

I-CHIUN PRECISION INDUSTRY CO., LTD.



2024 Annual General Shareholders' Meeting Minutes

Method of Convening: Physical Shareholders' Meeting

Time: 9:00 a.m. on Thursday, May 30, 2024

Place: 3F., No. 95, Wugong Rd., Xinzhuang Dist., New Taipei City, Taiwan(R.O.C)
(auditorium on the 3rd floor of the Service Center, New Taipei Industrial Park)

Number of shares in attendance:

The total amount of shares represented by attended shareholders and proxies is 123,470,534 shares(15,976,096 shares representing electronic voting),

Commanding 55.62% of the totally issued shares of this Company at 221,958,579 shares, reaching the statutory requirement for the annual general meeting of shareholders. The chairman thus called the meeting to order according to the law.

Chairman: Chou Wan Shun

Recorder: Cheng Yu Shin

Directors present:

Directors Lee Chung-Yi、Lin Wu-Chun

Independent Directors Kuo Chung-Chien、Lee Jih-Chien、Chang Hsien-Sung、
Horng, Shun-Ching

Attendee: Certified Public Accountant Juanlu Man- Yu

I. Meeting Commencement Announced:

The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

II. Chairman's Address: (Omitted)

III. Reports Items:

Report 1 (Proposed by the Board)

Proposal: The 2023 Business Report is hereby submitted for recognition.

Description: See Attachment 1 on page 8 of the Meeting Agenda Handbook for

the 2023 Business Report.

Report 2 (Proposed by the Board)

Proposal: The 2023 Audit Committee's Review Report is hereby submitted for recognition.

Description: 1. The Company's 2023 Business Report, surplus distribution proposal, and financial statements audited by certified public accountants (CPAs) have been reviewed by the Audit Committee, which has issued a review report.

2. See Attachment 2 on page 14 of the Meeting Agenda Handbook for the Audit Committee's Review Report.

Report 3 (Proposed by the Board)

Proposal: The 2023 Annual Employee Wage and Director Remuneration Distribution Report is hereby submitted for recognition.

Description: 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.

2. The proposal for 2023 employee wages and director remuneration was approved by the Company's Remuneration Committee and Board of Directors. The employee wages will be distributed in cash at NTD 26,873,722 and the remuneration for directors will be distributed in cash at NTD 8,062,116.

3. There is no difference between the abovementioned amount and the estimated amount for the year of expenses recognition.

Report 4 (Proposed by the Board)

Proposal: The Cash Dividend Distribution Report is hereby submitted for recognition.

Description: 1. As per the provisions of the Company's Articles of Incorporation, the Board of Directors was authorized to resolve and approve that the Company's 2023 surplus distribution to shareholders in cash dividends is NTD 144,273,076. According to the shares held by the shareholders recorded in the shareholder register on the distribution base date, each share will be allocated NTD 0.65. The distributed cash dividend was calculated to NTD 1 (rounded down any number below NTD 1), and any allotment less than NTD 1 would be stated in other revenue of the company.

2. The proposal was approved by the resolution of the Board of Directors and the Chairman was authorized to determine the ex-dividend base date, distribution date and other related matters. If there is any change in the Company's share capital, which affects the number of outstanding stocks and thereby resulting in a change in the payout ratio, the Chairman shall be authorized to handle relevant matters in accordance with the Company Act or relevant laws and regulations.

IV. Resolutions

Proposals 1 (Proposed by the Board)

Proposal: 2023 Financial Statements submitted for recognition.

Description: 1. The Company's 2023 standalone financial statements and consolidated financial statements, which have been audited and certified by the CPAs JUAN LU, MAN-YU and FENG, MIN-CHUAN of PwC Taiwan, and the Business Report has been reviewed by the Audit Committee. Please proceed to ratify them.

2. See Attachment 1 and Attachment 3 on pages 8 and 15–36, respectively, of the Meeting Agenda Handbook for the 2023 Business Report, CPAs' audit report, the balance sheet as of December 31, 2023, and statement of comprehensive income, statement of changes in equity, and statement of cash flows, for the years ended thereof.

Resolution:

Resolved, that the above proposal be and hereby was approved as proposed.

Voting Results:

Shares present at the time of voting: 123,469,534 (Including 15,976,096 from electronic voting).

Voting Results		% of the total represented share present
Votes in favor (electronic votes)	113,959,238 votes (6,822,275)	92.29%
Votes against (electronic votes)	10,783 votes (10,783)	0.00%
Votes invalid	0 votes 0	0.00%
Votes abstained /Not Voted (electronic votes)	9,499,513 votes (9,143,038)	7.69%

Proposals 2 (Proposed by the Board)

Proposal: The Proposal for Recognition of the 2023 Surplus Distribution is hereby submitted for recognition.

Description: The Company's 2023 after-tax profit is NTD 200,887,521 based on the financial statements reviewed and certified by CPAs. The proposed surplus distribution table is as follows, please recognize.

I-CHIUN PRECISION INDUSTRY CO., LTD.

Table for Surplus Distribution

2023

Unit: NTD

Unappropriated earnings, beginning:	6,681,805
Less: Adjustment to retained earnings (actuarial pension calculations)	<u>(3,698,662)</u>
Adjusted unappropriated earnings, beginning	200,887,521
Add: Net surplus after tax of the year	(19,718,886)
Less: Allocation of 10% for legal reserve	<u>(33,167,380)</u>
Less: Allocation for special reserve - Deduction of shareholders equities	
Distributable surplus	150,984,398
Less: Shareholders' dividends(Per Share NTD0.65)	<u>(144,273,076)</u>
Tax on unappropriated retained earnings at the end of the year	<u>6,711,322</u>

Chairman: CHOU, WAN-SHUN President: CHOU, WAN-SHUN Accounting Officer: YANG, PAI-JUNG

Resolution:

Resolved , that the above proposal be and hereby was approved as proposed.

Voting Results:

Shares present at the time of voting:123,469,534 (Including 15,976,096 from electronic voting).

Voting Results		% of the total represented share present
Votes in favor (electronic votes)	114,049,851votes (6,955,888)	92.37%
Votes against (electronic votes)	14,786 votes (14,786)	0.01%

Votes invalid	0 votes 0	0.00%
Votes abstained /Not Voted (electronic votes)	9,404,897 votes (9,005,422)	7.61%

V. Questions and Motions:

Shareholders' questions and the company's responses to all proposals at this meeting:

(1) Summary of Shareholder's Speech: (Account: 13377)

The regulatory authority promotes corporate governance for listed companies to enhance market confidence. In recent years, the company's corporate governance evaluation results have been less than ideal, which may adversely affect the company's social image and future development. The shareholder suggests that the company allocate appropriate support and resources to promote corporate governance, designate dedicated personnel for governance promotion, formulate improvement plans, and regularly report to the board of directors to establish a sound corporate governance system. The shareholder also urges continuous follow-up by the board of directors and independent directors. The shareholder hopes that this discussion will contribute to the company's understanding and emphasis on current corporate governance evaluations. Kindly include this statement and the company's response in the minutes of the shareholders' meeting.

Chairman's response to question:

Thank you very much for the valuable feedback from the shareholder. This is what we should be doing now, and we will do our best to repay shareholders and contribute to society. Thank you.

(2) Summary of Shareholder's Speech: (Account: 202992)

The shareholder inquires about the company's outlook for future growth momentum and which industries are advantageous and promising for the company. Additionally, the shareholder asks whether revenue is likely to increase month by month.

The independent director responded on behalf of the chairman:

Thank you to this shareholder for your advice. In fact, everyone is already very concerned about the development of Taiwan and our company's industry. In fact,

from the price changes in the stock market, you will find why we will not decline. It is because there are many potential profits. As for the heat dissipation you are referring to, we have actually done a very deep job, but it is still a work in progress. Although there are not many reports outside, in fact, we also know in the circle that we are actually working on heat dissipation in China, whether it is water-cooled, liquid-cooled or even further things. , but I haven't seen it yet. Just like AI-related things are starting to come into play, I think this can be expected. In fact, we have done a lot of great things in terms of heat dissipation.

What industries are you talking about in the second point? Because we are not directly making cooling modules, we are the key components in them, so we will definitely use our products. Of course, this will involve the certification of our products. Our products must be certified by major manufacturers, and the products of major manufacturers must be certified by their customers. We have several product projects that have passed major manufacturer certifications, so this is also a potential thing. Therefore, I think when you ask this question, you should also have confidence in our company. Thanks.

VI. Adjournment : 9:25 a.m., May 30, 2024

(The minutes of this shareholders' meeting only state the gist of the meeting and the results of the resolutions; the content, procedures and shareholder speeches of the meeting are still subject to the audio and video records of the meeting.)

2023 Business Report

In 2023, although the COVID-19 pandemic has slowed down, end electronic products consumption remained sluggish, and the supply chain continued to adjust its inventory, resulting in a decline in orders for the Company's main products, including LED lead frames, IC lead frames, and TV backlight modules. However, the Company has long-term steady growth in emerging application products (i.e. as 5G, AI, IoT, and automotive electronics), resulting in offsetting the decrease in partial overall operating revenue due to the growth in operating revenue caused by the Company's active development of new application products for its VC (semiconductor) and ceramic substrate products. Generally, despite the unfavorable economic environment in 2023, the Company still managed to make profits with the efforts of all employees.

Looking into 2024, despite the slowdown of global inflation and the end of the interest rate hike cycle by central banks in different countries, the recovery of global economy staggers. However, the demand for electronics-related products will recover. Driven by the demand for emerging technologies such as high-speed computing and artificial intelligence, it is expected to regain its growth momentum. The Company will also continue to strive for comprehensive cooperation with customers, spare no efforts in developing new-generation products, and establish automated production equipment to improve production efficiency and efficacy, accumulate operating momentum, with all employees working together to exhibit its active intentions. The Company will invest in premium human resources and financial resources, strive to exceed expectations, and improve shareholders' rights and interests.

I. The overview of the Company's business in 2023 is as follows:

(I) Implementation results of the 2023 business plan (consolidated financial statements):

1. Comparative analysis of business results

Unit: NTD thousand

	2023	2022	Increase (decrease) in Amount	Change in Percentage (%)
Net operating revenue	5,068,696	5,195,927	(127,231)	(2.45%)
Operating costs	4,351,582	4,617,647	(266,065)	(5.76%)
Gross profit	717,114	578,280	138,834	24.01%
Operating expense	540,614	579,770	(39,156)	(6.75%)
Operating profit	176,500	(1,490)	177,990	(11945.64%)

	2023	2022	Increase (decrease) in Amount	Change in Percentage (%)
Non-operating revenues and expenses	67,935	131,802	(63,867)	(48.46%)
Net profit before tax	244,435	130,312	114,123	87.58%
Income tax expense	45,527	38,356	7,171	18.70%
Current net profit	198,908	91,956	106,952	116.31%
Non-controlling equity	(1,979)	(11,332)	9,353	(82.54%)
Current net profit or loss	200,887	103,288	97,599	94.49%

The Company's products include LED lead frames, direct-lit TV backlight modules, heat spreader (semiconductor), ceramic substrate, and IC lead frames. The operating revenue in 2023 was NTD 5,068,696 thousand, representing a decrease of NTD 127,231 thousand, or 2.45%, from NTD 5,195,927 thousand in 2022. This is mainly due to the fact that the COVID-19 pandemic has slowed down, end electronic products consumption remained sluggish, and the supply chain continued to adjust its inventory. As a result, the market demand for the Company's main products, LED lead frames, IC lead frames, and TV backlight modules, declined, and the operating revenue declined by 14.53%, 10.30%, and 17.35%, respectively. Notwithstanding, as the Company developed new customers and new application products for VC (semiconductor), and the market demand thereof increased, and the operating revenue grew by 7.23% and 27.66%. Under such circumstances, the effect posed by the decrease in overall operating revenue was mitigated in part accordingly.

Apart from the decrease in operating revenue, gross profit and operating profits increased, primarily due to the reversal of losses on inventory obsolescence arising from destocking; however, the profits for the period was more favorable than last year due to the decrease in currency exchange gains and the increase in gains on financial assets at fair value through profit or loss caused by the appreciation of NTD in 2023.

- (II) Execution of the 2023 budget: The Company did not disclose the financial forecast for 2023.

(III) Analysis on financial revenue and expenditure, and profitability

Items		Year	
		2023	2022
Financial income and expense	Operating revenue (NTD thousand)	5,068,696	5,195,927
	Gross profit (loss) (NTD thousand)	717,114	578,280
	Profit after tax (loss) (NTD thousand)	198,9058	91,956
Profitability Analysis	Asset return ratio (%)	3.19	1.74
	Return On Equity (%)	4.67	2.17
	Income before tax as a percentage of paid-in capital (%)	11.01	5.87
	Net profit ratio (%)	3.96	1.77
	Earnings Per Share (losses) (NTD)	0.92	0.47

(IV) R&D status

1. The Company will continue to develop new products, continue the transformation, and promote the development of new products with new technologies and core competitiveness, in order to achieve sustainable development.
2. Through continuous improvement and creation of competitiveness, the Company will deal with the future with new knowledge and also promote creation of competitiveness.
3. The Company will continue to develop the following new products
 - (1) Development and mass production of 5G mobile phone (3030) RF bracket.
 - (2) Development of ultra-high power MOSFET holder (TO-3P).
 - (3) Development of automatic multi-cavity production of thin film VC and IGBT VC substrates.
 - (4) Water-cooling heat dissipation module

II. Business operating plan for 2024

(I) Business policy

1. Key points

- (1) Persistence: Cultivation of talents, development of new products, rapid improvement, and a growth rate of more than 20%.
- (2) With the above four pillars, we form our responsibilities for long-term

development, and adopt refined management as the way of sustainable development for corporate governance and management.

- (3) With refining, we focus on strategies to create core values in which from a macro perspective, we shall think about how to achieve company goals.
 - (4) Select the topics, measure the value created, and conduct business activities.
 - (5) Focus on specific research areas, so that urgency and importance can be determined consistently. Achieve a balance between long-term and short-term goals. Lead decision-making, and reach the achievement of the overall goals.
2. Operation strategy
- (1) Keep abreast of market trends
 - (2) Become a partner for customers
 - (3) Take innovative applications as the vision
 - (4) Train new core competencies
 - (5) Increase process efficiency to increase added value
 - (6) Provide sincere services, protect customers' interests, strive for reciprocity and sharing, and create a sustainable future together
3. Business philosophy
- (1) Honesty: the beginning and the end
 - (2) Integrity: the process
 - (3) Consistency: the results
- Follow the way of conscience, achieve what we say to fulfill the concept of honesty.
- Honesty is the foundation of trust, and trust is the foundation of all actions.
- Honest people who “fully aware of the right way” will be assisted by God to reach a full and complete life.

(II) Expected sales volume

The expected sales volume is estimated based on the existing orders and the orders to be solicited for from customers, in reference to the new product development plan and progress, and also based on the future production capacity planning. The Company's sales are expected to grow in 2024, subject to the existing international condition and economic status, in addition to the Company's past experience.

(III) Key production and marketing policies

1. Production policy

- (1) Target-based management system to improve production capacity.
- (2) Performance accountability system to meet quality requirements.
- (3) Budget-based cost system to effectively reduce costs.
- (4) Research and develop low-cost, high-value-added, and competitive products.

2. Sales policy

- (1) Develop new products and develop new customers.
- (2) Expand the share of existing customers.
- (3) Develop new products, improve products, reduce costs, and create benefits.
- (4) Train talents and internationalize marketing
 - (A) Implement education and training based on the knowledge and skills required by job duties.
 - (B) Pay attention to customer services, keep abreast of information, and expand the market.
 - (C) Cultivation and training of talents.
 - (D) Cultivation and training of talents with organizational leadership, promotion of growth and planning.

III. Future development strategy

The lockout policy against the global COVID-19 epidemic has been lifted successively in the world, and the manufacturers in the electronics industry were completing the destocking successively. Therefore, the overall electronics industry should be able to recover phase by phase this year. In the next year, the Company will strengthen understanding in product market trends, conduct in-depth communication with customers to verify the core of customers' demand, strengthen product design, improve production efficiency and ensure stable quality, and develop toward niche-type and high value-added products.

Electronic products keep claiming high performance and miniaturization. Therefore, as the smaller volume of an electronic component is, the higher power performance is, only solving the problem about heat dissipation inside the limited volume can stabilize the reliability of the product and extend the life cycle. VC is exactly the solution for the problem of heat dissipation of electronic components. Its

applications cover servers, communication base stations, automobiles, games consoles and PCs, etc. In recent years, it has been applied to automobiles and high-speed computing HPC/AI (high-performance computing/AI) more thoroughly. Therefore, the Company will continue to upgrade production technology, continue to optimize automated equipment, and develop new products through strategic cooperation with leading international manufacturers, in order to improve the production advantages and quality.

IV. Impact of external competition environment, legal environment, and overall business environment

While the threat posed by the epidemic has been relieved gradually and the global business communications are recovering increasingly, the political instability and inflation caused by the Russia–Ukraine War are still threatening the global economic growth. Notwithstanding, the demand for 5G applications, IoT and AI keeps growing. In response to various regulatory changes and the net-zero carbon emission required by the environmental protection laws and regulations, various countries' governments have required the industry to follow the schedule already set by the governments. All of the competitors in the same industry at home and abroad have to deal with the same challenges. The Company will respond to various challenges by continuing improving the development and manufacturing process of new products, improving efficiency and reducing costs.

Adhering to the business philosophy of integrity, respect, and consistency of words and action, the Company responds to changes in the international market and industry to meet customers' needs, enhance product supply flexibility, and achieve the benefits of the international division of labor. In the spirit of pragmatism and integrity as promoted by the Company's leaders, the Company as a whole will lay a solid foundation for sustainable development.

Chairman: CHOU, WAN-SHUN President: CHOU, WAN-SHUN Accounting Officer: YANG, PAI-JUNG

I-CHIUN PRECISION INDUSTRY CO., LTD.

Audit Committee's Review Report

The Board prepared the Company's 2023 Business Report, financial statements (including consolidated financial statements), and surplus distribution proposal, of which the financial statements (including consolidated financial statements) have been audited by CPAs JUAN LU, MAN-YU and FENG, MIN-CHUAN of PwC Taiwan with an audit report issued. We have reviewed the abovementioned Business Report, the financial statements (including consolidated financial statements), and the surplus distribution proposal and found them legitimate. Therefore, we are presenting them for your review in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,

2024 Annual Meeting of Shareholders

I-CHIUN PRECISION INDUSTRY CO., LTD.

Audit Committee Convener: KUO, CHUNG-CHIEN

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 lossesDescription

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

Independent Auditor's Audit Report

(2024) Cai-Shen-Bao No. 23004620

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

Audit Opinion

We have reviewed the accompanying parent company only balance sheets of I-CHIUN PRECISION INDUSTRY CO., LTD. (the "Company") for the years ended December 31, 2023 and 2022 and the relevant parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies "(collectively referred to as the parent company only financial statements)."

In our opinion, the accompanying parent company only financial statements, based on our audit results and other accountants' audit reports (see the "other matters" paragraph) present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 Parent Company Only Financial Statements section of our report. We are independent of the Company 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 Company's audit of the parent company only financial statements of 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only 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(11) of the parent company only

financial statements; for the uncertainty of accounting estimates and assumptions in evaluation of inventories, please refer to Note 5(2) of the parent company only financial statements; for the description of allowance for inventory valuation losses, please refer to Note 6(5) of the parent company only financial statements. The Company's inventories and allowance for inventory valuation losses on December 31, 2023 were NTD 851,556 thousand and NTD 125,069 thousand, respectively.

The Company'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 Company'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 discount.

Because the Company's inventories and its allowance for inventory valuation losses has a significant impact on the 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 Company 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 Company'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 Company'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 Company.

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

Since the Company's investments accounted for under equity method are included in the parent company only financial statements, the financial statements were audited by another auditor. Therefore, for the auditor's opinion on the abovementioned parent company only financial statements, the financial statement amounts are based on the reports of other auditors. As of December 31, 2022, the investments accounted for under equity method was NTD 61,143 thousand, representing 1% of the total assets. The comprehensive loss recognized for the aforementioned investments in 2022 was (NTD 25,190 thousand), accounting for (17%) of the Company's total comprehensive income.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

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

Auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for

our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence (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 Company's parent company only 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.
PARENT COMPANY ONLY BALANCE SHEETS
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)	\$ 557,972	8	\$ 519,503	8
1110	Financial assets at fair value through profit and loss – current	6(2)	137,225	2	124,680	2
1136	Financial assets at amortized cost – current	6(3) and 8	28,000	-	-	-
1170	Accounts receivable, net	6(4) and 12(2)	960,792	15	881,579	13
1180	Accounts receivable – related parties, net	6(4), 7 and 12(2)	17,519	-	75,188	1
1200	Other receivables		88,689	1	32,837	1
1210	Other receivables – related parties	7	44,346	1	44,563	1
1220	Current income tax assets		-	-	52	-
130X	Inventories	6(5)	726,487	11	851,081	13
1479	Other current assets – others		33,849	1	24,310	-
11XX	Total current assets		<u>2,594,879</u>	<u>39</u>	<u>2,553,793</u>	<u>39</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	-
1550	Investments accounted for under equity method	6(6)	2,747,591	42	2,651,628	40
1600	Property, plant and equipment	6(7) and 8	834,707	13	884,031	13
1755	Right-of-use assets	6(8)	293,579	5	320,683	5
1780	Intangible assets		22,147	-	16,790	-
1840	Deferred income tax assets	6(22)	78,620	1	67,549	1
1900	Other non-current assets	6(24)	20,459	-	99,340	2
15XX	Total non-current assets		<u>4,017,103</u>	<u>61</u>	<u>4,068,021</u>	<u>61</u>
1XXX	Total assets		<u>\$ 6,611,982</u>	<u>100</u>	<u>\$ 6,621,814</u>	<u>100</u>

(Continued)

I-CHIUN PRECISION INDUSTRY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2023 and 2022

Unit: NTD thousand

Liabilities and shareholders' equity	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Liability						
Current liabilities						
2100	Short-term borrowings	6(9)	\$ 240,000	4	\$ 260,000	4
2130	Contract liabilities – current	6(17)	-	-	13,029	-
2170	Accounts payable	7	304,055	5	219,482	3
2200	Other payables	6(10)	183,606	3	150,047	2
2230	Current income tax liabilities		10,140	-	7,399	-
2280	Lease liabilities – current		43,205	1	37,322	1
2320	Long-term borrowings (including due within one year or one operating cycle)	6(11) and 8	960,000	14	240,000	4
2399	Other current liabilities – others		3,632	-	5,021	-
21XX	Total current liabilities		<u>1,744,638</u>	<u>27</u>	<u>932,300</u>	<u>14</u>
Non-current liabilities						
2540	Long-term borrowings	6(11) and 8	-	-	960,000	14
2570	Deferred income tax liabilities	6(7)(22)	321,416	5	299,658	5
2580	Lease liabilities – non-current		271,880	4	301,780	5
2600	Other non-current liabilities	6(12)	82,959	1	84,997	1
25XX	Total non-current liabilities		<u>676,255</u>	<u>10</u>	<u>1,646,435</u>	<u>25</u>
2XXX	Total liabilities		<u>2,420,893</u>	<u>37</u>	<u>2,578,735</u>	<u>39</u>
Equity						
Share capital						
3110	Share capital – common stock	6(14)	2,219,586	34	2,219,586	34
Capital surplus						
3200	Capital surplus	6(15)	1,864,432	28	1,814,424	27
Retained earnings						
3310	Legal reserve	6(16)	32,697	-	22,267	-
3320	Special reserve		122,718	2	115,330	2
3350	Undistributed earnings		203,870	3	111,683	2
Other equity						
3400	Other equity		(212,676)	(3)	(179,509)	(3)
3500	Treasury stock	6(14)	(39,538)	(1)	(60,702)	(1)
3XXX	Total equity		<u>4,191,089</u>	<u>63</u>	<u>4,043,079</u>	<u>61</u>
Significant Contingent Liabilities and Unrecognized Contract Commitments						
Significant Events after the Balance Sheet Date						
3X2X	Total liabilities and equity		<u>\$ 6,611,982</u>	<u>100</u>	<u>\$ 6,621,814</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only 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.
PARENT COMPANY ONLY 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(17) and 7	\$ 2,598,476	100	\$ 2,725,404	100
5000	Operating costs	6(5)(21) and 7	(2,227,955)	(86)	(2,422,592)	(89)
5900	Gross profit		370,521	14	302,812	11
5910	Unrealized profit/loss from sales		(2,033)	-	4,181	-
5950	Net operating margin		368,488	14	306,993	11
	Operating expense	6(21) and 7				
6100	Selling expenses		(72,068)	(3)	(77,911)	(3)
6200	Administrative expenses		(191,915)	(7)	(114,289)	(4)
6300	Research and development expenses		(36,540)	(1)	(39,654)	(1)
6450	Expected credit impairment profit	12(2)	7,673	-	8,511	-
6000	Total operating expenses		(292,850)	(11)	(223,343)	(8)
6900	Operating profit		75,638	3	83,650	3
	Non-operating revenues and expenses					
7100	Interest revenue		11,219	1	1,378	-
7010	Other revenue	6(18)	3,171	-	6,915	-
7020	Other gains and losses	6(19)	61,309	2	127,196	5
7050	Finance costs	6(20)	(46,360)	(2)	(39,334)	(1)
7070	Share of profit or loss on associates and joint ventures accounted for under equity method	6(6)	128,824	5	(48,024)	(2)
7000	Total non-operating revenues and expenses		158,163	6	48,131	2
7900	Net profit before tax		233,801	9	131,781	5
7950	Income tax expense	6(22)	(32,914)	(1)	(28,493)	(1)
8200	Current net profit		\$ 200,887	8	\$ 103,288	4
	Other comprehensive income (net)					
	Items that will not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plans	6(12)	(\$ 4,623)	-	\$ 3,500	-
8349	Income tax related to items that will not be reclassified to profit or loss	6(22)	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)	(2)	47,799	2
8399	Income tax relating to the items that may be reclassified to profit or loss	6(22)	8,292	-	(9,560)	(1)
8360	Sum of items that may be reclassified to profit or loss		(33,167)	(2)	38,239	1
8300	Other comprehensive income (net)		(\$ 36,866)	(2)	\$ 41,039	1
8500	Total comprehensive income for current period		\$ 164,021	6	\$ 144,327	5
	Earnings per share (EPS)	6(23)				
9750	Basic earnings per share		\$ 0.92		\$ 0.47	
9850	Diluted earnings per share		\$ 0.92		\$ 0.46	

The accompanying notes are an integral part of the parent company only 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.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2023 and 2022

Unit: NTD thousand

	Notes	Share capital – common stock	Capital surplus	Retained earnings			Other equity	Treasury stock	Total equity
				Legal reserve	Special reserve	Retained earnings	Financial statements translation differences of foreign operations		
<u>2022</u>									
Balance at January 1, 2022		\$ 2,219,586	\$ 1,847,718	\$ -	\$ -	\$ 222,670	(\$ 217,748)	\$ -	\$ 4,072,226
Current net profit		-	-	-	-	103,288	-	-	103,288
Other comprehensive income for current period		-	-	-	-	2,800	38,239	-	41,039
Total comprehensive income for current period		-	-	-	-	106,088	38,239	-	144,327
Earnings appropriation and distribution for 2021:	6(16)								
Allocation for Legal reserve		-	-	22,267	-	(22,267)	-	-	-
Allocation for Special reserve		-	-	-	115,330	(115,330)	-	-	-
Cash dividend paid out		-	-	-	-	(77,686)	-	-	(77,686)
Cash dividend paid out from capital surplus	6(15)(16)	-	(33,294)	-	-	-	-	-	(33,294)
Changes in ownership interests in subsidiaries		-	-	-	-	(1,792)	-	-	(1,792)
Treasury shares repurchased	6(14)	-	-	-	-	-	-	(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
<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
Current net profit		-	-	-	-	200,887	-	-	200,887
Other comprehensive income for current period		-	-	-	-	(3,699)	(33,167)	-	(36,866)
Total comprehensive income for current period		-	-	-	-	197,188	(33,167)	-	164,021
Earnings appropriation and distribution for 2022:	6(16)								
Allocation for Legal reserve		-	-	10,430	-	(10,430)	-	-	-
Allocation for Special reserve		-	-	-	7,388	(7,388)	-	-	-
Cash dividend paid out		-	-	-	-	(87,183)	-	-	(87,183)
Treasury shares repurchased	6(14)	-	-	-	-	-	-	(29,326)	(29,326)
Cost of share-based payment	6(13)(15)	-	47,962	-	-	-	-	-	47,962
Treasury shares subscribed for by employees	6(14)(15)	-	(151)	-	-	-	-	50,490	50,339
Disposal of equity in a subsidiary (without losing control)	6(15)	-	2,197	-	-	-	-	-	2,197
Balance at December 31, 2023		\$ 2,219,586	\$ 1,864,432	\$ 32,697	\$ 122,718	\$ 203,870	(\$ 212,676)	(\$ 39,538)	\$ 4,191,089

The accompanying notes are an integral part of the parent company only 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.
PARENT COMPANY ONLY 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		\$ 233,801	\$ 131,781
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expenses	6(7)(8) (21)	193,018	190,101
Amortization expenses	6(21)	4,361	3,394
Gain on reversal of expected credit loss	12(2)	(7,673)	(8,511)
Net gains on financial assets at fair value through profit and loss	6(2)(19)	(50,042)	(9,871)
Interest expenses	6(20)	46,360	39,334
Interest revenue		(11,219)	(1,378)
Dividend revenue	6(18)	-	(180)
Cost of share-based payment	6(13)	47,962	-
Share of profit or loss on subsidiaries using equity method	6(6)	(128,824)	48,024
Gains on disposal of property, plant and equipment	6(19)	(2,185)	(6,945)
Unrealized gains with associates		(2,003)	(6,357)
Unrealized loss (profit) from sales		2,033	(4,181)
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets at fair value through profit and loss		(23,462)	(109,289)
Accounts receivable (including related parties)		(53,098)	294,987
Other receivables – (including related parties)		49,602	52,996
Inventories		177,254	133,679
Other current assets		(9,539)	34,307
Other non-current assets		1,623	(382)
Net changes in operating liabilities			
Contract liabilities – current		(13,029)	(15,775)
Accounts payable		84,573	(183,513)
Other payables		42,009	(102,435)
Other current liabilities		(1,543)	(140)
Other non-current liabilities		(6,660)	(2,033)
Cash inflow generated from operations		573,319	477,613
Interest received		11,219	1,378
Dividends received		-	180
Interest paid	6(24)	(46,364)	(38,927)
Income tax paid		(10,270)	-
Net cash inflow from operating activities		527,904	440,244

(Continued)

I-CHIUN PRECISION INDUSTRY CO., LTD.
PARENT COMPANY ONLY 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 INVESTING</u>			
<u>ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit and loss – non-current		(\$ 20,000)	\$ -
Increase in financial assets at amortized cost		-	(4,000)
Price of purchase of property, plant and equipment	6(24)	(72,558)	(213,044)
Proceeds from disposal of property, plant and equipment		2,736	20,617
Price of acquisition of intangible assets		(9,718)	(6,014)
Acquisition of subsidiary	6(6)	(20,000)	-
Increase in other receivables – related parties		(5,000)	-
Proceeds from the disposal of equity in a subsidiary (without loss of control)		6,223	-
Cash dividend paid out by subsidiary		7,346	-
Increase/decrease in other non-current assets		(94)	6,025
Cash outflow from investing activities		(111,065)	(196,416)
<u>CASH FLOWS FROM FINANCING</u>			
<u>ACTIVITIES</u>			
Increase in short-term borrowings	6(25)	-	130,000
Decrease in short-term borrowings	6(25)	(20,000)	-
Repayment of long-term borrowings	6(25)	(240,000)	-
Cash dividend paid out	6(16)	(87,183)	(110,980)
Repurchased treasury shares	6(24)	(40,367)	(49,661)
Repayment of lease principal	6(25)	(41,310)	(36,965)
Treasury shares transferred to employees	6(14)	50,490	-
Net cash outflow from financing activities		(378,370)	(67,606)
Net increase in cash and cash equivalents of the current period		38,469	176,222
Balance of cash and cash equivalents, beginning of period		519,503	343,281
Balance of cash and cash equivalents, end of period		\$ 557,972	\$ 519,503

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

Chairman: CHOU, WAN-SHUN

Manager: CHOU, WAN-SHUN

Accounting Officer: YANG, PAI-JUNG