</u>		<u>As a percentage of consolidated total revenue or total assets</u>	
<u>No.</u> <u>(Note 1)</u>	<u>Name of the trader</u>	<u>Trading partners</u>	<u>Relationship with the counterparty</u> <u>(Note 2)</u>	<u>Account</u>	<u>Amount</u>	<u>Terms of Trade</u>	<u>(Note 3)</u>	
0	The Company	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	1	Operating costs	\$ 478,605	According to the Company's transfer pricing policy system		20.66%
0	The Company	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	1	Accounts payables	73,536	Credit on 120 days		2.79%
0	The Company	TaiHan Mold Products (Dongguan) Co., Ltd.	1	Operating costs	145,709	According to the Company's transfer pricing policy system		6.29%
0	The Company	TaiHan Mold Products (Dongguan) Co., Ltd.	1	Accounts payables	25,918	Credit on 120 days		0.98%
0	The Company	YONGHAN PRECISION TECHNOLOGY CO., LTD.	1	Operating revenue	44,703	According to the Company's transfer pricing policy system		1.93%
0	The Company	YONGHAN PRECISION TECHNOLOGY CO., LTD.	1	Accounts receivables	4,760	Credit on 120 days		0.18%
1	TAIHANLAND (PHILIPPINES) INC.	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	3	Rental income	34,364	-		1.48%

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

(1). Enter 0 for the parent company.

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

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

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

(1). Parent to subsidiary.

(2). Subsidiary to parent company.

(3). Subsidiaries to subsidiaries.

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

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

Note 5: Please refer to Exhibit 1 and 2 for fund financing and endorsement and guarantees between the parent company and subsidiaries and among subsidiaries.

TaiHan Precision Technology Co., Limited and subsidiaries
Name of investee company, location and other related information (excluding Mainland China investee company)
For the Year Ended December 31, 2023

Exhibit 6

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

<u>Name of Investment Company</u>	<u>Name of investee company</u>	<u>Location</u>	<u>Main Business Items</u>	<u>Original investment amount</u>		<u>Number of shares</u>	<u>%</u>	<u>Held at end of period</u>	<u>Carrying amount</u>	<u>(Loss) income of investees for the period</u>	<u>Investment income (loss) recognized in the period</u>	<u>Remark</u>
				<u>End of the period</u>	<u>End of last year</u>							
The Company	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	Samoa	Professional Investment Business	\$ 1,203,162	\$ 1,092,737	35,789,761	100%	\$ 1,770,155	\$ 204,035	\$ 206,112		
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN HOLDING (SAMOA) CO., LTD.	Samoa	Professional Investment Business	501,558	391,133	14,299,664	100%	61,725	(61,915)	-		Note
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	YONGHAN HOLDING (SAMOA) CO., LTD.	Samoa	Professional Investment Business	321,162	321,162	10,023,632	100%	961,577	157,285	-		Note
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN HOLDING PHILIPPINES CO., LTD.	Seychelles	Professional Investment Business	680,849	680,849	22,589,000	100%	741,386	119,878	-		Note
YONGHAN HOLDING (SAMOA) CO., LTD.	YONGHAN PRECISION TECHNOLOGY CO., LTD.	Vietnam	Production and sales of various precision molds and plastic plastic products, etc.	320,391	320,391	-	100%	961,561	157,284	-		Note
TAIHAN HOLDING PHILIPPINES CO., LTD.	TAIHANLAND (PHILIPPINES) INC.	Philippines	Holding the production base of Land and plant	308,755	308,755	-	100%	344,575	22,784	-		Note
TAIHAN HOLDING PHILIPPINES CO., LTD.	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	Philippines	Production and sales of various precision molds and plastic plastic products, etc.	319,567	319,567	-	100%	392,093	104,438	-		Note

Note: As the gains or losses on investees of the subsidiaries directly invested by the Company have been recognized by each investor company, the information is not disclosed.

TaiHan Precision Technology Co., Limited and subsidiaries
Mainland China Investment Information - Basic Information
For the Year Ended December 31, 2023

Exhibit 7

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

<u>Name of Mainland China</u> <u>investee company</u>	<u>Main Business Items</u>	<u>Paid-in</u> <u>capital</u>	<u>Investment</u> <u>Method</u> <u>(Note 1)</u>	<u>Accumulated</u> <u>investment</u> <u>amount remitted</u> <u>from Taiwan at the</u> <u>beginning of the</u> <u>period</u>	<u>Amount of</u> <u>investments</u> <u>remitted or</u> <u>recovered during</u> <u>the period</u> <u>Remittance</u>	<u>Accumulated investment</u> <u>amount remitted from Taiwan</u> <u>at the end of the period</u> <u>Retrieval</u>	<u>(Loss) income</u> <u>of investees</u> <u>for the period</u>	<u>Shareholding</u> <u>of our</u> <u>Company's</u> <u>direct or</u> <u>indirect</u> <u>investments</u>	<u>Investment (loss)</u> <u>recognized during</u> <u>the period</u> <u>(Note 2)</u>	<u>Carrying amount</u> <u>of investments at</u> <u>the end of the</u> <u>period</u> <u>(Note 2)</u>	<u>As at the end of</u> <u>the period</u> <u>Investment</u> <u>income remitted</u>	<u>Remark</u>
TaiHan Mold Products (Dongguan) Co., Ltd.	Production and sales of various precision molds and plastic products, etc.	\$ 531,741	(2)	\$ 421,315	\$ 110,426	\$ -	\$ 531,741 (\$ 61,915)	100%	(\$ 61,915)	\$ 61,725	\$ -	Investment in Mainland China through TAIHAN HOLDING (SAMOA) CO., Ltd.

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

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

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

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

<u>Company Name</u>	<u>Accumulated</u> <u>remittances from</u> <u>Taiwan to China at</u> <u>the end of the period</u> <u>Taiwan to China</u> <u>Amount of regional</u> <u>investment</u>	<u>MOEAIC Approved</u> <u>Investment Amount</u>	<u>Investment</u> <u>quota in</u> <u>mainland</u> <u>China</u> <u>according to</u> <u>MOEAIC</u> <u>regulations</u> <u>(Note 3)</u>
The Company	\$ 531,741	\$ 531,741	\$ 1,061,698

TaiHan Precision Technology Co., Limited and subsidiaries
Major Shareholders Information
For the Year Ended December 31, 2023

Exhibit 8

<u>Name of Major Shareholders</u>	<u>Shares</u>	
	<u>Number of shares held</u>	<u>Shareholding ratio</u>
SPEED TECH CORPORATION	22,599,000	28.67%

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 ordinary 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

(2024) No. Financial Auditing- 23004350

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

Opinion

We have audited the accompanying parent company only financial statements of TaiHan Precision Technology Co., Ltd. as of December 31, 2023 and 2022, and the individual statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the notes to the parent company only financial statements (including the 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, 2023 and 2022, and the results of its operations and its cash flows for the periods from January 1 to December 31, 2023 and 2022 in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits entrusted by the Company 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 Parent company only financial statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter for the Company's parent company only financial statements for the year ended December 31, 2023 is stated as follows:

Existence of sales revenue

Key Audit Matters

Please refer to Notes 4(24) to the parent company only financial statements for the accounting policy on revenue recognition and Notes 6(13) to the parent company only 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. Obtain and 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.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

We have also provided the governing unit with a statement of independence for the staff of the firm to which we are associated and has complied with the statement of independence in the Code of Ethics for Accountants in the Republic of China. We also communicate with the governing body on all relationships and other matters (including related safeguards) that may be considered to affect the independence of the accountant.

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, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PWC Taiwan

HUANG, SHIH-CHUN

CPA

LIN, CHIA-HUNG

Financial Supervisory Commission

Certified Registration No.: Financial-Supervisory-
Securities-Auditing-1050029449

Certified Registration No.: Financial-Supervisory-
Securities-Auditing- 1080323093

March 8, 2024

Taihan Precision Technology Co., Limited

INDIVIDUAL STATEMENTS OF BALANCE SHEET

December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

			December 31, 2023		December 31, 2022	
ASSETS			Amount	%	Amount	%
CURRENT ASSETS						
1100	Cash and cash equivalents	6(1)	\$ 94,979	5	\$ 181,339	9
1150	Notes receivable, net	6(3)	-	-	254	-
1170	Accounts receivable, net	6(3)	100,863	5	199,590	10
1180	Accounts Receivables from related parties, net	6(3) & 7(2)	4,760	-	12,098	1
1200	Other receivables		60	-	388	-
1210	Other receivables from related parties	7(2)	1,526	-	6,615	-
1220	Current tax assets		195	-	36	-
1410	Prepayments		1,136	-	2,849	-
11XX	Total current assets		203,519	10	403,169	20
NON-CURRENT ASSETS						
1517	Financial asset at fair value through P/L—Non-current	6(2)	4,492	-	3,108	-
1550	Investments accounted for using equity method	6(4)	1,770,155	86	1,509,128	77
1600	Property, plant and equipment	6(5)	2,499	-	2,565	-
1755	Right-of-use assets	6(6)	4,971	1	2,703	-
1780	Intangible assets		2,607	-	905	-
1840	Deferred income tax assets	6(20)	65,947	3	55,302	3
1920	Refundable deposits		1,303	-	6	-
1990	Other non-current assets - others		3,691	-	3,364	-
15XX	Total non-current assets		1,855,665	90	1,577,081	80
1XXX	TOTAL Assets		\$ 2,059,184	100	\$ 1,980,250	100

(Continued on next page)

Taihan Precision Technology Co., Limited
INDIVIDUAL STATEMENTS OF BALANCE SHEET
December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

LIABILITIES AND EQUITY		Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
CURRENT LIABILITIES						
2130	Contractual liability—Current	6(13)	\$ 202	-	\$ 30	-
2170	Accounts payable		67	-	2,595	-
2180	Accounts payables to related parties	7(2)	99,598	5	109,295	5
2200	Other payables	6(7)	26,054	1	32,509	2
2220	Other payables to related parties	7(2)	95	-	228	-
2230	Current tax liabilities		7,693	1	-	-
2280	Lease liabilities—Current	7(2)	1,830	-	768	-
2300	Other current liabilities	7(2)	974	-	822	-
21XX	Total current liabilities		136,513	7	146,247	7
NON-CURRENT LIABILITIES						
2570	Deferred income tax liabilities	6(20)	148,434	7	107,212	6
2580	Lease liabilities—Non-current	7(2)	3,085	-	1,952	-
2640	Net defined benefit liability—Non-current	6(8)	1,656	-	1,304	-
25XX	Total non-current liabilities		153,175	7	110,468	6
2XXX	Total liabilities		289,688	14	256,715	13
EQUITY						
	Capital stock	6(10)				
3110	Common stock		788,184	38	788,184	40
	Capital surplus	6(11)				
3200	Capital surplus		682,341	34	695,473	35
	Retained earnings	6(12)				
3310	Appropriated as legal capital reserve		61,026	3	45,222	2
3320	Appropriated as special capital reserve		91,596	4	135,531	7
3350	Unappropriated earnings		292,991	14	191,161	10
	Other Entities					
3400	Other Entities		(146,642)	(7)	(132,036)	(7)
3XXX	Total equity		1,769,496	86	1,723,535	87
	Significant Contingent Liabilities and Unrecognized Contractual Commitments	9				
	Serious subsequent events	11				
3X2X	TOTAL LIABILITIES AND EQUITY		\$ 2,059,184	100	\$ 1,980,250	100

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

Chairman: Tsai, Chen-Lung

Manager: Tsai, Chen-Lung

Accounting Manager: Chen, Chin-Chung

Taihan Precision Technology Co., Limited
INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME
January 1 ~ December 31, 2023 and 2022

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

	Item	Note	2023		2022	
			Amount	%	Amount	%
4000	Operating revenues	6(13) & 7 (2)	\$ 667,028	100	\$ 824,508	100
5000	Operating costs	6(18) & 7 (2)	(629,065)	(94)	(777,570)	(94)
5900	Operating margin		37,963	6	46,938	6
5910	Unrealized gains on sales		(551)	-	(2,628)	-
5920	Realized gains on sales		2,628	-	2,677	-
5950	Operating margin, net		40,040	6	46,987	6
	Operating expenses	6(18) & 7 (2)				
6200	General and administrative expenses		(91,724)	(14)	(68,857)	(9)
6450	Expected credit impairment gains (losses)	12(2)	39	-	(42)	-
6000	Total operating expenses		(91,685)	(14)	(68,899)	(9)
6900	Operating loss		(51,645)	(8)	(21,912)	(3)
	NON-OPERATING REVENUE AND EXPENSES					
7100	Interest income	6(14)	1,646	-	511	-
7010	Other income	6(15) & 7(2)	204	-	1,451	-
7020	Other gains and losses	6(16)	3,479	1	14,803	2
7050	Finance costs	6(17) & 7 (2)	(115)	-	(27)	-
7070	Share of profits and losses of subsidiaries, associates and joint ventures recognized under the equity method	6(4)				
			206,112	31	209,887	26
7000	Total non-operating revenue and expense		211,326	32	226,625	28
7900	INCOME BEFORE INCOME TAX		159,681	24	204,713	25
7950	INCOME TAX EXPENSE	6(20)	(52,291)	(8)	(46,906)	(6)
8200	Net income		\$ 107,390	16	\$ 157,807	19
	OTHER COMPREHENSIVE INCOME (LOSS)					
	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit obligation	6(8)	(\$ 1,719)	-	\$ 294	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income		1,968	-	(709)	-
8349	Income tax benefit related to items that will not be reclassified subsequently	6(20)	344	-	(59)	-
8310	Total amount of items that are not reclassified to profit or loss		593	-	(474)	-
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences arising on translation of foreign operations	6(4)	(57,588)	(9)	55,801	7
8399	Income tax benefit related to items that will be reclassified subsequently	6(20)	11,517	2	(11,158)	(1)
8360	Total amount of items that are reclassified to profit or loss		(46,071)	(7)	44,643	6
8300	Other comprehensive income, net		(\$ 45,478)	(7)	\$ 44,169	6
8500	Total comprehensive income		\$ 61,912	9	\$ 201,976	25
	Basic earnings per share					
9750	Net income	6(21)	\$ 1.39		\$ 2.05	
	Diluted earnings per share					
9850	Net income	6(21)	\$ 1.37		\$ 2.03	

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

Chairman: Tsai, Chen-Lung

Manager: Tsai, Chen-Lung

Accounting Manager: Chen, Chin-Chung

Taihan Precision Technology Co., Limited
INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY
January 1 ~ December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

		Retained Earnings				Other Benefits			
						Exchange differences arising on translation of financial statements of foreign operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employees' Compensation	Total Equity
	Note	Capital Stock - Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings			
<u>2022</u>									
BALANCE, JANUARY 1, 2022		\$ 770,984	\$ 668,899	\$ 37,522	\$ 92,332	\$ 114,857	(\$ 136,423)	\$ 893	\$ 1,549,064
Net income in 2021		-	-	-	-	157,807	-	-	157,807
Other comprehensive income (loss) in 2022		-	-	-	-	235	44,643	(709)	44,169
Total comprehensive income (loss) in 2022		-	-	-	-	158,042	44,643	(709)	201,976
Appropriations of prior year's earnings in 2021	6(12)								
Legal reserve		-	-	7,700	-	(7,700)	-	-	-
Special reserve		-	-	-	43,199	(43,199)	-	-	-
Cash dividends		-	-	-	-	(30,839)	-	-	(30,839)
Issuance of restricted stock awards	6(10)	17,200	26,574	-	-	-	-	(43,774)	-
Compensation costs of restricted stock awards	6(9)	-	-	-	-	-	-	3,334	3,334
BALANCE, DECEMBER 31, 2022		\$ 788,184	\$ 695,473	\$ 45,222	\$ 135,531	\$ 191,161	(\$ 91,780)	\$ 184	\$ 1,723,535
<u>2023</u>									
BALANCE, JANUARY 1, 2023		\$ 788,184	\$ 695,473	\$ 45,222	\$ 135,531	\$ 191,161	(\$ 91,780)	\$ 184	\$ 1,723,535
Net income in 2023		-	-	-	-	107,390	-	-	107,390
Other comprehensive income (loss) in 2023		-	-	-	-	(1,375)	(46,071)	1,968	(45,478)
Total comprehensive income (loss) in 2023		-	-	-	-	106,015	(46,071)	1,968	61,912
Appropriations of prior year's earnings in 2022	6(12)								
Legal reserve		-	-	15,804	-	(15,804)	-	-	-
Special reserve		-	-	-	(43,935)	43,935	-	-	-
Cash dividends		-	-	-	-	(32,316)	-	-	(32,316)
Compensation costs of restricted stock awards	6(9)	-	(13,132)	-	-	-	-	29,497	16,365
BALANCE, DECEMBER 31, 2023		\$ 788,184	\$ 682,341	\$ 61,026	\$ 91,596	\$ 292,991	(\$ 137,851)	\$ 2,152	\$ 1,769,496

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

Chairman: Tsai, Chen-Lung

Manager: Tsai, Chen-Lung

Accounting Manager: Chen, Chin-Chung

Taihan Precision Technology Co., Limited

INDIVIDUAL STATEMENTS OF CASH FLOWS

January 1 ~ December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

	Note	January 1 ~ December 31, 2023	January 1 ~ December 31, 2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Income before income tax		\$ 159,681	\$ 204,713
Adjustment Items			
Profit and loss items			
Depreciation expenses	6(18)	1,884	1,512
Intangible assets amortization expenses	6(18)	1,077	967
Expected credit impairment losses (gains)	12(2)	(39)	42
Finance costs	6(17)	115	27
Interest income	6(14)	(1,646)	(511)
Compensation costs of restricted stock	6(9)	16,365	3,334
Share of profit or loss of associates accounted for using equity method	6(4)	(206,112)	(209,887)
Dividend revenue	6(15)	(109)	(680)
Unrealized inter-associate gains		551	2,628
Realized inter-associate gains		(2,628)	(2,676)
Changes in operating assets and liabilities			
Changes in operating assets, net			
Notes receivables, net		254	(145)
Accounts receivables		98,766	(102,779)
Accounts receivables - related parties, net		7,338	(5,184)
Other receivables		80	(258)
Other receivables - related parties		5,089	(2,356)
Prepayments		1,713	2,198
Other non-current assets		(327)	-
Changes in Liabilities Related to Operating Activities, net			
Contractual liabilities - current		172	(37)
Accounts payables		(2,528)	(1,922)
Accounts payables - related parties		(9,697)	(750)
Other payables		(6,455)	8,336
Other payables - related parties		(133)	141
Other current liabilities		152	218
Net defined benefit liabilities - non-current		(1,367)	(1,106)
Cash generated from (used in) operations		62,196	(104,175)
Interest received		1,646	511
Income tax paid		(2,107)	(1,616)
Income tax refunded		36	-
Interest paid		(115)	(27)
Net cash inflows (outflows) from operating activities		61,656	(105,307)

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Taihan Precision Technology Co., Limited

INDIVIDUAL STATEMENTS OF CASH FLOWS

January 1 ~ December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

	<u>Note</u>	<u>January 1 ~ December 31, 2023</u>	<u>January 1 ~ December 31, 2022</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Refund of paid-up capital for capital reduction from financial assets at fair value through other comprehensive income	6(2)	\$ 584	\$ 255
Acquisition of property, plant and equipment	6(5)	(769)	(483)
Acquisition of intangible assets		(2,779)	(380)
Guaranteed deposits paid (increase)		(1,297)	-
Dividends received		109	680
Net cash inflows (outflows) from investing activities		(4,152)	72
<u>Cash flows from financing activities</u>			
Repayment of the principal of lease liabilities	6(22)	(1,122)	(763)
Cash dividend paid	6(22)	(32,316)	(30,839)
Acquisition of cash capital increase by subsidiaries accounted for using equity method		(110,426)	-
Net cash outflows from financing activities		(143,864)	(31,602)
Decrease in Cash and Cash Equivalents		(86,360)	(136,837)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		181,339	318,176
CASH AND CASH EQUIVALENTS, END OF YEAR		<u>\$ 94,979</u>	<u>\$ 181,339</u>

The accompanying notes to the parent company only financial statements are an integral part of these parent company only 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 PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

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

1. History of the Company

- (1) TaiHan Precision Technology Co., Limited (hereinafter referred to as the "Company") was established on August 28, 1987 and is mainly engaged in the design, manufacture, and trading of various precision molds, tooling, and plastic molding products.
- (2) The Company's shares have been listed and transacted on TPEX since November 2007.
- (3) The Speed Tech Corporation Group owns the Company's equity and is the single largest shareholder of the Company and has substantial control over the Company's personnel, finances, and operations and will become the parent company in August 2021. In addition, Luxshare Precision Industry Co., Ltd. (registered and established in People's Republic of China) is the ultimate parent 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 8, 2024.

3. Application of newly issued and revised standards and interpretations

- (1) The impacts of adopting new or revised IFRS accounting standards endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the "FSC")

The following table summarizes the newly issued, amended, and revised IFRS accounting standards and interpretations of IFRS accounting standards endorsed by the FSC for 2023:

<u>New, Revised, or Amended Standards or 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 single transaction"	January 1, 2023
Amendments to IAS 12 "International Tax Reform — Pillar Two Model Rules"	May 23, 2023

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) The standards or interpretations issued by the International Accounting Standards Board and endorsed by the FSC which have not yet been adopted as of the date of authorization for issue

The following table summarizes the new, amended, and revised IFRS accounting standards and interpretations of IFRS accounting standards approved by the FSC for application in 2024:

<u>New Issues / Amendments / Revised Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
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Amendments to IFRS 16 “Lease Liability in Sale and Leaseback”	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024

Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024

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

(3) The IFRS accounting standards 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 IFRS accounting standards issued by the IASB that have not yet been incorporated into IFRS accounting standards endorsed by the FSC:

<u>New Releases / Amendments / Revised Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17 “Comparative Information of the Initial Application of IFRS 17 and IFRS 9”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Statement of Compliance

These parent company only 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 parent company only financial statements have been prepared on the basis of historical cost, except for the following significant items:
 - (1) Financial assets at fair value through other comprehensive income or loss that are measured at fair value.
 - (2) 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 the management to exercise its judgment. Items involving a higher degree of judgment or complexity, or items involving significant assumptions and estimates in the parent-company-

only financial statements are described in Note 5.

(3) Foreign currency exchange

Items included in the Company's parent-company-only financial statements are measured using the currency of the primary economic environment in which the Company operates (i.e., the 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 Parent Company Only 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) All translation differences are recognized in other comprehensive income.

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

- (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 are short-term, highly liquid investments that are readily convertible to a fixed amount of cash with minimal risk of changes in value. Time deposits that meet the above definition and are held to meet short-term cash commitments for operating purposes are classified as cash equivalents.

(6) Financial assets 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 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.

(7) 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 qualifies 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.
4. As holding period of the time deposits not belonging to cash equivalents held by the Group is short, the discounting effect is insignificant, they are measured at investment amount.

(8) 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.

(9) Impairment of financial assets

For financial assets carried at amortized cost, an allowance for losses is provided for at the 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.

(10) Derecognition of financial assets

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

(11) 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.

(12) 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 equals 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 parent company only 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 parent company only 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.

(13) 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 Company, 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	3~5 years
Lease Improvements	3 years
Other	5 years

(14) 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.

(15) 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.

(16) 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.

(17) 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.

(18) Derecognition of financial liabilities

The Company derecognizes financial liabilities upon the performance, cancellation, or maturity of the obligations specified in the contracts.

(19) 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.

(20) 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 Restricted Stock Awards

(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.

(21) Income tax

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.

(22) 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.

(23) Dividend distribution

Cash dividends from earnings for 2021 will be recognized as a liability in the financial statements when the Company's stockholders resolve to distribute the dividends. Cash dividends from earnings after 2022 are recognized as a liability in the financial statements upon a special resolution of the Board of Directors, in accordance with the Company's Articles of Incorporation. In addition, stock dividends are recognized as stock dividends to be distributed when the Company's stockholders resolve to distribute them and are transferred to common stock on the basis date of issuance of new shares.

(24) 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.

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

In preparing these parent company only 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). Significant Accounting Estimates and Assumptions

The accounting policies adopted by the Company have been assessed to be free of significant uncertainty.

(2). Significant Accounting Estimates and Assumption

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.

The carrying amount of accounts receivable as of December 31, 2023, is described in Note 6(3).

6. Description of significant accounting items

(1). Cash and Cash Equivalents

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Cash on hand	\$ 30	\$ 30
Checking Deposit and Savings Deposit	42,728	181,309
Cash equivalents – time deposits	<u>52,221</u>	<u>-</u>
	<u>\$ 94,979</u>	<u>\$ 181,339</u>

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

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

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Non-current items:		
Equity Tools		
Unlisted counter stocks (Note)	\$ 2,340	\$ 2,924
Valuation Adjustment	<u>2,152</u>	<u>184</u>
	<u>\$ 4,492</u>	<u>\$ 3,108</u>

Note: The investee company will reduce its capital by \$584 and \$255 in December 2023 and 2022 respectively, due to operational strategy adjustment.

1. The Company has elected to classify its equity investments, which are strategic investments, as financial assets 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.
 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.
- (3). Notes and accounts receivable (including related parties)

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Notes Receivable	\$ -	\$ 254
Accounts receivable	\$ 100,895	\$ 199,661
Less: Allowance for losses	<u>(32)</u>	<u>(71)</u>
	<u>\$ 100,863</u>	<u>\$ 199,590</u>
Accounts receivable - related parties	<u>\$ 4,760</u>	<u>\$ 12,098</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, 2023 and 2022, the balances of notes and accounts receivable were generated from customer contracts, and as of January 1, 2022, the balances of notes and accounts receivable from customer contracts were \$103,905.
 3. The Company does not hold any collateral for its accounts receivable.
- (4). Investments accounted for using the equity method

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Subsidiaries:		
TAIHAN PRECISION		
TECHNOLOGY		
(SAMOA) CO., LTD.	<u>\$ 1,770,155</u>	<u>\$ 1,509,128</u>
	<u>100%</u>	<u>100%</u>
	<u>2023</u>	<u>2022</u>
	<u>Share of (loss)</u>	<u>Share of (loss)</u>
	<u>interest in</u>	<u>interest in</u>
	<u>subsidiaries</u>	<u>subsidiaries</u>
	<u>accounted for</u>	<u>accounted for</u>
	<u>using the equity</u>	<u>using the equity</u>
	<u>Other</u>	<u>Other</u>
	<u>comprehensive</u>	<u>comprehensive</u>
	<u>(Loss) gain</u>	<u>(Loss) gain</u>
	<u>(before tax)</u>	<u>(before tax)</u>

Subsidiaries:

	<u>method</u>	<u>method</u>
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	\$ 206,112 (\$ 57,588)	\$ 209,887 \$ 55,801

For information on the Company's subsidiaries, please refer to Note 4(3) to the Company's consolidated financial statements for the year 2022.

(5). Property, plant and equipment

	<u>2023</u>		
	<u>Office equipment</u>	<u>Lease improvement</u>	<u>Total</u>
January 1			
Cost	\$ 1,582	\$ 3,007	\$ 4,589
Accumulated depreciation and impairment	(1,190)	(834)	(2,024)
	<u>\$ 392</u>	<u>\$ 2,173</u>	<u>\$ 2,565</u>
January 1	\$ 392	\$ 2,173	\$ 2,565
Additions	769	-	769
Depreciation expenses	(225)	(610)	(835)
December 31	<u>\$ 936</u>	<u>\$ 1,563</u>	<u>\$ 2,499</u>
December 31			
Cost	\$ 1,161	\$ 2,173	\$ 3,334
Accumulated depreciation and impairment	(225)	(610)	(835)
	<u>\$ 936</u>	<u>\$ 1,563</u>	<u>\$ 2,499</u>

	<u>2022</u>		
	<u>Office equipment</u>	<u>Lease improvement</u>	<u>Total</u>
January 1			
Cost	\$ 1,162	\$ 2,944	\$ 4,106
Accumulated depreciation and impairment	(937)	(245)	(1,182)
	<u>\$ 225</u>	<u>\$ 2,699</u>	<u>\$ 2,924</u>
January 1	\$ 225	\$ 2,699	\$ 2,924
Additions	420	63	483
Depreciation expenses	(253)	(589)	(842)
December 31	<u>\$ 392</u>	<u>\$ 2,173</u>	<u>\$ 2,565</u>
December 31			
Cost	\$ 1,582	\$ 3,007	\$ 4,589
Accumulated depreciation and impairment	(1,190)	(834)	(2,024)
	<u>\$ 392</u>	<u>\$ 2,173</u>	<u>\$ 2,565</u>

- For the years ended December 31, 2023 and 2022, the Company did not capitalize any interest, and all of them were for its own use.
- As of December 31, 2023 and 2022, the Company has not pledged any property, plant, and equipment as collateral.

(6). Lease transaction - lessee

- The underlying assets of the leases are buildings and transportation equipment. The terms of the building and transportation equipment lease agreement are 3~5 years. 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.
- The carrying value of the right-of-use assets and the depreciation expense recognized were as follows:

	<u>Building</u>	<u>Transportation Equipment</u>	<u>Total</u>
January 1, 2023	\$ 2,703	\$ -	\$ 2,703

Additions	-	3,317	3,317
Depreciation expense	(773)	(276)	(1,049)
December 31, 2023	<u>\$ 1,930</u>	<u>\$ 3,041</u>	<u>\$ 4,971</u>
	<u>Transportation</u>		
	<u>Building</u>	<u>Equipment</u>	<u>Total</u>
January 1, 2022	\$ 3,373	\$ -	\$ 3,373
Depreciation expense	(670)	-	(670)
December 31, 2022	<u>\$ 2,703</u>	<u>\$ -</u>	<u>\$ 2,703</u>

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

	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss for the period</u>		
Interest expense on lease liabilities	\$ 68	\$ 27
Lease payments for assets of low value	5	1
	<u>\$ 73</u>	<u>\$ 28</u>

4. In addition to the cash outflow for lease related expenses described in Note 6(6)(3) above, please refer to Note 6(22) for the Company's total cash outflow for principal repayment of lease liabilities for 2023 and 2022.

(7). Other payables

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Salaries and bonuses payable	\$ 5,197	\$ 10,032
Compensation payable to employees and directors and supervisors	14,536	17,801
Service fees payable	3,621	2,692
Other	2,700	1,984
	<u>\$ 26,054</u>	<u>\$ 32,509</u>

(8). Pension

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,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Present value of defined benefit obligation	(\$ 15,249)	(\$ 15,330)
Fair value of planned assets	13,593	14,026
Net defined benefit obligation	<u>(\$ 1,656)</u>	<u>(\$ 1,304)</u>

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

	Defined Benefits Present Value of Volunteer Services	Planned assets Fair value	Net defined benefit Assets (liabilities)
2023			
Balance as of January 1	(\$ 15,330)	\$ 14,026	(\$ 1,304)
Current service cost	(166)	-	(166)
Interest (expense) income	(215)	205	(10)
	<u>(15,711)</u>	<u>14,231</u>	<u>(1,480)</u>
Remeasurements.			
Return on plan assets (excluding amounts included in interest income or expenses)	-	21	21
Effect of changes in financial assumptions	(116)	-	(116)
Experience Adjustments	<u>(1,624)</u>	<u>-</u>	<u>(1,624)</u>
	<u>(1,740)</u>	<u>21</u>	<u>(1,719)</u>
Contribution to retirement fund	-	1,543	1,543
Pension paid	<u>2,202</u>	<u>(2,202)</u>	<u>-</u>
Balance on December 31	<u>(\$ 15,249)</u>	<u>\$ 13,593</u>	<u>(\$ 1,656)</u>

	Defined Benefits Present Value of Volunteer Services	Planned assets Fair value	Net defined benefit Assets (liabilities)
2022			
Balance as of January 1	(\$ 14,529)	\$ 11,825	(\$ 2,704)
Current service cost	(156)	-	(156)
Interest (expense) income	(109)	93	(16)
	<u>(14,794)</u>	<u>11,918</u>	<u>(2,876)</u>
Remeasurements.			
Return on plan assets (excluding amounts included in interest income or expenses)	-	830	830
Effect of changes in financial assumptions	841	-	841
Experience Adjustments	<u>(1,377)</u>	<u>-</u>	<u>(1,377)</u>
	<u>(536)</u>	<u>830</u>	<u>294</u>
Contribution to retirement fund	-	1,278	1,278
Balance on December 31	<u>(\$ 15,330)</u>	<u>\$ 14,026</u>	<u>(\$ 1,304)</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, 2023 and 2022, 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>2023</u>	<u>2022</u>
Discount rate	<u>1.30%</u>	<u>1.40%</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, 2023</u>				
Effect on the present value of defined benefit obligations	(\$ <u>297</u>)	\$ <u>305</u>	\$ <u>292</u>	(\$ <u>285</u>)
<u>December 31, 2022</u>				
Effect on the present value of defined benefit obligations	(\$ <u>330</u>)	\$ <u>341</u>	\$ <u>327</u>	(\$ <u>319</u>)

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 \$1,543 to its retirement plan in 2024.

(7) As of December 31, 2023, the weighted-average duration of the retirement plan is 7 years. The maturity analysis of pension payments is as follows:

	<u>Amount</u>
Within 1 year	\$ <u>10,581</u>
1 ~ 5 years	<u>7,128</u>
	\$ <u>17,709</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 the local employees of the Company. The Company makes monthly contributions of 6% of salaries and wages to the employees' personal accounts at the Labor Insurance Bureau for employees who choose to be covered by the Labor Pension Act.

(2) For the years 2023 and 2022, the Company recognized pension costs of \$1,757 and \$1,119 respectively, based on the above pension plan.

(9). Share-Based Payment

1. The share-based payment agreements of the Company:

The issuance of restricted stock awards has been resolved by the special meeting of shareholders on October 26, 2022. The total number of shares issued is 2,000 thousand of shares, with par value of NT\$10. The total amount issued is \$20,000. The subscription price of employees is NT\$0 per share, and the actual date of issuance is authorized to be determined by the chairman. The restricted stock awards have been effective registration by the competent authorities and have been resolved by the Board of Directors to issue

(grant) 1,720 thousand of shares. The restricted stock awards are granted to the full-time employees of the Company.

<u>Type of agreement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Period</u>	<u>Vesting condition</u>
Restricted stock award	November 14, 2022	1,720 thousands of shares	3 years	Satisfaction of performance conditions (Note)

Note: After satisfaction of personal performance conditions and company's performance conditions, the highest vesting ratios for each year based on service conditions are as follows:

- (1) Serving for 1 year after the grant, 30% of the granted quantity ;
- (2) Serving for 2 years after the grant, 30% of the granted quantity ;
- (3) Serving for 3 years after the grant, 40% of the granted quantity.

2. The detailed information of the aforementioned share-based payment agreement

	2023		2022	
	Quantity	Weighted-average	Quantity	Weighted-average
	(thousands of shares)	exercise price (NTD)	(thousands of shares)	exercise price (NTD)
Outstanding restricted stock awards as of January 1	1,720		-	
Restricted stock awards granted to employees in the current period	-	-	1,720	-
Restricted stock awards vested in the current period	(516)	-	-	-
Restricted stock awards as of December 31	<u>1,204</u>		<u>1,720</u>	

3. The maturity date and the exercise price of outstanding stock options at the balance sheet date

			<u>December 31, 2023</u>	
			Number of shares	Exercise price
<u>Type of agreement</u>	<u>Grant date</u>	<u>Maturity date</u>	(in thousands)	(NT\$)
Restricted stock award	November 14, 2022	November 13, 2025	1,204	-

			<u>December 31, 2022</u>	
			Number of shares	Exercise price
<u>Type of agreement</u>	<u>Grant date</u>	<u>Maturity date</u>	(in thousands)	(NT\$)
Restricted stock award	November 14, 2022	November 13, 2025	1,720	-

4. The information on the fair value of the share-based payments granted is as follows:

Type of agreement	Grant date	Stock price (NT\$)	Exercise price (NT\$)	Expected volatility	Expected duration	Expected dividends	Risk-free rate	Fair value per share (NT\$)
Restricted stock award	November 14, 2022	25.45	-	N/A	N/A	N/A	N/A	25.45

cted 14, 2022
stock
award

5. Relevant effect arising from share-based payment transactions

Salary expenses

The restricted stock award will be granted to employees the 30% portion after serving for 2 years after granted. As it is expected that performance conditions will not be satisfied in the second year, The salary expenses incurred by the aforementioned transactions recognized after the adjustments are as follows:

	2023	2022
Restricted stock award	\$ 16,365	\$ 3,334

(10). Share Capital

- As of December 31, 2023, the Company have an authorized capital of \$1,500,000, divided into 150,000 thousand shares and a paid-in capital of \$788,184 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>2023</u>	<u>2022</u>
<u>Share Capital</u>		
January 1	78,818	77,098
Issuance of restricted stock award	-	1,720
December 31	<u>78,818</u>	<u>78,818</u>

- In order to attract and retain professionals required by the Company, the issuance of restricted stock awards has been resolved by the special meeting of shareholders on October 26, 2022, and the grant has been resolved by the board of directors on November 14, 2022. The total number of shares issued is 1,720 thousand of shares, with par value of NT\$10. The base date of the issuance of new shares is November 25, 2022. The vesting conditions are the satisfaction of both personal serving periods of granted employees and performance evaluation standards. If vesting conditions are not satisfied, the shares of the employees will be bought back entirely by the issuance price and cancelled.

(11). Capital surplus

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. The changes in capital surplus are as follows:

	<u>2023</u>	<u>Treasury Stock</u>			
	<u>Issue Premium</u>	<u>Transactions</u>	<u>RSA</u>	<u>Other</u>	<u>Total</u>
January 1	\$ 615,083	\$ 53,673	\$ 26,574	\$ 143	\$ 695,473
Compensation cost of restricted	-	-	(13,132)	-	(13,132)

stock award					
Restricted stock award vested	<u>7,972</u>	<u>-</u>	<u>(7,972)</u>	<u>-</u>	<u>-</u>
December 31	<u>\$ 623,055</u>	<u>\$ 53,673</u>	<u>\$ 5,470</u>	<u>\$ 143</u>	<u>\$ 682,341</u>
	<u>2022</u>				
	<u>Issue Premium</u>	<u>Treasury Stock Transactions</u>	<u>RSA</u>	<u>Other</u>	<u>Total</u>
January 1	\$ 615,083	\$ 53,673	\$ -	\$ 143	\$ 668,899
Issuance of Restricted stock award	<u>-</u>	<u>-</u>	<u>26,574</u>	<u>-</u>	<u>26,574</u>
December 31	<u>\$ 615,083</u>	<u>\$ 53,673</u>	<u>\$ 26,574</u>	<u>\$ 143</u>	<u>\$ 695,473</u>

(12). Retained earnings/subsequent events

1. Earnings distribution method regulated in the Company's' Articles of Incorporation

(1) Based on the Company's Articles of Incorporation amended during the shareholders' meeting on May 31, 2022

Based on the Company's Articles of Incorporation before the amendments prior to the resolution being made during the shareholders' meeting held on May 31, 2022

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, which shall be made by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors. Besides, according to Article 240, paragraph 5 of the Company Act., distributable dividends and bonuses in whole or in part may be paid in cash, and according to Article 241 of the Company Act, distributing the legal reserve and the capital reserve, may in whole or in part be in cash and be reported during the shareholders' meeting.

(2) Based on the Company's Articles of Incorporation prior to the amendments before the resolution has been made during the shareholders' meeting held on May 31, 2022

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, and reported to the shareholders' meeting.

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.

2. 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.

3. 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.

4. The Company's earnings distribution is as follows.:

(1) At the ordinary shareholders' meetings held on June 13, 2023 and May 31, 2022, it

was resolved that the appropriation of earnings for 2022 and 2021 be approved as follows:

	<u>2022</u>	Dividend per share	<u>2021</u>	Dividend per share
	<u>Amount</u>	<u>(\$)</u>	<u>Amount</u>	<u>(\$)</u>
Provision of legal reserve	\$ 15,804		\$ 7,700	
Provision (reversal) of special reserve	(43,935)		43,199	
Cash dividends	<u>32,316</u>	0.41	<u>30,839</u>	0.40
	<u>\$ 4,185</u>		<u>\$ 81,738</u>	

(2) The Board of Directors resolved on March 8, 2024 to distribute earnings for fiscal 2023 as follows:

	<u>2023</u>	Dividend per share
	<u>Amount</u>	<u>(\$)</u>
Provision for legal reserve	\$ 10,601	
Provision for special reserve	44,103	
Cash dividends	<u>32,104</u>	0.41
	<u>\$ 86,808</u>	

(13). Operating revenue

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>2023</u>	<u>2022</u>
	<u>Revenue from</u>	<u>Revenue from</u>
	<u>customer contracts</u>	<u>customer contracts</u>
Molds	\$ 85,533	\$ 54,361
Plastic molding	<u>581,495</u>	<u>770,147</u>
	<u>\$ 667,028</u>	<u>\$ 824,508</u>

2. Contractual Liabilities

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contractual liabilities – sales of goods	\$ 202	\$ 30	\$ 67

(2) The revenue recognized in the current period for the beginning contract liabilities in 2023 and 2022 amounted to \$30 and \$67, respectively.

(14). Interest income

	<u>2023</u>	<u>2022</u>
Bank Deposit Interest	<u>\$ 1,646</u>	<u>\$ 511</u>

(15). Other income

	<u>2023</u>	<u>2022</u>
Dividend income	\$ 109	\$ 680
Other	<u>95</u>	<u>771</u>

		<u>\$ 204</u>	<u>\$ 1,451</u>
(16).	<u>Other Gains and Losses</u>		
		<u>2023</u>	<u>2022</u>
Net foreign currency exchange gains	\$	3,773	\$ 14,803
(losses)			
Other	(	294)	-
	\$	<u>3,479</u>	<u>\$ 14,803</u>

(17).	<u>Financial Costs</u>		
		<u>2023</u>	<u>2022</u>
Interest expense on lease liabilities	\$	68	\$ 27
Others		47	-
	\$	<u>115</u>	<u>\$ 27</u>

(18).	<u>Additional information on the nature of fees</u>		
		<u>2023</u>	<u>2022</u>
Employee benefit expenses	\$	73,059	\$ 51,944
Depreciation expense on property, plant and equipment	\$	835	\$ 842
Depreciation of right-of-use assets	\$	1,049	\$ 670
Depreciation expense on investment property	\$	1,077	\$ 967

(19).	<u>Employee benefit expenses</u>		
		<u>2023</u>	<u>2022</u>
Salary Costs	\$	60,601	\$ 39,672
Labor and Health Insurance Costs		3,578	2,217
Pension Fees		1,933	1,291
Directors' remuneration		4,712	7,086
Other employee benefit expenses		2,235	1,678
	\$	<u>73,059</u>	<u>\$ 51,944</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' respective remuneration of the Company for the current year, after retaining the amount to cover losses
2. The compensation to employees is estimated to be \$7,136 and \$11,126 for 2023 and 2022 respectively, and the compensation to directors is estimated to be \$4,282 and \$6,675 respectively, and the aforementioned amount is recorded as salary expense. For 2023, the amount is estimated at 4.17% and 2.50% respectively, based on the profitability of the year.
The remuneration to employees and remuneration to directors and supervisors for 2021 resolved by the Board of Directors amounted to \$11,126 and \$6,675 respectively, which were consistent with the amounts recognized in the financial statements for 2022 and were paid in cash of \$8,008 and \$6,675 respectively for the year ended December 31, 2023.
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.

(20). Income Tax

1. Income tax expense

(1) Income tax expense component:

	<u>2023</u>	<u>2022</u>
Current income tax:		
Income taxes arising from current income	\$ 248	\$ 77
Surtax on unappropriated earnings	7,693	-
(Overestimation) Underestimation of prior years' income tax	<u>1,912</u>	<u>1,580</u>
Total current income tax	<u>9,853</u>	<u>1,657</u>
Deferred income tax.		
Origination and reversal of temporary differences	<u>42,438</u>	<u>45,249</u>
Income tax expense	<u>\$ 52,291</u>	<u>\$ 46,906</u>

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

	<u>2023</u>	<u>2022</u>
Translation differences between foreign operating entities	(\$ 11,517)	\$ 11,158
Actuarial gains and losses on defined benefit plans	<u>(344)</u>	<u>59</u>
	<u>(\$ 11,861)</u>	<u>\$ 11,217</u>

(3) There are no income taxes related to direct debits or credits to the Company's equity in 2023 and 2022.

2. Relationship between income tax expense and accounting profit

	<u>2023</u>	<u>2022</u>
Income tax on net income before tax at statutory rate	\$ 31,936	\$ 40,943
Income exempts from tax under the Tax Law	1,712	2,107
Tax exempt income from domestic dividend revenue	(22)	(136)
(Overestimation) Underestimation of prior years' income tax	1,912	1,580
Foreign income tax	248	77
Surtax on unappropriated earnings	7,693	-
Others	<u>8,812</u>	<u>2,335</u>
Income tax expense	<u>\$ 52,291</u>	<u>\$ 46,906</u>

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

<u>2023</u>	<u>Recognized in</u>	<u>Recognized in other</u>	
<u>January 1</u>	<u>(Loss) gain</u>	<u>comprehensive</u>	<u>December 31</u>
		<u>(loss) income</u>	

Deferred income tax assets:				
Temporary differences				
- Accrued pension liability	\$ 1,585	\$ -	\$ 344	\$ 1,929
- Exchange differences of foreign operating institutions	22,948	-	11,517	34,465
- Others	2,198	(1,789)	-	409
Tax loss	28,571	573	-	29,144
Subtotal	55,302	(1,216)	11,861	65,947
Deferred income tax liabilities:				
Temporary differences				
- Accumulated foreign investment benefits recognized under the equity method	(106,508)	(41,222)	-	(147,730)
- Others	(704)	-	-	(704)
Subtotal	(107,212)	(41,222)	-	(148,434)
Total	(\$ 51,910)	(\$ 42,438)	\$ 11,861	(\$ 82,487)

<u>2022</u>				
	<u>January 1</u>	<u>Recognized in (Loss) gain</u>	<u>Recognized in other comprehensive (loss) income</u>	<u>December 31</u>
Deferred income tax assets:				
Temporary differences				
- Accrued pension liability	\$ 1,644	\$ -	(\$ 59)	\$ 1,585
- Exchange differences of foreign operating institutions	34,106	-	(11,158)	22,948
- Others	664	1,534	-	2,198
Tax loss	33,618	(5,047)	-	28,571
Subtotal	70,032	(3,513)	(11,217)	55,302
Deferred income tax liabilities:				
Temporary differences				
- Accumulated foreign investment benefits recognized under the equity method	(64,772)	(41,736)	-	(106,508)
- Others	(704)	-	-	(704)
Subtotal	(65,476)	(41,736)	-	(107,212)
Total	\$ 4,556	(\$ 45,249)	(\$ 11,217)	(\$ 51,910)

4. The effective periods of unused tax losses and the amount of unrecognized deferred income tax assets on December 31, 2023 and 2022 are as follows:

December 31, 2023

<u>Year occurred</u>	<u>Tax loss</u>	<u>Amount not yet offset</u>	Deferred income tax not recognized Proceeds from the amount of assets	<u>Last Credit Year</u>
2017 (Approved)	\$ 344,150	\$ 73,081	\$ -	2027
2018 (Approved)	28,848	28,848	-	2028
2021 (Approved)	1,524	1,524	-	2031
2023 (Declared)	42,267	42,267	-	2033
	<u>\$ 416,789</u>	<u>\$ 145,720</u>	<u>\$ -</u>	

December 31, 2022

Deferred income tax not recognized	<u>Last Credit Year</u>
------------------------------------	-------------------------

<u>Year occurred</u>	<u>Tax loss</u>	<u>Amount not yet offset</u>	<u>Proceeds from the amount of assets</u>	
2017 (Approved)	\$ 344,150	\$ 110,375	\$ -	2027
2018 (Approved)	28,848	28,848	-	2028
2021 (Declared)	3,632	3,632	-	2031
	<u>\$ 376,630</u>	<u>\$ 142,855</u>	<u>\$ -</u>	

5. As of December 31, 2023 and 2022, 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 2021.

(21). Earnings per share

	<u>2023</u>		
	Amount after tax	Weighted average Outstanding Number of shares (in thousands)	EPS (NT\$)
<u>Basic EPS</u>			
Net income attributable to ordinary shareholders of the parent company	<u>\$ 107,390</u>	<u>77,168</u>	<u>1.39</u>
<u>Diluted EPS</u>			
Net income attributable to ordinary shareholders of the parent company for the period	\$ 107,390	77,168	
Effect of dilutive potential ordinary shares			
-Employee compensation	-	420	
-RSA	-	543	
Net income attributable to ordinary shareholders of the parent company for the period with the effect of dilutive potential ordinary shares	<u>\$ 107,390</u>	<u>78,131</u>	<u>1.37</u>
	<u>2022</u>		
	Amount after tax	Weighted average Outstanding Number of shares (in thousands)	EPS (NT\$)
<u>Basic EPS</u>			
Net income attributable to ordinary shareholders of the parent company	<u>\$ 157,807</u>	<u>77,098</u>	<u>2.05</u>
<u>Diluted EPS</u>			
Net income attributable to ordinary shareholders of the parent company for the period	\$ 157,807	77,098	
Effect of dilutive potential ordinary shares			
-Employee compensation	-	507	
-RSA	-	71	
Net income attributable to ordinary shareholders of the parent company for the period with the effect of dilutive potential ordinary shares	<u>\$ 157,807</u>	<u>77,676</u>	<u>2.03</u>

(22). Changes in liabilities arising from financing activities

	<u>Dividends payable</u>	<u>Lease liabilities (Current/non-current)</u>
January 1, 2023	\$ -	\$ 2,720
Declaration of cash dividends	32,316	-
Distribution of cash dividends	(32,316)	-
Additions to lease liabilities	-	3,317
Repayment of lease principal	-	(1,122)
December 31, 2023	<u>\$ -</u>	<u>\$ 4,915</u>

	<u>Dividends payable</u>	<u>Lease liabilities (Current/non-current)</u>
January 1, 2022	\$ -	\$ 3,483

Declaration of cash dividends	30,839	-
Distribution of cash dividends	(30,839)	-
Repayment of lease principal	-	(763)
December 31, 2022	<u>\$ -</u>	<u>\$ 2,720</u>

7. Related party transactions

(1) Name and relationship of related parties

<u>Name of Related Party</u>	<u>Relationship with The Company</u>
Speed Tech Corporation (SPEED TECH)	Company with control over the Company (Note)
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.(TAIHAN SOMOA)	Subsidiaries of the Company
YONGHAN PRECISION TECHNOLOGY CO., LTD.(YONGHAN)	Subsidiaries of the Company
TAIHAN PRECISION TECHNOLOGY (PHILLIPINES) CO., INC.(TAIHAN PHILLIPINES)	Subsidiaries of the Company
TaiHan Mold Products (Dongguan) Co., Ltd.(TaiHan Dongguan)	Subsidiaries of the Company
All directors, general managers and key management personnel, etc.	Key management and governance units of the Company

(2) Significant transactions with related parties

1. Sales Transactions

(1) Operating revenue

The amounts of sales to related parties were as follows:

	<u>2023</u>	<u>2022</u>
YONGHAN	\$ 44,703	\$ 24,927
TAIHAN PHILLIPINES	-	8,712
	<u>\$ 44,703</u>	<u>\$ 33,639</u>

(2) Accounts receivables

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
YONGHAN	\$ 4,760	\$ 10,028
TAIHAN PHILLIPINES	-	2,070
	<u>\$ 4,760</u>	<u>\$ 12,098</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. Purchase transactions

(1) Cost of Goods Purchased

The Company's purchases from related parties were as follows:

	<u>2023</u>	<u>2022</u>
TAIHAN DONGGUAN	\$ 145,709	\$ 210,213
TAIHAN PHILLIPINES	478,605	565,176

YONGHAN	620	-
	<u>\$ 624,934</u>	<u>\$ 775,389</u>

(2) Accounts payables

The Company's accounts payable arising from the above related party purchase transactions are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
TAIHAN DONGGUAN	\$ 25,918	\$ 19,040
TAIHAN PHILLIPINES	73,536	90,255
YONGHAN	144	-
	<u>\$ 99,598</u>	<u>\$ 109,295</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 Transactions

(1) Other revenue (recognized as deductions to operating expenses)

Revenue (recognized as deductions to operating expenses) generated from management consulting services provided to related parties was as follows:

	<u>2023</u>	<u>2022</u>
YONGHAN	\$ -	\$ 14,596
TAIHAN DONGGUAN	5,211	5,533
	<u>\$ 5,211</u>	<u>\$ 20,129</u>

The Company's revenue from management consulting services provided to related parties was \$5,211 and \$20,129 for 2023 and 2022 respectively, offset by other net revenue of \$0 for this service.

(2) Other receivables

The breakdown of other receivables arising from the above related party transactions is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
TAIHAN DONGGUAN	<u>\$ 1,526</u>	<u>\$ 6,615</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>2023</u>	<u>2022</u>
SPEED TECH	\$ 997	\$ 996

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 payables

Other accounts payable arising from the above related party transactions were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
SPEED TECH	<u>\$ 95</u>	<u>\$ 87</u>

(3) Lease 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, 2023</u>	<u>December 31, 2022</u>
SPEED TECH	<u>\$ 1,953</u>	<u>\$ 2,720</u>

(4) Financial Costs

Interest expense recognized on the Company's lease liabilities:

	<u>2023</u>	<u>2022</u>
SPEED TECH	<u>\$ 20</u>	<u>\$ 27</u>

Interests for 2023 and 2022 are calculated by the annual rate of 0.86% and 0.86% respectively.

(5) Other Transactions

(1) Operating Expenses

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

	<u>2023</u>	<u>2022</u>
SPEED TECH	<u>\$ 50</u>	<u>\$ 33</u>

(2) Other payables

As of December 31, 2023 and 2022, other payables arising from the above-related party transactions were \$0 and \$141 respectively.

(3) Other current liabilities

As of December 31, 2023 and 2022, 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, 2023</u>		<u>December 31, 2022</u>	
	<u>Guaranteed amount</u>	<u>Actual usage amount</u>	<u>Guaranteed amount</u>	<u>Actual usage amount</u>
TAIHAN SAMOA	\$ 522,206	\$ 119,800	\$ 491,712	\$ 159,806
YONGHAN	168,949	-	76,830	-
TaiHan Mold Products (Dongguan) Co., Ltd.	61,436	-	61,464	-
TAIHAN PHILLIPINES	184,308	-	184,392	-
	<u>\$ 936,899</u>	<u>\$ 119,800</u>	<u>\$ 814,398</u>	<u>\$ 159,806</u>

7. Acquisition of Financial Assets

			<u>2023</u>
<u>Counterparty</u>	<u>Account</u>	<u>Number of shares</u>	<u>Underlying target</u>
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO.,LTD.	Investments accounted for using equity method	3,500,000	Common shares
			<u>\$ 110,426</u>

For the year ended December 31, 2022: None.

(3) Key Management Compensation Information

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	<u>\$ 15,948</u>	<u>\$ 14,597</u>
Share-based payments	<u>8,474</u>	<u>1,132</u>

\$ 24,422 \$ 15,729

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, 2023 and 2022, the Company issued promissory notes of \$550,052 and \$550,248 respectively for bank credit line requirements.
2. Please refer to Note 7(2) for the endorsements and guaranteed provided for other parties as of December 31, 2023 and 2022.

10. Significant disaster losses

None.

11. Significant Subsequent Events

The appropriation of earnings for 2023 was approved by the Board of Directors on March 8, 2024, as described in Note 6(12).

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 2022 remains the same as that for 2021. Please refer to the parent company only balance sheets for the debt ratios as of December 31, 2023 and 2022.

(2) Financial Instruments

1. Types of Financial Instruments

Please refer to Note 6 and the parent-company-only balance sheets for the information on the financial assets (cash and cash equivalent, notes receivables, accounts receivables (including the related parties), other receivables (including the related parties), refundable deposits, financial assets at fair value through other comprehensive income-non-current), financial liabilities(accounts payables (including the related parties), other payables (including the related parties), and lease liabilities (current/non-current)).

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, 2023</u>		
	<u>Foreign currency</u>	<u>Exchange</u>	Carrying
	<u>(in thousands)</u>	<u>rate</u>	<u>amount</u>
			<u>(NTD)</u>
(Foreign currency: Functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD: NTD	4,656	30.718	\$ 143,023
<u>Investments Accounted for Using Equity Method</u>			
USD: NTD	57,626	30.718	1,770,155
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	3,263	30.718	100,236

	<u>December 31, 2022</u>		
	<u>Foreign currency</u>	<u>Exchange</u>	Carrying
	<u>(in thousands)</u>	<u>rate</u>	<u>amount</u>
			<u>(NTD)</u>
(Foreign currency: Functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD: NTD	10,203	30.732	\$ 313,559
<u>Investments Accounted for Using Equity Method</u>			
USD: NTD	49,106	30.732	1,509,128
<u>Financial liabilities</u>			

Monetary items

USD: NTD 3,728 30.732 114,569

(B) Please refer to Note 6(16) for the aggregate amount of all exchange (loss) gains (both realized and unrealized) recognized in 2023 and 2022 on the Company's monetary items that are materially affected by exchange rate fluctuations.

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

2023

Sensitivity Analysis

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

(Foreign currency: Functional currency)

Financial Assets

Monetary items

USD: NTD	1%	\$ 1,430	\$ -
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Financial liabilities

Monetary items

USD: NTD	1%	(1,002)	-
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2022

Sensitivity Analysis

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

(Foreign currency: Functional currency)

Financial Assets

Monetary items

USD: NTD	1%	\$ 3,136	\$ -
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Financial liabilities

Monetary items

USD: NTD	1%	(1,146)	-
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B. Price risk

(A) The equity instruments to which the Company is exposed to price risk are 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 \$45 and \$31 for 2023 and 2022 respectively.

C. Cash flow and risk of fair value interest rate

There is no cash flow and fair value interest rate risk in transactions of the

Company.

(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 61 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 to 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, 2023

	<u>Not overdue</u>	<u>Overdue 1-60 days</u>	<u>Overdue 61-90 days</u>	<u>Overdue 91-180 days</u>	<u>Overdue 181 days or more</u>	<u>Total</u>
Expected loss rate	0.03%	0.06%	0.09%	0.12%	100.00%	
Total carrying value	<u>\$ 105,655</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,655</u>
Allowance for losses	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32</u>

December 31, 2022

	<u>Not overdue</u>	<u>Overdue 1-60 days</u>	<u>Overdue 61-90 days</u>	<u>Overdue 91-180 days</u>	<u>Overdue 181 days or more</u>	<u>Total</u>
Expected loss rate	0.03%	0.03%	0.03%	0.03%	100.00%	
Total carrying value	<u>\$ 211,527</u>	<u>\$ 470</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ 212,013</u>
Allowance for losses	<u>\$ 55</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ 71</u>

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

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

	<u>2023</u>	<u>2022</u>
January 1	\$ 71	\$ 29
Expected credit impairment (gain) loss	(39)	42
December 31	<u>\$ 32</u>	<u>\$ 71</u>

(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, 2023 and 2022, the Company held \$4,492 and \$3,108 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 \$597,226 and \$234,585 as of December 31, 2023 and 2022 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, 2023</u>	<u>Less than 3 months</u>	<u>3 months to 1 year</u>	<u>More than 1 year</u>
<u>Non-derivative financial liabilities:</u>			
Lease liabilities (current/non-current)	\$ 1,995	\$ 3,127	\$ 5,122
		3 months to 1 year	
<u>December 31, 2022</u>	<u>Less than 3 months</u>		<u>More than 1 year</u>
<u>Non-derivative financial liabilities:</u>			
Lease liabilities (current/non-current)	\$ 788	\$ 1,998	\$ 2,786

(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 are 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, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fair value on a recurring basis				
Financial assets at fair value through other comprehensive income				
- Equity Securities	\$ -	\$ -	\$ 4,492	\$ 4,492
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fair value on a recurring basis				
Financial assets at fair value through other comprehensive				

income

- Equity Securities	\$	-	\$	-	\$	3,108	\$	3,108
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(2) The methods and assumptions used by the Company to measure fair value are described below:

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 the appraised company is determined by the value of appraised company's assets and liabilities evaluated.

4. There are no transfers between Level 1 and Level 2 in 2023 and 2022.

5. The following table shows the changed in Level 3 in 2023 and 2022:

	<u>2023</u>	<u>2022</u>
	<u>Non-derivative equity</u>	<u>Non-derivative</u>
	<u>instruments</u>	<u>equity instruments</u>
January 1	\$ 3,108	\$ 4,072
Recognized in other comprehensive (loss) income	1,968	(709)
Capital Reduction Refunds	(584)	(255)
December 31	<u>\$ 4,492</u>	<u>\$ 3,108</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 quantitative information of significant unobservable inputs used in the valuation model of level 3 fair value measurement and the sensitivity analysis to the changes in significant unobservable inputs are as follows:

	<u>December 31,</u>		<u>Significant</u>	<u>Interval</u>	<u>Relationship</u>
	<u>2023</u>	<u>Valuation</u>	<u>unobservable</u>	<u>(weighted-</u>	<u>between the inputs</u>
	<u>Fair value</u>	<u>technique</u>	<u>input</u>	<u>average)</u>	<u>and fair value</u>
Non-derivative equity instrument:					
Stock of unlisted companies	\$ 4,492	Net asset value method	N/A	-	N/A
	<u>December 31,</u>		<u>Significant</u>	<u>Interval</u>	<u>Relationship</u>
	<u>2022</u>	<u>Valuation</u>	<u>unobservable</u>	<u>(weighted-</u>	<u>between the inputs</u>
	<u>Fair value</u>	<u>technique</u>	<u>input</u>	<u>average)</u>	<u>and fair value</u>
Non-derivative equity instrument:					
Stock of unlisted companies	\$ 3,108	Net asset value method	N/A	-	N/A

8. 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.

13. Other Disclosures

(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, associated 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 Note 13(1)10.

(4) Information on major shareholders

Please refer to the Exhibit 8.

14. Segment Information

Not applicable.

TaiHan Precision Technology Co., Limited
 Loaning funds to others
 For the Year Ended December 31, 2023

Exhibit 1

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

No.	Loan funds company	Lender	Past items	Is a related party	Current Maximum Amount	End of year balance	Actual expenditure Amount	Interest Rate Range	Nature of Funding Loan	Business Transaction amount	There are reasons why short-term	Allowance Amount of loss	Collateral		The limit for individual target funds lending	Funding Loan and Total Limit	Remark
											financing funds are necessary		Name	Value			
0	The Company	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	Other receivables related parties	Yes	\$ 64,850	\$ 61,436	\$ -	-	Those who have the need for short-term financing funds	\$ -	Operational Turnaround	\$ -	\$ -	\$ -	\$ 707,798	\$ 707,798	Note 1.Note 2
0	The Company	YONGHAN PRECISION TECHNOLOGY CO., LTD.	Other receivables related parties	Yes	226,975	215,026	-	-	Those who have the need for short-term financing funds	-	Operational Turnaround	-	-	-	707,798	707,798	Note 1.Note 2
1	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN MOLD PRODUCTS (DONGGUAN)	Other receivables related parties	Yes	178,338	168,949	76,795	-	Those who have the need for short-term financing funds	-	Operational Turnaround	-	-	-	708,062	708,062	Note 3
1	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	Other receivables related parties	Yes	94,170	30,718	-	-	Those who have the need for short-term financing funds	-	Operational Turnaround	-	-	-	708,062	708,062	Note 3
1	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHANLAND (PHILIPPINES) INC.	Other receivables related parties	Yes	182,430	122,872	61,436	-	Those who have the need for short-term financing funds	-	Operational Turnaround	-	-	-	708,062	708,062	Note 3

Note 1: The total amount of the Company's capital loans shall not exceed 50% of the net value of the Company's most recent accountants' report.

Note 2: If the Company engages in the lending of funds for short-term financing purposes, the total amount of funds lent shall not exceed 40% of the Company's latest accountants' net worth. The amount of individual loans shall not exceed 10% of the net value of the Company's most recent accountants' report.

The amount of individual loans shall not exceed 10% of the Company's latest audited financial statements and shall not exceed 40% of the Company's net worth if the loans are made to the Company's subsidiaries (including indirectly reinvested subsidiaries).

Note 3:If TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD. 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 40% and 20% of the net value of the most recent audited financial statements of TAIHAN PRECISION TECHNOLOGY (SAMOA) CO. If the borrower is the subsidiary which the Company holds directly or indirectly 100% of the voting shares, the total amount of funds lent and the amount of individual funds lent shall not exceed 40% and 40% of the net value of the most recent audited financial statements of TAIHAN PRECISION TECHNOLOGY (SAMOA) CO. The audited net worth of TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD. for the year ended December 31, 2023 amounted to \$1,770,155.

Note 4:The above transactions are related party transactions that have been eliminated in the consolidated financial statements.

TaiHan Precision Technology Co., Limited
Endorsement for others
For the Year Ended December 31, 2023

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

Exhibit 2

No.	Endorser	<u>Endorsed by the guarantee</u>		Relationship	Endorsement guarantee limit for a single enterprise	<u>Current Maximum Endorsement Guarantee Balance</u>	<u>The End-of-Term Endorsement Guaranteed Balance</u>	<u>Actual expenditure amount</u>	<u>Amount of endorsement guarantee by property guarantee</u>	<u>Ratio of accumulated endorsement guarantee to net worth of the most recent financial statements</u>	<u>Endorsement Guarantee Maximum Limit</u>	<u>Parent company endorsement of subsidiary</u>	<u>Subsidiary endorsement of parent company</u>	<u>Endorsement guarantee for mainland China</u>	Remark	
		<u>Company Name</u>	<u>Company Name</u>						<u>(Note 2)</u>	<u>(Note 3)</u>	<u>(Note 3)</u>					
(Note 1)	Company Name	Company Name	(Note 2)		(Note 3)	Guarantee Balance	Guaranteed Balance	amount			(Note 3)					
0	The Company	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	(2)	\$	884,748	\$ 194,550	\$ 184,308	\$ -	\$ -	10%	\$ 1,769,496	Y	N	N	-	
0	The Company	YONGHAN PRECISION TECHNOLOGY CO., LTD.	(2)		884,748	178,338	168,949	-	-	10%	1,769,496	Y	N	N	-	
0	The Company	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	(2)		884,748	648,500	522,206	119,800	-	30%	1,769,496	Y	N	N	-	
0	The Company	TaiHan Mold Products (Dongguan) Co., Ltd.	(2)		884,748	64,850	61,436	-	-	3%	1,769,496	Y	N	Y	-	
1	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	TAIHANLAND (PHILIPPINES) INC.	(4)		390,071	77,820	73,723	-	-	4%	392,093	N	N	N	-	
2	TAIHANLAND (PHILIPPINES) INC.	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	(4)		344,672	77,820	73,723	-	-	4%	344,575	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 total amount of endorsements and guarantees provided by the Company shall not exceed 100% of the net worth of the Company's financial statements attested by CPA in the most recent period. The accumulated amount of endorsements and guarantees provided for a single entity shall not exceed 25% of the net worth of the Company's financial statements attested by CPA in the most recent period. If the endorsee or guarantee is the Company's subsidiary (including sub-subsidiary), the amount of endorsements and guarantees provided by the Company shall not exceed 50% of the net worth of the Company's financial statements attested by CPA in the most recent period.

Note 4: The total amount of endorsements and guarantees provided by TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC. shall not exceed 100% of the net worth of TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.'s financial statements attested by CPA in the most recent period. The accumulated amount of endorsements and guarantees provided for a single entity shall not exceed 25% of the net worth of TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.'s financial statements attested by CPA in the most recent period. If the endorsee or guarantee and endorser or guarantor are subsidiaries which the Company holds directly or indirectly 100% of the voting shares, the amount of endorsements and guarantees shall not exceed 100% of the net worth of the guarantor's financial statements attested by CPA in the most recent period. The net worth of TAIHANLAND (PHILIPPINES) INC. for the years ended December 31, 2023 amounted to \$392,093.

Note 5: The total amount of endorsements and guarantees provided by TAIHANLAND (PHILIPPINES) INC. shall not exceed 100% of the net worth of TAIHANLAND (PHILIPPINES) INC.'s financial statements attested by CPA in the most recent period. The accumulated amount of endorsements and guarantees provided for a single entity shall not exceed 25% of the net worth of TAIHANLAND (PHILIPPINES) INC.'s financial statements attested by CPA in the most recent period. If the endorsee or guarantee and endorser or guarantor are subsidiaries which the Company holds directly or indirectly 100% of the voting shares, the amount of endorsements and guarantees shall not exceed 100% of the net worth of the guarantor's financial statements attested by CPA in the most recent period. The net worth of TAIHANLAND (PHILIPPINES) INC. for the years ended December 31, 2023 amounted to \$344,575.

Note 6: The exchange rates used for the translation of endorsement are based on the resolution by the board of directors.

TaiHan Precision Technology Co., Limited
Marketable securities held at the end of the period
January 1 - December 31, 2023

Exhibit 3

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

<u>Company held</u>	<u>Types and names of securities</u>	<u>Relationship with the issuer of marketable securities</u>	<u>Billing Subjects</u>	<u>Number of shares</u>	<u>Carrying amount</u>	<u>End of period Percentage of ownership</u>	<u>Fair Value</u>	<u>Remark</u>
Our Company	Ordinary shares of non-listed counterparties - Asia Pacific Emerging Industry Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - non-current	292	\$ 4,492	0.56% \$	4,492	-

Note: The percentage of ownership is calculated based on the total number of shares issued by the investee.

TaiHan Precision Technology Co., Limited
Purchase or sale of goods with related parties amounting to at least NT\$100 million or 20 percent of the paid-in capital
For the Year Ended December 31, 2023

Exhibit 4

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

			<u>Transaction Details</u>				<u>The circumstances and reasons why the transaction conditions are different from those of normal transactions</u>		<u>Notes receivable (paid) and accounts payable</u>		
<u>Company of purchase (sales)</u>	<u>Counterparty Name</u>	<u>Relationship</u>	<u>Purchase (Sales)</u>	<u>Amount</u>	<u>Percentage of total imports (sales)</u>	<u>Credit Period</u>	<u>Unit price</u>	<u>Credit Period</u>	<u>Balance</u>	<u>Percentage of total notes and accounts receivable (payable)</u>	<u>Remark</u>
The Company	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	Sub-subsiary	Purchase	\$ 478,605	72%	120 days	According to Our Company's transfer pricing policy system	No significant differences	(\$ 73,536)	(73%)	(Note)
TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	The Company	The Company	(Sales)	(478,605)	(58%)	120 days	According to Our Company's transfer pricing policy system	No significant differences	73,536	56%	(Note)
The Company	TaiHan Mold Products (Dongguan) Co., Ltd.	Sub-subsiary	Purchase	145,709	22%	120 days	According to Our Company's transfer pricing policy system	No significant differences	(25,918)	(26%)	(Note)
TaiHan Mold Products (Dongguan) Co., Ltd.	The Company	The Company	(Sales)	(145,709)	(64%)	120 days	According to Our Company's transfer pricing policy system	No significant differences	25,918	45%	(Note)

Note: The amounts have been eliminated in the consolidated financial statements.

TaiHan Precision Technology Co., Limited
Business relationships and significant transactions between the Parent Company and its subsidiaries and their respective subsidiaries and amounts
For the Year Ended December 31, 2023

Exhibit 5

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

					Transaction history			
No. (Note 1)	Name of the trader	Trading partners	Relationship with the counterparty (Note 2)	Account	Amount	Terms of Trade	As a percentage of consolidated total revenue or Total assets (Note 3)	
0	The Company	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	1	Operating costs	\$ 478,605	According to the Company's transfer pricing policy system	20.66%	
0	The Company	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	1	Accounts payables	73,536	Credit on 120 days	2.79%	
0	The Company	TaiHan Mold Products (Dongguan) Co., Ltd.	1	Operating costs	145,709	According to the Company's transfer pricing policy system	6.29%	
0	The Company	TaiHan Mold Products (Dongguan) Co., Ltd.	1	Accounts payables	25,918	Credit on 120 days	0.98%	
0	The Company	YONGHAN PRECISION TECHNOLOGY CO., LTD.	1	Operating revenue	44,703	According to the Company's transfer pricing policy system	1.93%	
0	The Company	YONGHAN PRECISION TECHNOLOGY CO., LTD.	1	Accounts receivables	4,760	Credit on 120 days	0.18%	
1	TAIHANLAND (PHILIPPINES) INC.	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	3	Rental income	34,364	-	1.48%	

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

(1). Enter 0 for the parent company.

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

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

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

(1). Parent to subsidiary.

(2). Subsidiary to parent company.

(3). Subsidiaries to subsidiaries.

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

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

Note 5: Please refer to Exhibit 1 and 2 for fund financing and endorsement and guarantees between the parent company and subsidiaries and among subsidiaries.

TaiHan Precision Technology Co., Limited
Name of investee company, location and other related information (excluding Mainland China investee company)
For the Year Ended December 31, 2023

Exhibit 6

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

<u>Name of Investment Company</u>	<u>Name of investee company</u>	<u>Location</u>	<u>Main Business Items</u>	<u>End of the period</u>	<u>End of last year</u>	<u>Original investment amount</u>		<u>%</u>	<u>Carrying amount</u>	<u>(Loss) income of investees for the period</u>	<u>Investment income (loss) recognized in the period</u>	<u>Remark</u>
						<u>Number of</u>	<u>shares</u>					
The Company	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	Samoa	Professional Investment Business	\$ 1,203,162	\$ 1,092,737		35,789,761	100%	\$ 1,770,155	\$ 204,035	\$ 206,112	
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN HOLDING (SAMOA) CO., LTD.	Samoa	Professional Investment Business	501,558	391,133		14,299,664	100%	61,725 (	61,915)	-	Note
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	YONGHAN HOLDING (SAMOA) CO., LTD.	Samoa	Professional Investment Business	321,162	321,162		10,023,632	100%	961,577	157,285	-	Note
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN HOLDING PHILIPPINES CO., LTD.	Seychelles	Professional Investment Business	680,849	680,849		22,589,000	100%	741,386	119,878	-	Note
YONGHAN HOLDING (SAMOA) CO., LTD.	YONGHAN PRECISION TECHNOLOGY CO., LTD.	Vietnam	Production and sales of various precision molds and plastic plastic products, etc.	320,391	320,391		-	100%	961,561	157,284	-	Note
TAIHAN HOLDING PHILIPPINES CO., LTD.	TAIHANLAND (PHILIPPINES) INC.	Philippines	Holding the production base of Land and plant	308,755	308,755		-	100%	344,575	22,784	-	Note
TAIHAN HOLDING PHILIPPINES CO., LTD.	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	Philippines	Production and sales of various precision molds and plastic plastic products, etc.	319,567	319,567		-	100%	392,093	104,438	-	Note

Note: As the gains or losses on investees of the subsidiaries directly invested by the Company have been recognized by each investor company, the information is not disclosed.

TaiHan Precision Technology Co., Limited
Mainland China Investment Information - Basic Information
For the Year Ended December 31, 2023

Exhibit 7

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

<u>Name of Mainland China</u> <u>investee company</u>	<u>Main Business Items</u>	<u>Paid-in</u> <u>capital</u>	<u>Investment</u> <u>Method</u> <u>(Note 1)</u>	<u>Accumulated</u> <u>investment</u> <u>amount remitted</u> <u>from Taiwan at the</u> <u>beginning of the</u> <u>period</u>	<u>Amount of</u> <u>investments</u> <u>remitted or</u> <u>recovered during</u> <u>the period</u> <u>Remittance</u>	<u>Accumulated investment</u> <u>amount remitted from Taiwan</u> <u>at the end of the period</u> <u>Retrieval</u>	<u>(Loss) income</u> <u>of investees</u> <u>for the period</u>	<u>Shareholding</u> <u>of our</u> <u>Company's</u> <u>direct or</u> <u>indirect</u> <u>investments</u>	<u>Investment (loss)</u> <u>recognized during</u> <u>the period</u> <u>(Note 2)</u>	<u>Carrying amount</u> <u>of investments at</u> <u>the end of the</u> <u>period</u> <u>(Note 2)</u>	<u>As at the end of</u> <u>the period</u> <u>Investment</u> <u>income remitted</u>	<u>Remark</u>
TaiHan Mold Products (Dongguan) Co., Ltd.	Production and sales of various precision molds and plastic products, etc.	\$ 531,741	(2)	\$ 421,315	\$ 110,426	\$ -	\$ 531,741 (\$ 61,915)	100%	(\$ 61,915)	\$ 61,725	\$ -	Investment in Mainland China through TAIHAN HOLDING (SAMOA) CO., Ltd.

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

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

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

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

<u>Company Name</u>	<u>Accumulated</u> <u>remittances from</u> <u>Taiwan to China at</u> <u>the end of the period</u> <u>Taiwan to China</u> <u>Amount of regional</u> <u>investment</u>	<u>MOEAIC Approved</u> <u>Investment Amount</u>	<u>Investment</u> <u>quota in</u> <u>mainland</u> <u>China</u> <u>according to</u> <u>MOEAIC</u> <u>regulations</u> <u>(Note 3)</u>
The Company	\$ 531,741	\$ 531,741	\$ 1,061,698

TaiHan Precision Technology Co., Limited
Major Shareholders Information
For the Year Ended December 31, 2023

Exhibit 8

<u>Name of Major Shareholders</u>	<u>Shares</u>	
	<u>Number of shares held</u>	<u>Shareholding ratio</u>
SPEED TECH CORPORATION	22,599,000	28.67%

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 ordinary 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, 2023

Statement 1

Unit: NT\$1,000

Item	Summary	Amount
Cash on hand		\$ 30
Bank Deposits		
Taiwan Dollar Demand Deposits		15,973
Foreign Currency Demand	US\$871 thousand	26,755
Deposits		
Foreign Currency Time Deposits	US\$1,700 thousand	52,221
		<u>\$ 94,979</u>

Note: Foreign currency exchange rate: 1USD = 30.718NTD

TaiHan Precision Technology Co., Limited
Statement of accounts receivable
December 31, 2023

Statement 2

Unit: NT\$1,000

Customer Name	Amount	Remark
General Customers-		
Company A	\$ 98,025	
Others	2,870	The balance of each fractional customer does not exceed 5% of the balance of the account.
	-	
	100,895	
Less: Allowance for losses	(32)	
	100,863	
Associates -		
YONGHAN PRECISION TECHONOLGY CO., LTD.	4,760	
Less: Allowance for losses	-	
	4,760	
	<u>\$ 105,623</u>	

TaiHan Precision Technology Co., Limited
Statement of changes in investments accounted for using the equity method
For the Year Ended December 31, 2023

Statement 3

Unit: NT\$1,000

Name	Beginning balance		Increase in the current period		Amount of other investment (loss)	Amount of other adjustment items (Note 1)	Reduction of the current period		End of period balance		Market Value or Net Equity		Provision of guarantees or pledges	Remark
	Number of Shares (Thousands of shares)	Amount	Number of Shares (Thousands of shares)	Amount			Number of Shares (Thousands of shares)	Amount	Number of Shares (Thousands of shares)	ratio	Price (NTD)	Total Price		
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO.,LTD.	32,290	\$ 1,507,077	3,500	\$110,426	\$ 206,112	\$ 2,077	-	\$ -	35,790	100%	\$ 1,825,692	49.46	\$ 1,770,155	None
Add (minus):														
Cumulative Conversion Adjustment:		2,051		-		(57,58)		-			(55,537)			
		<u>\$ 1,509,128</u>		<u>\$ 110,426</u>	<u>\$ 206,112</u>	<u>(\$ 55,511)</u>		<u>\$ -</u>			<u>\$ 1,770,155</u>			

Note 1: Other adjusting items \$2,077 represent realized gain on sales for the period.

TaiHan Precision Technology Co., Limited
Statement of Accounts Payable
December 31, 2023

Statement 4

Unit: NT\$1,000

Customer Name	Amount	Remark
General suppliers-		
Other	\$ 67	The balance of each fractional supplier does not exceed 5% of the balance of the account.
Associates -		
TaiHan Mold Products (Dongguan) Co., Ltd.	25,918	
TAIHAN PRECISION TECHNOLOGY (PHILLIPINES) CO., INC.	73,536	
YONGHAN PRECISION TECHONOLOGY CO., LTD.	144	
	99,598	
	<u>\$ 99,665</u>	

TaiHan Precision Technology Co., Limited
Operating revenue Statement
For the Year Ended December 31, 2023

Statement 5

Unit: NT\$1,000

Item	Quantity	Amount	Remark
Mold Revenue	156 pcs	\$ 85,533	
Plastic molding revenue	137,690 thousand pcs.	581,495	
		<u>\$ 667,028</u>	

TaiHan Precision Technology Co., Limited
Operating Cost Statement
For the Year Ended December 31, 2023

Statement 6

Unit: NT\$1,000

Item	Amount	Remark
Merchandise Inventory		
Add: Beginning inventory	\$ -	
Purchase for the period	629,065	
Less: Ending inventory	-	
Total cost of goods sold	629,065	
Total operating costs	<u>\$ 629,065</u>	

TaiHan Precision Technology Co., Limited
Statement of Administrative Expenses
For the Year Ended December 31, 2023

Statement 7

Unit: NT\$1,000

Item	Amount	Remark
Salary Costs	\$ 60,601	
Service costs	6,456	
Directors' remuneration	4,712	
Other	19,955	The balance of each of the fractional items does not exceed 5% of the balance of the account.
	-	
	<u>\$ 91,724</u>	

TaiHan Precision Technology Co., Limited

Summary table of functional categories of employee benefits, depreciation, depletion and amortization expenses incurred in the current period
January 1 ~ December 31, 2023 and 2022

Statement 8

Unit: NT\$1,000

Function Nature	2023			2022		
	Operating Costs	Operating expenses	Total	Operating Costs	Operating expenses	Total
Employee Benefit Costs						
Salary Costs	\$ -	\$ 60,601	\$ 60,601	\$ -	\$ 39,672	\$ 39,672
Labor and Health Insurance	-	3,578	3,578	-	2,217	2,217
Pension Fees	-	1,933	1,933	-	1,291	1,291
Directors' remuneration	-	4,712	4,712	-	7,086	7,086
Other employee benefit expenses	-	2,235	2,235	-	1,678	1,678
Depreciation expense	-	1,884	1,884	-	1,512	1,512
Amortization expense	-	1,077	1,077	-	967	967

Notes:

- The number of employees for the current year and the previous year were 48 and 42 respectively, of which the number of directors who were not also employees were 5 and 4 respectively.
- For companies whose shares are traded over the counter, the following information should be disclosed.

- The average employee benefit expense for the year was \$1,589. ("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 \$1,180. ("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").
- Average employee salary expense for the year was \$1,409. (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 \$1,044. (Total salary cost for the previous year / "Number of employees for the previous year - Number of directors who were not also employees").
- Change in average employee salary cost adjustment of 34.96%. ("Average employee salary expense for the current year - average employee salary expense for the previous year" / average employee salary expense for the previous year).
- The Company has independent directors, so there is no remuneration for supervisors.
- 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.

- 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.
- 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	2022	2023	Difference	
			Amount	%
Current assets	1,503,475	1,230,707	-272,768	-18.14%
Property, Plant and Equipment	918,561	900,150	-18,411	-2.00%
Net property Investment	30,367	29,798	-569	-1.87%
Other Intangible assets	11,955	10,206	-1,749	-14.63%
Other assets	352,963	463,884	110,921	31.43%
Total assets	2,817,321	2,634,745	-182,576	-6.48%
Current liabilities	663,872	524,779	-139,093	-20.95%
Non-current liabilities	429,914	340,470	-89,444	-20.81%
Total liabilities	1,093,786	865,249	-228,537	-20.89%
Capital stock	788,184	788,184	0	0.00%
Capital surplus	695,473	682,341	-13,132	-1.89%
Retained earnings	371,914	445,613	73,699	19.82%
Other adjustments	-132,036	-146,642	-14,606	11.06%
Total shareholder's equity	1,723,535	1,769,496	45,961	2.67%

Description :

1. Increase in other assets: This was mainly due to the addition of new assets and prepayment for land during the period.
2. Decrease in current liabilities: This was mainly due to the payment of goods and repayment of short-term loans.
3. Decrease in non-current liabilities and total liabilities: mainly due to repayment of long-term borrowings.

2. Analysis of Financial Performance

(1) Business performance analysis:

Unit: NT\$thousand

Item \ Year	2022	2023	Increase (decrease)	Difference (%)
Net Operating Income	2,669,152	2,316,598	(352,554)	-13.21%
Operating Costs	2,199,441	1,927,079	(272,362)	-12.38%
Gross Profit	469,711	389,519	(80,192)	-17.07%
Operating Expenses	223,539	227,428	3,889	1.74%
Operating Profits	246,172	162,091	(84,081)	-34.16%
Non-operating Income	12,414	37,080	24,666	198.70%
Income Before Tax	258,586	199,171	(59,415)	-22.98%
Tax Benefits (expenses)	(100,779)	(91,781)	(8,998)	-8.93%
Net Profit	157,807	107,390	(50,417)	-31.95%
Other Comprehensive Profits and Losses	44,169	(45,478)	(89,647)	-202.96%
Comprehensive Profits and Losses	201,976	61,912	(140,064)	-69.35%

Analysis of changes in financial ratios:

1. Decrease in operating income, net income before income tax and net income for the period.
The decrease in revenue was due to inventory adjustments by customers.
2. Non-operating income and expenses: The difference was mainly due to the exchange gain from the appreciation of the U.S. 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	(80,192)	404,209	287,571	(87,445)	(684,527)
Description	Under the impact of multiple pressures, overall gross profit declined. These factors include the continuous increase in overseas labor costs, the continuous adjustment of high inventories by brand owners of multifunctional machines due to the COVID-19, and consumer electronic components below expectations.				

3. Cash Flow Analysis

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

Item \ Year	2022	2023	Ratio of increase (decrease)
Cash flow ratio	43.16	80.84	37.68%

Cash flow adequacy ratio	121.83	192.15	70.32%
Cash reinvestment ratio	9.01	12.39	3.38%
Explanation of the change of the ratio: (1) Increase in cash flow ratio, cash flow adequacy ratio: The increase in the amount of cash inflow from operating activities in the current period as compared to the previous year was due to the increase in the amount of cash inflow from operating activities in the current period as compared to 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
594,077	451,916	(316,577)	729,416	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 2023	Main reasons for profit (loss)	Improvement plan	Future investment plan
TaiHan Mold Products (Dongguan) Co., Ltd.	Long-term investment	-61,915	Operating normally	1. To continue to win orders and actively diversify customers to increase customer sources and develop new products, thus improving profitability and reduce operational risks. 2. To strictly control product quality, reduce process cost and defective rate, and improve product gross profit.	None
YONGHAN PRECISION TECHNOLOGY CO., LTD.	Long-term investment	157,284	Operating normally	None	None
TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	Long-term investment	104,438	Operating normally	None	None
TAIHANLAND (PHILIPPINES) INC.	Long-term investment	22,784	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	2022		2023	
	Amount	% of net sales	Amount	% of net sales
Interest Incomes	1,602	20.06	3,383	0.15
Interest Expenses	13,858	0.52	23,084	1.00

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	2022	2023
Foreign Exchange gain (loss)	25,178	47,797
% of net sales	0.94	2.06

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 Speed Tech Corp on 2023/3/31 (merger base date), and Speed Tech Corp is the surviving company. Taiqiao Investment Co., Ltd., was originally a subsidiary of Speed Tech 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.

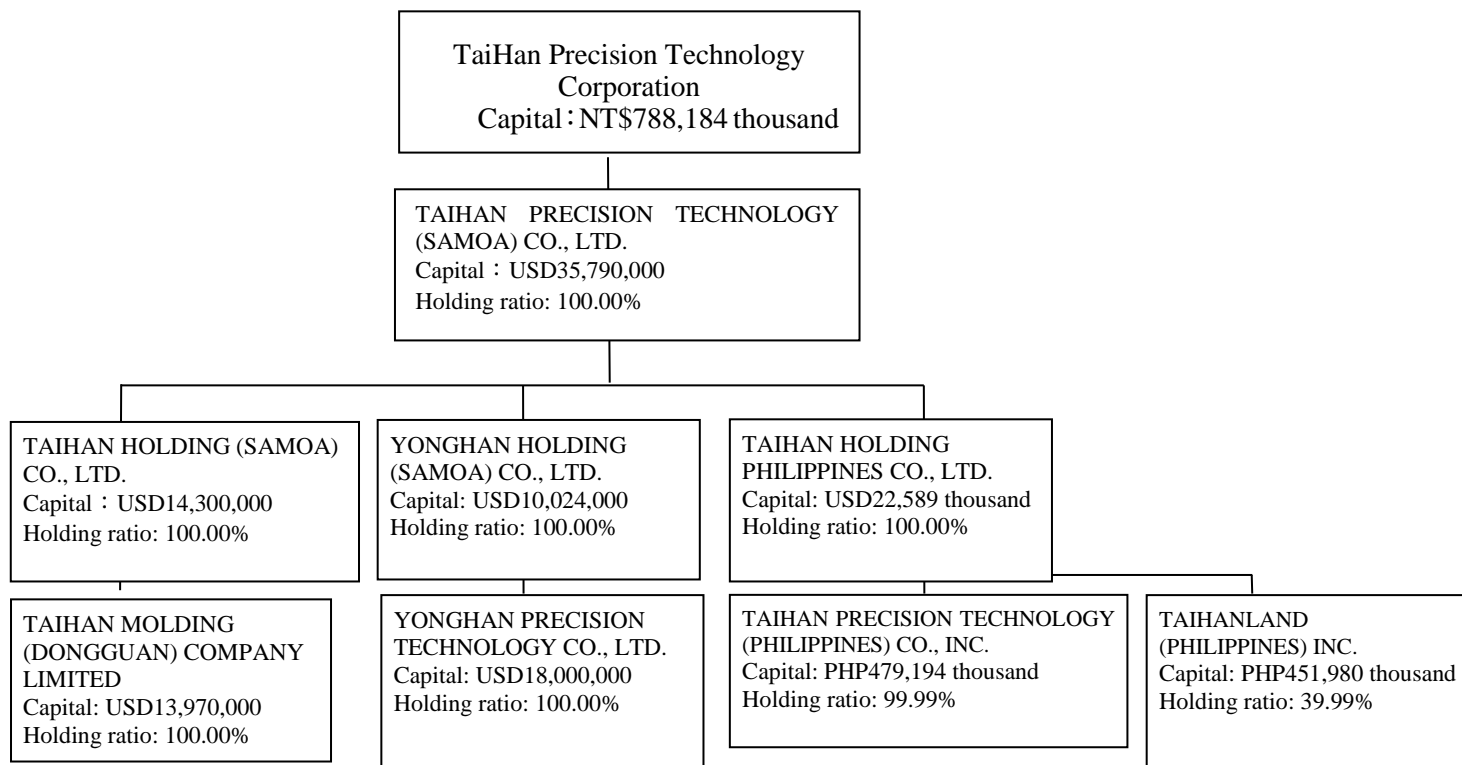
7. Other important matters: None °

VIII. Special Disclosure

1. Information about affiliated companies:

1.Information about affiliated companies

(1) Organization chart of affiliated companies: (Dec 31, 2023)



(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 2023

Company Name	Date of establishment	Address	Paid in capital	Major business or products
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD	2004.02.10	TRUSTNET CHAMBERS , P.O.BOX 1225 APIA , SAMOA	USD 35,789,761	Holding company
TAIHAN HOLDING (SAMOA) CO., LTD.	2004.02.10	TRUSTNET CHAMBERS , P.O.BOX 1225 APIA , SAMOA	USD 14,299,664	Holding company
YONGHAN HOLDING (SAMOA) CO., LTD.	2006.6.23	TRUSTNET CHAMBERS , P.O.BOX 1225 APIA , SAMOA	USD 10,023,632	Holding company
TAIHAN HOLDING PHILIPPINES CO., LTD.	2012.11.15	NO.24 LESPERANCE, PROVIDENCE INDUSTRIAL ESTATE, MAHE SEYCHELLES	USD22,589,000	Holding company
TaiHan Molding (Dongguan) Co., Ltd	2001.01.04	Room 101, No. 1-3, Qianmei Road, Dongkeng Town, Dongguan City, Guangdong Province	RMB 110,027,427 (USD16,176,000)	Mold and plastic injection molding
YONGHAN PRECISION TECHNOLOGY CO., LTD..	2006.08.28	Phu Tien Industrial Zone, Hai Duong Province, Vietnam	USD 18,000,000	Mold and plastic injection molding
TaiHan Precision Technology (Philippines) Co., Inc.	2013.01.09	Phase 2A Block 1 Lot 1, Jose P. Rizal Avenue, Lima Technology Center - Special Economic Zone, Lipa City, Batangas Province,4217 Philippines	PHP 479,193,500	Mold and plastic injection molding
TaiHanland (Philippines) Inc.	2013.01.09	Phase 2A Block 1 Lot 1, Jose P. Rizal Avenue,Lima Technology Center - Special Economic Zone,Lipa City, Batangas Province,4217 Philippines	PHP 451,980,000	Real estate lease

3. Information of the same shareholder for those who are presumed to have control rights and affiliation: None

4. Industries covered by the affiliated company:

The business of the company and its affiliated companies includes mold, injection molding, painting, and assembly of 3C products.

5. Information on directors, supervisors and general managers of affiliated companies
March 31, 2024

Company Name	Title	Name or representative	Holding Shares	
			Shares	Shareholding ratio
TaiHan Precision Technology (Samoa) Co., Ltd	Chairman	TaiHan Precision Technology Corporation Representative: Tsai Chen-long	35,790	100%
TAIHAN HOLDING (SAMOA) CO., LTD.	Chairman	TaiHan Precision Technology (Samoa) Co. Ltd, Representative: Tsai Chen-long	14,300	100%
YONGHAN HOLDING (SAMOA) CO., LTD.	Chairman	TaiHan Precision Technology (Samoa) Co.Ltd Representative: Tsai Chen-long	10,024	100%
TAIHAN HOLDING PHILIPPINES CO., LTD.	Chairman	TaiHan Precision Technology (Samoa) Co.,Ltd Representative: Tsai Chen-long	22,589	100%
TAIHAN MOLDING (DONGGUAN) CO., LTD	Chairman	TaiHan Holding (Samoa) Co., Ltd Representative: Tsai Chen-long	share capital 13,970	100%
	President	Huang Xiaoling		
YONGHAN PRECISION TECHNOLOGY CO., LTD	Chairman	Yonghan Holding (Samoa) Co.,Ltd Representative: Tsai Chen-long	share capital 18,000	100%
TaiHan Precision Technology (Philippines) Co., Inc.	Chairman	TAIHAN HOLDING PHILIPPINES CO., LTD. Representative: Tsai Chen-long	4,792	99.99%
	Director	TAIHAN HOLDING PHILIPPINES CO., LTD. Chen Jinzhong		
TaiHanland (Philippines) Inc.	Chairman	TAIHAN HOLDING PHILIPPINES CO., LTD. Representative: Tsai Chen-long	4,520	39.99%
	Director	TAIHAN HOLDING PHILIPPINES CO., LTD. Representative: Chen Jinzhong		

(2) Operational overview of the affiliated company:
Financial status and operating results of each affiliated company:

Dec 31, 2023

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 1,203,162,462	NTD 1,895,412,322	NTD 119,920,891	NTD 1,775,491,431	NTD 0	(NTD 184,896)	NTD 205,668,245	Note 1
TAIHAN HOLDING (SAMOA) CO., LTD.	NTD 531,797,734	NTD 61,724,944	NTD 0	NTD 61,724,944	NTD 0	NTD 0	(NTD 61,915,087)	Note 1
YONGHAN HOLDING (SAMOA) CO., LTD.	NTD 323,797,099	NTD 949,768,043	NTD 0	NTD 949,768,043	NTD 0	NTD 0	NTD 157,284,543	Note 1
TaiHan Molding (Dongguan) Co., Ltd	NTD 459,872,110	NTD 352,549,083	NTD 290,824,139	NTD 61,724,944	NTD 226,045,409	(NTD 55,140,287)	(NTD 61,915,087)	Note 1
YONGHAN PRECISION TECHNOLOGY CO., LTD.	NTD 571,001,799	NTD 1,169,567,383	NTD 219,814,933	NTD 949,752,450	NTD 1,293,834,060	NTD 166,085,886	NTD 157,284,382	Note 1
TAIHAN HOLDING PHILLIPINES CO., LTD.	NTD 680,848,940	NTD 740,003,260	NTD 542,361	NTD 739,460,899	NTD 0	(NTD 7,493,140)	NTD 119,878,218	Note 1
TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	NTD 319,567,312	NTD 521,378,949	NTD 131,307,624	NTD 390,071,325	NTD 830,798,198	NTD 112,294,173	NTD 104,437,730	Note 1
TAIHANLAND (PHILIPPINES) INC.	NTD 308,754,681	NTD 433,856,670	NTD 89,184,982	NTD 344,671,688	NTD 0	(NTD 15,074,010)	NTD 22,783,937	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
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.	The Company has set up auditors in its subsidiaries in both Dongguan TaiHan and Vietnam Yonghan. Here is the list of people: (1) TaiHan, Dongguan: Jian Zhiming, Lu Peiru. (2) Yonghan, Vietnam: Jian Zhiming, Lu Peiru.
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.	Follow up as promised. (The Company's financial reports of the overseas subsidiaries are not checked and certified by other accountants.)
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.	1. The Company updated the "procedures for the acquisition or disposal of assets" and matters related to the disposal of the equity of the subsidiary company Yaohan Electronic Technology (Suzhou) Co., Ltd. For details, see the tracking schedule for the second and third quarters of 2008. In addition, the company disposes of the equity of the subsidiary company Yaohan Electronic Technology (Suzhou) Co., Ltd. to Jia Shi Danamin Malaysia Co., Ltd., which has been completed on November 26. Due to the above disposal matters, the company's board meeting on February 16, 2009, and the shareholders meeting on June 10, 2009 approved the revision of the "Acquisition or Disposal of Assets Processing Procedures", deleting the affiliation with YAWHAN HOLDING (SAMOA) CO., LTD. and Yaohan Precision Technology (Suzhou) Limited Company. 2. The Company has passed the resolution of the Board of Directors on December 12, 2016 to dispose of the equity of the subsidiary company, DONGHAN HOLDING (SAMOA) CO., LTD. (hereinafter referred to as East Han Samoa), and the 100% subsidiary, Dong Han Electronic Technology (Kunshan) Co., Ltd., was also transferred. The company's "Acquisition or Disposal of Assets Processing Procedures" has deleted the provisions on East Han Samoa and East Han Electronic Technology (Kunshan) Co., Ltd., And after the approval of the Board of Directors on March 20, 2017 and the approval of the shareholders' meeting in 2017, the revision procedure was completed.

Note : As of March 31, 2024

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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