

TaiHan Precision Technology Co., Limited
and Subsidiaries
Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report
(Stock code: 1336)

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Guishan District, Taoyuan City, Taiwan

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Important Disclaime:

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

TaiHan Precision Technology Co., Limited and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022

and Independent Auditors' Report

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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

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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 July 30, 2020 to July 30, 2027, with principal repayment in installments beginning in the 13th month	5.48%	Please refer to Note 8 for details.	\$ 138,967
Mega Bank				
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>	-
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>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>	
			Number of shares (in thousands)	Exercise price (NT\$)
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	<u>\$ 202</u>	<u>\$ 2,970</u>	<u>\$ 3,092</u>

(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>
-------------	-------------

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	<u>\$ 91,781</u>	<u>\$ 100,779</u>

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

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

<u>2023</u>		<u>Recognized in other</u>	
<u>January 1</u>	<u>Recognized in</u>	<u>comprehensive (loss)</u>	<u>December 31</u>
	<u>(Loss) gain</u>	<u>income</u>	
Deferred income tax assets:			
Temporary differences:			
- Allowance for loss on decline in value of inventories	\$ -	\$ -	\$ -
- Accrued pension liability	1,585	-	1,929
- Exchange differences of foreign operating institutions	22,948	-	34,465
- Effect of lease liabilities	43,838	(6,570)	37,268
- Others	2,198	(1,597)	601
Tax loss	28,571	573	29,144
Subtotal	<u>99,140</u>	<u>(7,594)</u>	<u>103,407</u>
Deferred income tax liabilities:			
Temporary differences:			
- Accumulated foreign investment benefits recognized under the equity method	(106,508)	(41,222)	(147,730)
- Effect of right-of-use assets	(43,838)	6,570	(37,268)
- Others	(704)	(1,017)	(1,721)
Subtotal	<u>(151,050)</u>	<u>(35,669)</u>	<u>(186,719)</u>
Total	<u>(\$ 51,910)</u>	<u>\$ 11,861</u>	<u>(\$ 83,312)</u>

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

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
		<u>\$ 416,789</u>	<u>\$ 145,720</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 (Approved)	52,975	52,975	52,975	-	2026
	2023 (Declared)	60,853	60,853	60,853	-	2028
		<u>\$ 182,363</u>	<u>\$ 182,363</u>	<u>\$ 182,363</u>		
		<u>\$ 599,152</u>	<u>\$ 328,083</u>	<u>\$ 182,363</u>		

December 31, 2022

	Year of occurrence	Tax loss	Amount not deducted	Income not recognized as deferred tax assets	Lase 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>	Weighted average Outstanding Number of shares (in thousands)	EPS (NT\$)
	<u>Amount after tax</u>		
<u>Basic EPS</u>			
Net income attributable to ordinary shareholders of the parent company	<u>\$ 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	<u>-</u>	<u>543</u>	
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>	Weighted average Outstanding Number of shares (in thousands)	EPS (NT\$)
	<u>Amount after tax</u>		
<u>Basic EPS</u>			
Net income attributable to ordinary shareholders of the parent company	<u>\$ 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	<u>-</u>	<u>71</u>	
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)
		(255)
Capital Reduction Refunds	(584))
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>
Non-derivative equity instrument:					
Stock of unlisted companies	\$ 4,492	Net asset value method	N/A	-	N/A

	<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>
Non-derivative equity instrument:					
Stock of unlisted companies	\$ 3,108	Net asset value method	N/A	-	N/A

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>2023</u>	<u>Mold</u>	<u>Plastic molding</u>	<u>Reconciliation 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 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	<u>1,635,920</u>	<u>1,062,349</u>	<u>1,818,659</u>	<u>984,949</u>
	\$ 2,316,598	\$ 1,282,163	\$ 2,669,152	\$ 1,200,994

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

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

Exhibit 4

			<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.