

I-CHIUN PRECISION INDUSTRY CO., LTD.
AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
2023 and 2022
(Stock Code: 2486)

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I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS’
REPORT FOR 2023 AND 2022

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I-CHIUN PRECISION INDUSTRY CO., LTD.

Representation Letter of Consolidated Financial Statements of Affiliated Enterprises

The companies to be included by the Company in the consolidated financial statement of affiliated enterprises in 2023 (January 1 to December 31, 2023) pursuant to the Criteria Governing Preparation of Affiliation Report, Consolidated Business Report and Consolidated Financial Statement of Affiliated Enterprises are the same as those to be included into the consolidated financial report of the parent company and subsidiaries pursuant to the Statement of International Financial Reporting Standards (IFRS) No. 10. Further, the related information to be disclosed in the consolidated financial report of affiliated enterprises has been disclosed in the said consolidated financial statement of parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statement of affiliated enterprises separately.

Hereby declared by

Company Name: I-CHIUN PRECISION INDUSTRY CO., LTD.

Responsible person: CHOU, WAN-SHUN

March 5, 2024

Independent Auditor's Audit Report

(2024) Cai-Shen-Bao No. 23004369

To the Board of Directors and Shareholders of I-CHIUN PRECISION INDUSTRY CO., LTD.

Audit Opinion

We have reviewed the accompanying consolidated balance sheets of I-CHIUN PRECISION INDUSTRY CO., LTD. and its subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, based on our audit results and other accountants' audit reports (see the "other matters" paragraph), present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) as endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Basis for Opinion

The certified public accountant (CPA) engaged to audit and attest financial statements shall do so in accordance with the Standards on Auditing (TWSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audit results and other accountants' audit reports, 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 the Group's audit of the consolidated financial statements of 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, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for 2023 is

stated as follows:

Assessment of allowance for inventory valuation losses

Description

For accounting policies for inventories, please refer to Note 4(13) of the consolidated financial statements; for the uncertainty of accounting estimates and assumptions in evaluation of inventories, please refer to Note 5(2) of the consolidated financial statements; for the description of allowance for inventory valuation losses, please refer to Note 6(5) of the consolidated financial statements. The Group's inventories and allowance for inventory valuation losses on December 31, 2023 were NTD 1,303,848 thousand and NTD 152,115 thousand, respectively.

The Group's evaluation of inventories is based on the cost or net realizable value, whichever is lower. Considering the rapid changes in the technological environment, its measurement is based on the judgment and estimation that there is a higher risk in inventories due to obsolete products or no market value. The Group's inventories are measured at cost or net realizable value, whichever is lower; for inventories exceeding a certain period of age and individually identified obsolete and outdated inventories, the net realizable value is calculated based on historical information on the selling rate of inventories and the extent of the discount.

Because the Group's inventories and its allowance for inventory valuation losses has a significant impact on the consolidated financial statements, and the net realizable value adopted in the evaluation of outdated and obsolete inventories often involves subjective judgments of whether there is still market sales value in the future, there is a high degree of estimation uncertainty. Therefore, we have listed the assessment of allowance for inventory valuation losses as a key audit matter.

Corresponding audit procedures

Our audit procedures performed in respect of the key audit matter above included the following:

1. Assess the reasonableness of the policies and procedures used in the allowance for inventory valuation losses based on our understanding of the Group and the nature of the industry, including the inventory classification used to determine the net realizable value and the judgment of obsolete inventory items.
2. Understand the Group's inventory management process, review its annual inventory plan, and participate in the annual inventory taking to evaluate the effectiveness of distinguishing and controlling obsolete and outdated inventories by the management.
3. The methods for verifying the accounting estimates are appropriate and adopted consistently, including the Group's procedures, methods, and assumptions regarding the identification of net realizable value, obsolete inventories, and outdated or damaged items, which are consistent with the previous period.

4. Randomly check the source information on selling prices used for the serial number of individual inventory items, compare the allowance for valuation losses in the previous period, and consider events taking place after the balance sheet, to assess the reasonableness of the allowance for valuation loss provided by the Group.

Other matters – reference to the audit or review of other accountants

For subsidiaries that are included in the group consolidated financial statements, the audit of financial statements involves other auditors in the audit of financial statements that are not group financial statements. Therefore, for the auditor's opinion on the abovementioned consolidated financial statements, the subsidiaries' financial statement amounts are based on the reports of other auditors. As of December 31, 2022, the subsidiaries' total assets of NTD 114,111 thousand accounted for 1% of the total consolidated assets, while the subsidiaries' 2022 operating revenue of NTD 15,853 thousand accounted for 0% of consolidated net operating revenue.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion and unqualified opinion and others on the parent company only financial statements of I-CHIUN PRECISION INDUSTRY CO., LTD. for 2023 and 2022 in our report.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and the regulations of IFRS and IAS as well as IFRIC and SIC Interpretations as endorsed and issued into effect by the FSC to maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

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

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

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit of consolidated financial statements conducted in accordance with TWSA will always detect a material misstatement when it exists. Misstatements can arise from error or fraud 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 the consolidated financial statements.

As part of an audit in accordance with TWSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision,

and performance of the audit of the Group. 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 (including relevant protective measures).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Group's consolidated financial statements of 2023 and are therefore the key audit matters. We describe these matters in our auditor's 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.

PRICEWATERHOUSECOOPERS TAIWAN

JUAN LU, MAN-YU

Certified Public Accountant

FENG, MIN-CHUAN

Former Financial Supervisory Commission, Executive Yuan
Approval Document No.: Jin-Guan-Zheng-Shen No.
0990058257

Securities and Futures Bureau, Former Financial
Supervisory Commission, Executive Yuan
Approval Document No.: Jin-Guan-Zheng-Six No.
0960038033

March 5, 2024

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NTD thousand

	Asset	Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,492,468	19	\$ 1,312,308	17
1110	Financial assets at fair value through profit and loss – current	6(2)	137,396	2	124,680	2
1136	Financial assets at amortized cost – current	6(3) and 8	166,288	2	82,175	1
1150	Notes receivable, net	6(4) and 12(12)	126,277	1	141,949	2
1170	Accounts receivable, net	6(四) and 12(2)	2,006,646	26	1,758,132	22
1200	Other receivables		93,721	1	38,863	-
1220	Current income tax assets		370	-	94	-
130X	Inventories	6(5)	1,151,733	15	1,327,445	17
1479	Other current assets – others		62,516	1	59,361	1
11XX	Total current assets		<u>5,237,415</u>	<u>67</u>	<u>4,845,007</u>	<u>62</u>
Non-current assets						
1510	Financial assets at fair value through profit and loss – non-current	6(2)	20,000	-	-	-
1535	Financial assets at amortized cost – non-current	6(3) and 8	-	-	28,000	-
1600	Property, plant and equipment	6(6) and 8	1,716,801	22	1,955,703	25
1755	Right-of-use assets	6(7) and 8	403,074	5	449,142	6
1760	Investment property, net	6(9) and 8	190,788	3	212,422	3
1780	Intangible assets		24,349	-	19,948	-
1840	Deferred income tax assets	6(23)	112,982	2	116,379	2
1900	Other non-current assets		91,802	1	166,826	2
15XX	Total non-current assets		<u>2,559,796</u>	<u>33</u>	<u>2,948,420</u>	<u>38</u>
1XXX	Total assets		<u>\$ 7,797,211</u>	<u>100</u>	<u>\$ 7,793,427</u>	<u>100</u>

(Continued)

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NTD thousand

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Liability						
Current liabilities						
2100	Short-term borrowings	6(10) and 8	\$ 646,307	8	\$ 697,991	9
2130	Contract liabilities – current	6(18)	242	-	14,943	-
2150	Notes payable		72,240	1	4,786	-
2170	Accounts payable	7	570,384	7	475,981	6
2200	Other payables	6(11)	358,349	5	323,635	4
2230	Current income tax liabilities		10,140	-	11,426	-
2280	Lease liabilities – current		58,870	1	52,754	1
2320	Long-term borrowings (including due within one year or one operating cycle)	6(12) and 8	966,667	13	261,667	4
2399	Other current liabilities – others		5,094	-	5,790	-
21XX	Total current liabilities		<u>2,688,293</u>	<u>35</u>	<u>1,848,973</u>	<u>24</u>
Non-current liabilities						
2540	Long-term borrowings	6(12) and 8	6,667	-	977,083	13
2570	Deferred income tax liabilities	6(6)(23)	321,415	4	299,658	4
2580	Lease liabilities – non-current		294,478	4	340,042	4
2600	Other non-current liabilities	6(13)	103,146	1	106,875	1
25XX	Total non-current liabilities		<u>725,706</u>	<u>9</u>	<u>1,723,658</u>	<u>22</u>
2XXX	Total liabilities		<u>3,413,999</u>	<u>44</u>	<u>3,572,631</u>	<u>46</u>
Equity						
Equity attributable to owners of the parent						
Share capital						
3110	Share capital – common stock	6(15)	2,219,586	28	2,219,586	29
	Capital surplus	6(16)				
3200	Capital surplus		1,864,432	24	1,814,424	23
	Retained earnings	6(17)				
3310	Legal reserve		32,697	-	22,267	-
3320	Special reserve		122,718	2	115,330	2
3350	Retained earnings		203,870	3	111,683	1
Other equity						
3400	Other equity		(212,676)	(3)	(179,509)	(2)
3500	Treasury stock	6(15)	(39,538)	-	(60,702)	(1)
31XX	Total equity attributable to owners of the parent		<u>4,191,089</u>	<u>54</u>	<u>4,043,079</u>	<u>52</u>
36XX	Non-controlling equity	6(25)	<u>192,123</u>	<u>2</u>	<u>177,717</u>	<u>2</u>
3XXX	Total equity		<u>4,383,212</u>	<u>56</u>	<u>4,220,796</u>	<u>54</u>
	Significant Contingent Liabilities and Unrecognized Contract Commitments	9				
	Significant Events after the Balance Sheet Date	11				
3X2X	Total liabilities and equity		<u>\$ 7,797,211</u>	<u>100</u>	<u>\$ 7,793,427</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements, and shall be read together.

Chairman: CHOU, WAN-SHUN

Manager: CHOU, WAN-SHUN

Accounting Officer: YANG, PAI-JUNG

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2023 and 2022

Unit: NTD thousand
(except for earnings per share which is in NTD)

	Items	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	6(18)	\$ 5,068,696	100	\$ 5,195,927	100
5000	Operating costs	6(5)(9) (22) and 7	(4,351,582)	(86)	(4,617,647)	(89)
5900	Gross profit		<u>717,114</u>	<u>14</u>	<u>578,280</u>	<u>11</u>
	Operating expense	6(22)				
6100	Selling expenses		(173,339)	(3)	(174,810)	(3)
6200	Administrative expenses		(307,085)	(6)	(247,608)	(5)
6300	Research and development expenses		(117,139)	(2)	(98,450)	(2)
6450	Expected credit impairment profit (loss)	12(2)	56,949	1	(58,902)	(1)
6000	Total operating expenses		<u>(540,614)</u>	<u>(10)</u>	<u>(579,770)</u>	<u>(11)</u>
6900	Operating profit (loss)		<u>176,500</u>	<u>4</u>	<u>(1,490)</u>	<u>-</u>
	Non-operating revenues and expenses					
7100	Interest revenue		35,200	1	13,191	-
7010	Other revenue	6(19)	16,377	-	40,336	1
7020	Other gains and losses	6(20)	76,168	1	140,608	3
7050	Finance costs	6(21)	(59,810)	(1)	(62,333)	(1)
7000	Total non-operating revenues and expenses		<u>67,935</u>	<u>1</u>	<u>131,802</u>	<u>3</u>
7900	Net profit before tax		<u>244,435</u>	<u>5</u>	<u>130,312</u>	<u>3</u>
7950	Income tax expense	6(23)	(45,527)	(1)	(38,356)	(1)
8200	Current net profit		<u>\$ 198,908</u>	<u>4</u>	<u>\$ 91,956</u>	<u>2</u>

(Continued)

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2023 and 2022

Unit: NTD thousand
(except for earnings per share which is in NTD)

Items	Notes	2023		2022		
		Amount	%	Amount	%	
Items that will not be reclassified to profit or loss						
8311	Remeasurements of defined benefit plans	6(13)	(\$ 4,623)	-	\$ 3,500	-
8349	Income tax related to items that will not be reclassified to profit or loss	6(23)	924	-	(700)	-
8310	Total of items that will not be reclassified to profit or loss		(3,699)	-	2,800	-
Items that may be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations		(41,459)	(1)	47,799	1
8399	Income tax relating to the items that may be reclassified to profit or loss	6(23)	8,292	-	(9,560)	-
8360	Sum of items that may be reclassified to profit or loss		(33,167)	(1)	38,239	1
8300	Other comprehensive income (net)		(\$ 36,866)	(1)	\$ 41,039	1
8500	Total comprehensive income for current period		\$ 162,042	3	\$ 132,995	3
Net income (loss) attributable to:						
8610	Owners of the parent		\$ 200,887	4	\$ 103,288	2
8620	Non-controlling equity		(1,979)	-	(11,332)	-
			\$ 198,908	4	\$ 91,956	2
Total comprehensive income attributable to:						
8710	Owners of the parent		\$ 164,021	3	\$ 144,327	3
8720	Non-controlling equity		(1,979)	-	(11,332)	-
			\$ 162,042	3	\$ 132,995	3
Earnings per share (EPS)						
9750	Basic earnings per share	6(24)	\$ 0.92		\$ 0.47	
9850	Diluted earnings per share		\$ 0.92		\$ 0.46	

The accompanying notes are an integral part of the consolidated financial statements, and shall be read together.

Chairman: CHOU, WAN-SHUN

Manager: CHOU, WAN-SHUN

Accounting Officer: YANG, PAI-JUNG

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2023 and 2022

Unit: NTD thousand

	Notes	Equity attributable to owners of the parent							Total	Non-controlling equity	Total equity
		Share capital – common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Other equity Financial statements translation differences of foreign operations	Treasury stock			
<u>2022</u>											
Balance at January 1, 2022		\$ 2,219,586	\$ 1,847,718	\$ -	\$ -	\$ 222,670	(\$ 217,748)	\$ -	\$ 4,072,226	\$ 177,078	\$ 4,249,304
Current net profit		-	-	-	-	103,288	-	-	103,288	(11,332)	91,956
Other comprehensive income for current period		-	-	-	-	2,800	38,239	-	41,039	-	41,039
Total comprehensive income for current period		-	-	-	-	106,088	38,239	-	144,327	(11,332)	132,995
Earnings appropriation and distribution for 2021:	6(17)										
Allocation for Legal reserve		-	-	22,267	-	(22,267)	-	-	-	-	-
Allocation for Special reserve		-	-	-	115,330	(115,330)	-	-	-	-	-
Cash dividend paid out		-	-	-	-	(77,686)	-	(77,686)	-	(77,686)	-
Cash dividend paid out from capital surplus	6(16)(17)	-	(33,294)	-	-	-	-	(33,294)	-	(33,294)	-
Changes in ownership interests in subsidiaries	6(25)	-	-	-	-	(1,792)	-	(1,792)	(5,259)	(7,051)	-
Capital increase in cash by subsidiary	6(25)	-	-	-	-	-	-	-	20,986	20,986	-
Cash dividend paid out by subsidiary	6(25)	-	-	-	-	-	-	-	(3,756)	(3,756)	-
Treasury shares repurchased		-	-	-	-	-	(60,702)	(60,702)	-	(60,702)	-
Balance at December 31, 2022		\$ 2,219,586	\$ 1,814,424	\$ 22,267	\$ 115,330	\$ 111,683	(\$ 179,509)	(\$ 60,702)	\$ 4,043,079	\$ 177,717	\$ 4,220,796
<u>2023</u>											
Balance at January 1, 2023		\$ 2,219,586	\$ 1,814,424	\$ 22,267	\$ 115,330	\$ 111,683	(\$ 179,509)	(\$ 60,702)	\$ 4,043,079	\$ 177,717	\$ 4,220,796
Current net profit		-	-	-	-	200,887	-	-	200,887	(1,979)	198,908
Other comprehensive income for current period		-	-	-	-	(3,699)	(33,167)	(36,866)	-	(36,866)	-
Total comprehensive income for current period		-	-	-	-	197,188	(33,167)	-	164,021	(1,979)	162,042
Earnings appropriation and distribution for 2022:	6(17)										
Allocation for Legal reserve		-	-	10,430	-	(10,430)	-	-	-	-	-
Allocation for Special reserve		-	-	-	7,388	(7,388)	-	-	-	-	-
Cash dividend paid out		-	-	-	-	(87,183)	-	(87,183)	-	(87,183)	-
Cash dividend paid out by subsidiary	6(25)	-	-	-	-	-	-	-	(3,191)	(3,191)	-
Treasury shares repurchased	6(15)	-	-	-	-	-	(29,326)	(29,326)	-	(29,326)	-
Cost of share-based payment	6(14)(16)	-	47,962	-	-	-	-	47,962	-	47,962	-
Treasury shares subscribed for by employees	6(14)(16)	-	(151)	-	-	-	-	50,490	50,339	-	50,339
Disposal of equity in a subsidiary (without losing control)	6(16)(25)	-	2,197	-	-	-	-	2,197	4,026	6,223	-
Acquisition of subsidiary	6(25)	-	-	-	-	-	-	-	15,550	15,550	-
Balance at December 31, 2023		\$ 2,219,586	\$ 1,864,432	\$ 32,697	\$ 122,718	\$ 203,870	(\$ 212,676)	(\$ 39,538)	\$ 4,191,089	\$ 192,123	\$ 4,383,212

The accompanying notes are an integral part of the consolidated financial statements, and shall be read together.

Chairman: CHOU, WAN-SHUN

Manager: CHOU, WAN-SHUN

Accounting Officer: YANG, PAI-JUNG

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022

Unit: NTD thousand

	Notes	January 1 to December 31, 2023	January 1 to December 31, 2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Current net profit before tax		\$ 244,435	\$ 130,312
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expenses	6(6)(7)(9) (22)	447,276	476,185
Amortization expenses	6(22)	6,592	4,345
Expected credit impairment loss (profit)	12(2)	(56,949)	58,906
Net gains on financial assets at fair value through profit and loss	6(20)	(71,342)	(9,871)
Interest expenses	6(21)	59,810	62,333
Interest revenue		(35,200)	(13,191)
Dividend revenue	6(19)	(450)	(750)
Cost of share-based payment	6(14)	47,962	-
Losses (gains) on disposal of property, plant and equipment	6(20)	1,821	(4,411)
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets at fair value through profit and loss		(2,333)	(109,289)
Notes receivable		15,672	33,521
Accounts receivable		(190,615)	465,805
Other receivables		5,992	12,539
Inventories		227,813	221,735
Other current assets		(3,155)	70,837
Other non-current assets		(7,894)	(13,637)
Net changes in operating liabilities			
Contract liabilities – current		(14,701)	(16,381)
Notes payable		67,454	(6,323)
Accounts payable		94,403	(269,175)
Other payables		52,200	(116,404)
Other current liabilities		(696)	(930)
Other non-current liabilities		(6,662)	(2,033)
Cash inflow generated from operations		881,433	974,123
Interest received		35,309	13,191
Dividends received		450	750
Interest paid	6(26)	(60,005)	(61,882)
Income tax paid		(12,429)	(6,804)
Net cash inflow from operating activities		844,758	919,378

(Continued)

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022

Unit: NTD thousand

	<u>Notes</u>	<u>January 1 to December 31, 2023</u>	<u>January 1 to December 31, 2022</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit and loss – non-current		(\$ 20,000)	\$ -
Increase in financial assets at amortized cost		(56,113)	(71,400)
Increase/decrease in other non-current assets		(5,681)	6,169
Price of purchase of property, plant and equipment	6(26)	(129,013)	(410,559)
Proceeds from disposal of property, plant and equipment		21,015	25,156
Price of purchase of intangible assets		(10,993)	(9,786)
Cash inflow generated from the merger and acquisition	6(25)	15,550	-
Cash outflow from investing activities		<u>(185,235)</u>	<u>(460,420)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings	6(27)	(51,684)	(113,299)
New long-term borrowings	6(27)	-	40,000
Repayment of long-term borrowings	6(27)	(265,416)	(46,250)
Repayment of lease principal	6(27)	(56,739)	(52,168)
Increase (decrease) in other non-current liabilities		(967)	976
Cash dividend paid out	6(17)	(87,183)	(110,980)
Repurchased treasury shares	6(26)	(40,367)	(49,661)
Treasury shares transferred to employees	6(15)	50,490	-
Proceeds from the disposal of equity in a subsidiary (without loss of control)	6(25)	6,223	-
Cash capital increase by subsidiary – non-controlling interests	6(25)	-	20,986
Cash dividend paid out by subsidiary	6(25)	(3,191)	(3,756)
Net cash outflow from financing activities		<u>(448,834)</u>	<u>(314,152)</u>
Effect of exchange rate changes on cash and cash equivalents		<u>(30,529)</u>	<u>18,726</u>
Net increase in cash and cash equivalents of the current period		180,160	163,532
Balance of cash and cash equivalents, beginning of period		1,312,308	1,148,776
Balance of cash and cash equivalents, end of period		<u>\$ 1,492,468</u>	<u>\$ 1,312,308</u>

The accompanying notes are an integral part of the consolidated financial statements, and shall be read together.

Chairman: CHOU, WAN-SHUN

Manager: CHOU, WAN-SHUN

Accounting Officer: YANG, PAI-JUNG

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2023 and 2022

Unit: NTD thousand
(except as otherwise indicated)

I. Company Profile

I-CHIUN PRECISION INDUSTRY CO., LTD. (hereinafter referred to as the “Company”) was incorporated in August 1977. The Company merged with Yi-Chiun Industrial Co., Ltd., I-Zhan Industrial Co., Ltd., and I-Che Technology Co., Ltd. in July, 1990, November 1993, September 2001, and September 2004, with the Company as the surviving company. The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are mainly engaged in the manufacturing, processing, and trading of machinery and parts, electronic parts, parts for appliances, semiconductor LED lead frames, precision molds, etc., as well as relevant import and export trade, and property leasing business.

The Company’s stock had been listed on the Taipei Exchange since March 21, 2000 for trading, and then has been listed and traded on the Taiwan Stock Exchange since September 19, 2001.

II. Date and Procedures for Approval of the Financial Report

The consolidated financial statements were authorized for issuance by the Board of Directors on March 5, 2024.

III. Application of Newly Issued and Amended Standards and Interpretations

(I) Effect of adopting the newly issued or amended International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the FSC

New standards, interpretations and amendments in the IFRS Accounting Standards as endorsed and issued into effect by the FSC effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date by International Accounting Standards Board</u>
Amendments to IAS 1, “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023
Amendments to IAS 12 “International Tax Reform – Pillar 2 Template”	May 23, 2023

The standards and interpretations above have no significant impact on the Group's financial position and financial performance based on the Group's assessment.

(II) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted

New standards, interpretations and amendments in the IFRS Accounting Standards as endorsed by the FSC effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date by International Accounting Standards Board</u>
Amendments to IFRS 16 "Lease Liability in a 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 Financing Arrangements"	January 1, 2024

The standards and interpretations above have no significant impact on the Group's financial position and financial performance based on the Group's assessment.

(III) Effects of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, "Sale of contribution of assets between an investor and its associate or joint venture"	To be determined by International Accounting Standards Board
IFRS 17, "Insurance contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

The standards and interpretations above have no significant impact on the Group's financial position and financial performance based on the Group's assessment.

IV. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Compliance Statement

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs as endorsed and issued into effect by the FSC.

(II) Basis of preparation

1. Except for the following important items, the consolidated financial statements have been prepared at historical cost:
 - (1) Financial assets and liabilities at fair value through profit and loss (including derivatives).
 - (2) Defined benefit liabilities recognized at the net amount of pension fund assets less the present value of defined benefit obligations.
2. The preparation of the financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(III) Basis of consolidation

1. Basis for preparation of consolidated financial statements:
 - (1) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or entitled, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation financial reports of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (2) Inter-company transactions, balances, and unrealized gains or losses on transactions within the Group are eliminated. Accounting policies of subsidiaries have been adjusted as necessary and are consistent with the ones adopted by the Group.
 - (3) Profit or loss and each component of other comprehensive income are attributed to

the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

- (4) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transaction with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

2. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Nature of Business	Ownership (%)		Description
			December 31, 2023	December 31, 2024	
The Company	Ecocera Optronics Co., Ltd.	Manufacturing and trading of LED ceramic bases	69.720	70.669	Note 1
The Company	Advance Venture Corporation	Electronics Components Manufacturing and Trading	55.556	55.556	
The Company	CMTEK Co., Ltd.	Other Metal Products Manufacturing	56.259	-	Note 2
MORE FORTUNE	I-CHIUN (CAYMAN) PRECISION INDUSTRY CO., LTD. ("I-CHIUN (CAYMAN)")	General investment	100.00	100.00	
MORE FORTUNE	I-CHIUN TECHNOLOGY CO., LTD.	General investment	100.00	100.00	
I-CHIUN (CAYMAN)	I-Chiun Precision Electric Industry (China) Co., Ltd.	Manufacturing and trading of direct back-lit module components, as well as investment property leasing	100.00	100.00	
I-CHIUN (CAYMAN)	I-Chiun Precision Electric (Nanjing) Co., Ltd.	Investment property leases	100.00	100.00	
I-CHIUN TECHNOLOGY CO., LTD.	I-Chiun Technology (China) Co., Ltd.	Trading and manufacturing of LED and semiconductor frames and investment property leasing	65.23	65.23	
I-Chiun Precision Electric Industry (China) Co., Ltd.	I-Zou Hi-Tech (SZN) Co., Ltd.	Trading and manufacturing of LED lead frames	100.00	100.00	
I-Chiun Precision Electric Industry (China) Co., Ltd.	I-Chiun Technology (China) Co., Ltd.	Trading and manufacturing of LED and semiconductor frames and investment property leasing	34.77	34.77	

Note 1: In March 2023, the Company disposed of 250 thousand shares of Ecocera Optronics Co., Ltd., a Group's subsidiary, and the shareholding ratio was adjusted from 70.669% to 69.720%.

Note 2: In November and December, 2023, the Company invested in the establishment of CMTEK Co., Ltd. and acquired 2,000 thousand shares through a capital contribution of NTD20,000; the shareholding ratio was 56.259%. The Company acquired control of CMTEK Co., Ltd., making it one of the Group's subsidiaries.

3. Subsidiaries not included in the consolidated financial statements: None.
4. Adjustments for subsidiaries with different balance sheet dates: None.
5. Significant restrictions: None.
6. Subsidiaries that have non-controlling interests that are material to the Group: None.

(IV) Translation of foreign currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

1. Foreign currency transactions and balances

- (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (2) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon retranslation at the balance sheet date are recognized in profit or loss.
- (3) For the balance of non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss, their valuations are adjusted by using the spot exchange rate on the balance sheet date, and the exchange differences arising from the adjustment are recognized in current profit or loss; those that are not measured at fair value are measured at the historical exchange rate on the date of the initial transaction.
- (4) All foreign exchange gains and losses are recognized in "other gains and losses" in the statement of comprehensive income.

2. Translation of foreign operations

- (1) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the balance sheet date;

B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

C. All resulting exchange differences are recognized in other comprehensive income.

(2) When a foreign operation that is partially disposed of or sold is a subsidiary, the accumulated exchange differences recognized in other comprehensive income is reattributed to the foreign operation's non-controlling interests on a pro rata basis. However, if the Group still retains partial interests in the former foreign subsidiary after losing control of the former foreign subsidiary, such a transaction shall be accounted for as the disposal of all interests in the foreign operation.

(V) Classification of current and non-current items of assets and liabilities

1. Assets that meet one of the following criteria are classified as current assets:

(1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(2) Liabilities arising mainly from trading activities;

(3) Assets that are expected to be realized within twelve months from the balance sheet date;

(4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

The Group has classified all assets that do not meet the above criteria as non-current.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

(1) Liabilities that are expected to be settled within the normal operating cycle;

(2) Liabilities arising mainly from trading activities;

(3) Liabilities that are to be settled within twelve months from the balance sheet date;

(4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group has classified all liabilities that do not meet the criteria above as non-current.

(VI) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(VII) Financial assets at fair value through profit and loss

1. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income.
2. The Group's financial assets measured at fair value through profit and loss in accordance with trading conventions are accounted for on the trade date.
3. The Group's initial recognition is on a fair value basis, with relevant transaction costs recognized in profit or loss, and subsequently at fair value, and gains or losses thereof are recognized in profit or loss.
4. When the right to receive dividends is established, the future economic benefits related to dividends may flow to the Group, and when the amount of dividends can be reliably measured, the Group recognizes dividend income in profit or loss.

(VIII) Financial assets at amortized cost

1. Those that meet all of the following criteria:
 - (1) The financial asset is held under a business model for the purpose of collecting contractual cash flows.
 - (2) The contract terms of the financial asset generate cash flow on a specific date, which is entirely to pay for the interest on the principal and the amount of principal outstanding.
2. The Group's financial assets measured at amortized cost in accordance with trading conventions are accounted for on the trade date.
3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs, and subsequently adopts the effective interest method to recognize said assets in interest revenue and in impairment loss during the outstanding period according to the amortization procedure. During derecognition, the gains or losses thereof are recognized in profit or loss.
4. The Group has time deposits that do not qualify as cash equivalents. Due to the short holding period, the effect of discounting is not significant and measured at the investment amount.

(IX) Accounts and notes receivable

1. Accounts and notes receivable entitle the Group to a legal right to receive consideration in exchange for transferred goods or rendered services.
2. For the Group, the short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(X) Impairment of financial assets

The Group, at each balance sheet date, considers all reasonable and corroborative information (including forward-looking one) based on the accounts receivable that contains significant financial components. For those with no significant increase in credit risk since initial recognition, the loss allowance is measured at 12-month expected credit losses; for those with a significant increase in credit risk since initial recognition, the loss allowance is measured at the lifetime expected credit losses. For accounts receivable that does not contain significant financial components, the loss allowance is measured at the lifetime expected credit losses.

(XI) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(XII) Leasing arrangements (lessor) – operating lease

The rental income under operating lease, after any incentives given to the lessee are deducted, is amortized and recognized in current profit and loss using the straight-line method during the lease term.

(XIII) Inventories

Inventories are measured at the lower of cost and net realizable value, and cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. When cost and the net realizable value are compared to see which is lower, the item-by-item comparison method is adopted. The net realizable value refers to the balance of the estimated selling price in the ordinary course of business, less the estimated cost necessary to make the sale.

(XIV) Property, plant and equipment

1. Property, plant and equipment are accounted for on the basis of acquisition cost.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, 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 part is derecognized. All other repairs and maintenance are recognized in profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If the components of property, plant and equipment are significant, they shall be separately depreciated.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date of the Group. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8 "Accounting Policies, Changes in Accounting Estimates, and Errors," from the date of the change. The estimated useful lives of assets are as follows:

Buildings and structures	2–55 years
Machinery and equipment	1–20 years
Mold equipment	1–5 years
Other equipment	1–11 years

(XV) Leasing arrangements (lessee) – right-of-use assets/lease liabilities

1. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
2. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the Group's incremental borrowing interest rate and interest rate implicit in the lease. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is

remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

3. Right-of-use asset is recognized at cost at the commencement date of the lease; the cost includes the original measurement amount of the lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

4. For lease modifications with the scope of a lease reduced, the lessee will reduce the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and the difference between said carrying amount and the remeasured amount of the lease liability is recognized in profit or loss.

(XVI) Investment property

Investment property is recognized at cost, and a cost model is adopted for subsequent measurement. It is depreciated on the straight-line method according to the estimated useful lives of 8–20 years.

(XVII) Intangible assets

Intangible assets refer to computer software recognized at cost and amortized on a straight-line basis over its estimated useful life of 2 to 10 years.

(XVIII) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's book value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XIX) Borrowings

Borrowings comprise long-term and short-term borrowings from banks. For the Group, borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(XX) Accounts and notes payable

1. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
2. For the Group, the short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XXI) Derecognition of financial liabilities

The Group's financial liability should be removed from the balance sheet when the obligation specified in the contract is either canceled or expires.

(XXII) Offsetting of financial assets and financial liabilities

A financial asset and a financial liability should be offset and the net amount reported when the Group has a legally enforceable right to set off the amounts, and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(XXIII) Non-hedging derivatives and embedded derivatives

The non-hedge derivatives are initially recognized at fair value at the contract signing date and accounted as financial assets or liabilities at fair value through profit or loss, and subsequently measured at fair value, with resulting gains or losses recognized in profit or loss.

(XXIV) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

2. Pension

(1) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in future payments.

(2) Defined benefit plans

- A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for

their services with the current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net obligation under the defined benefit plan is calculated annually by actuaries using the projected unit benefit method. The discount rate is based on the market yields on high-quality corporate bonds of which the currency and duration are consistent with those of the defined benefit plan, or the market yields on government bonds (at the balance sheet date) in countries where there is no deep market for such corporate bonds.

B. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are presented in retained earnings.

3. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequent actual distributed amounts is accounted for as changes in accounting estimates.

(XXV) Employee share-based payments

In the share-based payment agreement for equity delivery, the employees' services obtained are measured at fair value of the equity given on the grant day, and it is recognized as a remuneration cost, and the equity is adjusted relatively during the vesting period. The fair value of the equity instruments granted shall reflect the effect of market vesting conditions and non-market vesting conditions. Remuneration cost recognized is subject to adjustment based on the service conditions that are expected to be satisfied and the amount of rewards under non-market vesting conditions. The amount of remuneration cost ultimately recognized is based on the number of equity instruments that are eventually vested at the vesting date.

(XXVI) Income Taxes

1. The income tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the income tax is recognized in other comprehensive income or directly in equity.
2. The Group calculates current income tax at the rates enacted or substantively enacted

at the balance sheet date in countries where the Group operates and taxable income are generated. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes income tax liabilities where appropriate based on the amounts expected to be paid to the tax authorities. A surtax is imposed on the undistributed earnings in accordance with the Income Tax Act. In the year following the year in which the earnings are generated, after the shareholders' meeting has passed the earnings distribution proposal, the income tax expense on the undistributed earnings will be recognized based on the earnings actually distributed.

3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred income tax liabilities arising from the initial recognition of goodwill are not recognized. If the deferred income tax is derived from the initial recognition of assets or liabilities in a transaction (excluding business merger), and the deferred income tax is derived at the time of the transaction If it does not affect the accounting profit or taxable income (tax loss) and does not generate equivalent taxable and deductible temporary differences, it is not recognized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the relevant deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset in the balance sheet when the entity has the legally enforceable right to offset current income tax assets against current income tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXVII) Share capital

1. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are listed in equity as a deduction, net tax, from the proceeds.
2. Where the Company repurchases the Company's shares that has been issued, the consideration paid, including any directly attributable incremental costs (net of taxes) is deducted from equity attributable to the Company's shareholders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental costs and the relevant income tax effects, is recognized as adjustment to equity attributable to the Company's shareholders.

(XXVIII) Dividend distribution

Dividends distributed to the Company's shareholders by resolution of the shareholders' meeting will be recognized in the financial statements, with cash dividends recorded as liabilities.

(XXIX) Revenue recognition

1. Sales revenue

Sales revenue is recognized when the control of products is transferred to the customer. When goods are shipped to a designated location, the risk of obsolescence and loss has been transferred to the customer, and the customer is required to accept the goods in accordance with the sales contract, or when there is objective evidence that all acceptance criteria have been met, the goods are delivered. The amount of sales revenue recognized is limited to the part where it is highly likely that there will not be a major reversal in the future. Because the time interval between the transfer of the promised goods or services to the customer and the customer's payment did not exceed one year, the Group did not adjust the transaction price to reflect the time value of money.

Sales revenue is recognized as the net amount of contract prices less estimated sales discounts. The sales discount granted is usually calculated on the basis of accumulated sales volume over twelve months. The Group estimates the sales discount based on historical experience. The amount of sales revenue recognized is limited to the part where it is highly likely that there will not be a major reversal in the future, and the estimate is updated at each balance sheet date.

Accounts receivable is recognized when goods are delivered to customers because at

which time the Group's right to the consideration for contracts from customers is unconditional, except for the passage of time.

Although the increase in costs incurred by the Group to obtain customer contracts is expected to be recoverable, the relevant contract periods are shorter than one year, so such costs are recognized in expenses when incurred.

2. Rental income

The purpose of the Group's holding of investment property is to earn rental income.

The straight-line method is used to recognize the rental income during the lease term.

(XXX) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(XXXI) Business combination

1. The Group adopts acquisition method for its business combination. The tender offer consideration is calculated based on the fair value of the assets transferred, liabilities assumed or incurred and equity instruments issued, and the consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration.

Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred. The assets acquired and liabilities assumed in a business combination are measured at acquisition-date fair value. On an acquisition-by-acquisition basis, the non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's net identifiable assets. All other components of non-controlling interests are measured at their fair values at the acquisition date.

2. If the aggregate of the value of the consideration transferred, the amount of any non-controlling interest of the acquiree, and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree exceeds the fair value of the identifiable assets acquired and liabilities assumed, the difference is recognized as goodwill at acquisition date. If the fair value of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the value of the consideration transferred,

the amount of any non-controlling interest of the acquiree, and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, the difference is recognized as profit or loss at acquisition date.

(XXXII) Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

V. Critical Accounting Judgments, Assumptions, and Key Sources of Estimation Uncertainty

In the preparation of these consolidated financial statements, the management has exercised its judgment in deciding the Group's accounting policies to be applied. The management makes critical assumptions and accounting estimates concerning future events based on the information on the balance sheet date. Assumptions and accounting estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Please refer to the description of the uncertainties of critical accounting judgments, assumptions, and estimation uncertainty below:

(I) Important judgments for accounting policies applied

None.

(II) Important accounting estimates and assumptions

Evaluation of inventories

Since inventory must be calculated at the lower of cost or net realizable value, the Group must exercise judgment and make estimation to determine the net realizable value of inventory at the balance sheet date. Due to the rapid changes in technology, the Group assesses the value of inventory due to normal wear and tear, obsolescence, or market sales value at the balance sheet date, and adopts demand as the basis for estimation, which may cause major changes.

As of December 31, 2023, the carrying amount of the Group's inventories was NTD 1,151,733.

VI. Description of Significant Accounting Titles

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and working capital	\$ 3,852	\$ 1,816
Checking account deposits and demand deposits	1,420,923	1,061,741
Time deposit	67,693	248,751
	<u>\$ 1,492,468</u>	<u>\$ 1,312,308</u>

1. The Group transacts with a variety of financial institutions all with high credit quality to diversify credit risk, so it expects that the probability of counterparty default is very low.
2. The Group's restricted cash due to the regulations of syndicated loan contracts, deposit guarantees, guarantees for bank acceptance bills, guarantees for customs, are recognized in "financial assets at amortized cost – current" and "financial assets at amortized cost – non-current," please refer to Notes 6 (3) and 8 for details.

(II) Financial assets at fair value through profit and loss

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily at fair value through profit and loss		
Listed stocks	\$ 138,858	\$ 142,406
Unlisted stocks	4,505	4,505
Derivatives	171	-
Valuation adjustment	(6,138)	(22,231)
	<u>\$ 137,396</u>	<u>\$ 124,680</u>

Items	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Financial assets mandatorily at fair value through profit and loss		
Investments in stocks and private funds of venture capital companies	\$ 20,000	\$ -
Unlisted stocks	79,992	79,992
Valuation adjustment	(79,992)	(79,992)
	<u>\$ 20,000</u>	<u>\$ -</u>

1. The Group's financial assets and liabilities measured at fair value through profit and loss were recognized in net gains on financial assets and liabilities for 2023 and 2022 were NTD71,342 and NTD9,871, respectively.
2. The Group did not pledge financial assets at fair value through profit and loss as collateral.
3. Derivative financial asset transactions that hedging accounting is applicable contracted by the Group and the contract information are as follows

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	Contract amount (Nominal principal)	Contract period	Contract amount (Nominal principal)	Contract period
<u>Derivative financial assets</u>				
Current items:				
Futures	\$ 7,612	2023.12.11- 2024.1.15	\$ -	-

The futures transactions entered into by the Group are for the pre-purchase of precious metal materials to reduce costs for long-term demand for supplies. The balance of margins retained in the futures account as of December 31, 2023 and 2022 were NTD1,168 and nil, respectively.

(III) Financial assets at amortized cost

Items	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Time deposit	79,833	\$ 79,846
Pledged deposit	86,455	2,329
	<u>\$ 166,288</u>	<u>\$ 82,175</u>
Non-current items:		
Pledged deposit	<u>\$ -</u>	<u>\$ 28,000</u>

1. The interest revenue from the Group's financial assets measured at amortized cost for

2023 and 2022 were NTD 3,777 and NTD 579, respectively.

- As of December 31, 2023 and 2022, regardless of the collateral held and other credit enhancements, the maximum amount of the exposure to the credit risk arising from the Group's financial assets at amortized cost was in the amount of NTD166,288 and NTD110,175, respectively.
- The situation in which the Group pledges financial assets measured at amortized cost as collateral, please refer to Note 8 for details.
- The Group's transaction counterparties are financial institutions with good credit quality, and the probability of their default is expected to be very low. Therefore, the twelve months expected credit loss is adopted to measure the loss allowance. The Group did not provide allowance for losses in 2023 and 2022.

(IV) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 126,277	\$ 141,949
Accounts receivable	\$ 2,241,067	\$ 2,050,452
Less: Allowance for bad debt	(234,421)	(292,320)
	<u>\$ 2,006,646</u>	<u>\$ 1,758,132</u>

- The aging analysis of accounts receivable and notes receivable is as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 1,999,521	\$ 126,277	\$ 1,705,421	\$ 141,949
Less than 60 days	32,646	-	79,490	-
61 to 180 days	12,365	-	31,451	-
Over 181 days	196,535	-	234,090	-
	<u>\$ 2,241,067</u>	<u>\$ 126,277</u>	<u>\$ 2,050,452</u>	<u>\$ 141,949</u>

The above aging analysis was based on the number of overdue days.

- The balances of the Group's accounts receivable and notes receivable are generated from customer contracts. The balance of accounts receivable (including notes receivable) from customer contracts as of December 31, 2023, December 31, 2022, and January 1, 2022 was NTD 2,367,344, NTD 2,192,401, and NTD 2,691,727, respectively.
- As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were NTD 126,277 and NTD 141,949, and accounts receivable were NTD 2,006,646 and NTD 1,758,132, respectively.

4. Information on credit risk of notes and accounts receivable is provided in Note 12(2).

(V) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 571,310	(\$ 72,886)	\$ 498,424
Supplies	39,001	-	39,001
Semi-finished goods	170,176	(17,408)	152,768
Finished good	523,361	(61,821)	461,540
	<u>\$ 1,303,848</u>	<u>(152,115)</u>	<u>\$ 1,151,733</u>
	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 779,651	(\$ 116,770)	\$ 662,881
Supplies	48,063	-	48,063
Semi-finished goods	127,157	(10,464)	116,693
Finished good	549,208	(49,400)	499,808
	<u>\$ 1,504,079</u>	<u>(\$ 176,634)</u>	<u>\$ 1,327,445</u>

The cost of inventories recognized in expenses of the current period for the Group:

	2023	2022
Cost of inventories sold	\$ 4,118,801	\$ 4,245,418
Unamortized fixed production overheads	321,398	323,523
Inventory scrap loss	31,165	41,027
Inventories valuation (reversal gains) losses	(24,289)	97,216
Sale of tailings and scraps income	(113,504)	(107,869)
	<u>\$ 4,333,571</u>	<u>\$ 4,599,315</u>

In 2023, the Group recognized a decrease in cost of sales due to a recovery in the net realizable value of inventories arising from destocking.

(VI) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Mold equipment	Others	Total
<u>January 1, 2023</u>						
Cost	\$ 15,538	\$ 926,843	\$ 2,069,160	\$ 379,462	\$ 998,015	\$ 4,389,018
Revaluation surplus	98,221	-	-	-	-	98,221
Accumulated depreciation	-	(469,213)	(1,143,609)	(258,060)	(644,334)	(2,515,216)
Accumulated impairment	-	-	(15,758)	-	(562)	(16,320)
	<u>\$ 113,759</u>	<u>\$ 457,630</u>	<u>\$ 909,793</u>	<u>\$ 121,402</u>	<u>\$ 353,119</u>	<u>\$ 1,955,703</u>
<u>2023</u>						
Opening balance	\$ 113,759	\$ 457,630	\$ 909,793	\$ 121,402	\$ 353,119	\$ 1,955,703
Additions	-	-	68,388	31,239	111,012	210,639
Disposals	-	-	(18,277)	(3,162)	(1,397)	(22,836)
Reclassification	-	-	7,831	6,947	(69,069)	(54,291)
Depreciation expenses	-	(33,016)	(157,659)	(81,438)	(95,145)	(367,258)
Net exchange differences	-	(3,599)	(5,923)	(1,010)	5,376	(5,156)
Closing balance	<u>\$ 113,759</u>	<u>\$ 421,015</u>	<u>\$ 804,153</u>	<u>\$ 73,978</u>	<u>\$ 303,896</u>	<u>\$ 1,716,801</u>
<u>December 31, 2023</u>						
Cost	\$ 15,538	\$ 915,937	\$ 1,818,966	\$ 346,547	\$ 943,524	\$ 4,040,512
Revaluation surplus	98,221	-	-	-	-	98,221
Accumulated depreciation	-	(494,922)	(1,011,086)	(272,569)	(639,194)	(2,417,771)
Accumulated impairment	-	-	(3,727)	-	(434)	(4,161)
	<u>\$ 113,759</u>	<u>\$ 421,015</u>	<u>\$ 804,153</u>	<u>\$ 73,978</u>	<u>\$ 303,896</u>	<u>\$ 1,716,801</u>
<u>January 1, 2022</u>						
Cost	\$ 15,538	\$ 919,838	\$ 1,940,704	\$ 408,001	\$ 981,455	\$ 4,265,536
Revaluation surplus	98,221	-	-	-	-	98,221
Accumulated depreciation	-	(431,757)	(1,109,518)	(231,500)	(591,728)	(2,364,503)
Accumulated impairment	-	-	(16,046)	(174)	(555)	(16,775)
	<u>\$ 113,759</u>	<u>\$ 488,081</u>	<u>\$ 815,140</u>	<u>\$ 176,327</u>	<u>\$ 389,172</u>	<u>\$ 1,982,479</u>
<u>2022</u>						
Opening balance	\$ 113,759	\$ 488,081	\$ 815,140	\$ 176,327	\$ 389,172	\$ 1,982,479
Additions	-	-	176,738	37,660	157,384	371,782
Disposals	-	-	(19,949)	(22)	(774)	(20,745)
Reclassification	-	-	95,177	18,905	(114,082)	-
Depreciation expenses	-	(34,007)	(161,674)	(113,542)	(87,147)	(396,370)
Net exchange differences	-	3,556	4,361	2,074	8,566	18,557
Closing balance	<u>\$ 113,759</u>	<u>\$ 457,630</u>	<u>\$ 909,793</u>	<u>\$ 121,402</u>	<u>\$ 353,119</u>	<u>\$ 1,955,703</u>
<u>December 31, 2022</u>						
Cost	\$ 15,538	\$ 926,843	\$ 2,069,160	\$ 379,462	\$ 998,015	\$ 4,389,018
Revaluation surplus	98,221	-	-	-	-	98,221
Accumulated depreciation	-	(469,213)	(1,143,609)	(258,060)	(644,334)	(2,515,216)
Accumulated impairment	-	-	(15,758)	-	(562)	(16,320)
	<u>\$ 113,759</u>	<u>\$ 457,630</u>	<u>\$ 909,793</u>	<u>\$ 121,402</u>	<u>\$ 353,119</u>	<u>\$ 1,955,703</u>

1. The Group's total land revaluation surplus is NTD 98,221, and a provision for land value increment tax of NTD 41,193 has been made. As of December 31, 2023 and 2022, the amount of the Group's provision for land value increment tax (recognized in "deferred income tax liabilities") was NTD41,193, respectively.
2. For information on collateral provided by the Group for property, plant and equipment, please refer to Note 8 for details.

(VII) Leasing arrangements – lessee

1. The assets leased by the Group include land use rights, factory buildings, and company vehicles. The lease contract terms range from 3 to 50 years. The lease contract are negotiated separately and contain various terms and conditions without other major restrictions imposed.
2. The lease terms of the plant and offices leased by the Group do not exceed 12 months, and the low-value assets leased are photocopiers and fax machines.
3. The book value of right-of-use assets and the depreciation expenses are as follows:

	December 31, 2023	December 31, 2022
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land use rights (Note)	\$ 71,960	\$ 75,391
Buildings and structures	330,298	372,977
Transportation equipment (company vehicles)	816	774
	<u>\$ 403,074</u>	<u>\$ 449,142</u>
	<u>2023</u>	<u>2022</u>
	<u>Depreciation</u>	<u>Depreciation</u>
	<u>expenses</u>	<u>expenses</u>
Land use rights (Note)	\$ 2,078	\$ 2,091
Buildings and structures	59,545	58,981
Transportation equipment (company vehicles)	384	411
	<u>\$ 62,007</u>	<u>\$ 61,483</u>

Note:

The Group has leased land from the government of the People's Republic of China, and the lease term of the land use right obtained is 50 years, which has been paid in full when the lease contract was signed. For information on the collateral provided, please refer to Note 8 for details.

4. In 2023 and 2022, the Group's additions of the right-of-use assets were NTD 17,291 and NTD 735, respectively.

5. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>2023</u>	<u>2022</u>
<u>Items affecting current profit or loss</u>		
Interest expense of lease liabilities	\$ 12,109	\$ 13,412
Expense on short-term lease contracts	4,992	5,262
Expense on leases of low-value assets	403	387

6. In 2023 and 2022, the Group's total lease cash outflow was NTD 74,243 and NTD 71,229, respectively.

(VIII) Leasing arrangements—lessor

1. The assets leased out by the Group are investment property (factory buildings and parking spaces). The lease contract terms are 15 years. The lease contracts are negotiated separately and contain different terms and conditions.
2. The Group recognized rental income (accounted as “operating revenue”) of NTD 89,585 and NTD 91,739 under operating lease contracts for 2023 and 2022, respectively, and none of them were variable lease payments.
3. The analysis of the maturity dates of the lease payments to the Group under operating leases is as follows:

	December 31, 2023	December 31, 2022
2023	\$ -	\$ 80,114
2024	82,556	83,053
2025	85,594	86,110
2023	88,754	89,289
2027 and beyond	586,007	589,540
Total	<u>\$ 842,911</u>	<u>\$ 928,106</u>

(IX) Investment property

	<u>Buildings and structures</u>	
	<u>2023</u>	<u>2022</u>
<u>January 1</u>		
Cost	\$ 389,859	\$ 384,199
Accumulated depreciation	(177,437)	(156,852)
	<u>\$ 212,422</u>	<u>\$ 227,347</u>
<u>January 1 to December 31</u>	2023	2022
Opening balance	\$ 212,422	\$ 227,347
Depreciation expenses	(18,011)	(18,332)
Net exchange differences	(3,623)	3,407
Closing balance	<u>\$ 190,788</u>	<u>\$ 212,422</u>
<u>December 31</u>	<u>2023</u>	<u>2022</u>
Cost	\$ 382,695	\$ 389,859
Accumulated depreciation	(191,907)	(177,437)
	<u>\$ 190,788</u>	<u>\$ 212,422</u>

1. Rental income and direct operating expenses of investment property:

	<u>2023</u>	<u>2022</u>
Rental income from investment property	\$ 89,585	\$ 91,739
Direct operating expenses incurred from investment property that generated rental income during the period – depreciation expenses	\$ 18,011	\$ 18,332

2. The fair values of the investment property held by the Group as of December 31, 2023 and 2022 were NTD 397,301 and NTD 404,617, respectively. The evaluation is based on the comparative method and the cost method, which belong to Level 3 fair value as the fair value is determined based on a report issued by an independent property appraiser who is not a related party.

3. For information on collateral provided by the Group for investment property, please refer to Note 8 for details.

(X) Short-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Borrowings from banks		
Secured loan	\$ 188,694	\$ 173,322
Credit loan	457,613	524,669
	<u>\$ 646,307</u>	<u>\$ 697,991</u>
Interest rate range	<u>1.374%~3.950%</u>	<u>1.385%~5.142%</u>

Please refer to Note 8 for details of collateral for short-term borrowings.

(XI) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salary and bonus payable	\$ 108,586	\$ 89,209
Employees' compensation and directors' remuneration payable	56,944	36,155
Payable on equipment	21,971	28,220
Payable on labor and health insurance premiums	14,639	11,128
Others	156,209	158,923
	<u>\$ 358,349</u>	<u>\$ 323,635</u>

(XII) Long-term borrowings

<u>Lender</u>	<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Syndicated loan led by First Commercial Bank	Secured loan	2021.11.19 -2024.11.19	\$ 960,000	\$ 1,200,000
Shanghai Commercial & Savings Bank, Ltd.	Credit loan	2022.10.17 -2025.10.17	13,334	20,000
Mega Bank	Small and medium enterprise credit guarantee fund	2021.1.28 -2024.1.28	-	18,750
Less: Current portion of long-term borrowings			(966,667)	(261,667)
			<u>\$ 6,667</u>	<u>\$ 977,083</u>
Borrowing facility			<u>\$ 973,334</u>	<u>\$ 1,238,750</u>
Interest rate range			<u>2.1750%-2.6250%</u>	<u>2.1250%-2.3250%</u>

1. Please refer to Note 8 for details of collateral for long-term borrowings above.

2. Syndicated loan led by First Commercial Bank:

(1) To increase the medium-term working capital and repay the loans that are about to be due, the Company took out the loan as the borrower.

The Company signed a syndicated loan contract with the First Commercial Bank for a total amount of NTD 1,200,000 in August 2021. The contract period is 3 years from the first drawdown date (November 19, 2021), and the first installment of the principal shall be repaid within 2 years after the drawdown date. The Company shall make an installment payment every six months thereafter, and there are three installments in total without revolving credit. The amount of revolving credit shall first settle the 2018 outstanding loan balance mentioned.

(2) The Company promises to maintain the following financial ratios in the second quarter and annual consolidated financial statements during the duration of the contract period:

- A. The current ratio shall not be less than 100%.
- B. The debt ratio shall not be higher than 150%.
- C. The interest coverage ratio must not be less than 500%.
- D. The net worth of tangible assets (total shareholder equity less intangible assets) shall be maintained at NTD 2,500,000 (inclusive) or more, and starting from 2023, it shall be maintained at NTD 3,000,000 (inclusive) or more.

The financial ratios above are reviewed once every six months as agreed in the contract.

(XIII) Pension

1. (1) The Company and its domestic subsidiaries have a defined benefit pension plan

in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Employees who are qualified for retirement, under the defined benefit pension plan, pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. Two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. The Company contributes 2% of the total salaries every month as a pension fund and deposit it to the designated account in the name of the Labor Pension Funds Supervisory Committee at the Bank of Taiwan. Also, the Company estimates the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by March 31 of the following year.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 90,676	\$ 85,435
Fair value of plan assets	(42,657)	(36,578)
Net defined benefit liabilities (recognized in "other non-current liabilities")	<u>\$ 48,019</u>	<u>\$ 48,857</u>

(3) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
2023			
Balance at January 1	\$ 85,435	(\$ 36,578)	\$ 48,857
Current service cost	-	-	-
Interest expense (revenue)	1,051	(450)	601
	<u>86,486</u>	<u>(37,028)</u>	<u>49,458</u>
Remeasurements:			
Return on plan assets (excluding the amount included in interest revenue or expenses)			
Demographic assumptions			
Effect of changes	1	-	1
Financial assumptions			
Effect of changes	322	-	322
Experience adjustments	4,477	(177)	4,300
	<u>4,800</u>	<u>(177)</u>	<u>4,623</u>
Pension fund contribution	-	(6,062)	(6,062)
Benefits paid	(610)	610	-
Balance at December 31	<u>\$ 90,676</u>	<u>(\$ 42,657)</u>	<u>\$ 48,019</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
2022			
Balance at January 1	\$ 87,250	(\$ 34,060)	\$ 53,190
Current service cost	-	-	-
Interest expense (revenue)	602	(235)	367
	<u>87,852</u>	<u>(34,295)</u>	<u>53,557</u>
Remeasurements:			
Return on plan assets (excluding the amount included in interest revenue or expenses)			
Demographic assumptions			
Effect of changes	429	-	429
Financial assumptions			
Effect of changes	880	-	880
Experience adjustments	(2,271)	(2,538)	(4,809)
	<u>(962)</u>	<u>(2,538)</u>	<u>(3,500)</u>
Pension fund contribution	-	(1,200)	(1,200)
Benefits paid	(1,455)	1,455	-
Balance at December 31	<u>\$ 85,435</u>	<u>(\$ 36,578)</u>	<u>\$ 48,857</u>

The details of expenses above recognized in various costs and expenses in the statement of comprehensive income are as follows:

	<u>2023</u>	<u>2022</u>
Administrative expenses	\$ <u>601</u>	\$ <u>367</u>

(4) The Bank of Taiwan was commissioned to manage the fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.) With regard to the utilization of the fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall compensate the deficit after being authorized by the competent authorities. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of the fair value of plan assets in accordance with paragraph 142, IAS 19. The composition of fair value of plan assets as of December 31, 2023 and 2022 is available in the Annual Labor Retirement Fund Utilization Report announced by the government.

(5) The actuarial assumptions related to pension were as follows:

	<u>2023</u>	<u>2022</u>
Discount rate	<u>1.15%</u>	<u>1.23%</u>
Future salary increases rate	<u>1.20%</u>	<u>1.20%</u>

The assumptions for the future mortality rate are based on the Taiwan Life Insurance Life Table No. 6.

The analysis of the present value of defined benefit obligations affected by changes in the main actuarial assumptions adopted is as follows:

	Discount rate		Future salary increases rate	
	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%
December 31, 2023				
Effect on present value of defined benefit obligation	<u>(\$ 1,937)</u>	<u>\$ 2,945</u>	<u>\$ 2,918</u>	<u>(\$ 1,946)</u>
	Discount rate		Future salary increases rate	
	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%
December 31, 2022				
Effect on present value of defined benefit obligation	<u>(\$ 2,798)</u>	<u>\$ 3,371</u>	<u>\$ 3,347</u>	<u>(\$ 2,812)</u>

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (6) The Company's expected contributions to the defined benefit pension plans for 2024 amount to NTD4,541.
- (7) As of December 31, 2023, the weighted average duration of the pension plan is 5 years. An analysis of the maturity of pension payments is as follows:

Less than 2 years	\$ 76,435
3-5 years	12,904
6-10 years	3,155
Over 10 years	310
	<u>\$ 92,804</u>

2. (1) Effective on July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan under the Labor Pension Act, covering all regular employees with R.O.C. Nationality. Under the Labor Pension Act, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Group for 2023 and 2022 were NTD 26,064 and NTD 28,073, respectively.

- (2) The subsidiaries in mainland China make monthly contributions according to a certain percentage of the local employees' total salaries in accordance with the pension system stipulated by the government of the People's Republic of China. In 2023 and 2022, the Group's pension costs recognized as required were NTD 19,546 and NTD 22,052, respectively. The pension of each employee is managed and arranged by the government. Other than the monthly contributions, the Group has no further obligations.
3. The Company has made additional contributions to the pension reserve for some employees who concurrently serve as directors and managers in accordance with the relevant provisions of the Labor Standards Act during the concurrent employment period. As of December 31, 2023 and 2022, the aforementioned accrued pension liabilities (recognized as "other non-current liabilities") were NTD 34,837 and NTD 36,037, respectively.

(XIV) Share-based payment

1. The Company's share-based payment arrangement is as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Number of shares granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Treasury shares transferred to employees	2023.08.03	2,307 thousand shares	2023.08.16 - 2023.08.22	Vested immediately

The abovementioned share-based payment arrangement was settled in equity.

Details of the transfer of treasury stocks to employees are as follows:

	2023	
	<u>Quantity (number of shares)</u>	<u>Strike price (NTD)</u>
Outstanding stock options, beginning of period	-	-
Stock options granted for the current period	2,307,000	\$ 22.51
Stock options forfeited in the current period	(64,000)	\$ 22.51
Stock options executed for the current period	(2,243,000)	\$ 22.51
Outstanding stock options, end of period	-	-
Stock options executed, end of period	-	-

- (1) The Company uses the Black-Scholes options model to estimate the fair value of the stock options for its share-based payment transactions on the grant date. The relevant information is as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Stock price (NTD)</u>	<u>Strike price (NTD)</u>	<u>Expected volatility</u>	<u>Expected duration</u>	<u>Expected dividend</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit (NTD)</u>
Treasury shares transferred to employees	2023.08.03	43.3	22.51	49.09%	0.0192	-	1.0101%	20.79

- (2) The cost incurred in the share-based payment transaction and equity delivery in 2023 was NTD 47,962.

2. The share-based payment arrangement of Ecocera Optronics Co., Ltd. (hereinafter referred to as “ECOCERA OPTRONICS”), a subsidiary of the Company, is as follows:

Type of arrangement	Grant date	Number of shares granted	Contract period	Vesting conditions
Cash capital increase reserved for employee subscription	2021.10.29	500 thousand shares	2021.12.02 -2022.01.03	Vested immediately

The abovementioned share-based payment arrangement was settled in equity.

The details of the cash capital increase reserved for employee subscription are as follows:

	2022	
	Quantity (number of shares)	Strike price (NTD)
Outstanding stock options, beginning of period	313,500	\$ 30
Stock options forfeited in the current period	(297,500)	\$ 30
Stock options executed for the current period	(16,000)	\$ 30
Outstanding stock options, end of period	-	-
Stock options executed, end of period	-	-

- (1) ECOCERA OPTRONICS uses the Black-Scholes options model to estimate the fair value of the stock options for its share-based payment transactions on the grant date. The relevant information is as follows:

Type of arrangement	Grant date	Stock price (NTD)	Strike price (NTD)	Expected volatility	Expected duration	Expected dividend	Risk-free interest rate	Fair value per unit (NTD)
Cash capital increase reserved for employee subscription	2021.10.29	\$ 36.62	\$ 30.00	40.49%	0.09	-	0.22%	\$ 5.68

- (2) The cost incurred in the share-based payment transaction and equity delivery in 2022 was NTD 0.

(XV) Share capital

1. As of December 31, 2023, the Company’s registered capital was NTD 3,000,000 thousand (including 50,000 thousand shares of convertible corporate bonds and 5,000 thousand shares of employee stock options), and the paid-in capital was NTD 2,219,586 thousand, with a par value of NTD 10 per share.

The number of Company's outstanding ordinary shares (thousand shares) at the beginning and end of period is reconciled as follows:

	<u>2023</u>	<u>2022</u>
January 1	219,262	221,959
Treasury shares repurchased	(1,303)	(2,697)
Treasury shares transferred to employees	2,243	-
December 31	<u>220,202</u>	<u>219,262</u>

2. Treasury shares

(1) Reasons for share repurchase and changes in the number (thousand shares):

<u>Reason for repurchase</u>		<u>2023</u>			<u>December 31</u>
		<u>January 1</u>	<u>Increase in the current period</u>	<u>Decrease in the current period</u>	
Shares transferable to employees		<u>2,697</u>	<u>1,303</u>	<u>(2,243)</u>	<u>1,757</u>
	Carrying amount	<u>\$ 60,702</u>	<u>\$ 29,326</u>	<u>(\$ 50,490)</u>	<u>\$ 39,538</u>
<u>Reason for repurchase</u>		<u>2022</u>			<u>December 31</u>
		<u>January 1</u>	<u>Increase in the current period</u>	<u>Decrease in the current period</u>	
Shares transferable to employees		<u>-</u>	<u>2,697</u>	<u>-</u>	<u>2,697</u>
	Carrying amount	<u>\$ -</u>	<u>\$ 60,702</u>	<u>\$ -</u>	<u>\$ 60,702</u>

(2) According to the Securities and Exchange Act, the Company's proportion of the number of outstanding shares repurchased shall not exceed 10% of the total issued shares, and the total amount of shares repurchased shall not exceed the amount retained earnings plus the share premium and the realized capital surplus.

(3) Treasury shares held by the Company shall not be pledged in accordance with the provisions of the Securities and Exchange Act, and shall be entitled to shareholder rights before being transferred.

(4) In accordance with the provisions of the Securities and Exchange Act, the shares repurchased for shares transferable to employees shall be transferred within five years from the date of the repurchase. If the transfer is not made within the time limit, the Company shall be deemed to have not issued the shares, and the shares shall be canceled through change registration. For the shares repurchased to maintain the Company's credit and shareholders' rights, the change registration and share cancellation shall be conducted within six months after the repurchase.

(XVI) Capital surplus

1. Pursuant to the Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus shall not be used to compensate accumulated deficit unless the legal reserve is insufficient.
2. Changes in capital surplus are as follows:

	2023					
	Opening balance	Disposal of equity in a subsidiary (without losing control)	Cost of share-based payment	Employee stock option expired	Treasury shares subscribed for by employees	Closing balance
Share premium	\$ 1,792,249	\$ -	\$ -	\$ 1,330	\$ -	\$ 1,793,579
Treasury stock transaction	22,175	-	-	-	46,481	68,656
Employee stock option	-	-	47,962	(1,330)	(46,632)	-
Difference between the actual acquisition or disposal of the equity of subsidiary and the book value	-	-	-	-	-	-
	-	2,197	-	-	-	2,197
	<u>\$ 1,814,424</u>	<u>\$ 2,197</u>	<u>\$ 47,962</u>	<u>\$ -</u>	<u>(\$ 151)</u>	<u>\$ 1,864,432</u>
	2022					
	Opening balance	Distribution of cash dividends		Closing balance		
Share premium	\$ 1,825,547	(\$ 33,294)		\$ 1,792,249		
Treasury stock transaction	22,175	-		22,175		
	<u>\$ 1,847,722</u>	<u>(\$ 33,294)</u>		<u>\$ 1,814,424</u>		

(XVII) Retained earnings

1. According to the Company's Articles of Incorporation, if there are earnings in the annual final accounts, the Company shall pay income taxes first and compensate the accumulated deficits; appropriate 10% of the balance for legal reserve. For the remaining amount, a special reserve shall be set aside or reversed according to the laws or regulations of the competent authorities. Subsequently, if there is still a remaining amount, together with the undistributed earnings at the beginning of the same period, as accumulated distributable earnings to shareholders, the Board of Directors shall draft an earnings distribution proposal, and when it is distributed through the issuance of new shares, it shall be submitted to the shareholders' meeting for resolution before distribution.

The Company is in the technology industry and the industrial environment change is rapid. With consideration of the future capital demand and sound financial planning for the sustainable development of the Company, it is preferable to adopt a stable dividend policy. The dividend rate is expected to be above 20%, and cash dividend accounts for more than 20% of the total shareholders' bonus. Nevertheless, when the price per share for the cash dividend is lower than NTD 0.1 (inclusive), no cash dividends are to be issued, but stock dividends are issued instead.

2. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
3. (1) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
(2) Upon first-time adoption of IFRSs, the special reserve was set aside per Letter Jin-Guan-Zheng-Fa No. 1010012865 dated April 6, 2012. When the Company subsequently uses, disposes of, or reclassifies relevant assets, the original proportion of the special reserve shall be reversed.
4. On March 5, 2024, the Board of Directors made the following proposal for the distribution of surplus in 2023:

	2023	
	Amount	Dividends per share (NTD)
Legal reserve	\$ 19,719	
Special reserve	33,167	
Cash dividend	144,273	\$ 0.65
	\$ 197,159	

5. The 2022 earnings distribution proposal resolved by the Company's shareholders' meeting on May 30, 2023 was as follows:

	2022	
	Amount	Dividends per share (NTD)
Legal reserve	\$ 10,430	
Special reserve	7,388	
Cash dividend	87,183	\$ 0.40
	\$ 105,001	

6. The 2021 earnings distribution proposal resolved by the Company's shareholders' meeting on June 1, 2022 was as follows:

	2021	
	Amount	Dividends per share (NTD)
Legal reserve	\$ 22,267	
Special reserve	115,330	
Cash dividend	77,686	\$ 0.35
	<u>\$ 215,283</u>	

On June 1, 2022, the shareholders' meeting resolved a decision to pay out cash from a capital surplus of NTD 33,294 from the excess of shares issued in excess of the par value at NTD 0.15 per share based on the number of shares held by the shareholders recorded in the shareholder register on the distribution record date.

7. For the abovementioned information regarding the approval of the Board of Directors and the resolution of the shareholders' meeting for the distribution of earnings, please visit the Market Observatory Post System (MOPS) for details.

(XVIII) Operating revenue

	2023	2022
Revenue from customer contracts	\$ 4,979,11	\$ 5,104,188
Others – rental income	89,585	91,739
	<u>\$ 5,068,69</u>	<u>\$ 5,195,927</u>

- The Group's revenue from customer contracts is generated from goods transferred at a certain point in time. Please refer to Note 14 for the breakdown of its revenue.
- The contract liabilities related to revenue from customer contracts recognized by the Group are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities – advance sales receipts	<u>\$ 242</u>	<u>\$ 14,943</u>	<u>\$ 31,324</u>

- The opening balance of contract liabilities is recognized in income in the current period:

	2023	2022
Opening balance of contract liabilities		
Recognized in income in the current period	<u>\$ 14,943</u>	<u>\$ 31,324</u>

(XIX) Other revenue

	<u>2023</u>	<u>2022</u>
Dividend revenue	\$ 450	\$ 750
Other revenue	15,927	39,586
	<u>\$ 16,377</u>	<u>\$ 40,336</u>

(XX) Other gains and losses

	<u>2023</u>	<u>2022</u>
Net gains on financial assets and liabilities at fair value through profit and loss	\$ 71,342	\$ 9,871
Net foreign currency exchange gains	10,993	131,828
Losses/gains on disposal of property, plant and equipment	(1,821)	4,411
Other expenditures	(4,346)	(5,502)
	<u>\$ 76,168</u>	<u>\$ 140,608</u>

(XXI) Finance costs

	<u>2023</u>	<u>2022</u>
Interest expenses		
Borrowings from banks	\$ 47,701	\$ 48,921
Lease liabilities	12,109	13,412
	<u>\$ 59,810</u>	<u>\$ 62,333</u>

(XXII) Expenses by nature

	<u>2023</u>	<u>2022</u>
Employee benefit expenses		
Wages and salaries	\$ 896,628	\$ 903,286
Labor and health insurance expenses	73,006	76,483
Employee stock option	47,962	—
Pension expenses	46,211	50,492
Other personnel expenses	46,901	50,650
Depreciation expenses	447,276	476,185
Amortization expenses on intangible assets	6,592	4,345
	<u>\$ 1,564,576</u>	<u>\$ 1,561,441</u>

1. According to the Company's Articles of Incorporation, the Company shall deduct the distribution of the remuneration of employees and the remuneration of directors from the income before tax of the current fiscal year first, followed by compensating the accumulated loss amount. Where there is any remaining amount after such deduction, no less than 10% of such amount shall be appropriated as the remuneration of employees and no more than 3% of such amount shall be appropriated as the remuneration of Directors. Where the distribution of the

employee remuneration is executed in stock or cash, it shall be passed with the consents of a majority of the attending Directors through a resolution at the Board of Directors' Meeting attended by more than two-thirds of the directors. In addition, a report to the shareholders' meeting shall also be made. Where the distribution of the employee remuneration is executed in stock, the employees of the Company's subsidiaries who meet certain specific requirements may be included.

2. The estimated employees' compensation and directors' remuneration amounted to NTD 26,874 and NTD 8,062, respectively in 2023, with employees' compensation recorded as wages and salaries, which were recognized according to company profitability within the range stipulated in the Company's Articles of Incorporation.

The amounts of 2022 employee remuneration and director remuneration approved by resolution of the Board of Directors were NTD 15,147 and NTD 4,544. The amounts are consistent with those recognized in the 2022 financial report. They were all paid out in cash. As of December 31, 2023, they have not yet been fully paid out.

3. The relevant information on employee remuneration and remuneration of directors approved by the Board of Directors of the Company is available on the MOPS.

(XXIII) Income Taxes

1. Income tax expense

(1) Income tax expense components:

	<u>2023</u>	<u>2022</u>
Current income tax:		
Current income tax on income	\$ 14,880	\$ 9,368
Income tax overestimates/underestimates for prior years	(3,723)	1,154
Deferred income tax:		
Initial recognition and reversal of temporary differences	<u>34,370</u>	<u>27,834</u>
Income tax expense	<u>\$ 45,527</u>	<u>\$ 38,356</u>

(2) Income tax relating to components of other comprehensive income is as follows:

	<u>2023</u>	<u>2022</u>
Differences on translation of foreign operations	\$ 8,292	(\$ 9,560)
Remeasurement of defined benefit obligations	<u>924</u>	<u>(700)</u>
	<u>\$ 9,216</u>	<u>(\$ 10,260)</u>

2. Reconciliation between income tax expense and accounting profit:

	<u>2023</u>	<u>2022</u>
Income tax calculated based on profit before tax and statutory tax rate (Note)	\$ 52,876	\$ 26,536
Effect of income tax adjusted according to tax law	(14,689)	1,010
Unrecognized deferred income tax as a result of temporary differences	(1,665)	(1,202)
Tax losses unrecognized as deferred income tax assets	8,345	10,233
Income tax overestimates/underestimates for prior years	(3,483)	1,154
Changes in the assessment of realizability of deferred income tax	<u>4,143</u>	<u>625</u>
Income tax expense	<u>\$ 45,527</u>	<u>\$ 38,356</u>

Note: The tax rate applicable is based on the tax rates applicable to income in relevant countries.

3. Amounts of deferred income tax assets or liabilities as a result of temporary differences and tax losses are as follows:

2023					
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange rate changes	December 31
Deferred income tax assets:					
Temporary differences:					
Remeasurement of pension	\$ 9,329	\$ -	\$ 924	\$ -	\$ 10,253
Differences on translation of foreign operations	18,112	-	8,292	-	26,404
Inventory valuation losses	31,025	(2,731)	-	-	28,294
Unrealized exchange loss	196	7,954	-	-	8,150
Others	12,910	(1,262)	-	-	11,648
Tax losses	44,807	(16,574)	-	-	28,233
	<u>116,379</u>	<u>(12,613)</u>	<u>9,216</u>	<u>-</u>	<u>112,982</u>
Deferred income tax liabilities:					
Unrealized exchange gains	(389)	389	-	-	-
Gains on investment in foreign long-term equity	(258,076)	(22,146)	-	-	(280,222)
Provision for land value increment tax	(41,193)	-	-	-	(41,193)
	<u>(299,658)</u>	<u>(21,757)</u>	<u>-</u>	<u>-</u>	<u>(321,415)</u>
	<u>(\$ 183,279)</u>	<u>(\$ 34,370)</u>	<u>\$ 9,216</u>	<u>\$ -</u>	<u>(\$ 208,433)</u>
2022					
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange rate changes	December 31
Deferred income tax assets:					
Temporary differences:					
Remeasurement of pension	\$ 10,029	\$ -	(\$ 700)	\$ -	\$ 9,329
Differences on translation of foreign operations	27,672	-	(9,560)	-	18,112
Inventory valuation losses	14,205	16,820	-	-	31,025
Unrealized exchange loss	159	37	-	-	196
Others	14,739	(1,829)	-	-	12,910
Tax losses	96,253	(51,446)	-	-	44,807
	<u>163,057</u>	<u>(36,418)</u>	<u>(10,260)</u>	<u>-</u>	<u>116,379</u>
Deferred income tax liabilities:					
Unrealized exchange gains	(156)	(233)	-	-	(389)
Gains on investment in foreign long-term equity	(266,893)	8,817	-	-	(258,076)
Provision for land value increment tax	(41,193)	-	-	-	(41,193)
	<u>(308,242)</u>	<u>8,584</u>	<u>-</u>	<u>-</u>	<u>(299,658)</u>
	<u>(\$ 145,185)</u>	<u>(\$ 27,834)</u>	<u>(\$ 10,260)</u>	<u>\$ -</u>	<u>(\$ 183,279)</u>

4. Maturity of unused tax loss carryforwards and amounts of unrecognized deferred income tax assets of the Group are as follows:

December 31, 2023				
Year incurred	Declared/Approved amount	Unused amount	Unrecognized deferred income tax assets amount	Maturity year
2014	\$ 41,779	\$ 28,367	\$ -	2024
2015	150,042	143,800	99,630	2025
2016	33,810	33,810	-	2026
2019	587	587	587	2029
2020	34,818	34,818	-	2030
2021	20,715	20,715	20,715	2031
2022	51,165	51,165	51,165	2032
2023	41,722	41,722	41,722	2033
	<u>\$ 374,638</u>	<u>\$ 354,984</u>	<u>\$ 213,819</u>	

December 31, 2022				
Year incurred	Declared/Approved amount	Unused amount	Unrecognized deferred income tax assets amount	Maturity year
2013	\$ 96,629	\$ 48,745	\$ -	2023
2014	41,779	41,779	-	2024
2015	44,170	44,170	-	2025
2016	33,810	33,810	-	2026
2020	34,818	34,818	-	2030
2021	20,715	20,715	-	2031
2022	51,165	51,165	51,165	2032
	<u>\$ 323,086</u>	<u>\$ 275,202</u>	<u>\$ 51,165</u>	

5. The profit-seeking enterprise income tax returns filed by the Company's and its subsidiaries up to 2021 have been assessed and approved by the tax authority.
6. The Group's investments in China are subject to the income tax rate of 25% according to China's income tax law. However, since I-Chiun Technology (China) Co., Ltd. has applied for a preferential corporate income tax rate of 15% for high-tech enterprises.

(XXIV) Earnings per share (EPS)

	2023		
	<u>After-tax amount</u>	<u>Weighted average number of ordinary shares outstanding (thousand shares)</u>	<u>Earnings per share (EPS) (NTD)</u>
<u>Basic earnings per share</u>			
Net profit attributable to ordinary shareholders of the parent for current period	\$ 200,887	218,725	\$ 0.92
<u>Diluted earnings per share</u>			
Net profit attributable to ordinary shareholders of the parent for current period	\$ 200,887	218,725	
Effect of dilutive potential ordinary shares on employees' compensation	-	683	
Net profit attributable to ordinary shareholders of the parent for current period plus the effect of potential ordinary shares	\$ 200,887	219,408	\$ 0.92
2022			
	<u>After-tax amount</u>	<u>Weighted average number of ordinary shares outstanding (thousand shares)</u>	<u>Earnings per share (EPS) (NTD)</u>
<u>Basic earnings per share</u>			
Net profit attributable to ordinary shareholders of the parent for current period	\$ 103,288	221,891	\$ 0.47
<u>Diluted earnings per share</u>			
Net profit attributable to ordinary shareholders of the parent for current period	\$ 103,288	221,891	
Effect of dilutive potential ordinary shares on employees' compensation	-	835	
Net profit attributable to ordinary shareholders of the parent for current period plus the effect of potential ordinary shares	\$ 103,288	222,726	\$ 0.46

(XXV) Non-controlling equity

1. Changes in non-controlling interests are as follows:

	<u>2023</u>	<u>2022</u>
Opening balance	\$ 177,717	\$ 177,078
Attributable to non-controlling interests:		
Net profit or loss for current period	(1,979)	(11,332)
Non-controlling interests:		
Acquisition of subsidiary	15,550	-
Capital increase in cash by subsidiary	—	20,986
Changes in ownership interests of subsidiaries	—	(5,259)
Disposal of shares issued by subsidiaries	4,026	-
Cash dividend paid out by subsidiary	(3,191)	(3,756)
Closing balance	<u>\$ 192,123</u>	<u>\$ 177,717</u>

2. Acquisition of subsidiary

In November 2023 and December 2023, the Company invested and established World Group Technology Co., Ltd., with capital contribution of NTD 20,000 and acquisition of 2,000 thousand shares, or 56.259% of the shareholding, control of World Group Technology Co., Ltd. and became a consolidated entity of the Group Subsidiary

3. Disposal of equity in a subsidiary (without losing control)

In March 2023, the Company disposed of 0.949% equity of Ecocera Optronics Co., Ltd., a Group's subsidiary, for a consideration of NTD6,223. The carrying amount of the non-controlling interests of Ecocera Optronics Co., Ltd. on the date of disposal was NTD4,026. The transaction resulted in an increase in non-controlling interests by NTD4,026 and an increase in equity attributable to the owners of the parent company increases by NTD2,197. The impact of the changes in the equity of Ecocera Optronics Co., Ltd. in 2023 on equity attributable to the parent company is as follows:

	<u>2023</u>
Carrying amount of non-controlling interests disposed of	(\$ 4,026)
Consideration received from non-controlling interests	6,223
Capital surplus –	
Difference between the equity price and book value of subsidiaries actually acquired or disposed of	<u>\$ 2,197</u>

4. Ecocera Optronics Co., Ltd., a consolidated subsidiary of the Group, conducted a cash capital increase by issuing new shares on January 10, 2022. The Group did not subscribe in proportion to its shareholding, so the equity held decreased from 72.036% to 70.669%, the non-controlling interests decreased by NTD5,259, and the equity attributable to the owners of the parent company increased by NTD5,259.

(XXVI) Additional information on cash flow

1. Operating activities only with partial cash payments:

	<u>2023</u>	<u>2022</u>
Interest expenses	\$ 59,810	\$ 62,333
Add: Interest payable, beginning of period	1,720	1,269
Less: Interest payable, end of period	(1,525)	(1,720)
Cash paid during the current period	<u>\$ 60,005</u>	<u>\$ 61,882</u>

2. Investing activities only with partial cash payments:

	<u>2023</u>	<u>2022</u>
Purchase of property, plant and equipment	\$ 210,639	\$ 371,782
Add: Opening balance of payable on equipment	29,241	117,121
Add: Ending balance of prepayments for equipment (Note)	19,650	108,249
Less: Opening balance of prepayments for equipment (Note)	(108,249)	(157,352)
Less: Ending balance of payable on equipment	(22,268)	(29,241)
Cash paid during the current period	<u>\$ 129,013</u>	<u>\$ 410,559</u>

(Note: Recognized as “other non-current assets”)

3. Repurchased treasury shares

	<u>2023</u>	<u>2022</u>
Monetary amount of repurchased treasury shares	\$ 29,326	\$ 60,702
Less: Capital not yet paid	11,041	-
Less: Capital not yet paid (Note)	-	(11,041)
Net cash payment for repurchase of treasury shares	<u>\$ 40,367</u>	<u>\$ 49,661</u>

(Note: Recognized in “other payables”)

(XXVII) Changes in liabilities from financing activities

	<u>Short-term borrowings</u>	<u>Long-term borrowings (including current portion)</u>	<u>Lease liabilities</u>	<u>Total liabilities from financing activities</u>
January 1, 2023	\$ 697,991	\$ 1,238,750	\$ 392,796	\$ 2,329,537
Changes in cash flow from financing activities	(51,684)	(265,416)	(56,739)	(373,839)
Non-cash changes				
– Lease changes	-	-	17,291	17,291
December 31, 2023	<u>\$ 646,307</u>	<u>\$ 973,334</u>	<u>\$ 353,348</u>	<u>\$ 1,972,989</u>

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Total liabilities from financing activities
January 1, 2022	\$ 811,290	\$ 1,245,000	\$ 444,229	\$ 2,500,519
Changes in cash flow from financing activities	(113,299)	(6,250)	(52,168)	(171,717)
Non-cash changes – Lease changes	-	-	735	735
December 31, 2022	<u>\$ 697,991</u>	<u>\$ 1,238,750</u>	<u>\$ 392,796</u>	<u>\$ 2,329,537</u>

VII. Related Party Transactions

(I) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Mylight Technology Co., Ltd.	The person in charge is a relative within the second degree of kinship of a director of the Company
Zhuo Chuan Enterprise Co., Ltd.	The person in charge is a relative within the second degree of kinship of a director of the Company
LEATEC Fine Ceramics Co., Ltd.	The Company is the juridical person director of a subsidiary

(II) Significant related party transactions are as follows

1. Purchases

	2023	2022
Purchases of goods:		
Other related parties	<u>\$ 9,413</u>	<u>\$ 6,385</u>

There is no significant difference in the transaction price and payment terms in purchases of goods from general companies.

2. Payables to related parties

	2023	2022
Accounts payable:		
Other related parties	<u>\$ 2,920</u>	<u>\$ 3,363</u>

The amounts payable to related parties mainly come from purchase transactions and are paid in 30–90 days every month from an account opened after the purchase date. The payable does not bear interest.

(III) Information on key management compensation

	2023	2022
Short-term employee benefits	\$ 33,753	\$ 30,555
Share-based payment	8,295	-
Post-employment benefits	469	438
	<u>\$ 42,517</u>	<u>\$ 30,993</u>

VIII. Pledged Assets

The Group's assets pledged as collateral are as follows:

Assets	Book value		Purpose of collateral
	December 31, 2023	December 31, 2022	
Land	\$ 113,759	\$ 113,759	Collateral for long-term borrowings (including current portion)
Buildings and structures	229,828	238,367	Collateral for long-term borrowings (including current portion)
Machinery and equipment	82,763	97,910	Collateral for long-term borrowings (including current portion)
Other equipment	38,390	47,480	Collateral for long-term borrowings (including current portion)
Right-of-use assets	57,652	60,318	Collateral for short-term borrowings and borrowing facilities
Buildings and structures	148,179	162,888	Collateral for short-term borrowings and borrowing facilities
Investment property	176,568	193,703	Collateral for short-term borrowings and borrowing facilities
Financial assets at amortized cost – current	57,157	1,436	Collateral for bank acceptance bills
Financial assets at amortized cost – current	1,298	893	Customs guarantee
Financial assets at amortized cost – current	28,000	-	Collateral for long-term borrowings (including current portion)
Financial assets at amortized cost – non-current	-	28,000	Collateral for long-term borrowings (including current portion)
	<u>\$ 933,594</u>	<u>\$ 944,754</u>	

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) Contingencies

None.

(II) Commitments

1. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows

	December 31, 2023	December 31, 2022
Property, plant and equipment	<u>\$ 15,680</u>	<u>\$ 24,256</u>

2. In order to obtain borrowing facilities from banks, the amount of the endorsements/guarantees provided by the Group is detailed in Table 2 of Note 13.

X. Significant Disaster Loss

None.

XI. Significant Events after the Balance Sheet Date

On March 5, 2024, the Company's 2023 earnings distribution plan was approved by the Board of Directors. Please refer to Note 6(17) for details.

XII. Others

(I) Capital risk management

The Group's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns to shareholders and to maintain an optimal capital structure to reduce the cost of capital. 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.

According to the loan contracts signed by the Group with financial institutions, the Group's financial report is required to meet the key performance indicators, please see details in Note 6(12).

(II) Financial Instruments

1. Categories of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial asset</u>		
Financial assets at fair value through profit and loss	\$ 157,396	\$ 124,680
Financial assets at amortized cost		
Cash and cash equivalents	\$ 1,492,468	\$ 1,312,308
Financial assets at amortized cost	\$ 166,288	\$ 110,175
Notes receivable	126,277	141,949
Accounts receivable	2,006,646	1,758,132
Other receivables	93,721	38,863
Refundable deposit (recognized as "other non-current assets")	17,906	12,225
	<u>\$ 3,903,306</u>	<u>\$ 3,373,652</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 646,307	\$ 697,991
Notes payable	72,240	4,786
Accounts payable	570,384	475,981
Other payables	358,349	323,635
Long-term borrowings (including current portion)	973,334	1,238,750
Guarantee deposits received (recognized in other non-current liabilities)	19,993	20,961
Long-term payables (recognized in other non-current liabilities)	297	1,021
	<u>\$ 2,640,904</u>	<u>\$ 2,763,125</u>
Lease liabilities	<u>\$ 353,348</u>	<u>\$ 392,796</u>

2. Risk management policy

- (1) The Group's activities have exposed it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk, and liquidity risk.
- (2) Risk management is carried out by the Group's finance department in line with the policies approved by the Board of Directors. The finance department identifies, evaluates, and hedges financial risks in close cooperation with the Group's operating units. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and remaining circulating capital investment.
- (3) Usage of derivatives to avoid financial risks, please refer to Note 6(2).

3. Significant financial risks and degrees of financial risks

(1) Market risk

Exchange rate risk

- A. The Group operates its business transnationally, so it is subject to the exchange rate risk arising from transactions in currencies different from the functional currencies (mainly USD and RMB) used by the Company and its subsidiaries. The exchange rate risk arises from future business transactions and assets and liabilities recognized.
- B. The management of the Group has established policies to regulate the exchange rate risk of each company within the Group in relation to its functional currency. The companies shall hedge against the overall exchange rate risk through the Group's finance department. The exchange rate risk is measured by expected transactions with USD, JPY, and RMB expenditures that are highly likely to occur. The Group achieves natural hedging through the positions of foreign currency assets and liabilities held and the arrangement of the recovery period.

C. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023			
	Foreign currency amount (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD : NTD	\$ 47,225	30.705	\$ 1,450,044
USD : RMB	5,410	7.096	166,111
RMB : NTD	30,384	4.327	131,472
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 4,008	30.705	\$ 123,066
JPY : NTD	206,571	0.217	44,826
USD : RMB	892	7.096	27,388

December 31, 2022			
	Foreign currency amount (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD : NTD	\$ 39,289	30.710	\$ 1,206,565
USD : RMB	41,836	4.408	184,413
RMB : NTD	3,945	6.967	121,153
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 2,394	6.967	\$ 73,521
JPY : NTD	1,953	30.710	59,977
USD : RMB	70,661	0.232	16,393

D. As exchange rate fluctuations have a significant influence on the Group's monetary items. The aggregate amount of all exchange gains (including realized and unrealized) were NTD 10,993 and NTD 131,828 in 2023 and 2022, respectively.

Analysis of foreign currency market risk arising from significant foreign exchange fluctuations for the Group:

		2023		
		Sensitivity analysis		
		<u>Exchange rate band</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency: functional currency)				
<u>Financial asset</u>				
<u>Monetary items</u>				
	USD : NTD	1%	\$ 14,500	\$ -
	RMB : NTD	1%	1,661	-
	USD : RMB	1%	1,315	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD : RMB	1%	\$ 1,231	\$ -
	USD : NTD	1%	448	-
	JPY : NTD	1%	274	-
		2022		
		Sensitivity analysis		
		<u>Exchange rate band</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency: functional currency)				
<u>Financial asset</u>				
<u>Monetary items</u>				
	USD : NTD	1%	\$ 12,066	\$ -
	RMB : NTD	1%	1,844	-
	USD : RMB	1%	1,212	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD : RMB	1%	\$ 735	\$ -
	USD : NTD	1%	600	-
	JPY : NTD	1%	164	-

Price risk

- A. The Group's equity instruments exposed to price risk are financial assets and liabilities held at fair value through profit and loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- B. The Group mainly invests in equity instruments issued by domestic companies. The prices of such equity instruments would change due to the change in the future value of the targets in the investments. If the prices of these equity instruments had increased/decreased by 1% with all other variables held constant, the net profit after tax for 2023 and 2022 would have increased or decreased by NTD 1,574 and NTD 1,247, respectively, due to the gains or losses on equity instruments at fair value through profit and loss.

Cash flow and fair value interest rate risk

- A. The Group's interest rate risk mainly comes from short- and long-term borrowings issued at floating interest rates, exposing the Group to the interest rate risk of cash flow. In 2023 and 2022, the Group's loans taken out at floating interest rates were mainly denominated in NTD, USD, and RMB.
- B. The Group's loans are measured at amortized cost and the annual interest rate will be repriced every year according to the contracts. Therefore, the Group is exposed to the risk of future market interest rate changes.
- C. When the borrowing interest rate rose or fell by 1%, with all other factors held constant, the net profit after tax would have decreased or increased by NTD 12,957 and NTD 15,494 in 2023 and 2022, respectively, as the interest expenses would change with the floating interest rates for the borrowings.

(2) Credit risk

- A. The credit risk of the Group is the risk of financial loss suffered by the Group arising from the failure of customers or counterparties of financial instruments to fulfill contractual obligations. It mainly comes from counterparties' inability to settle the accounts receivable paid in accordance with the payment terms and the contractual cash flow of financial assets at amortized cost.
- B. The Group has established credit risk management from the Group's perspective. In accordance with the internal credit policy, each operating entity within the Group must conduct management and credit risk analysis of each new customer before deciding payment and delivery terms and conditions. The internal risk control system evaluates the credit quality of customers by considering their financial positions, past experience, and other factors. Individual risk limits are set by the Board of Directors based on internal or external ratings, and the drawdown of credit limits is regularly monitored.
- C. When a contract payment is overdue for more than 90 days according to the agreed payment terms, it is deemed to have been in default by the Group.
- D. The Group adopts the following conditions and assumptions as the basis for judging whether the credit risk of financial instruments has increased significantly since initial recognition:
 - (A) When a contract payment is overdue for more than 30 days in accordance with the agreed payment terms, it is deemed that the credit risk of a financial asset has increased significantly since the initial recognition.
 - (B) Actual or expected significant changes in the external credit ratings of financial instruments occur.
- E. The indicators adopted by the Group to judge whether there are signs of credit impairment for debt instrument investment are as follows:
 - (A) The issuer has encountered major financial difficulties, or has the increasing possibility of going into bankruptcy or other financial restructuring;
 - (B) The active market for the financial asset disappears due to the issuer's financial difficulties;
 - (C) The issuer's delay or non-payment of interest or principal;
 - (D) Unfavorable changes in national or regional economic conditions related to the issuer's breach of contract.

F. The Group conducts individual assessments on notes and accounts receivable that have been in default, and recognizes allowance for 100% of losses. For the rest, the notes and accounts receivable according to the Group's credit conditions and historical loss rate, and adopts a simplified approach to estimate expected credit losses based on loss rates. The Group includes the forward-looking information of the Taiwan Institute of Economic Research's business observation report and adjusts the loss rates established based on historical and current information for a specific period to estimate the loss allowance for notes and accounts receivable. According to the individual and loss rate methods as of December 31, 2023 and 2022, the estimated loss allowance for notes and accounts receivable is as follows:

	Individuals	Group A	Group B	Total
<u>December 31, 2023</u>				
Expected loss rate	100%	0.60%-1.96%	0.60%-96.21%	
Total book value	\$ 196,535	\$ 1,246,026	\$ 924,783	\$ 2,367,344
Loss allowance	\$ 196,535	\$ 11,929	\$ 25,957	\$ 234,421
<u>December 31, 2022</u>				
Expected loss rate	100%	0.03%-2.92%	0.03%-95.51%	
Total book value	\$ 234,090	\$ 977,408	\$ 980,903	\$ 2,192,401
Loss allowance	\$ 234,090	\$ 9,556	\$ 48,674	\$ 292,320

Group A: High-quality customers rated by the Group.

Group B: Other customers.

G. The Group's table of changes in simplified loss allowance for notes and account receivable are as follows:

	2023	2022
January 1	\$ 292,320	\$ 232,628
Impairment loss recognized	-	58,902
Impairment loss reversed	(56,949)	-
Others	(120)	596
Effect of exchange rate changes	(830)	194
December 31	\$ 234,421	\$ 292,320

(3) Liquidity risk

A. Cash flow forecasting is performed by the operating entities of the Group and compiled by finance department. Finance department monitors forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.

B. The remaining cash held by each operating entity will be transferred back to the Group's finance department when it exceeds the working capital required. The Group's finance department invests the remaining funds in time deposits,

money market deposits, and securities. The instruments selected are with an appropriate maturity date or sufficient liquidity to respond to the forecast above and provide adequate liquidity.

C. The Group's non-derivative financial liabilities and derivative financial liabilities settled by gross settlement are grouped based on relevant maturity dates; the non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The contractual cash flow amounts disclosed in the table below are undiscounted.

	December 31, 2023		December 31, 2022	
	Less than 1 year	Over 1 years	Less than 1 year	Over 1 years
Non-derivative financial liabilities:				
Short-term borrowings	\$ 650,857	\$ -	\$ 704,396	\$ -
Notes payable	72,240	-	4,786	-
Accounts payable	570,384	-	475,981	-
Other payables	358,349	-	323,635	-
Long-term borrowings (including current portion)	986,067	6,728	289,106	994,031
Lease liabilities	69,562	327,499	64,667	383,496
Guarantee deposits received (recognized in other non-current liabilities)	-	19,993	-	20,961
Long-term payable on equipment (recognized in other non-current liabilities)	-	297	-	1,021

(III) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date. A market is regarded as active when transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the listed stocks invested by the Group belongs to this level.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the unlisted stocks and the privately offered stocks by listed companies invested by the Group belong to this level.

2. For information on the fair value of investment property measured at cost, please refer to Note 6(9).

3. Financial instruments not measured at fair value include cash and cash equivalents, notes receivable, accounts receivable, other receivables, financial assets at amortized cost, short-term borrowings, notes payable, accounts payable, other payables, and long-term borrowings (including current portion), which book value are based on the reasonable approximation of the fair value.
4. Financial and non-financial instruments at fair value, the Group are classified according to the nature, characteristics, and risks of assets and the basis of fair value levels. The relevant information is as follows:

- (1) The Group has classified assets and liabilities according to their nature, and the relevant information is as follows:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through profit and loss				
Equity securities	\$ 137,225	\$ -	\$ 20,000	\$ 157,225
Derivatives	171	-	-	171
Total	<u>\$ 137,396</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 157,396</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through profit and loss				
Equity securities	<u>\$ 124,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,680</u>

- (2) The methods and assumptions used by the Group to measure fair value are explained as follows:
 - A. The closing price of the listed stocks is used by the Group as the fair value input (i.e. Level 1).
 - B. Except for the abovementioned financial instruments with active markets, the fair value of other financial instruments is obtained through valuation techniques or by referring to the quoted prices offered by counterparties.
 - C. For the evaluation of non-standard and less complex financial instruments, such as swap contracts in a market that is not active, the Group uses valuation techniques widely used by market participants. The inputs used in the valuation models of such financial instruments are usually observable market data.

5. The Group did not have any transfers between the Level 1 and Level 2 fair value in 2023 and 2022.
6. The Group did not have any transfers into or out of Level 3 fair value in 2023 and 2022.
7. The Group conducts independent fair value verification for financial instruments with their fair value classified as Level 3, through which data from independent sources is used to make the evaluation results close to the market level, so as to confirm that the data sources are independent, reliable, consistent with other resources, and representative of executable prices. The Group also regularly calibrates the valuation model, conducts back-testing, updates inputs, data, and any other necessary fair value adjustments to ensure that the valuation results are reasonable.
8. The quantitative information about the significant unobservable inputs of the valuation model used in the Level 3 fair value measurement items and the sensitivity analysis of the significant unobservable input changes are described below:

	December 31, 2023 Fair value	Valuation technique	Significant unobservable input	Relationship between input and fair value
Non-derivative equity instruments:				
Unlisted stocks	\$ -	Market method	Discount for lack of market liquidity	The higher the discount for market liquidity, the lower the fair value
Investments in stocks and private funds of venture capital companies	20,000	Net asset value method	Not applicable	Not applicable
Total	<u>\$ 20,000</u>			
	December 31, 2022 Fair value	Valuation technique	Significant unobservable input	Relationship between input and fair value
Non-derivative equity instruments:				
Unlisted stocks	<u>\$ -</u>	Market method	Discount for lack of market liquidity	The higher the discount for market liquidity, the lower the fair value

9. The valuation model and valuation parameters are selected by the Group after prudent evaluation, but the use of different valuation models or valuation parameters may result in different valuation results. For financial assets classified as Level 3 fair value, in the case of a change in valuation parameters, the effect on the current profit and loss will be as follows:

			December 31, 2023	
			Recognized in profit or loss	
	Input	Change	Favorable change	Unfavorable change
Financial asset Equity instrument	Discount for lack of market liquidity	± 1%	\$ 200	(\$ 200)

			December 31, 2022	
			Recognized in profit or loss	
	Input	Change	Favorable change	Unfavorable change
Financial asset Equity instrument	Discount for lack of market liquidity	± 1%	\$ -	\$ -

XIII. Supplementary Disclosures

The following information on the investees was written off when the consolidated financial statements were prepared. The disclosure below is for reference only.

(I) Information on significant transactions

1. Loans to others: Please refer to Table 1.
2. Provision of endorsements and guarantees to others: Please refer to Table 2.
3. Marketable securities held at the end of period (excluding subsidiaries and associates): Please refer to Table 3.
4. Acquisition or sale of the same security with the accumulated cost exceeding at least NTD 300 million or 20% of the paid-in capital: None.
5. Acquisition of property reaching at least NTD 300 million or 20% of the paid-in capital: None.
6. Disposal of property reaching at least NTD 300 million or 20% of the paid-in capital: None.
7. Purchases or sales of goods from or to related parties reaching at least NTD 100 million or 20% of the paid-in capital: Please refer to Table 4.

8. Receivables from related parties reaching at least NTD 100 million or 20% of the paid-in capital: Please refer to Table 5.
9. Trading in derivative instruments: Please refer to Note 6(2) and Note 12(2).
10. Business relations and important transactions between parent company and subsidiaries and among subsidiaries and amounts: Please refer to Table 6.

(II) Information related to reinvested enterprises

Information on investees (name, location, etc.) (excluding investees in mainland China):
Please refer to Table 7.

(III) Information on Investments in Mainland China

1. Basic information: Please refer to Table 8.
2. Significant transactions with investees in mainland China, either directly or indirectly, through third-region businesses: Please refer to Note 13(1).

(IV) Information on major shareholders

Information on major shareholders: Please refer to Table 9.

XIV. Segment Information

(I) General information

The Group operates its business and makes decisions by region, so the management also uses this model to identify the segments that shall be reported.

The Group has 3 segments that shall be reported: Segment A, Segment B, and Segment C. Segment A is manufacturing LED-related components in Taipei; Segment B is manufacturing TV- and LED-related components in Kunshan and Jiangmen, China; Segment C is manufacturing ceramic substrate-related components in Taoyuan.

The Group's segments that shall be reported are strategic business units that provide different products and services. Since each strategic business unit requires different technologies and marketing strategies, they are managed separately.

(II) Segment Information

The information on segments that shall be reported provided to the chief operating decision maker is as follows:

	2023				Adjustment and elimination	Total
	Segment A	Segment B	Segment C	Other segments		
Revenue						
Revenue from external customers	\$ 2,568,731	\$ 1,795,806	\$ 603,617	\$ 10,957	\$ -	\$ 4,979,111
Inter-segment revenue	29,745	381,999	1	792	(412,537)	-
Revenue from customer contracts	\$ 2,598,476	\$ 2,177,805	\$ 603,618	\$ 11,749	(\$ 412,537)	\$ 4,979,111
Others – rental income	\$ -	\$ 89,585	\$ -	\$ -	\$ -	\$ 89,585
Total revenue	\$ 2,598,476	\$ 2,267,390	\$ 603,618	\$ 11,749	(\$ 412,537)	\$ 5,068,696
Segment profit (loss)	\$ 233,801	\$ 99,894	\$ 75,445	(\$ 48,966)	(\$ 115,739)	\$ 244,435
Segment profit (loss) includes:						
Depreciation and amortization	\$ 197,379	\$ 180,405	\$ 59,509	\$ 18,578	(\$ 2,003)	\$ 453,868
Interest revenue	\$ 14,788	\$ 16,738	\$ 3,477	\$ 264	(\$ 67)	\$ 35,200
Interest expenses	\$ 46,360	\$ 8,630	\$ 4,819	\$ 67	(\$ 66)	\$ 59,810
Income tax expense	\$ 32,914	(\$ 1,854)	\$ 10,953	\$ 3,514	\$ -	\$ 45,527
Investment gains accounted for under equity method	\$ 115,740	\$ -	\$ -	\$ -	(\$ 115,740)	\$ -
Total segment assets	\$ 6,611,982	\$ 2,893,272	\$ 855,479	\$ 148,224	(\$ 2,711,746)	\$ 7,797,211
Total segment liabilities	\$ 2,420,893	\$ 699,985	\$ 373,739	\$ 17,089	(\$ 97,707)	\$ 3,413,999

2022

	Segment A	Segment B	Segment C	Other segments	Adjustment and elimination	Total
Revenue						
Revenue from external customers	\$ 2,659,981	\$ 1,955,522	\$ 472,836	\$ 15,849	\$ -	\$ 5,104,188
Inter-segment revenue	65,423	353,543	108	(5)	(419,069)	-
Revenue from customer contracts	<u>\$ 2,725,404</u>	<u>\$ 2,309,065</u>	<u>\$ 472,944</u>	<u>\$ 15,844</u>	<u>(\$ 419,069)</u>	<u>\$ 5,104,188</u>
Others – rental income	\$ -	\$ 90,147	\$ -	\$ 1,592	\$ -	\$ 91,739
Total revenue	<u>\$ 2,725,404</u>	<u>\$ 2,399,212</u>	<u>\$ 472,944</u>	<u>\$ 17,436</u>	<u>(\$ 419,069)</u>	<u>\$ 5,195,927</u>
Segment profit (loss)	<u>\$ 131,782</u>	<u>(\$ 52,712)</u>	<u>\$ 36,913</u>	<u>(\$ 47,508)</u>	<u>\$ 61,837</u>	<u>\$ 130,312</u>
Segment profit (loss) includes:						
Depreciation and amortization	\$ 193,494	\$ 221,769	\$ 56,835	\$ 14,787	(\$ 6,355)	\$ 480,530
Interest revenue	\$ 1,940	\$ 9,859	\$ 536	\$ 856	\$ -	\$ 13,191
Interest expenses	\$ 39,334	\$ 18,734	\$ 4,265	\$ -	\$ -	\$ 62,333
Income tax expense	\$ 28,493	\$ 3,020	\$ 6,843	\$ -	\$ -	\$ 38,356
Investment gains accounted for under equity method	(\$ 61,838)	\$ -	\$ -	\$ 61,838	\$ -	\$ -
Total segment assets	<u>\$ 6,621,814</u>	<u>\$ 2,919,377</u>	<u>\$ 770,870</u>	<u>\$ 152,881</u>	<u>(\$ 2,671,515)</u>	<u>\$ 7,793,427</u>
Total segment liabilities	<u>\$ 2,578,735</u>	<u>\$ 787,072</u>	<u>\$ 343,085</u>	<u>\$ 4,169</u>	<u>(\$ 140,430)</u>	<u>\$ 3,572,631</u>

(III) Segment information reconciliation

Inter-segment sales are carried out in accordance with the fair trade principle. The external revenue reported to the chief operating decision maker is measured in the same way as the revenue recognized in the income statement.

(IV) Information on types of products

The revenue from external customers is from the sales revenue of electronic component products and the rental income of investment property. The breakdown of net income is as follows:

	2023	2022
Lead frame (LED/SMD)	\$ 1,815,369	\$ 2,123,911
Heat spreader (semiconductor)	1,074,125	1,001,660
TV backlight module	619,448	749,451
Ceramic substrate	603,617	472,836
IC lead frame	408,582	455,477
Rental income	89,585	91,739
Others	457,970	300,853
	<u>\$ 5,068,696</u>	<u>\$ 5,195,927</u>

(V) Geographical information

The Group's geographical information is as follows:

	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
China	\$ 3,070,623	\$ 871,708	\$ 3,212,822	\$ 1,056,500
Taiwan	872,776	1,482,953	939,995	1,688,963
Others	1,125,297	-	1,043,110	-
	<u>\$ 5,068,696</u>	<u>\$ 2,354,661</u>	<u>\$ 5,195,927</u>	<u>\$ 2,745,463</u>

(VI) Major customer information

The Group's major customer information is as follows:

	2023		2022	
	Revenue	Segment	Revenue	Segment
B	\$ 411,447	Segment A, B and C	\$ 482,028	Segment A, B and C
C	906,559	Segment A, B and C	1,061,174	Segment A, B and C
	<u>\$ 1,318,006</u>		<u>\$ 1,543,202</u>	

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I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES

Loans to Others

For the Year Ended December 31, 2023

Table 1

Unit: NTD thousand
(except as otherwise indicated)

No.	Lender	Borrower	General ledger account	Related party status	Maximum amount of the current period	Closing balance (Note 3)	Actual amount drawn down	Interest rate range	Nature of loan	Amount of transactions with borrower (Note 2)	Reason for necessity of short-term financing	Allowance for bad debt	Collateral		Limit on loan granted to a single party (Note 1)	Total limit on loans granted (Note 1)	Remarks
													Name	Value			
	I-CHIUN PRECISION INDUSTRY CO., LTD.	I-Chiun Technology (China) Co., Ltd.	Other receivables - related parties	Y	\$ 87,261	\$ 39,346	\$ 39,346	0.00%	Short-term financing	\$ -	Working capital	\$ -	-	\$ -	\$ 209,554	\$ 1,676,436	-
	I-CHIUN PRECISION INDUSTRY CO., LTD.	Advance Venture Corporation	Other receivables - related parties	Y	30,000	30,000	5,000	2.50%	Short-term financing	-	Working capital	-	-	-	209,554	1,676,436	-
	I-Chiun Precision Electric Industry (China) Co., Ltd.	I-Chiun Technology (China) Co., Ltd.	Other receivables - related parties	Y	167,526	111,155	111,155	2.00%	Short-term financing	-	Working capital	-	-	-	271,234	542,469	-

Note 1: The Operating Procedures for Loaning of Funds to Others of the Company and I-CHIUN CAYMAN PRECISION INDUSTRY CO. LTD. stipulate that the total amount of funds loaned to others is limited to 40% of the net worth of the Company as stated in the latest financial statements. Meanwhile, the cumulative amount of loans lent because of business relationship shall not exceed 30% of the net worth of the Company as stated in the latest financial statements, and the amount of a loan lent because of business transactions shall not exceed the amount of the business transactions (Note 2). The cumulative amount of loans lent for short-term financing shall not exceed 10% of the net worth of the Company as stated in the latest financial statements; the amount of loans to individual companies shall not exceed 5% of the net worth of the Company.

I-Chiun Precision Electric Industry (China) Co., Ltd.'s Operating Procedures for Loaning of Funds to Others stipulate that short-term financing and the cumulative amount shall not exceed 20% of the net worth of the company as stated in the latest financial statements; the amount of loans to individual companies shall not exceed 10% of the company's net worth; the total amount of loans to foreign subsidiaries, in which the parent company holds 100% of the voting shares directly or indirectly, shall not exceed 40% of the company's net worth, and the amount of loans to each of said companies shall not exceed 20% of the company's net worth.

I-Zou Hi-Tech (SZN) Co., Ltd.'s Operating Procedures for Loaning of Funds to Others stipulate that the cumulative amount of short-term financing and loans shall not exceed 10% of the net worth of the company as stated in the latest financial statements; the amount of loans to individual companies shall not exceed 8% of the net worth of the company. The amount of a loan lent because of business transactions shall not exceed the amount of the business transactions (Note 2). For loans to foreign subsidiaries whose parent company directly or indirectly holds 100% of their voting shares, the total amount of loans to them shall not exceed 40% of the Company's net worth, and the amount of loans to each of such subsidiaries shall not exceed 20% of the Company's net worth.

I-Chiun Technology (China) Co., Ltd.'s Operating Procedures for Loaning of Funds to Others stipulate that short-term financing and the cumulative amount shall not exceed 20% of the net worth of the company as stated in the latest financial statements; the amount of loans to individual companies shall not exceed 10% of the company's net worth; the total amount of loans to foreign subsidiaries, in which the parent company holds 100% of the voting shares directly or indirectly, shall not exceed 40% of the company's net worth, and the amount of loans to each of said companies shall not exceed 20% of the company's net worth. The latest recent financial statements refer to the most recent financial statements that have been audited (attested) by CPAs.

Note 2: The amount of business transactions refers to the amount of purchases, sales, or purchases of fixed assets between both parties; if there are purchases, sales, or purchases of fixed assets at the same time, the higher of the statistical amount of purchases, sales, or purchases of fixed assets in the previous year shall prevail.

Note 3: The closing balance refers to the amount of loans approved by the Board of Directors.

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES

Provision of endorsements and guarantees to others

For the Year Ended December 31, 2023

Table 2

Unit: NTD thousand
(except as otherwise indicated)

No. (Note 1)	Party endorsed/guaranteed		Relationship (Note 2)	Limit on endorsements/ guarantees provided to a single party (Note 3)	maximum outstanding endorsement/gu arantee amount for the current period (Note 4)	Outstanding endorsement/ guarantee amount at the end of period (Note 5)	Actual amount drawn down (Note 6)	amount of endorsements/ guarantees secured with assets as collateral	Ratio of cumulative endorsement/guara ntee amount to net asset value of the endorser/guarantor	Upper limit on endorsements/gua rantees provided	Parent company to subsidiary	Subsidiary to parent company (Note 7)	To party in Mainland China (Note 7)	Remarks
	Endorser/guarantor	Company name												
0	I-CHIUN PRECISION INDUSTRY CO., LTD.	I-Chiun Technology (China) Co., Ltd.	2	838,218	366,993	305,112	86,969	-	7%	2,095,545	Y	N	Y	-
0	I-CHIUN PRECISION INDUSTRY CO., ---	Ecocera Optronics Co., Ltd.	2	838,218	50,000	-	-	-	0%	2,095,545	Y	N	N	-

Note 1: The information shall be indicated in the No. column as follows:

- (1). The Issuer is coded "0."
- (2). The investees are coded sequentially beginning from "1" by each individual company.

Note 2: Relationship between the endorser/guarantor and the party endorsed/guaranteed is classified into the following 7 categories; just enter the code:

- (1). A company with which it does business.
- (2). A company in which the Company directly or indirectly holds more than 50% of the voting shares.
- (3). A company that directly or indirectly holds more than 50% of the voting shares in the Company.
- (4). Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
- (5). Between companies in the same industry or joint applicants to undertake projects who are required to provide mutual endorsements/guarantees to the other company in accordance with the contractual terms.
- (6). Companies that are endorsed and guaranteed by all shareholders based on their shareholding ratios because of a joint investment relationship.
- (7). The joint guarantee for the performance of a pre-sale property sales contract between entities in the same industry in accordance with the Consumer Protection Act.

Note 3: For the Company, I-Chiun Technology (China) Co., Ltd., I-Chiun Precision Electric Industry (China) Co., Ltd., the guarantee provided to other companies shall not exceed 50% of the net worth as per the latest financial statement; the guarantee provided to a single enterprise shall not exceed 20% of the net worth as per the most recent financial statements.

The latest recent financial statements refer to the most recent financial statements that have been audited (attested) by CPAs.

Note 4: The highest balance of the endorsements/guarantees provided to others in the current year.

Note 5: The amount approved by the Board of Directors shall be entered. However, where the Board of Directors authorizes the Chairman to make a decision in accordance with Subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, it refers to the amount to be determined by the Chairman.

Note 6: The actual amount drawn by the company endorsed within the limit of the balance of endorsement/guarantee shall be entered.

Note 7: "Y" shall be entered only for the endorsement/guarantee provided by the publicly listed parent company to subsidiary, by subsidiary to the publicly listed parent company, and to entities in mainland China.

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES
 Marketable securities held at the end of period (excluding subsidiaries and associates)
 December 31, 2023

Table 3

Unit: NTD thousand
 (except as otherwise indicated)

Securities held by	Type and name of securities	Relationship with the securities issuer	General ledger account	End of period				Remarks	
				Number of shares (thousand shares)	Carrying amount	Shareholding ratio	Fair value		
I-CHIUN PRECISION INDUSTRY CO., LTD Stock	I-Energy	-	Financial assets at fair value through profit and loss – current	84	-	0.13%	-	No pledge provided	
I-CHIUN PRECISION INDUSTRY CO., LTD Stock	Forcecon	-	Financial assets at fair value through profit and loss – current	570	92,625	0.69%	92,625	No pledge provided	
I-CHIUN PRECISION INDUSTRY CO., LTD Stock	Foxtron	-	Financial assets at fair value through profit and loss – current	1,000	44,600	0.06%	44,600	No pledge provided	
I-Zou Hi-Tech (SZN) Co., Ltd.	Stock	Lanke Electronic Co., Ltd.	-	Financial assets at fair value through profit and loss – non-current	1,519	-	1.48%	-	No pledge provided
I-CHIUN PRECISION INDUSTRY CO., LTD Stock	Beili Biotechnology	-	Financial assets at fair value through profit and loss – non-current	2,000	20,000	1.00%	20,000	No pledge provided	
I-CHIUN PRECISION INDUSTRY CO., LTD Stock	Unity Opto	-	Financial assets at fair value through profit and loss – non-current	3,157	-	0.68%	-	No pledge provided	
I-CHIUN PRECISION INDUSTRY CO., LTD Preference share	Mylight Technology	The person in charge is a relative within the second degree of kinship of a director of the Company	Financial assets at fair value through profit and loss – non-current	5,000	-	15.14%	-	No pledge provided	

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES

Purchases or Sales of Goods from or to Related Parties Reaching at Least NTD100 million or 20% of the Paid-in Capital

For the Year Ended December 31, 2023

Table 4

Unit: NTD thousand
(except as otherwise indicated)

Purchase (sale) Company	Transaction counterparty	Relationship	Transaction				Transaction conditions are different			Notes/Accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	Proportion to total purchases (sales)	Credit period	Unit price	Credit period	Balance	Proportion to notes/accounts receivable (payable)		
I-Chiun Technology (China) Co., Ltd.	I-CHIUN PRECISION INDUSTRY CO., LTD.	Ultimate parent company	Sales	\$ 385,400	27%	O/A with net 30 days	Not applicable	-	\$ 35,803	7%	(Note 2)	

Table 4

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES
 Receivables from Related Parties Reaching at Least NTD100 million or 20% of the Paid-in Capital
 December 31, 2023

Table 5

Unit: NTD thousand
 (except as otherwise indicated)

Company under accounts receivable	Transaction counterparty	Relationship	Balance of trade receivable from related parties	Turnover rate	Overdue receivables from related parties		Recovered amount from related party after balance sheet date	Allowance for bad debt
					Amount	Response method		
I-Chiun Precision Electric Industry (China) Co., Ltd.	I-Chiun Technology (China) Co., Ltd.	Group subsidiary	125,934	-	125,934	Note 1, Note 2	8,654	-

Note 1: I-Chiun Precision Electric Industry (China) Co., Ltd.'s receivables of NTD 111,155 from I-Chiun Technology (China) Co., Ltd., which have exceeded the normal credit period by a certain period of time, are proved to be substantive loan after assessment, and have been transferred to other receivables and disclosed in "Table 1 – Loans to Others."

Note 2: The Group has strengthened the collection of said overdue payments.

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES
 Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts
 For the Year Ended December 31, 2023

Table 6

Unit: NTD thousand
 (except as otherwise indicated)

No. (Note 1)	Company name	Transaction counterparty	Relationship (Note 2)	Transactions			
				General ledger account	Amount	Transaction terms	Proportion to consolidated total operating revenues or total assets (%) (Note 3)
1	I-Chiun Technology (China) Co., Ltd.	I-CHIUN PRECISION INDUSTRY CO., LTD.	2	Sales revenue	\$ 381,999	O/A with net 30 days	8
2	I-Chiun Precision Electric Industry (China) Co., Ltd.	I-Chiun Technology (China) Co., Ltd.	3	Accounts receivable (including other receivables)	125,934		2

Note 1: The information on such transactions between the parent company and its subsidiaries and inter-company ones shall be indicated in the No. column as follows:

- (1) Parent company is coded "0."
- (2) The subsidiaries are coded sequentially beginning from "1" by each individual company.

Note 2: There are three types of relationships with the Company. Just enter the code:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding the proportion of transaction amount to consolidated total operating revenues or total assets, it is computed based on the closing balance of transactions to consolidated total assets if it is recognized in the balance sheet account while based on the closing balance of the cumulative transaction amount to consolidated total operating revenues if it is recognized in the profit or loss account.

Note 4: The criteria for said disclosure is a transaction reaching at least NTD100 million or 20% of the paid-in capital. However, the abovementioned related party transactions were eliminated when the consolidated statements were

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES
Information on Investees (Name, Location, etc.) (excluding Investees in Mainland China)
For the Year Ended December 31, 2023

Table 7

Unit: NTD thousand
(except as otherwise indicated)

Name of Investor	Name of investee	Location	Main business activities	Initial investment amount		Shares held at the end of period			Net profit (loss) on investee of the current period (Note 1)	Investment gains (loss) recognized for current period (Note 2)	Remarks
				End of current period	Balance as the end of last year	Shares	Ratio	Carrying amount			
I-CHIUN PRECISION INDUSTRY CO., LTD.	MORE FORTUNE PROFITS LIMITED	British Virgin Islands	General investment	\$ 1,155,595	\$ 1,155,595	36,179,299	100%	\$ 2,360,749	\$ 110,734	110,734	-
I-CHIUN PRECISION INDUSTRY CO., LTD.	Ecocera Optronics Co., Ltd.	Taiwan	Manufacturing and trading of LED ceramic bases	260,497	264,043	18,365,773	69.720%	332,583	64,492	44,974	-
I-CHIUN PRECISION INDUSTRY CO., LTD.	Advance Venture Corporation	Taiwan	Electronics Components Manufacturing and Trading	125,000	125,000	12,500,000	55.556%	34,698 (47,599) (26,444)	-
I-CHIUN PRECISION INDUSTRY CO., LTD.	CMTEK Co., Ltd.	Taiwan	Other Metal Products Manufacturing	20,000	-	2,000,000	56.259%	19,561 (781) (440)	-
MORE FORTUNE PROFITS LIMITED	I-CHIUN(CAYMAN) PRECISION INDUSTRY	Cayman Islands	General investment	443,168 (Note 3)	443,168 (Note 3)	14,433,075	100%	1,470,380	53,460	-	-
MORE FORTUNE PROFITS LIMITED	I-CHIUN TECHNOLOGY CO., LTD.	Republic of Seychelles	General investment	921,150 (Note 3)	921,150 (Note 3)	30,000,000	100%	841,845	47,693	-	-

Note 1: The abovementioned information on the investees is prepared based on the financial statements audited by the CPAs.

Note 2: Only the profit and loss on each investee directly invested by the Company and each investee measured under the equity method recognized by the Company shall be entered, and the rest of the investees are exempted from disclosed in this regard.

Note 3: It is based on the initial investment amount of each investee, at the exchange rate of USD 1 to NTD 30.705 and RMB 1 to NTD 4.327 at the end of period.

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES

Information on Investments in Mainland China – Basic Information

For the Year Ended December 31, 2023

Table 8

Unit: NTD thousand
(except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 2)	Investment method	Cumulative amount of remittance from Taiwan, beginning of current period (Note 2)	mainland China/Amount remitted back to Taiwan for the current period		Cumulative amount of remittance from Taiwan, end of current period	Net profit (loss) on investee of the current period	Ownership held by the Company (direct or indirect)	Investment gains (loss) recognized for current period (Note 1)	Book value of investments at the end of period	Cumulative amount of investment income remitted back to Taiwan as of the current period	Remarks
					Remitted to Mainland China	Remitted back to Taiwan							
I-Zou Hi-Tech (SZN) Co., Ltd.	Trading and manufacturing of LED lead frames	\$ 32,453	Other methods: Investment by I-Chiun Precision Electric Industry (China) Co., Ltd.	\$ 78,298	\$ -	\$ -	\$ 78,298	(\$ 719)	100.00	(\$ 719)	\$ 4,724	\$ -	-
I-Chiun Precision Electric Industry (China) Co., Ltd.	Manufacturing and trading of direct back-lit module components, as well as investment property leasing	745,151	Investment in the companies in Mainland China through investment in the existing company in the third region (I- CHIUN (CAYMAN))	506,633	-	-	506,633	53,337	100.00	53,337	1,356,172	-	-
I-Chiun Precision Electric (Nanjing) Co., Ltd.	Investment property leases	243,236	Investment in the companies in Mainland China through investment in the existing company in the third region (I- CHIUN (CAYMAN))	153,525	-	-	153,525	(3,381)	100.00	(3,381)	29,185	-	-
I-Chiun Technology (China) Co., Ltd.	Trading and manufacturing of LED lead frames and investment property leasing	1,244,549	Investment in the companies in mainland China through investment in the existing company in the third region (I- CHIUN TECH and I-Chiun Precision Electric Industry (China) Co., Ltd.)	614,100	-	-	614,100	73,115	100.00	73,115	1,290,572	-	-
Yong-Xu-Sheng Technology (Shenzhen) Co., Ltd.	Manufacturing, processing, and trading of hardware products	-	Investment in the companies in mainland China through investment in the existing company in the third region (MORE FORTUNE)	30,366	-	-	30,366	-	-	-	-	-	Note 3

Note 1: The abovementioned information on the investees is prepared based on the financial statements audited by the CPAs.

Note 2: It is based on the initial investment amount of each investee, at the exchange rate of USD 1 to NTD 30.705 and RMB 1 to NTD 4.327 at the end of period.

Note 3: Yong-Xu-Sheng Technology (Shenzhen) Co., Ltd. completed the liquidation and deregistration in 2020, and there was no remaining property after liquidation. As of December 31, 2023, the Group has not applied for the deduction of the investment amount

Company name	Cumulative amount of remittance from Taiwan to mainland China, end of current period	Investment amount approved by the Investment Commission of MOEA	Limit on investments in mainland China imposed by the Investment Commission of MOEA

Table 8

I-CHIUN PRECISION INDUSTRY CO., LTD. AND ITS SUBSIDIARIES

Information on major shareholders

December 31, 2023

Table 9

Name of major shareholders	Share	
	No. of shares held (shares)	Shareholding ratio
CHOU, WAN-SHUN	21,756,157	9.80%
LEE, CHUNG-YI	16,007,705	7.21%

Explanation: If the information obtained by the Company for this table is from the Taiwan Depository & Clearing Corporation through application, it may disclose the matters below in the notes to the table:

(1) The major shareholders in this table are shareholders holding more than 5% of the ordinary and preference shares (including treasury stocks) with the dematerialized registration and delivery completed on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, share capital recorded in the Company's financial statements and the number of shares actually delivered by the Company with the dematerialized registration completed may differ due to different calculation bases.

(2) If the information above is for the shares entrusted by shareholders to a trust, the aforesaid information shall be disclosed by the individual trust account opened by the trustees. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings include their shareholdings plus the shares entrusted to the trust and with the right to make decisions on trust property, please refer to the MOPS.