

# **IKKA HOLDINGS (CAYMAN) LIMITED**

## **2022 ANNUAL REPORT**

# IKKA Holdings (Cayman) Limited

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## **I Letter to Shareholders**

Reviewing the global economic situation in 2022, although the impact of the COVID-19 pandemic on major economies has gradually diminished, the ongoing conflict between Russia and Ukraine has resulted in a series of supply chain disruptions, raw material shortages, and energy crises. As a result, global growth has slowed down, and inflation has intensified, severely impacting the global economy. The consolidated revenue of IKKA Holdings (Cayman) Limited (“IKKA” or the “Company”) still reaches NTD 3.618 billion and the EPS was NTD 4.06.

Against the backdrop of these challenges, the Company continues to respond the impact of overall market changes, and kept strengthening its industrial development plans in the automobile industry. In September 2022, IKKA-KY completed the merger of So-Plus (HK) Co., Limited, acquiring 100% of its shares and indirectly gaining ownership of two subsidiary companies: Sol-plus 株式会社 in Japan and Hiraiseimitsu (Thailand) Co., Ltd. The main products of Sol-plus were previously focused on manufacturing automotive audio and video plastic components, serving as a key supplier to leading Japanese automotive audio and electronics manufacturers such as Sony and Denso-ten. In recent years, Sol-plus has achieved successful development in plastic components related to electric vehicle motors and has entered the supply chain of Japanese electric vehicle brands. Th production facilities are in Japan and Thailand, and IKKA plans to strengthen the collaboration to jointly seize opportunities in the electric vehicle supply chain market. In addition, with the mature technology and proven product track record, as the electric vehicle market grows and autonomous driving features continue to evolve, the adoption of EPB modules has expanded from high-end vehicle models to mid-range, entry-level models, and various electric vehicle models. In addition to the next-generation EPB modules that will be gradually adopted in relevant electric vehicle models in collaboration with Toyota this year, IKKA-KY is also continuously developing EPB-related products to meet the requirements of other Japanese automakers, aiming to increase its market share.

Looking ahead, both IKKA-KY and Sol-Plus primarily operate in the automotive product sector, with a focus on Japanese clientele. Each company has its own strengths in terms of product offerings and sales channels. In the face of the rapid growth of the electric vehicle industry and the

aggressive market competition among Japanese automakers, maximizing the efficiency of resource integration becomes crucial for enhancing corporate competitiveness. IKKA-KY aims to fully leverage the complementary nature of its products and market presence. In addition to the upcoming launch of the new Nagoya plant by the end of this year, IKKA will expedite its entry into the electric vehicle supply chain, particularly with the acquisition of the production base in Thailand. This acquisition will allow IKKA to be closer to the supply chain needs of Japanese automakers in Southeast Asia, expand its product sales channels, and ultimately enhance overall corporate value and shareholder equity. We hope all the shareholders can keep supporting us.

(1). Operational Results for Y2022

(a) Business plan implementation results:

(In Thousands of New Taiwan Dollars)

Item	Y2022	Y2021	Amount Change	Percentage Change (%)
Revenue	618,633	4,276,873	(658,240)	-15%
Gross Profit	607,068	758,292	(151,224)	-20%
Net Profit (After tax)	118,343	191,322	(72,979)	-38%

(b) Budget implementation: As, in accordance with the “Regulations Governing the Publication of Financial Forecasts of Public Companies”, the Company is not required to disclose financial information for Y2022, it is therefore not applicable.

(c) Analysis of Financial Results and Profitability:

Item		Y2022	Y2021
Financial	Debt to Assets Ratio (%)	53%	56%
Structure (%)	Long-term Capital to Fixed Assets Ratio (%)	284%	281%
Solvency (%)	Current Ratio (%)	186%	178%
	Quick Ratio (%)	138%	136%
Profitability (%)	Return on Assets (%)	3.44%	5.51%
	Return on Stockholders' Equity (%)	7.17%	13.65%
	Net Profit Ratio (%)	3.27%	4.47%
	Basic Earnings per Share	4.06	7.19

(d) Research and development status

Our Japanese factory was established in 1963 and has worked in the field of precision plastic injection molding for 60 years. Over the years, we have continued developing and refining our technologies in plastic injection molding, gear module assembly, product measurement and evaluation, and process improvement. Under the trend of the decreasing cost of parts in recent years, the market demand for compound molding is growing rapidly. To meet this demand, the need for production equipment to switch from horizontal to vertical molding machines is also increasing. The Company has gradually introduced vertical molding machine to build a production system to fulfill market demand. To continue to produce injection molding products with higher precision and a larger variety, the Company continues to conduct research and development in the automobile and housing industries, combining this with the Company Group's technological skills to conduct research and development in the design and manufacturing of production processes, molds, automated processes, and gear modules of high-performance materials to meet customer demands.

Research and Development Expenses for the Last Two Years

(In Thousands of New Taiwan Dollars)

Item \ Year	2022	2021
R&D Expenses (A)	41,623	45,783
Revenue (B)	3,618,633	4,276,873
(A)/(B)	1.15%	1.07%

(2). Outline of Y2023 Business Plan

(a) Operation Plan:

- (1) The Company maintains close partnerships with first-tier suppliers and continues to collaborate with them in the development and design of various products in response to the future trend of electrification, electronics,

automation and light weighting in the automotive industry.

- (2) Continue to deepen and develop product cooperation projects and actively compete for orders.
- (3) Strengthen the management efficiency of the factory, optimize the production process and production technology to reduce costs and improve production yields.
- (4) Continue to introduce operational automation to reduce labor requirements.
- (5) The Company will continue to develop towards continuous integration in line with the electric car development trend. In the future, the Company will utilize its industrial relationship to bring Taiwan's outstanding resources in optics and electronic modules (e.g., optical modules for Driver Monitoring System (DMS)) to the Company's existing Japanese customers, allowing the Company to create new added value for customers and expand new business opportunities in automotive electronics as electric vehicle development progresses.

(b) Expected Sales Volume and its Basis:

The Company will maintain good relationships with customers for joint development and continue to create a profit-sharing sales model in the automotive parts and components business and the home appliance parts business while cultivating the Japanese customer market and expanding the development of new energy vehicles and smart home appliances. The Company will also strengthen the production process to enhance the competitive advantage in the market. The Company expects stable growth in sales, annual revenue and profitability for 2023. In the financial aspect, the Company will continue to undertake sustain financial planning to adapt to future business growth with a sound financial structure.

- (3). The impact of the external competitive environment, the regulatory environment, and the overall business environment on the Company's future development strategy.

(a) Future Development: The Company is actively developing parts and modules for the automotive industry. As the global awareness of environmental protection is on the rise, lightweight and low fuel consumption are the future trends of the automotive industry.

In the future, automotive parts and components will develop in light weight, automation, and electronics, and it is expected that the application of plastic materials in automotive parts and components will become more extensive. With its "Precision Plastic Injection Molding Technology" and "Plastic Gear Module Technology", the Company will be able to replace some metal parts of automobiles. By actively laying out the automobile industry market in line with the future market application trend will contribute to the future operation and expansion of the Company.

- (b) Impact of Regulatory Environment: The Company follows national policies and laws and regulations and has a firm grasp of important policies or legal changes in the financial, audit and legal affairs related units to comply with regulations and ensure smooth operations of the Company.
- (c) Impact of the General Business Environment: Due to the increasing complexity of the general business environment, the Company will evaluate the resource investments and business strategies regarding the industry overview, general economic development observation, and integrate internal technology and development resources to seek the best business opportunities.

Chairman Hu, Shiang-Chi

General Manager Obara Masami

CFO Chiang, Shuo-Yen



## **II Company Profile**

### **1. Date of Incorporation and Group Introduction**

The Company was established on March 31, 2016 at Cayman Island. In January, 2020, the Company acquire 100% ownership of Daiichi Kasei Holdings Co. through share swap and apply for IPO in Taiwan as the holding company. With decades of experience in plastic automobile parts and module production and development, today the Company is operating in multiple countries ranging from Japan, China, Vietnam, Malaysia to Thailand etc. as of the date of this annual report. The subsidiaries of the Company include Daiichi Kasei Co., Ltd. (the “IKKA Japan”), IKKA Technology Dongguan Co., Ltd. (“IKKA Dongguan”), IKKA Technology (Vietnam) Co., Ltd. (“IKKA Vietnam”), MAC Technology (Malaysia) San. Bhd. (“IKKA Malaysia”) and IKKA (Hong Kong) Co., Ltd. (“IKKA Hong Kong”), Sol-Plus (HK) Co., Limited, Sol-plus 株式会社 in Japan and Hiraiseimitsu (Thailand) Co., Ltd., collectively referred to as the “Group”. Our Group's main products can be classified into precision plastic injection molded parts for automobiles and electric vehicles, mold production, Car audio and video parts, business machine parts, residential related equipment parts and others. Our Group has been providing customers with satisfactory services from design, development to mass production based on our proficient manufacturing experience and excellent product development capability.

### **2. Brief History of the Company and the Group**

#### **(1). Merger and acquisition:**

On June 30, 2022, the Company held a board meeting and approved the acquisition of 100% equity of Sol-Plus (HK) Co., Limited (referred to as "Sol Plus"), along with its subsidiary companies, Sol-plus 株式会社 in Japan and Hiraiseimitsu (Thailand) Co., Ltd. in Thailand. The acquisition was made between the Company and the companies under the group, namely ABICO AVY CO., LTD., ABICO ONE VENTURE CAPITAL CO., LTD., and ABICO ASIA CAPITAL CO., LTD. The purpose of the acquisition was to seize opportunities in the electric vehicle supply chain market through closer collaboration.

The total consideration for this acquisition amounted to approximately NTD 300 million. As part of the consideration, the company expected to issue 2,105,408 new shares. The exchange

ratio for common shares was set at 2.1611 common shares in the Company for each share in Sol Plus. The acquisition was officially closed on September 1, 2022.

After the completion of the acquisition, Sol Plus became a wholly-owned subsidiary of the Company.

- (2). Investments in affiliated enterprises: Please refer to page 145 of this annual report of the Special Notes 1. (1) i. Organization chart of affiliated companies.
- (3). Corporate reorganization: None.
- (4). Instances in which a major quantity of shares belonging to directors, supervisors, or shareholders holding greater than 10 percent interest in the Company is transferred or otherwise changes hands:

In 2020, in order to comply with the regulations regarding IPO, ABICO AVY CO., LTD (previously, AVY PRECISION TECHNOLOGY INC., “Avy”) had to decrease its shareholding in the Company through selling the shares of the Company held by ABICO AVY CO., LTD and waiving ABICO AVY CO., LTD’s rights of first refusal for subscription of new shares of the Company (“ROFR”). Resolutions of ABICO AVY CO., LTD’s audit committee and board of directors were adopted on April 29, 2020 for such measures, and such measures was adopted in the shareholders meeting on June 12, 2020. ABICO AVY CO., LTD and its subsidiaries therefore sold 2,800,000 shares of the Company (the “Sale of Shares”). Moreover, ABICO AVY CO., LTD waived its ROFR in the issuance of new shares, in which 300,000 new shares were reserved for subscription by employees of the Company, 1,530,000 new shares were waived to be subscribed by existing shareholders and the remaining new shares were able to be subscribed, resulting in waiving its right to subscribe 2,000,000 new shares of the Company.

After considering factors such as business operation, net income, and the capital market, Excellent Water Appraisal Intelligence & Co., the independent consulting firm hired by the Company, valued the share the Company at NTD56.92 to NTD59.09, and an independent opinion for the Sale of Shares was given by TH CPA. It should be fair to set the consideration for the Sale of Shares at NTD 58 per share. The shares were offered to all shareholders of ABICO AVY CO., LTD, who were the shareholders registered in the shareholder list on the date for the last time of suspension of share transfer, and the shareholders can subscribe/purchase the shares pro rata with the shares they owned in ABICO AVY CO., LTD at the time of

subscribe/purchase. For the shares left unsubscribed/unpurchased, the chairman of the Company, with the authorization from the Company's board, have contacted specific persons to subscribe/purchase at the price of issuance. Regarding the operation of the Company and the talent acquisition and retainment, the list of specific persons is comprised of (from the highest priority to the lowest) the employee of the Company and its domestic or foreign controlling companies or subsidiaries, the employee of affiliated companies of the Company, and strategic investors or financial investors that is conducive to the operation of the Company. This arrangement is in no way harmful to the rights of ABICO AVY CO., LTD's shareholder.

(5). Change in managerial control: None

(6). Material change in operating methods or type of business: None

(7). Matters of material significance that could affect shareholders' equity

(8). Others: None

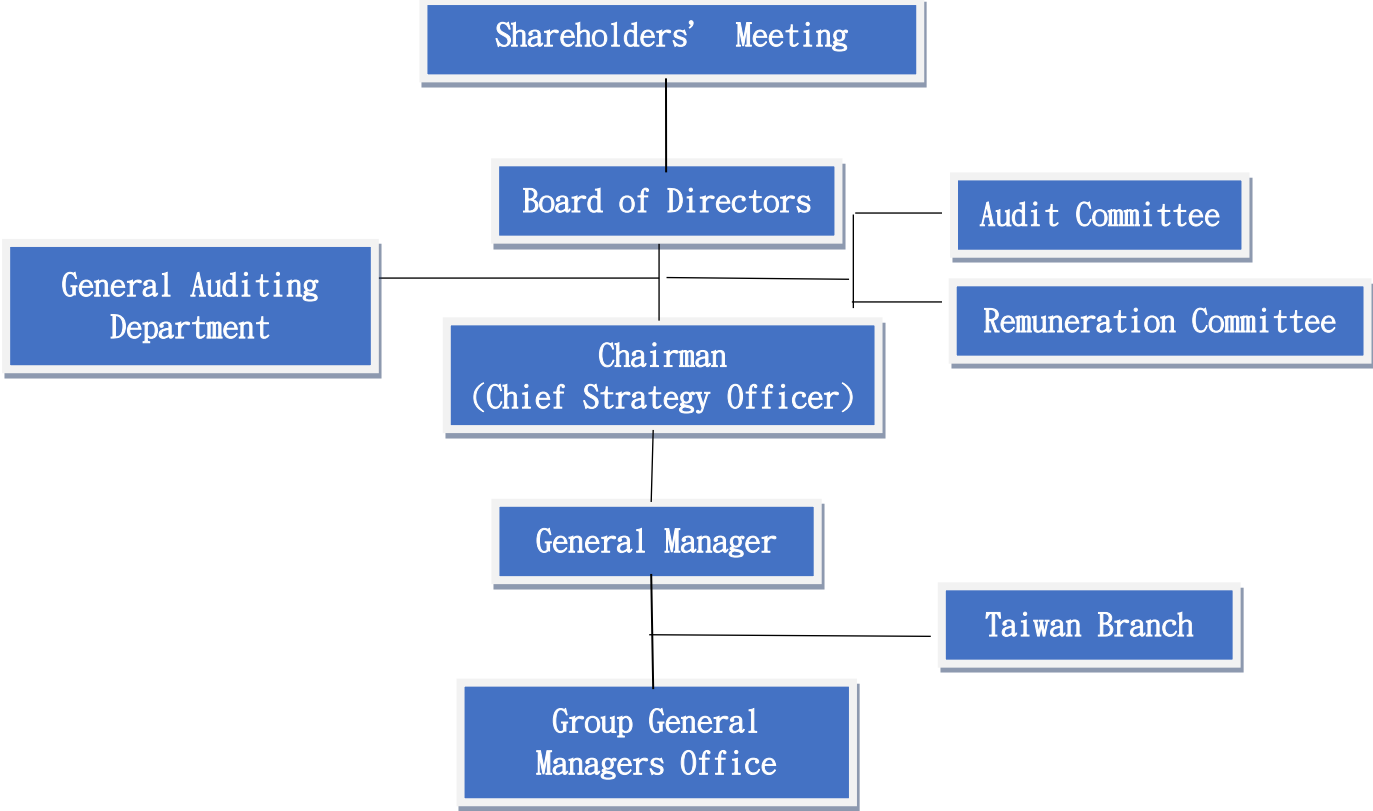
(9). Important Events:

<b>Year</b>	<b>Milestones</b>
1963	● IKKA Japan was founded
1989	● IKKA Holdings Japan was founded ● IKKA Japan became fully owned by IKKA Holdings Japan
1992	● IKKA Malaysia was founded in 1992, originally as VALERO SDN BHD and was acquired by IKKA Japan in 1993.
1995	● IKKA Hong Kong was founded in 1995, originally as LATIMER INVESTMENTS LIMITED, and was acquired by IKKA Japan in 1996.
2008	● IKKA Vietnam was founded by IKKA Japan
2009	● IKKA Dongguang was founded and indirectly owned by IKKA Japan via IKKA Hong Kong.
2014	● Avy, Jabon International Co. Ltd., and the other subsidiaries of ABICO AVY CO., LTD jointly acquired IKKA Holdings Japan from ADVANEX, INC and accumulated 100% shareholding of IKKA Holdings Japan in 2015.
2015	● IKKA Vietnam expanded its production lines. ● IKKA Japan was awarded gold medal of Panasonic ECO.VC
2016	● The Company was founded in Cayman Islands.
2017	● IKKA Malaysia joined the supply chain of Bosch. ● IKKA Dongguan was awarded the annual best supplier of Sumitomo Wiring Systems Ltd.
2018	● IKKA Vietnam was awarded annual top tier supplier of Sumitomo Wiring Systems Ltd.
2020	● The Company acquired 100 % shareholding of IKKA Holding Japan

Year	Milestones
	<p>from the original shareholders of IKKA Holdings Japan via share swap.</p> <ul style="list-style-type: none"> <li>● IKKA Holdings Japan IKKA Japan were merged, and IKKA Holdings Japan was the dissolved company.</li> <li>● The Company amended the article of association to increase the authorized capital to NTD 400 million with par value NTD 10. The paid-in capital was NTD 200 million.</li> <li>● IKKA Taiwan branch was incorporated to push for the application of IPO of the Group</li> <li>● In August, the Company increase the capital by issuance of shares of the Company first time this year. The paid-in capital was increased to NTD 220 million.</li> </ul>
2021	<ul style="list-style-type: none"> <li>● The Company applied for IPO in Taiwan. On February 23, the application of IPO was approved by the board of directors of the Taiwan Stock Exchange (TWSE) and was approved to be listed on February 26.</li> <li>● On April 26, the Company was approved to be a public company by TWSE and on May 31, the Company was officially listed on TWSE, with the stock code 2250 and symbol IKKA-KY.</li> <li>● On April 26, the Company was approved to issue 5,000,000 new shares for IPO with par value NTD 10; the paid-in capital was increased to NTD 270 million.</li> <li>● IKKA Vietnam was awarded a certificate of appreciation by Sumitomo Wiring Systems Ltd. for its cooperation during Covid-19 pandemic.</li> </ul>
2022	<ul style="list-style-type: none"> <li>● On June 30, 2022, the board passed a resolution to acquire 100% equity of Sol Plus, along with its subsidiary companies, Sol-plus 株式会社 in Japan and Hiraiseimitsu (Thailand) Co., Ltd. in Thailand, using a combination of cash and stock as consideration. The closing date for the acquisition has been set for September 1, 2022.</li> <li>● On August 10, the board resolved the subscription of 1,000,000 common shares of JET OPTOELECTRONICS CO., LTD. (TPEX stock code 2255), at a subscription price of NTD 39.5 per share.</li> </ul>
2023	<ul style="list-style-type: none"> <li>● The Japanese subsidiary approved the establishment of a plant in Nagoya on January 13th.</li> <li>● The Japanese subsidiary was awarded the Annual Supplier Award by Sumitomo Electric Industries.</li> <li>● The Japanese subsidiary received the Annual Technical Excellence Award from Hosei Brake, a subsidiary of Advice.</li> </ul>

**Corporate Governance**  
**1. Organizational System**

(1). Organizational Structure



(2). Key Operation of Departments

Department	Main Operation(s)
Board of Directors	Execute the resolutions of the Shareholders' Meeting and decide the operational plan and investment plan of the Company within the authorization of the Shareholders' Meeting.
Remuneration Committee	<ul style="list-style-type: none"> <li>● Establish and regularly review the policies, systems, standards and structures for performance evaluation and salaries of directors and managers.</li> <li>● Regularly evaluate and set the salaries of directors and managers.</li> </ul>
Audit Committee	Supervise the Group's business and financial status, the fair presentation of financial statements, and the effective implementation of internal control.
General Auditing Department	Responsible for checking and evaluating the soundness of the internal control system, internal audit system and internal control self-assessment procedures; performing audits and tracking improvements for each department, and proposing analysis and evaluations.
Chairman / Chief Strategy Officer	<ul style="list-style-type: none"> <li>● Execute the resolutions of the Board of Directors</li> <li>● Build strategic operation plan for the Company</li> </ul>
General Manager	<ul style="list-style-type: none"> <li>● In charge of assisting in mid- and long-term strategy planning, execution of projects.</li> <li>● In charge of assisting in investment evaluation, and inter-departmental procedures and coordination.</li> <li>● To carry out all the Company's business as ordered by the Chairman of the Board.</li> </ul>
Taiwan Branch	Responsible for establishing the framework for information security risk management, formulating information security policy, and information security supervision and management
General Management Office	<p>Execution of Project:</p> <ul style="list-style-type: none"> <li>● In charge of assisting General Manager and Chairman with management, communication, and execution of each subsidiary's operation.</li> </ul> <p>Administration:</p> <ul style="list-style-type: none"> <li>● Human Resources: Responsible for personnel administration, including human resources, education and training, and other</li> </ul>

Department	Main Operation(s)
	<p>related matters.</p> <ul style="list-style-type: none"> <li>● Stock Affairs: Planning and assisting in the execution of the Board of Directors, Audit Committee, Remuneration Committee, Shareholders' Meeting and stock affairs related matters.</li> <li>● Procurement: Responsible for the procurement related operations</li> <li>● Promotion of corporate governance evaluation</li> <li>● Public Relations</li> </ul> <p>Finance:</p> <ul style="list-style-type: none"> <li>● Responsible for cashier, capital planning, accounts receivable management and other related operations.</li> <li>● Responsible for the planning and management of accounts, taxation, financial statements, and budget audits.</li> <li>● Operational data collection, analysis, performance evaluation and tracking improvement.</li> <li>● Establish the accounting system.</li> <li>● Supervise financial and various affairs of the subsidiaries.</li> </ul>

## 2. Information of Directors, Supervisors, General Managers, Deputy General Managers, Assisting Managers, Department Supervisors:

### (1). Directors and Supervisors' information

#### A. Director's Information

2023/05/02; Unit: thousand shares; %

Title	Name	Gender Age	Place of Incorporation / Nationality	First Date Elected	Date Elected	Tenure	Shareholding when elected		Present Shareholding		Spouse and Minor Shareholding		Shareholding in the name of others		Experience (Education)	Selected Current Position at IKKA and Other Related Companies	Related Parties as Directors, Supervisors or Managers			N ote
							Shares	Sharehol ding Ratio	Numbe r of Shares	Shareholdin g Ratio	Share s	Shareholding Ratio	Share s	Sharehol ding Ratio			Title	Name	Relatio nship	
Chairman	ABICO AVY CO., LTD	-	R.O.C	2020.06 .29 (Note 4)	2020.06.2 9	3	-	-	4,000	13.67	-	-	-	-	-	-	-	-	-	
	Representati ve: HU Shiang- Chi	M 61~70 years old	R.O.C	2020.06 .29 (Note 4)	2020.06.2 9	3	-	-	96	0.33	-	-	-	-	Yageo Corporation Global General Manager  National Taiwan University International Business Academy	ABICO AVY CO., LTD., General Manager /Director ABICO NETCOM CO., LTD., Chairman JABON INTERNATIONAL CO., LTD., Chairman TranSystem Inc., Chairman.ABICO ONE VENTURE CAPITAL CO., LTD. (unofficial translation of 能率 壹創業投資股份有限公司), Chairman ABICO ASIA CAPITAL CO., LTD., General Manager Beijing Health (Holdings) Limited, Executive Director ABILITY ENTERPRISE CO., LTD., Director ALLIS ELECTRIC CO., LTD., Independent Director ISANLIN CONSTRUCTION CO., LTD., Independent Director	-	-	-	F o t o n o t e 1
Director	ABICO AVY CO., LTD.	-	R.O.C	2020.06 .29 (Note 4)	2020.06.2 9	3	-	-	4,000	13.67	-	-	-	-	-	-	-	-	-	



Title	Name	Gender Age	Place of Incorporation / Nationality	First Date Elected	Date Elected	Tenure	Shareholding when elected		Present Shareholding		Spouse and Minor Shareholding		Shareholding in the name of others		Experience (Education)	Selected Current Position at IKKA and Other Related Companies	Related Parties as Directors, Supervisors or Managers			Note
							Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Shares	Shareholding Ratio	Title	
	Representative: Tong Chun-Jen	M 51~60 years old	R.O.C	2020.06.29 (Note 4)	2020.06.29	3	-	-	21	0.07	15	0.05	-	-	New Jersey Institute of Technology MA Computer Science Ability Enterprise, Director	ABICO AVY CO., LTD., Chairman ABICO PLUS ENTERTAINMENT LTD., Chairman 1 PRODUCTION FILM CO., Chairman ARES OFFICE CO., LTD., Chairman ABICO NETCOM CO., LTD., Vice Chairman ABILITY INT'L TENANCY CO., LTD., Director TAISHIBA INTERNATIONAL CO., LTD., Director TAIWAN SANYO ELECTRIC CO., LTD., Director JABON INTERNATIONAL CO., LTD., Director SEINOH OPTICAL CO., LTD., Director HONLYNN CO., LTD., Director DONGGUAN CHENGGUANG METAL PRODUCTS CO., LTD., Director DONGGUAN CHENGGUANG PRECISION INDUSTRY CO., LTD., Director DONGGUAN CHENGGUANG TRADING CO., LTD., Director	Director	Tong Chun-Yi	Brother	Note 2
Director	ABICO AVY CO., LTD.	-	R.O.C	2020.06.29 (Note 4)	2020.06.29	3	-	-	4,000	13.67	-	-	-	-	-	-	-	-	-	-
Director	Representative: Tong Chun-Yi	M 51~60 years old	R.O.C	2020.06.29 (Note 4)	2020.06.29	3	-	-	21	0.07	-	-	-	-	University of Southern California, BA Economics	ABICO INTERNATIONAL CO., LTD., Chairman ABICO CAPITAL CO., LTD., (unofficial translation of 能率資本股份有限公司), Chairman	Director	Tong Chun-Jen	Brother	

Title	Name	Gender Age	Place of Incorporation / Nationality	First Date Elected	Date Elected	Tenure	Shareholding when elected		Present Shareholding		Spouse and Minor Shareholding		Shareholding in the name of others		Experience (Education)	Selected Current Position at IKKA and Other Related Companies	Related Parties as Directors, Supervisors or Managers			Note
							Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
															Waseda University, Master in LSI ABICO AVY CO., LTD., Vice Chairman JABON INTERNATIONAL CO., LTD., Director ABILITY ENTERPRISE CO., LTD., Director ABICO PLUS ENTERTAINMENT CO., LTD., Director SEINOH OPTICAL CO., LTD., Director ABICO ONE VENTURE CAPITAL CO., LTD. (unofficial translation of 能率壹創業投資股份有限公司), Director SIRTEC INTERNATIONAL CO., LTD., Director TAIWAN SECOM CO., LTD., Independent Director DONGGUAN CHENGGUANG PRECISION INDUSTRY CO., LTD., Chairman DONGGUAN CHENGGUANG TRADING CO., LTD., Chairman					
Director	ABICO AVY CO., LTD.	-	R.O.C	2020.06.29 (Note 4)	2020.06.29	3	-	-	4,000	13.67	-	-	-	-	-	-	-	-	-	
Director	Representative: Obara Masami	M 61~70 years old	Japan	2020.06.29 (Note 4)	2020.06.29	3	-	-	45	0.15	-	-	-	-	Saitama Omiya Technical High School	DAIICHIKASEI CO., LTD. (i.e., IKKA Japan), Chairman	-	-	-	Note 3
Director	Yuya Takahashi	M 51~60 years old	Japan	2020.03.20	2020.03.20	3	-	-	-	-	-	-	-	-	Takarazuka University Kansai Gaidai University	SHIPEEE TAIWAN INC., General Manager Myfeel Inc., Director	-	-	-	

Title	Name	Gender Age	Place of Incorporation / Nationality	First Date Elected	Date Elected	Tenure	Shareholding when elected		Present Shareholding		Spouse and Minor Shareholding		Shareholding in the name of others		Experience (Education)	Selected Current Position at IKKA and Other Related Companies	Related Parties as Directors, Supervisors or Managers			Note
							Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
Director	Sugiyama Shimpei	M 41~50 years old	Japan	2020.03 .20	2020.03.2 0	3	-	-	-	-	-	-	-	-	Meiji University School of Law	FM PORT CO., LTD., Chairman SOUTHBOUND INC., Chairman	-	-	-	
Independent Director	Chen, Wei- Yu	M 61~70 years old	R.O.C	2020.03 .20	2020.03.2 0	3	-	-	-	-	-	-	-	-	University of California, MBA National Chengchi University, BA International Business Deloitte & Touche, Partner	JYH HER CPAs, Partner GRANDTECH C.G. SYSTEMS INC., Independent Director TAISUN ENTERPRISE CO., LTD, Independent Director	-	-	-	
Independent Director	Lin, Tien- Sung	M 61~70 years old	R.O.C.	2020.03 .20	2020.03.2 0	3	-	-	-	-	-	-	-	-	Soochow University, BA Business Management Taiwan High Speed Rail, Senior Vice- President EVA Air, Deputy General Manager Evergreen Marine Corporation, Assistant Manager DIMERCO EXPRESS CORPORATION, CEO	-	-	-		
Independent Director	Chen, Che- Sheng	M 51~60 years old	R.O.C.	2020.03 .20	2020.03.2 0	3	-	-	-	-	-	-	-	-	University of Tokyo, MS/PhD Materials Science Stanford University,	CHINA STEEL CO., LTD., Director BERLIN CO., LTD., General Manager	-	-	-	

Title	Name	Gender Age	Place of Incorporation / Nationality	First Date Elected	Date Elected	Tenure	Shareholding when elected		Present Shareholding		Spouse and Minor Shareholding		Shareholding in the name of others		Experience (Education)	Selected Current Position at IKKA and Other Related Companies	Related Parties as Directors, Supervisors or Managers			N o t e
							Shares	Sharehol ding Ratio	Numbe r of Shares	Shareholdin g Ratio	Share s	Shareholding Ratio	Share s	Sharehol ding Ratio			Title	Name	Relatio nship	
														BS Industrial Management						

Note 1: Mr. Hu Shiang-Chi currently holds the following positions in the subsidiaries of the Company: the director of DaiichiKasei Co., Ltd., the chairman of M.A.C Technology (Malaysia) Sdn. Bhd., the director of IKKA Dongguan., the director of Sol-Plus(HK) Co.,Ltd., the director of Sol-PlusCo.,Ltd., and the director of Hiraiseimitsu(Thailand)Co.,Ltd.

Note 2: Mr. Tong Chun-Jen and Mr, Tong Chun-Yi currently hold the following positions in the subsidiaries of the Company: the director of DaiichiKasei Co., Ltd., the director of Sol-Plus(HK) Co.,Ltd., the director of Sol-PlusCo.,Ltd., and the director of Hiraiseimitsu(Thailand)Co.,Ltd.

Note 3: Mr. Obara Masami is the director of the Company and currently holds the following positions in the subsidiaries of the Company: the director of M.A.C Technology (Malaysia) Sdn. Bhd., the director of IKKA Vietnam, and the director of IKKA Dongguan.

Note 4: Originally elected at the shareholders' meeting held on March 20, 2020, but in order to comply with the laws and regulations and to meet the needs of the Company's application for IPO, the director resigned and re-elected no June 29, 2020, and took office immediately after the election.

B. Supervisor Information: The Company has set up an audit committee, so it is not applicable.

C. Major Shareholders of Corporate Shareholders

2023/05/02

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholders
ABICO AVY CO., LTD.	ABICO INTERNATIONAL CO., LTD. (13.00%)
	ABILITY ENTERPRISE CO., LTD. (10.16%)
	HENG NENG INVESTMENT CO., LTD. (unofficial translation of 恒能投資股份有限公司) (5.27%)
	TASHIBA INTERNATIONAL CO., LTD. (0.99%)
	SCUDRIA INTEGRATED MARKETING CO., LTD. (0.98%)
	HE FENG LIAN HE CO., LTD. (unofficial translation of 禾豐聯合股份有限公司) (0.88%)
	Lin, Lai-Cheng (0.79%)
	Lin, Hsiu-Yun (0.74%)
	Yeh, Yung-Hsiung (0.63%)
	Zeng, Wan-Ting (0.61%)

D. Major Shareholders who are Juristic Person Shareholders

2023/05/02

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholders
ABICO INTERNATIONAL CO., LTD.	CHIA MEI INVESTMENT CO., LTD. (unofficial translation of 佳美投資股份有限公司) (100%)
ABILITY ENTERPRISE CO., LTD.	JU QUAN INVESTMENT CO., LTD. (unofficial translation of 巨全投資(股)公司) (0.57%)
	CHIA MEI INVESTMENT CO., LTD. (unofficial translation of 佳美投資(股)公司) (0.78%)
	ABICO AVY CO., LTD. (9.94%)
HENG NENG INVESTMENT CO., LTD. (unofficial translation of 恒能投資股份有限公司)	Tong, Yi-Nai (46%)
Taishiba International CO., LTD.	Ability Investment CO., LTD. (24.88%)
	Toshiba Corporation (12.64%)
	CHIA MEI INVESTMENT CO., LTD. (unofficial translation of 佳美投資(股)公司) (10.55%)
SCUDRIA INTEGRATED MARKETING CO., LTD.	Chen, Ching-I (70.00%)
HE FENG LIAN HE CO., LTD. (unofficial translation of 禾豐聯合股份有限公司)	Su, Hui-Chen (83.33%)
	Lin, Si-Chih (16.67%)

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholders
ABICO INTERNATIONAL CO., LTD.	CHIA MEI INVESTMENT CO., LTD. (unofficial translation of 佳美投資股份有限公司) (100%)
ABILITY ENTERPRISE CO., LTD.	JU QUAN INVESTMENT CO., LTD. (unofficial translation of 巨全投資(股)公司) (0.57%)
	CHIA MEI INVESTMENT CO., LTD. (unofficial translation of 佳美投資(股)公司) (0.78%)
	ABICO AVY CO., LTD. (9.94%)
HENG NENG INVESTMENT CO., LTD. (unofficial translation of 恒能投資股份有限公司)	Tong, Yi-Nai (46%)
Taishiba International CO., LTD.	Ability Investment CO., LTD. (24.88%)
	Toshiba Corporation (12.64%)
	CHIA MEI INVESTMENT CO., LTD. (unofficial translation of 佳美投資(股)公司) (10.55%)
SCUDRIA INTEGRATED MARKETING CO., LTD.	Chen, Ching-I (100%)
HE FENG LIAN HE CO., LTD. (unofficial translation of 禾豐聯合股份有限公司)	Su, Hui-Chen (83.33%)
	Lin, Si-Chih (16.67%)

E. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors:

Name	Criteria	Professional Qualifications and Experience (Note 1)	Independence (Note 2)	Number of independent directors of other public companies
ABICO AVY CO., LTD. Representative Director Hu, Hsiang-Chi	1. 2. 3.	1. Master's degree in International Business from National Taiwan University. 2. Over 25 years of work experience in business, legal, financial, accounting, or corporate operations. 3. No circumstances falling under Article 30 of the Company Act.	-	2
ABICO AVY CO., LTD. Representative Director Tong, Chun-Jen	1. 2. 3.	1. Master's degree in Information Systems from New Jersey Institute of Technology. 2. Over 25 years of work experience in business, legal, financial, accounting, or corporate operations. 3. No circumstances falling under Article 30 of the Company Act.	-	-
ABICO AVY CO., LTD. Representative Director Tong, Chun-Yi	1. 2. 3.	1. Master's degree in LSI from Waseda University, Japan; Bachelor's degree in Economics from University of Southern California, USA. 2. Over 25 years of work experience in business, legal, financial, accounting, or corporate operations. 3. No circumstances falling under Article 30 of the Company Act.	-	2
ABICO AVY CO., LTD. Representative Director Obara Masami	1. 2. 3.	1. Omiya Technical High School, Saitama Prefecture, Japan. 2. Over 25 years of work experience in business, legal, financial, accounting, or corporate operations. 3. No circumstances falling under Article 30 of the Company Act.	-	-

Director Yuya Takahashi	<ol style="list-style-type: none"> <li>1. Graduate School of Takarazuka University; Kansai University of Foreign Studies.</li> <li>2. Over 25 years of work experience in business, legal, financial, accounting, or corporate operations.</li> <li>3. No circumstances falling under Article 30 of the Company Act.</li> </ol>		-
Director Sugiyama Shimpei	<ol style="list-style-type: none"> <li>1. Faculty of Law, Meiji University, Japan.</li> <li>2. Over 25 years of work experience in business, legal, financial, accounting, or corporate operations.</li> <li>3. No circumstances falling under Article 30 of the Company Act.</li> </ol>		-
Independent Director Chen, Che-Sheng	<ol style="list-style-type: none"> <li>1. Master's/Ph.D. in Materials Science from the University of Tokyo; Master's in Industrial Management from Stanford University.</li> <li>2. Over 25 years of work experience in business, legal, financial, accounting, or corporate operations.</li> <li>3. No circumstances falling under Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>1. Neither the director, the director's spouse, nor any immediate family members within the second degree of kinship are serving as directors, supervisors, or employees of the Company or its affiliated enterprises.</li> <li>2. Neither the director, the director's spouse, nor any immediate family members within the second degree of kinship (or using another person's name) hold any shares of the Company.</li> <li>3. In the past two years, no compensation has been received for providing business, legal, financial, accounting, or other services to the Company or its affiliated enterprises.</li> <li>4. the director is not serving as a director, supervisor, or employee of any specific related companies of the Company.</li> </ol>	2
Independent Director Lin, Tien-Sung	<ol style="list-style-type: none"> <li>1. Bachelor's degree in Business Administration from Soochow University.</li> <li>2. Over 25 years of work experience in business, legal, financial, accounting, or corporate operations.</li> <li>3. No circumstances falling under Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>1. Neither the director, the director's spouse, nor any immediate family members within the second degree of kinship are serving as directors, supervisors, or employees of the Company or its affiliated enterprises.</li> <li>2. Neither the director, the director's spouse, nor any immediate family members within the second degree of kinship (or using another person's name) hold any shares of the Company.</li> <li>3. In the past two years, no compensation has been received for providing business, legal, financial, accounting, or other services to the Company or its affiliated enterprises.</li> <li>4. the director is not serving as a director, supervisor, or employee of any specific related companies of the Company.</li> </ol>	-
Independent Director Chen, Wei-Yu	<ol style="list-style-type: none"> <li>1. Master's in Business Administration from the University of California, Bachelor's degree in International Trade from National Chengchi University.</li> <li>2. Over 25 years of work experience in business, legal, financial, accounting, or corporate operations.</li> <li>3. Possesses an accountant license.</li> <li>4. No circumstances falling under Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>1. Neither the director, the director's spouse, nor any immediate family members within the second degree of kinship are serving as directors, supervisors, or employees of the Company or its affiliated enterprises.</li> <li>2. Neither the director, the director's spouse, nor any immediate family members within the second degree of kinship (or using another person's name) hold any shares of the Company.</li> <li>3. In the past two years, no compensation has been received for providing business, legal, financial, accounting, or other services to the Company or its affiliated enterprises.</li> <li>4. the director is not serving as a director, supervisor, or employee of any specific related companies of the Company.</li> </ol>	2

Note 1: Professional Qualifications and Experience: Provide details of the teaching director's or supervisor's professional qualifications and experience. If they are members of the Audit Committee and possess accounting or financial expertise, their accounting or financial background and work experience shall be included. Also, specify if they have not been involved in any circumstances specified in Article 30 of the Company Act.

Note 2: Independence: Independent Directors should state their compliance with independence requirements, including but not limited to whether they, their spouses, or relative within the second degree of kinship are serving as directors, supervisors, or employees of the Company or its affiliated enterprises. Also, disclose the number and proportion of shares held by themselves, their spouses, or immediate family members (or using another person's name). Indicate if they are serving as directors, supervisors, or employees of specific related companies of the Company (refer to Article 3, Item 1, Subitems 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). Finally, disclose the amount of compensation received in the past two years for providing business, legal, financial, accounting, or other services to the Company or its affiliated enterprises.

Note 2: Representative of ABICO AVY CO., LTD

## F. Board Diversity and Independence

### (a). Board Diversity

The Company's Code of Conduct stipulates that the composition of the Board of Directors should be diversified and that the Company's directors are all managers with many years of experience in business practices.

The directors of the Company are managers with many years of experience in business practices and possess the necessary knowledge, skills and qualities to perform their duties. The Company's diversification policy and specific management objectives and achievement are as follows:

Management Objective	Achievement
At least one-third of the board of directors shall possess expertise in the computer industry, marketing, or technology.	Yes
	Yes

The achieved diversity of the current members of the Board of Directors in 2022 is as follows:

Diversity  Name of Director	Basic Composition							Industry Experience									Professional Competence				
	Nationality	Gender	Ethnicity	Age			Length of service as independent director		Gold Metal and Machinery	Information and Technology	Investment Business	Consumerism and Food & Beverage	Sports and Leisure	Optical Manufacturing	Architecture and Construction	Transportation	Financial Securities	Trade	Risk Management	Accounting	Law
				40-50	51-60	61-70	Less than 3 years	6-9 years													
Hu, Shiang-Chi	ROC	M	✓	-	-	✓	-	-	✓	✓	✓	✓	✓	-	-	○	✓	✓	○	○	
Tong, Chun-Jen	ROC	M	-	-	✓	-	-	-	✓	✓	✓	✓	✓	-	-	○	✓	✓	○	○	
Tong, Chun-Yi	ROC	M	-	✓	-	-	-	-	✓	✓	✓	✓	✓	-	-	○	✓	✓	○	○	
Obara Masami	Japan	M	✓	-	-	✓	-	-	✓	✓	-	-	-	-	-	-	○	✓	○	○	
Yuya Takahashi	Japan	M	-	✓	-	-	-	-	-	-	○	-	-	-	-	-	✓	✓	-	-	
Sugiyama Shimpei	Japan	M	-	✓	-	-	-	-	-	-	✓	-	-	-	-	✓	✓	✓	-	-	
Chen, Wei-Yu	ROC	M	-	-	✓	-	✓	-	-	-	-	-	-	-	-	○	-	✓	✓	○	
Lin, Tien-Sung	ROC	M	-	-	-	✓	✓	-	-	-	-	-	-	-	✓	-	✓	✓	○	○	
Chen, Che-Sheng	ROC	M	-	-	✓	-	✓	-	✓	-	-	-	-	✓	-	-	○	✓	○	○	

Note: The term “ability” or “capability” refers to partial ability.

(b). Independence of the Board of Directors

The Company's second board of directors consists of nine directors, including three independent directors (33%) and six non-independent directors (67%), all of whom possess business judgment, leadership and decision-making, management, international market perspective, crisis management and other abilities, as well as industry experience and professional capabilities. Among them, Mr. Chen, Wei-Yu holds an



accounting license and has practical practice and management experience; Mr. Lin, Tien-Sung, an independent director, was formerly the CEO of Sino-Filipino Bank and has multinational management experience and international transportation expertise; Mr. Chen, Che-Sheng, an independent director, holds an M.S. and PhD from the University of Tokyo and an M.S. in Industrial Management from Stanford University, U.S.A. He has professional experience in industrial management and is currently serving his first term as an independent director. All three independent directors are currently serving their first term of office and all are nationals of their home countries. Among all directors, only Mr. Tong, Chun-Jen and Tong, Chun-Yi are brothers, and the rest of the directors have no spousal or immediate family relationships within the second degree of kinship with each other. Thus, none of the directors are subject to the provisions of Items 3 and 4 of Article 26-3 of the Securities and Exchange Act (please refer to the table of directors' information on page 9).

(c). Director's Further Training

Title	Name	Date		Course Title	Organizer	Hours
		From	To			
Chairman	Hu, Shiang-Chi	2022.07.27	2022.07.27	Family Business and Wealth Sustainability: Essential Inheritance Mechanisms and Tax Issues	Taiwan Corporate Governance Association	3
		2022.07.28	2022.07.28	Exploring Business Operations and Relevant Tax Systems, and Introducing the Latest Tax Laws and Practices for Major Shareholders	Taiwan Corporate Governance Association	3
Tong, Chun-Jen	Director	2022.07.27	2022.07.27	Family Business and Wealth Sustainability: Essential Inheritance Mechanisms and Tax Issues	Taiwan Corporate Governance Association	3
		2022.07.28	2022.07.28	Exploring Business Operations and Relevant Tax Systems, and Introducing the Latest Tax Laws and Practices for Major Shareholders	Taiwan Corporate Governance Association	3
Tong, Chun-Yi	Director	2022.07.27	2022.07.27	Family Business and Wealth Sustainability: Essential Inheritance Mechanisms and Tax Issues	Taiwan Corporate Governance Association	3
		2022.07.28	2022.07.28	Exploring Business Operations and Relevant Tax Systems, and Introducing the Latest Tax Laws and Practices for Major Shareholders	Taiwan Corporate Governance Association	3
Obara Masami	Director	2022.10.19	2022.10.19	Development and Practical Insights into Sustainable Development Bonds in Our Country	Taiwan Investors Relations Institute	3
		2022.11.15	2022.11.15	Analysis of Competition for management rights and Prevention Strategies	Taiwan Corporate Governance Association	3
Sugiyama Shimpei	Director	2022.07.27	2022.07.27	Family Business and Wealth Sustainability: Essential Inheritance Mechanisms and Tax Issues	Taiwan Corporate Governance Association	3
		2022.07.28	2022.07.28	Exploring Business Operations and Relevant Tax Systems, and Introducing the Latest Tax Laws and Practices for Major Shareholders	Taiwan Corporate Governance Association	3
Yuya	Director	2022.07.27	2022.07.27	Family Business and Wealth	Taiwan Corporate	3

Takahashi				Sustainability: Essential Inheritance Mechanisms and Tax Issues	Governance Association	
		2022.07.28	2022.07.28	Exploring Business Operations and Relevant Tax Systems, and Introducing the Latest Tax Laws and Practices for Major Shareholders	Taiwan Corporate Governance Association	3
Chen, Wei-Yu	Independent Director	2022.07.27	2022.07.27	Family Business and Wealth Sustainability: Essential Inheritance Mechanisms and Tax Issues	Taiwan Corporate Governance Association	3
		2022.07.28	2022.07.28	Exploring Business Operations and Relevant Tax Systems, and Introducing the Latest Tax Laws and Practices for Major Shareholders	Taiwan Corporate Governance Association	3
Lin, Tien-Sung	Independent Director	2022.07.21	2022.07.21	Towards Net-Zero Carbon Emissions: Trends and Strategies in Carbon Management	TAISE	3
		2022.07.27	2022.07.27	Family Business and Wealth Sustainability: Essential Inheritance Mechanisms and Tax Issues	Taiwan Corporate Governance Association	3
		2022.10.05	2022.10.05	Cybersecurity Governance: Constructing Information Security Strategies for Listed Companies	Taiwan Corporate Governance Association	3
		2022.11.09	2022.11.09	How Independent Directors Can Early Detect Financial Crises	Taiwan Independent Director Association	3
Chen, Che-Sheng	Independent Director	2022.06.10	2022.06.10	2022 Insider Trading Prevention Campaign	Securities and Future Institute	3
		2022.07.27	2022.07.27	Family Business and Wealth Sustainability: Essential Inheritance Mechanisms and Tax Issues	Taiwan Corporate Governance Association	3

(2). General Manager, Deputy General Manager, Assistant Manager, Managerial Data in Departments & Affiliated Branches

2023.5.2 Unit: Thousand Shares

Job Title	Full Name	Gender	Nationality	Inauguration date	Shares Held		Shares held by Spouse, Minor Children		Shares Held by a Proxy Individual		Primary Career/Academic Experience	Positions Concurrently Held in Other Companies	Spouse/Second Degree Relatives Acting as Managers			Remarks
					Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held			Job Title	Full Name	Relationship	
Group Chairman, Chief Strategy Officer	Hu, Hsiang-Chi	Male	Republic of China (ROC)	2020.03.25	96	0.33	-	-	-	-	Yageo Corporation Global General Manager National Taiwan University International Business Academy	ABICO AVY CO., LTD., General Manager /Director ABICO NETCOM CO., LTD., Chairman JABON INTERNATIONAL CO., LTD., Chairman TranSystem Inc., Chairman.ABICO ONE VENTURE CAPITAL CO., LTD. (unofficial translation of 能率壹創業投資股份有限公司), Chairman ABICO ASIA CAPITAL CO., LTD., General Manager Beijing Health (Holdings) Limited, Executive Director ABILITY ENTERPRISE CO., LTD., Director ALLIS ELECTRIC CO., LTD., Independent Director ISANLIN CONSTRUCTION CO., LTD., Independent Director	-	-	-	
Group General Manager, IKKA Japan Chairman	Obara Masami	Male	Japan	2008.06.23	45	0.15	-	-	-	-	Saitama Omiya Technical High School	DAIICHIKASEI CO., LTD. (i.e., IKKA Japan), Chairman	-	-	-	
Taiwan Branch General Manager Company Governance Officer	Yang, Chao-Yu	Male	Republic of China (ROC)	2020.03.25	24	0.08	-	-	-	-	SuperAlloy Industrial CO. LTD. General Manger National Defense University Executive Managerial Studies	ABICO AVY CO., LTD., Director DONGGUAN QUNSHENG DUST METALLURGY CO., LTD., Chairman BEST ACHIEVE INDUSTRIAL LIMITED, Chairman QUNSHENG TECH (SUZHOU) CO., LTD., Chairman JABON INTERNATIONAL CO., LTD., Director JABON PRECISION CO., LTD., Director	-	-	-	

Job Title	Full Name	Gender	Nationality	Inauguration date	Shares Held		Shares held by Spouse, Minor Children		Shares Held by a Proxy Individual		Primary Career/Academic Experience	Positions Concurrently Held in Other Companies	Spouse/Second Degree Relatives Acting as Managers			Remarks
					Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held			Job Title	Full Name	Relationship	
												EKEEN PRECISION CO., LTD., Director COMAX SEMICONDUCTOR INC., Director				
IKKA Hong Kong, IKKA Dongguan President/General Manager	Katsumi Nakagawa	Male	Japan	2019.10.01	8	0.03	-	-	-	-	Business English Conversation, Tokyo SCHOOL College DAIICHI KASEI CO., LTD., Business Department Manager IKKA JAPAN, Executive Officer	IKKA Hong Kong, General Manager IKKA Dongguan., General Manager	-	-	-	
IKKA Vietnam President/General Manager	Hiroshi Aoki	Male	Japan	2018.04.26	28	0.10	-	-	-	-	Chiba Institute of Tech Industrial Studies Department Industrial Operations Discipline DaiichiKasei Co., Ltd. Production Management Department Manager	IKKA Japan Production Management Supervisor IKKA Vietnam General Manager	-	-	-	
Group Chief Financial Officer	Chiang, Shuo-Yen	Male	Republic of China (ROC)	2020.03.25	15	0.05	-	-	-	-	Jabon International CO., LTD. Chief Financial Officer MS in Applied Math from Roosevelt University (Chicago, IL)	Dongguan Qunsheng Dust Metallurgy CO., LTD. Director BEST ACHIEVE INDUSTRIAL LIMITED, Director QUNSHENG TECH (SUZHOU) CO., LTD., Director JABON PRECISION CO., LTD., Supervisor EKEEN PRECISION CO., LTD., Supervisor COMAX SEMICONDUCTOR Inc., Supervisor	-	-	-	
Group Chief Auditor	Peng, Lien-Chu	Female	Republic of China (ROC)	2020.03.25	6	0.02	-	-	-	-	Jabon International CO., LTD. Audit Manager National Taichung University of Science and Technology	-	-	-		

### 3. Remuneration paid to directors, supervisors, general managers, and deputy general managers

#### (1). Remuneration paid to regular directors, independent directors

Unit: New Taiwan Dollar (NTD), Thousand

Job Title	Full Name	Directors Remuneration								Percentage of After Tax Net Profit that Sum of A, B, C, D Account for				Concurrent Status as Employee, Receiving of Relevant Remunerations						Percentage of After Tax Net Profit that Sum of A, B, C, D, E, F, G Account for		Remunerations Collected from an Invested Business and not a Subsidiary or Parent Company				
		Compensation (A)		Retirement Pension (B)		Director's Remuneration (C)		Functional Expense (D)		Salaries, Bonuses, Special Expenditures (E)		Retirement Pension(F)		Employee Compensation (G)				This Company	All Companies in the Financial Report							
		This Company	All Companies in the Financial Report	This Company	All Companies in the Financial Report	This Company	All Companies in the Financial Report	This Company	All Companies in the Financial Report	This Company	All Companies in the Financial Report	This Company	All Companies in the Financial Report	Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock									
President	Hu, Hsiang-Chi	-	-	-	-	-	841	16	16	16	857	0.01%	0.72%	1,110	1,110	-	-	4,078	-	4,078	-	5,204	4.40%	6,045	5.11%	11,534
Director	ABI CO Tong, Chun-Jen	-	-	-	-	-	1,051	16	16	16	1,067	0.01%	0.90%	-	-	-	-	-	-	-	-	16	0.01%	1,067	0.90%	72
Director	AVY CO., LTD. Tong, Chun-Yi	-	-	-	-	-	1,051	16	16	16	1,067	0.01%	0.90%	-	-	-	-	-	-	-	-	16	0.01%	1,067	0.90%	72
Director	Obara Masami	-	-	-	-	-	841	16	43	16	900	0.01%	0.76%	-	4,322	-	-	2,776	-	2,776	-	2,792	2.36%	7,998	6.76%	-
Director	Yuya Takahashi	-	-	-	-	526	526	16	16	542	542	0.46%	0.46%	-	-	-	-	-	-	-	-	542	0.46%	542	0.46%	-
Director	Sugiyama Shimpei	-	-	-	-	526	526	16	16	542	542	0.46%	0.46%	-	-	-	-	-	-	-	-	542	0.46%	542	0.46%	-
Independent Director	Chen, Wei-Yu	620	620	-	-	-	-	40	40	660	660	0.56%	0.56%	-	-	-	-	-	-	-	-	660	0.56%	660	0.56%	-
Independent Director	Lin, Tien-Sung	620	620	-	-	-	-	40	40	660	660	0.56%	0.56%	-	-	-	-	-	-	-	-	660	0.56%	660	0.56%	-

Independent Director	Chen, Che-Sheng	620	620	-	-	-	-	40	40	660 0.56%	660 0.56%	-	-	-	-	-	-	-	660 0.56%	660 0.56%	-
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1. Please describe in detail the governing policies, systems, standards, and structure of an independent director's remuneration, and establish how duties, risk, time expended, and other factors are all related to the remuneration amount and the determination thereof: As per the director's meeting on 2020.12.17, this company's independent directors do not partake in the determination of director remuneration nor its apportioning, and their own yearly pay is determined by this company's remunerations committee, who send their opinions and recommendations to the board of directors for approval and a final verdict.

2. Apart from what is revealed in the above spreadsheet, remunerations collected by this company's directors for their services (such as non-employee consultation work) at subsidiary companies listed in the financial report this year: none

Remuneration Interval Sheet

**Remuneration Interval Sheet**

Interval of Remunerations Paid to Various Directors of this Company	Name of Directors			
	Sum of First 4 Remuneration Amounts (A+B+C+D)		Sum of First 7 Remuneration Amounts (A+B+C+D+E+F+G)	
	This Company	All Companies in the Financial Report (H)	This Company	Parent Company and All Invested Firms in the Financial Report (I)
Lower than 1,000,000	Hu Hsiang-Chi Tong Chun-Jen Tong Chun-Yi Obara Masami Yuya Takahashi, Sugiyama Shimpei Chen Wei-Yu Lin Tien-Sung Chen Che-Sheng	Hu Hsiang-Chi Obara Masami Yuya Takahashi, Sugiyama Shimpei Chen Wei-Yu Lin Tien-Sung	Tong Chun-Jen Tong Chun-Yi Yuya Takahashi, Sugiyama Shimpei Chen Wei-Yu Lin Tien-Sung Chen Che-Sheng	Yuya Takahashi Sugiyama Shimpei Chen Wei-Yu Lin Tien-Sung Chen Che-Sheng
1,000,000 (including) -2,000,000(Not including)	-	Tong Chun-Jen Tong Chun-Yi	-	Tong Chun-Jen Tong Chun-Yi
2,000,000 (including) -3,500,000 (Not including)	-	-	Obara Masami	-
3,500,000 (including) -5,000,000 (Not including)	-	-	-	-
5,000,000 (including) -10,000,000 (Not including)	-	-	Hu Hsiang-Chi	Hu Hsiang-Chi Obara Masami
10,000,000 (including) -15,000,000 (Not including)	-	-	-	-
15,000,000 (including) -30,000,000 (Not including)	-	-	-	-
30,000,000 (including) -50,000,000 (Not including)	-	-	-	-
50,000,000 (including) -100,000,000 (Not including)	-	-	-	-
100,000,000 (and above)	-	-	-	-
Total	-	9	-	9

(2). Supervisor Renumeration: Not applicable, this company has an audit committee installed.

(3). Remuneration for General Manager and Vice General Manager

Unit: New Taiwan Dollar (NTD), Thousand

Job Title	Full Name	Salaries (A)		Retirement Pensions (B)		Bonuses, Special Expenditures, etc (C)		Employee Compensation Amount (D)				Percentage of After Tax Net Profit that the 4 Items of A, B, C, and D Account For (%)		Parent Company and All Invested Businesses
		This Company	All Companies in the Financial Report	This Company	All Companies in the Financial Report	This Company	All Companies in the Financial Report	This Company		All Companies in the Financial Report		This Company	All Companies in the Financial Report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman & Chief Strategy Officer	Hu, Hsiang-Chi	840	11,308	-	-	980	1,034	9,399	-	9,399	-	11,219 9.48%	21,741 18.37%	19,122
Group General Manager, IKKA Japan Chairman	Obara Masami													
Taiwan Branch General Manager	YANG, CHAO-YU													
IKKA Hong Kong, IKKA Dongguan President/General Manager	Katsumi Nakagawa													
IKKA Vietnam President/General Manager	Hiroshi Aoki													

\* Regardless of job title, anyone with a position equivalent to general manager/vice general manager (example: Chairman, CEO, Director, etc) should be subject to disclosure.



## Remuneration Interval Sheet

Interval of Remunerations Paid to Various General, Deputy General Managers of this Company	Names of General, Deputy General Managers	
	This Company	All Companies in the Financial Report
Lower than 1,000,000	Hiroshi Aoki Katsumi Nakagawa	-
1,000,000 (including)-2,000,000 (not including)	-	-
2,000,000 (including)-3,500,000 (not including)	Obara Masami Yang Chao-Yu	Hiroshi Aoki Yang Chao-Yu
3,500,000 (including)-5,000,000 (not including)	-	Katsumi Nakagawa
5,000,000 (including)-10,000,000 (not including)	Hu, Hsiang-Chi	Hu, Hsiang-Chi Obara Masami
10,000,000 (including)-15,000,000 (not including)	-	
15,000,000 (including)-30,000,000 (not including)	-	-
30,000,000 (including)-50,000,000 (not including)	-	-
50,000,000 (including)-100,000,000 (not including)	-	-
100,000,000 and above	-	-
<b>Total</b>	-	5

(4). The remuneration of the top five highest paid executives of listed OTC companies

Unit: New Taiwan Dollar (NTD), Thousand

Job Title	Full Name	Salaries (A)		Retirement Pensions (B)		Bonuses, Special Expenditures, etc (C)		Employee Compensation Amount (D)				Percentage of After Tax Net Profit that the 4 Items of A, B, C, and D Account For (%)		Parent Company and All Invested Businesses
		This Company	All Companies in the Financial Report	This Company	All Companies in the Financial Report	This Company	All Companies in the Financial Report	This Company		All Companies in the Financial Report		This Company	All Companies in the Financial Report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman & Chief Strategy Officer	Hu, Hsiang-Chi	480	480	-	-	630	630	4,078	-	4,078	-	5,188 4.38%	5,188 4.39%	11,534
Group General Manager, IKKA Japan Chairman	Obara Masami	-	4,322	-	-	-	-	2,776	-	2,776	-	2,776 2.35%	7,098 6.00%	-
Taiwan Branch General Manager	YANG, CHAO-YU	360	360	-	-	350	350	1,736	-	1,736	-	2,446 2.07%	2,446 2.07%	7,588
IKKA Hong Kong, IKKA Dongguan President/General Manager	Katsumi Nakagawa	-	3,953	-	-	-	-	453	-	453	-	453 0.38%	4,406 3.72%	-

IKKA Vietnam President/General Manager	Hiroshi Aoki	-	2,193	-	-	-	54	356	-	356	-	356 0.30%	2,603 2.20%	-
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(5). Remuneration for general manager and vice general manager

2022.12.30 Unit: New Taiwan Dollar (NTD), Thousand

Title		Name	Share	Cash	Total	Proportion of total amount to net profit after tax
Manager	Chairman & Chief Strategy Officer	Hu, Hsiang-Chi	-	9,399	9,399	7.94%
	Group General Manager, IKKA Japan Chairman	Obara Masami				
	Taiwan Branch General Manager	Yang Chao-Yu				
	IKKA Hong Kong, IKKA Dongguan President/General Manager	Katsumi Nakagawa				
	Chairman & Chief Strategy Officer	Hiroshi Aoki				

(6). A separate comparison of the percentage of post-tax net profit that the remunerations paid to directors, supervisors, general managers, and vice general managers account for, for this company and subsidiary companies listed in the combined report alike, will reveal everything remuneration related, including policies, standards, combinations, amount determination process, as well as KPI and relation to future risks.

A. Analysis of percentages of the most recent 2 years

Unit: Percentage (%)

Job Title	Percentage of this Company's Post-Tax Net Profit that Sum of Remunerations Account for			
	Year 2021		Year 2022	
	Amount	%	Amount	%
Director, General Manager and Vice General Manager	26,028	13.60	31,806	26.88

B. Remuneration policy, standard, combination, amount determination process, as well as KPI and relation to future risks:

This company has installed a remunerations committee, with independent directors serving as committee members. The remunerations of directors and professional managers is determined by the compensation and remunerations committee after taking into account multiple factors, including position held, extensiveness of participation in core operations, value contributed, as well as industry standards. The committee is also to periodically

evaluate the KPIs of directors and professional managers, in addition to the compensation standards themselves and an ever-changing realistic need from the managers to determine remunerations.

#### 4. Implementation of Corporate Governance

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

The Company's second board of directors includes 9 seats, of which 3 seats are allocated for independent directors.

To the date of this 2022 Annual Report, a total of 12 the meetings of the Company's board of directors were held (A), and the status of directors' attendance is recorded below:

Job Title	Full Name	Number of Actual Attendance (B)	Number of Authorized Attendance	Actual Attendance Rate (%) (B/A)	Remarks
Chairman	ABICO AVY CO., LTD. Representative: Hu, Hsiang-Chi	12	0	100	
Director	ABICO AVY CO., LTD. Representative: Tong, Chun-Jen	12	0	100	
Director	ABICO AVY CO., LTD. Representative: Tong, Chun-Yi	11	1	92	
Director	ABICO AVY CO., LTD. Representative: Obara Masami	11	1	92	
Director	Yuya Takahashi	12	0	100	
Director	Sugiyama Shimpei	12	0	100	
Independent Director	Chen, Wei-Yu	12	0	100	
Independent Director	Lin, Tien-Sung	12	0	100	
Independent Director	Chen, Che-Sheng	12	0	100	

Other required disclosure matters:

1. If any of the following circumstances occur at the meeting of the board of directors, the dates of meetings, sessions, contents of motions, all independent directors' opinion and the Company's response to independent directors' opinion should be specified:

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act:

The independent directors were elected according to the shareholders' written resolutions on March 20, 2020, and at the same time, an audit committee was established. Therefore, the Article 14-3 of the Securities and Exchange Act are not applicable. For a description of the matters listed in Article 14-5 of the Securities and Exchange Act, please refer to the Operation of the Audit Committee.

(2) Other matters involving objections or expressed by independent directors that were recorded in writing that require a resolution by the board of directors: None.

2. If there is Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance and voting should be specified:

Board Meeting Date/Session	Director's Name	Motion Content	Reason for Recusal	Voting Participation
2022.01.20 Second Session, Twenty-Third Time	Hu, Hsiang-Chi	Proposal on the 2021 annual managers' year-end bonus payment proposal	Personal interests – concurrently president and professional manager	Left during the vote, remaining directors passed the proposal unanimously after consultation with acting chairman Lin Tien-Sung
2022.06.30 Second Session, Twenty-sixth Time	Hu, Hsiang-Chi Tong, Chun-Jen Tong, Chun-Yi Obara Masami	Proposal on the issuance of new shares	Personal interests – Discuss the acquisition of shares with Jinmai Investment Co., Ltd. and ABICO ASIA CAPITAL CO., LTD., which are both	Left during the vote, remaining directors passed the proposal unanimously after consultation with acting chairman Chen Wei-Yu

			subsidiaries of ABICO AVY CO., LTD., and the handling of the transfer of newly issued shares. Chairman Hu, Hsiang-Chi, and Directors, Tong, Chun-Jen, Tong, Chun-Yi, Obara Masami, are the legal representative of ABICO AVY CO., LTD.	
2022.06.30 Second Session, Twenty-sixth Time	Hu, Hsiang-Chi Tong, Chun-Jen Tong, Chun-Yi Obara Masami	Proposal on the acquisition of share of Sol Plus	Personal interests – Discuss the acquisition of shares with Jinmai Investment Co., Ltd. and TranSystem Inc., Chairman. ABICO ONE VENTURE CAPITAL CO., LTD. (unofficial translation of 能率壹創業投資股份有限公司), which are both subsidiaries of ABICO AVY CO., LTD., and the handling of the transfer of newly issued shares. Chairman Hu, Hsiang-Chi, and Directors, Tong, Chun-Jen, Tong, Chun-Yi, Obara Masami, are the legal representative of ABICO AVY CO., LTD.	Left during the vote, remaining directors passed the proposal unanimously after consultation with acting chairman Chen Wei-Yu
2022.11.11 Second Session, Twenty-ninth Time	Hu, Hsiang-Chi Obara Masami	Proposal on the salaries of managerial employees in the year 2021	Personal interests – concurrently president and professional manager	Left during the vote, remaining directors passed the proposal unanimously after consultation with acting chairman Lin Tien-Sung
2023.11.03 Second Session, Thirty-first Time	Hu, Hsiang-Chi	Recommendation on the payment of year end bonuses to professional managers	Personal interests – concurrently president and professional manager	Left during the vote, remaining directors passed the proposal unanimously after consultation with acting chairman Lin Tien-Sung

3. Listed companies are obliged to disclose the board of director's self (or peer) evaluations, including its duration, parameter, methodology, content, etc. The attached form (2) board of directors' self evaluation is to be filled out to reveal the implementation of said evaluations: not applicable.

4. Evaluation on the implementation situation of board competency strengthening measures (such as through the establishment of an audit committee and increasing informational transparency) in current and recent years:

(1). The operations of this Company's board of directors is based on the Board of Directors Procedural Rules and other relevant laws and regulations.

(2). This Company has established an audit committee and enacted an Audit Committee Organizational Procedure to strengthen corporate governance and board competency.

(3). This Company has established a remunerations committee and enacted a Remunerations Committee Organizational Procedure to strengthen corporate governance and board competency.

(4). When public offering commences in the future, this Company will disclose relevant information on our website and public information outlets to increase informational transparency, as per legal requirements.

## (2). Audit Committee's Operation and Participation in the Operations of the Board of Directors

Since March 20, 2019 the board of directors has established an audit committee in accordance with the law, consisting of three independent directors serve as members of the Audit Committee. The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight of the Company's quality and integrity in the implementation of accounting, auditing, financial reporting processes, and financial controls. Professional qualifications and experience of members are as follows:

Member	Professional qualifications and experience
Chen Wei-Yu	Master of Business Administration from the University of California, and a degree in International Trade from National Chengchi University. Holds an accounting license and has practical professional and managerial experience.
Lin Tien-Sung	Bachelor's degree in Business Administration from Soochow University. Former CEO of DIMERCO EXPRESS CORPORATION, with experience in cross-border management and expertise in international transportation logistics.
Chen, Che-Sheng	Master's/Ph.D. in Material Science from the University of Tokyo and Master of Industrial Management from Stanford University. Possesses industry-specific practical management experience.

A total of 8 meetings of the Audit Committee were held times in 2022 and up to the date of this Annual Report (A). The attendance status and deliberation operation status are listed in the table below:

Job Title	Name	Actual Attendance (B)	Authorized Attendance	Actual Attendance Rate (%) (B/A) (note)	Remarks
Independent Director	Chen, Wei-Yu	8	0	100	
Independent Director	Lin, Tien-Sung	8	0	100	
Independent Director	Chen, Che-Sheng	8	0	100	
Other noteworthy matters:					
1. If any of the following circumstances occur at the meeting of the Audit Committee, the dates of meetings, sessions, contents of motions, all independent directors' opinion and the Company's response to independent directors' opinion should be specified. (1) Items listed in the Securities and Exchange Act Section 14 Part 5:					
Date of Meeting / Session	Motion Content			Audit Committee Decision and Corporate Follow Through on Independent Director's Opinions	
2022.03.22 First Session, Sixteenth Time	1.2021 annual consolidated financial statements and business report 3.2021 internal control statement 3.Amendment to the internal control. 4. Amendment to the Internal Audit Rules			Passed unanimously by all independent directors.	
2022.05.11 First Session, Seventeenth	1.2022 Q1 consolidated financial statements 2.2021 dividend distribution			Passed unanimously by all independent directors.	

Time	3.Amendment to the Rules on Property Acquisition and Disposition	
2022.06.30 First Session, Eighteenth Time	1.Proposal on the issuance of new shares 2.Proposal on the acquisition of share of Sol Plus	Passed unanimously by all independent directors.
2022.08.10 First Session, Nineteenth Time	1. 2022 Q2 consolidated financial statements 2. Proposal on the investment on JET OPTOELECTRONICS CO., LTD.	Passed unanimously by all independent directors.
2022.11.11 First Session, Twentieth Time	1.2022 Q3 consolidated financial statements 2.Audit costs for CPA 3. Overdue accounts receivable among subsidiaries of the Company are transferred to other receivables, which are regarded as capital loans reported.	Passed unanimously by all independent directors.
2022.12.20 First Session, Twenty-first Time	1.2023 audit project 2.2023 financial forecast	Passed unanimously by all independent directors.
2022.03.21 First Session, Twenty-second Time	1.2022 Q4 audit report 2.2022 annual consolidated financial statement and 2022 operational report 3.2022 internal control statement	Passed unanimously by all independent directors.
2022.05.08 First Session, Twenty-third Time	1.2023 Q1 audit project discussion 2. Amendment to the 2022 audit project 3.2023 Q1 consolidated financial statements 4.2022 dividend distribution	Passed unanimously by all independent directors.

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: none.

2. If there is Independent Directors' avoidance of motions in conflict of interest, the Independent Directors' names, contents of motions, causes for avoidance and voting should be specified: not applicable.

1. Communications between independent directors, the Company's chief internal auditor and CPAs (should include major developments, methods, and results reached in communications regarding corporate finance or business):

(1) Communications Between Independent Directors and Accountant:

Communications Date	Key Points Conveyed	Corporate Follow Up / Follow Through
2022.03.22	2021 consolidated financial statements	No objections from independent directors, sent to board of directors for decision
2022.03.22	2021 Consolidated Financial Report and Governance Issues Learned from the Communication and Inspection of the Audit Committee	No objections from independent directors, sent to board of directors for decision
2022.05.11	2022 Q1 consolidated financial statements	No objections from independent directors, sent to board of directors for decision
2022.05.11	2022 Q1 Consolidated Financial Report and Governance Issues Learned from the Communication and Inspection of the Audit Committee	No objections from independent directors, sent to board of directors for decision
2022.08.10	2022 Q2 consolidated financial statements	No objections from independent directors, sent to board of directors for decision
2022.08.10	2022 Q2 Consolidated Financial Report and Governance Issues Learned from the Communication and Inspection of the Audit Committee	No objections from independent directors, sent to board of directors for a decision
2022.11.11	2022 consolidated financial statements communicated with directors on matters related to audit planning	No objections from independent directors, sent to board of directors for decision
2022.12.20	The audit committee Interprets Guidelines on Audit Quality Indicators	No objections from independent directors, sent to board of directors for decision
2023.03.21	2021 annual consolidated financial statement	No objections from independent directors, sent to board of directors for decision
2023.03.21	2022 consolidated financial statements	
2023.03.21	2022 Consolidated Financial Report and Governance Issues Learned from the Communication and Inspection of the Audit Committee	
2023.05.08	2023 Q1 consolidated financial statements	
2023.05.08	2023 Q1 Consolidated Financial Report and Governance Issues Learned from the Communication and Inspection of the Audit Committee	

(2) Communications Between Independent Directors and Internal Audit Managers:

Communications Date	Key Points Conveyed	Corporate Follow Up / Follow Through
2022.03.22	2021 Q4 audit report provided to independent directors; 2020 internal control statement	No objections from independent directors

	2022.05.11	2022 Q1 audit report provided to independent directors	No objections from independent directors
	2022.08.10	2022 Q2 audit report provided to independent directors	No objections from independent directors
	2022.11.11	2022 Q3 audit report provided to independent directors	No objections from independent directors
	2022.12.20	The audit committee Interprets Guidelines on Audit Quality Indicators	No objections from independent directors
	2023.03.21	2022 Q4 audit report provided to independent directors; 2022 internal control statement	No objections from independent directors
	2023.05.08	1.2023 Q1 Consolidated Financial Report and Governance Issues Learned from the Communication and Inspection of the Audit Committee 2. Whether information security checks should be included as an independent audit item in the audit plan for the year 2023, and instructing the audit unit to communicate with the regulatory authorities.	No objections from independent directors

Remark 1: Directors and supervisors also serving as this company's juridical persons should reveal the names of their shareholders and representatives.

Remark 2:

(1) If a director or supervisor resigns before the end of the year, the date of resignation shall be indicated in the remarks column, and the actual attendance (presentation) rate shall be calculated based on the number of board meetings and the number of actual attendance (presentation) during the term of office.

(2) Before the end of the year, if there is a re-election of the director and supervisor, the former and current directors and supervisors shall be filled in. The remarks column should indicate that the director or supervisor is the former director or supervisor, the current director or supervisor or the director or supervisor continues in office, and the date of re-election should be indicated. The actual attendance rate (%) is calculated based on the number of board meetings and the number of actual attendance (percentage) during the term of office of such director or supervisor.

### (3). Corporate Governance and Operational Situation,

Item Evaluated	Operational Situation (Note)			Deviations from "The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Description	
1. Has the company established and does it disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Practice Principles for TWSE/TPEX Listed Companies?"	v		The Company has formulated the Code of Practice for Corporate Governance in accordance with the "Code of Practice for Corporate Governance of Listed Companies", which was implemented after being approved by the Board of Directors on September 29, 2021. It is mainly used to establish an effective corporate governance structure of the Company and protect the rights and interests of shareholders, strengthen the functions of the board of directors, give full play to the functions of the audit committee, respect the rights and interests of stakeholders, and improve the transparency of information, and are currently implemented in a gradual manner.	No major differences
2. Shareholding Structure & Shareholders' Rights				
(1) Has the company established an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement it based on the procedure?	v		1. The Company has appointed a stock agency in Taiwan to handle stock matters and set up a dedicated stock unit. 2. The Company has spokespersons and acting spokespersons, all of whom deal with shareholders' suggestions, doubts, disputes and lawsuits in accordance with the operating procedures.: Website <a href="http://www.ikka.com.tw">http://www.ikka.com.tw</a> →Investors→Shareholder	No major differences

Item Evaluated	Operational Situation (Note)			Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Description	
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	v		The Company possesses the list of its major shareholders as well as the ultimate owners of those shares.	No major differences
(3) Has the company established and does it execute the risk management and firewall system within its conglomerate structure?	v		The Company has established relevant control mechanisms within its internal regulations and internal control systems in accordance with laws and regulations (including “Rules for Regulating Related Party Transactions”).	No major differences
(4) Has the company established internal rules against insiders trading with undisclosed information?	v		On March 25, 2019, the Company passed the resolution of the board of directors and formulated the “Internal Significant Information Processing and Prevention of Insider Trading Operation Procedures”, which clearly stipulated that the Company’s personnel should abide by the provisions of the Securities and Exchange Act, and should not use the unpublished information that they know. Engage in insider trading, and shall not disclose it to others to prevent others from using the undisclosed information to engage in insider trading, and increase the reporting mechanism to achieve its effect.	No major differences
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Board develop, manage and implement a diversified policy?	v		1. The composition of the board of directors of the Company is based on the consideration of its own operation, operation type and business development needs. It is composed of people with industrial background, business management expertise, and financial accounting expertise. 2. Please refer to page 14 of this manual for the description of the diversity and independence of the Board of Directors of the Company.	No major differences
(2) Has the company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee?		v	At present, the Company has not set up any other functional committees except the remuneration committee and audit committee according to the law, but in the future, it will cooperate with the actual operation situation and laws and regulations.	No major differences
(3) Has the company established a standard to measure the performance of the Board, and has it been implemented annually? Are the implemented results reported to the Board, and used as a reference for individual directors’ compensation and nomination renewal?	v		On September 29, 2020, the board of directors of the Company adopted and formulated the performance evaluation method of the board of directors. The evaluation results this year have been submitted to the board of directors on January 13, 2023, and the deliberative unit is responsible for reviewing and improving the plan for those who have not reached the optimal score. The evaluation results have been posted on the Company’s website at: <a href="http://www.ikka.com.tw">www.ikka.com.tw</a>	No major differences
(4) Does the company regularly evaluate the independence of CPAs?	v		The Company’s certified accountants have an internal rotation system that conforms to the principle of independence, and they are appointed by the resolution of the board of directors; however, the Company has not regularly self-assessed the independence of the certified accountants. The shareholders of the Company do not pay salaries in the Company, they are not interested parties, and they are independent.	No major differences
4. Does the company have an adequate number of corporate governance personnel with appropriate qualifications, and has a Chief Corporate Governance Officer been appointed to be in charge of corporate governance affairs (including but not limited to providing information for directors to perform their functions, assisting directors with legal compliance, handling matters relating to board meetings and shareholders meetings according to laws, producing minutes of board meetings, and shareholders meetings)?		v	1. On May 8, 2012, the board of directors of the Company resolved that Yang, Chao-Yu, the general manager of the Taiwan branch, concurrently served as the officer of corporate governance, who is responsible for providing directors with the information required for business execution, handling matters related to meetings of the board of directors and shareholders’ meetings in accordance with the law, and handling company registration and changes. Registration, production of minutes of the board of directors and shareholders’ meetings, etc. 2. The Company was established in the Cayman Islands. Considering the need to comply with transnational laws, the relevant company change registration is currently appointed by LCS & Partners in accordance with the relevant local regulations in Cayman.	No major differences



Item Evaluated	Operational Situation (Note)			Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Description	
5. Has the company established a communication channel and built a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), responded appropriately to stakeholders on corporate social responsibility issues?	v		The Company's website has a special page for stakeholders in the investor area, and has a dedicated E-mail reply function, and the Company also has a spokesperson and proxy spokesperson system. Establish communication channels with the spokesperson by telephone and fax, and keep abreast of information to safeguard the legitimate rights and interests of both parties.	No major differences
6. Has the company appointed a professional shareholder service agency to deal with shareholder affairs?	v		The Company entrusts a professional organization - the agency department of China Trust Commercial Bank to handle the affairs of the shareholders' meeting and various stock affairs matters.	No major differences
7. Information Disclosure				
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	v		The Company has a website at: www.ikka.com.tw Disclosures related to the Company's financial, business and corporate governance information Items are disclosed in the public information observatory and the Company in accordance with the regulations website.	No major differences
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	v		The Company's website has set up Chinese, English and Japanese websites (www.ikka.com.tw),and build the Company's financial, business-related information, corporate governance information, designated person to be responsible for the collection of company information and disclosed, and the Company has established a system of spokesperson and proxy spokesperson, and place the information of the corporate briefing session on the Company website.	No major differences
(3) Does the company announce the annual financial report within 2 months after the end of the fiscal year, and announce the Q1, Q2, Q3 financial reports and monthly operation status before the deadlines?		v	The Company currently does not announce the financial report in advance. In the future, it will be evaluated according to actual needs or legal regulations.	The Company's financial reports are all announced within the specified time limit. Whether to announce and report in advance will be evaluated separately.
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	v		Described as follows	No major differences
<p>(1) In the spirit of abiding by laws and regulations and attaching importance to corporate governance, the Company will continue to operate in a sustainable and practical manner. At present, other governance situations of the Company are as follows:</p> <p>A. Operational performance: In order to implement corporate governance, in addition to establishing an effective internal control system and implementing self-inspection operations, the Company has elected independent directors at the general meeting of shareholders on March 20, 2020, introduced an independent director system, and relied on the professional experience of independent directors. , to increase the practical experience of the management team, and to formulate "rules of procedure for the board of directors" to strengthen the functions of the board of directors, and in order to protect the rights and interests of shareholders and improve information transparency, the Company has set up a spokesperson and proxy spokesperson system to disclose all major company information in a timely manner. A special person is responsible for handling the communication with shareholders. On the other hand, the Company has established a public information reporting operation in accordance with relevant regulations, so that shareholders and stakeholders can fully understand the Company's financial business status and the implementation of corporate governance. The Company is engaged in the development of auto parts manufacturing as its main operation, and expands marketing channels through reinvestment business. Through the introduction of ISO14001 and IATF16949 quality management systems in each subsidiary, the Company continues to strengthen product quality, thereby achieving stable growth in revenue and profitability. and strive to create value for shareholders.</p> <p>B. Environmental protection: In the heart of caring for the earth, fulfilling the social responsibility of environmental protection and energy saving, and adhering to the concept of actively reducing environmental pollution, to ensure that environmental performance can comply with environmental protection laws and regulations and commitment to continuous improvement and pollution prevention. At the same time, the Company also implements resource recycling and classification, and does its best to maintain the earth's environment, so as to achieve the sustainable operation of the enterprise, the earth will continue to thrive, and create a win-win situation for economic development and environmental protection.</p> <p>C. Employee rights and employee care: When hiring employees, the Company does not discriminate against gender or race. It adopts appropriate methods to consider whether individuals have professional knowledge, skills, etc., so as to provide candidates with fair employment opportunities, and attaches great importance to pre-employment training for</p>				

Item Evaluated	Operational Situation (Note)			Deviations from "The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons																														
	Yes	No	Abstract Description																															
			<p>employees. Including workplace safety courses, in order to provide employees with a comfortable and safe working environment. In addition, the Company arranges all employees to conduct health checks every year to fully understand the health status of employees, so as to reduce occupational injuries that may occur during work.</p> <p>The Company's employee welfare measures, in addition to being handled in accordance with the Labor Standards Act and decrees, have also formulated management measures for weddings and funerals. In addition to providing various subsidies for employees' marriages, funerals, illnesses and childbirth, they also regularly handle various tourism activities and associations. Activities to adjust the mind and body of employees and strengthen the friendship of employees. It also implements the sharing of annual surplus dividends for employees and the distribution of annual bonuses, which fully reflects the business philosophy of "seeking happiness".</p> <p>In accordance with the provisions of the Labor Pensions Regulations, the employees who are subject to the Regulations shall allocate a monthly retirement reserve of 6% of their wages and deposit them into the individual retirement pension accounts of employees, so as to provide employees with the greatest retirement life protection.</p> <p>The Company is an industry applicable to the labor standard law, and all operations are based on the labor standard law. In order to promote labor-management cooperation and improve work efficiency, the Company holds labor-management meetings from time to time to communicate opinions between labor and management and cooperate with each other; In addition, the Company pays attention to employee future planning and is committed to talent cultivation, and actively encourages employees to participate in various training courses, including internal and external training courses. The internal training courses are aimed at the exchange of professional skills within the Company and improve the productivity of employees. The external training courses are based on the needs of the Company, and employees may be dispatched to participate in external seminars to provide good and specialized training opportunities for the Company's employees.</p> <p>D. Investor Relations: In order to ensure that shareholders have the right to fully know, participate in and make decisions on major issues of the Company, in addition to sending a notice of meeting to shareholders before the shareholders' meeting, the Company also has the positions of spokesperson and acting spokesperson to serve as the Company and shareholders, investment Channels for communication between people and stakeholders. The Company has also set up a company website to introduce the Company's products and business content for the public to understand the Company's status.</p> <p>E. Supplier relationship: The Company has maintained a long-term good cooperative relationship with its suppliers.</p> <p>F. Rights of interested parties: The Company and its stakeholders and banks, etc., perform their rights and obligations in accordance with the contract and related operational provisions to safeguard the legitimate rights and interests of both parties. The Company also provides sufficient information to correspondent banks so that they can understand the Company's operations and financial status.</p> <p>G. The training of directors: The directors of the Company are all in accordance with the "Key Points and Regulations for the Training of Listed and OTC Directors and Supervisors", and take courses such as securities laws and regulations and corporate governance.</p> <p>H. Implementation of risk management policies and risk measurement standards: The Company's risk management policies and measurement standards are implemented through the following risk management organization tables to achieve their effectiveness.</p>																															
			<table border="1"> <thead> <tr> <th rowspan="2">Important risk items</th> <th>Direct response to risk</th> <th>Risk Assessment and Control</th> <th>Board and Audit Department</th> </tr> <tr> <th>First Mechanism</th> <th>Second Mechanism</th> <th>Third Mechanism</th> </tr> </thead> <tbody> <tr> <td>1. Interest Rate and financial risk</td> <td rowspan="3">Finance Department</td> <td>Finance Department</td> <td rowspan="10">Audit Department: risk assessment, control, and follow up  Board: final decisions on risk assessment and control.</td> </tr> <tr> <td>2. High-risk and high-leverage investment, capital loan to others, derivative commodity trading, financial wealth management investment</td> <td>General Manager</td> </tr> <tr> <td>3. Investment, reinvestment and acquisition</td> <td>Chief of Strategy</td> </tr> <tr> <td>4. Policy and legal change</td> <td rowspan="3">Administrative Department</td> <td rowspan="3">Administrative Department</td> </tr> <tr> <td>5. Litigation and legal</td> </tr> <tr> <td>6. Corporate reputation</td> </tr> <tr> <td>7. Share transfer of directors and major shareholder</td> <td>Administrative Department and Share Registrar</td> <td>General Manager</td> </tr> <tr> <td>8. Change of ownership</td> <td rowspan="2">Administrative Department</td> <td>Chief of Strategy</td> </tr> <tr> <td>9. Environmental health and safety</td> </tr> <tr> <td>10. Industrial change</td> <td>Business Department</td> <td>Business Department General Manager Chief Strategy Officer</td> </tr> </tbody> </table>	Important risk items	Direct response to risk	Risk Assessment and Control	Board and Audit Department	First Mechanism	Second Mechanism	Third Mechanism	1. Interest Rate and financial risk	Finance Department	Finance Department	Audit Department: risk assessment, control, and follow up  Board: final decisions on risk assessment and control.	2. High-risk and high-leverage investment, capital loan to others, derivative commodity trading, financial wealth management investment	General Manager	3. Investment, reinvestment and acquisition	Chief of Strategy	4. Policy and legal change	Administrative Department	Administrative Department	5. Litigation and legal	6. Corporate reputation	7. Share transfer of directors and major shareholder	Administrative Department and Share Registrar	General Manager	8. Change of ownership	Administrative Department	Chief of Strategy	9. Environmental health and safety	10. Industrial change	Business Department	Business Department General Manager Chief Strategy Officer	
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			<p>I. Implementation of customer policy: The Company maintains a stable and good relationship with customers, adheres to the quality policy of "improving operation, continuous improvement, and customer satisfaction", and has become an industry giant that combines product yield, continuous improvement, and accuracy and precision, providing value-for-money products that meet customer needs. High-quality products to create company profits.</p> <p>J. The Company purchases liability insurance for directors: The Company has adopted the resolution of the board of directors on August 10, 2022 to renew the director's liability insurance, and completed the underwriting operation. The insurance period is from September 1, 2022 to August 31, 2023, in order to reduce and disperse directors due to mistakes or mistakes. Risk of significant damage to shareholders due to negligent conduct.</p> <p>K. Personnel related to transparency of financial information have obtained relevant certificates: 1 person with the certificate of qualified stock personnel of the Securities Foundation.</p>																															

Item Evaluated			Operational Situation (Note)				Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons	
			Yes	No	Abstract Description			
<b>L. Managers participate in corporate governance related training and training:</b>								
No.	Type	Training Content	Organizing Entity	Course Title	Date of Studies	Hours	Name	Job Title
1	Internal Training	Corporate Governance	Taiwan Corporate Governance Association	Family Business and Wealth Sustainability: Essential Inheritance Mechanisms and Tax Issues	2022.07.27	3	Hu, Hsiang-Chi	President
2	Internal Training	Corporate Governance	Taiwan Corporate Governance Association	Exploring Business Operations and Relevant Tax Systems, and Introducing the Latest Tax Laws and Practices for Major Shareholders	2022.07.28	3		
3	External Training	Corporate Governance	Taiwan Investors Relations Institute	Development and Practical Insights into Sustainable Development Bonds in Our Country	2022.10.19	3	Obara Masami	General Manager
4	External Training	Corporate Governance	Taiwan Corporate Governance Association	Analysis of Competition for management rights and Prevention Strategies	2022.11.15	3		
5	Internal Training	Corporate Governance	Taiwan Corporate Governance Association Foundation	Family Business and Wealth Sustainability: Essential Inheritance Mechanisms and Tax Issues	2022.07.27	3	Chuang, Ya-Hui	General Manager of Taiwan branch and the Corporate Governance Officer
6	Internal Training	Corporate Governance	Taiwan Corporate Governance Association Foundation	Exploring Business Operations and Relevant Tax Systems, and Introducing the Latest Tax Laws and Practices for Major Shareholders	2022.07.28	3		
7	External Training	Corporate Governance	The Institute of Internal Auditors - Chinese Taiwan	Analysis on Strengthening the Functions of Three Lines of Defense and the Operating Mechanism of the Board of Directors (Including Reporting Mechanism)	2022.03.08	6	Peng, Lien-Chu	Chief Auditor

9. Regarding the recent annual corporate governance evaluation results released by the Taiwan Stock Exchange Corporation's Corporate Governance Center, please provide an explanation of the improvements made and propose priority strengthening measures for areas that have not yet been improved. (Please leave it blank if the evaluated company is not included):

The Company has been listed in May 2021 and participated in the corporate governance evaluation for the first time in 2022. The corporate governance evaluation score for the year 2022 was 43.51, ranking in the 81% to 100% range. The Company will continue to focus on improving the areas where points were not obtained. Expected Achievements and Improvement Measures for 2023:

Indicator 1.8: Whether annual report is uploaded to shareholders' meetings 18 days prior.

Indicator 2.11: Whether approval is obtained from the audit committee for interim financial reports and present them to the board of directors for discussion and resolution.

Indicator 2.13: Whether it is ensured that members of the compensation committee attend at least two meetings per year and disclose policies, systems, standards, and structures related to regular reviews of director and managerial performance evaluations and compensation.

Indicator 2.15: Whether the individual communication between independent directors and internal audit executives, accountants, regarding matters such as the communication method, events and results of the Company's financial report and financial business status, etc., are disclosed on the Company's website

Indicator 2.17: Whether regular evaluations (at least once a year) of the independence of the CPA conducted by the board of directors and the evaluation procedures in detail are disclosed in the annual report.

Indicator 2.21: Whether a corporate governance officer, who is responsible for corporate governance-related matters and provide explanations on the scope of responsibilities and professional development on the Company's website and in the annual report, is established.

Indicator 2.23: Whether the board performance evaluation method is approved by the board of directors, stipulating external evaluations at least once every three years, and disclose the execution status and evaluation results on the Company's website or in the annual report for the evaluated year or the past two years.

Standard 3.2: Whether significant information is disclosed in English and Chinese simultaneously.

Standard 3.11: Whether the future research, development plans and the expected expenses are disclosed in the annual report.

Standard 3.17: Whether the relevant information, including financial, business, and corporate governance-related information, is disclosed on the Company's website

Indicator 4.1: Whether the Company has set up a full-time (part-time) unit to promote sustainable development, conduct risk assessments on environmental, social or corporate governance issues related to the Company's operations in accordance with the principle of materiality, formulate relevant risk management policies or strategies, and be supervised by the board of directors. The promotion of sustainable development is disclosed on the Company's website and annual report.

Standard 4.14: Whether the Company's website or annual report discloses the identities of identified stakeholders, issues of concern, communication channels, and response methods.

Indicator 4.15: Whether the Company's website or annual report discloses the integrity management policy approved by the board of directors, clearly stipulates specific practices and plans to prevent dishonest behavior, and explains the implementation status.

(4). If the Company has a remuneration committee in place, the composition, duties, and

operation of the remuneration committee:

### 1. Information on the Members of the Remuneration Committee

On March 20, 2020, the Company set up a remuneration committee through the resolution of the board of directors and formulated the "Organization Regulations of the Remuneration Committee", and the members of the first remuneration committee were independent director Lin Tien-Sung, independent director Chen Che-Sheng and independent director Chen Wei-Yu; the responsibility of the remuneration committee is to improve the salary and remuneration system of the Company's directors and managers; the information and operation of the committee members are as follows:

**Members of Remuneration Committee**

Title	Criteria Name	Professional qualifications and experience	Independence	Number of other public companies in which the individual is concurrently serving as a remuneration committee
Independent Director (convener)	Lin, Tien-Sung	<ol style="list-style-type: none"> <li>Bachelor's degree in Business Administration from Soochow University.</li> <li>Over 25 years of work experience in business, legal, financial, accounting, or corporate affairs.</li> <li>No circumstances violating any provisions of Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>Neither the director, his spouse, nor any immediate family member within the second degree of kinship holds a position as a director, supervisor, or employee in this company or any of its affiliated enterprises.</li> <li>Neither the director, his spouse, nor any immediate family member within the second degree of kinship (or under a false name) holds any shares in the Company.</li> <li>The director has not received any remuneration in the past two years from providing services related to business, legal matters, finance, accounting, or any other services to this company or its affiliated enterprises.</li> <li>The director does not hold a position as a director, supervisor, or employee in any company with a specific relationship to this company.</li> </ol>	0
Independent Director	Chen, Wei-Yu	<ol style="list-style-type: none"> <li>Master's degree in Business Administration from the University of California, and a Bachelor's degree in International Trade from National Chengchi University.</li> <li>Over 25 years of work experience in business, legal, financial, accounting, or corporate affairs.</li> <li>Holds a Certified Public Accountant (CPA) license.</li> <li>No circumstances violating any provisions of Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>Neither the director, his spouse, nor any immediate family member within the second degree of kinship holds a position as a director, supervisor, or employee in this company or any of its affiliated enterprises.</li> <li>Neither the director, his spouse, nor any immediate family member within the second degree of kinship (or under a false name) holds any shares in the Company.</li> <li>The director has not received any remuneration in the past two years from providing services related to business, legal matters, finance, accounting, or any other services to this company or its affiliated enterprises.</li> <li>The director does not hold a position as a director, supervisor, or employee in any company with a specific relationship to this company.</li> </ol>	2
Independent Director	Chen, Che-Sheng	<ol style="list-style-type: none"> <li>Master's/Doctoral degree in Materials Science from the University of Tokyo and a Master's degree in Industrial Management from Stanford University.</li> </ol>	<ol style="list-style-type: none"> <li>Neither the director, his spouse, nor any immediate family member within the second degree of kinship holds a position as a director, supervisor, or employee in this company or any of its affiliated enterprises.</li> </ol>	0

		2. Over 25 years of work experience in business, legal, financial, accounting, or corporate affairs. 3. No circumstances violating any provisions of Article 30 of the Company Act.	2. Neither the director, his spouse, nor any immediate family member within the second degree of kinship (or under a false name) holds any shares in the Company. 3. The director has not received any remuneration in the past two years from providing services related to business, legal matters, finance, accounting, or any other services to this company or its affiliated enterprises. 4. The director does not hold a position as a director, supervisor, or employee in any company with a specific relationship to this company.	
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Note: If each member meets the following conditions during two years prior to being elected or during the term of office, please tick "✓" in the space below each criteria code.

If the member is:

(1) not an employee of the Company or its affiliates.

(2) not a director and supervisor of the Company or its affiliates. However, this does not apply if the member is an independent director of the Company, its parent company, or a subsidiary company in which the Company directly or indirectly holds more than 50% of the total number of the outstanding shares.

(3) not natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of outstanding shares of the Company or ranking in the top 10 in shareholding of the Company.

(4) not a spouse, relative within the second degree of kinship, or lineal relatives within the third degree of kinship of persons not listed in the preceding three paragraphs.

(5) not a director, supervisor or employee of a corporate shareholder who directly hold more than 5% of the total outstanding shares of the Company, or a director, supervisor or employee of the corporate shareholder ranking in the top 5 in shareholding of the Company.

(6) not a director, supervisor or employee of a company, of which more than half of the directors' seats or outstanding shares are controlled by the person who controls more than half of the directors' seats or outstanding shares of the Company as well.

(7) not a director (governor), supervisor or employee of a company or institution, of which the chairman, general manager or equivalent position of such company or institution is the same person or his/her spouse as the chairman, general manager or equivalent position of the Company.

(8) not a director (governor), supervisor, officer or shareholder holding more than 5% of the shares of a specific company or institution that have financial or business relationship with the Company.

(9) not a professional individual who, or an owner, partner, director (governor), supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NTD 500,000, or a spouse thereof.

(10) not constituting any of the circumstances of Article 30 of the Company Act.

## 2. Operation of the Remuneration Committee

(1). The Remuneration Committee of the Company consists of 3 members.

(2). The term of office of the current members is from March 20, 2020 to March 19, 2023. A total of 5 meetings in the most recent year to the date of this Annual Report (A) were held. The criteria and attendance of the members are as follows:

Job Title	Name	Actual Attendance (B)	Authorized Attendance	Actual Attendance Rate (%) (B/A)	Remarks
Convener	Lin, Tien-Sung	5	-	100%	-
Committee Member	Chen, Wei-Yu	5	-	100%	-
Committee Member	Chen, Che-Sheng	5	-	100%	-

Other noteworthy matters:

1. If the board of directors declines to adopt or amends a recommendation of the Remuneration Committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the Remuneration Committee's opinion (e.g., the remuneration adopted by the board of directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified): not applicable.
2. Resolutions of the Remuneration Committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: not applicable.

Note: (1) If a member resigns before the end of the year, the date of resignation shall be indicated in the remarks column, and the actual attendance (presentation) rate shall be calculated based on the number of meetings of the Remuneration Committee and the number of actual attendance (presentation) during the term of office.

(2) Before the end of the year, if there is a re-election of the member, the former and current members shall be filled in. The remarks column should indicate that the member is the former member, the current member or the member continues in office, and the date of re-election should be indicated. The actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee and the number of actual attendance (percentage) during the term of office of such director or supervisor.

3. The Company's salary and compensation committee met in the last year to review and evaluate the Company's salary and compensation information as follows:

Meeting Date	Proposal content and follow-up processing	Result	The Company's handling of the opinions of the remuneration committee
2022.01.20	Recommendation on the payment of year end bonuses in 2022.	Anonymously passed by the committee members	Proposal to the board of directors and approved by all directors present
2022.03.22	<ol style="list-style-type: none"> <li>1. Amending the Articles of Incorporation.</li> <li>2. Deliberated the Company's director's remuneration and employee bonus distribution case in 2022.</li> </ol>	Anonymously passed by the committee members	Proposal to the board of directors and approved by all directors present
2022.11.11	<ol style="list-style-type: none"> <li>1. Employee remuneration payment method plan.</li> <li>2. The employee remuneration distribution case in 2021.</li> </ol>	Anonymously passed by the committee members	Proposal to the board of directors and approved by all directors present

(5). Promotion of Sustainable Development: in addition to focusing on the business development of its own business, the Company has long-term efforts for the Company's social responsibilities such as consumer

rights and social welfare, and timely contributes to the public.

Promoted Item	Implementation Status (Note 1)			Differences from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description (Note 2)	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”?		√	The Company has not yet set up relevant units to promote sustainable development, but the management and various departments will pay attention to the maintenance of social responsibility.	Depends on future needs to set up
2. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	√		The Company has established a risk management policy, which, according to importance, deals with financial risks, high-risk and high-leverage investments, reinvestment and M&A benefits, policy and legal changes, litigation and non-litigation matters, corporate image, directors and major shareholders’ equity movements, Risk assessment for matters such as changes in management rights, environmental safety and health, and industrial changes, please refer to page 26 of this manual	No major differences
<b>3. Environmental Issues</b>				
(1). Does the company establish proper environmental management systems based on the characteristics of their industries?	√		1. The Company takes auto parts and components as the main revenue project, according to operation needs to establish a complete environmental and automotive quality certification, and has passed ISO14001 and IATF16949 certification. 2. To fulfill the corporate responsibility of environmental protection and to take care of the safety and health of colleagues, and based on the awareness of environmental protection and management needs such as pollution prevention, and environmental social responsibility.	No major differences
(2). Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	√		The Company is committed to the implementation of office waste reduction, resource classification and recycling and other activities, and entrusts qualified manufacturers to carry out recycling operations to maintain the earth's resources and protect environmental hygiene.	No major differences
(3). Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?		√	The Company has not yet assessed the current and future potential risks and opportunities of the Company in response to climate change, and has taken measures to respond to climate-related issues. However, the management and various departments will pay attention to the needs of stakeholders and communicate effectively with stakeholders on the impact of climate change on the Company's substantial financial and business operations	Depends on future needs and risk polices to evaluate
(4). Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?		√	At present, the Company has not formulated energy saving and carbon reduction, greenhouse gas reduction, water reduction or other waste management policies, but it still pays attention to energy saving and carbon reduction in order to save electricity and water consumption in the office. In the future, it will formulate relevant management according to actual needs or regulations policy.	Depends on future needs and risk polices to evaluate
<b>4. Social Issues</b>				
(1). Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	√		The Company attaches great importance to people-oriented, and the rights and interests of employees are handled in accordance with relevant laws and regulations, and labor laws and regulations are complied with to protect and safeguard the legitimate rights and interests of employees.	No major differences
(2). Does the company have reasonable	√		The Company has an employee handbook and salary	No major

Promoted Item	Implementation Status (Note 1)			Differences from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description (Note 2)	
employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?			management measures, and the relevant regulations on vacation and attendance are implemented in accordance with relevant laws and regulations; the Company's remuneration policy is based on personal ability, contribution to the Company, performance and business performance.	differences
(3). Whether the company has provided safe and healthy work environments for its employees, and organizes training on safety and health for its employees on a regular basis?	✓		The company has occupational safety and health personnel and first aid personnel to promote the safety and health of the working environment, and regularly organizes employee health checks every year to assist employees in personal health management.	No major differences
(4). Whether the company has established an effective capacity development of career training program for employees?	✓		The Company and its subsidiaries have established a comprehensive education and training system that encourages employees to actively participate in on-the-job learning and development, fostering the career capabilities of employees within the Company. In the fiscal year 111, a total of NTS\$3,364,000 was allocated towards training initiatives including new employee training, professional development, and managerial training.	No major differences
(5). Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	✓		The Company continues to participate in and pass the IATF16949 verification every year, in order to meet the international safety standards for auto parts and other related parts, and follow and improve in accordance with IATF's relevant specifications for handling customer complaints to improve customer satisfaction.	No major differences
(6). Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	✓		The Company actively promotes comprehensive control of the use of hazardous substances, ensures that the raw materials provided by suppliers can meet relevant regulations, and strives to implement green product design in cost control, providing consumers with safe products and avoiding damage to the global environment.	No major differences
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third-party verification unit?		✓	The Company has not yet prepared a sustainable development report, which will be planned in the future based on actual needs and legal regulations. However, the Company's website has a dedicated area for sustainable development responsibility to respond to the expectations of stakeholders, and achieve the goal of sustainable operation.	Depends on future needs and applicable regulations to evaluate.
6. If the Company has established its corporate social responsibility guidelines in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, describe the operational status and differences with the CSR Best Practice Principles: In September of 2020, the board of directors of our company approved the establishment of the " Sustainable Development Best Practice Principles". Furthermore, in May of 2022 and March of 2023, the board of directors approved amendments to these guidelines to strengthen the implementation of sustainability responsibilities. Considering the development trends of sustainability responsibilities among domestic enterprises, the Company will assess the need for establishing a dedicated sustainability promotion unit in the future, based on the Company's development requirements and legal regulations, to drive various sustainability initiatives. There is no difference from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".				
7. Other important information to facilitate better understanding of the Company's promoted sustainable development implementation:				



Promoted Item	Implementation Status (Note 1)			Differences from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description (Note 2)	
<p>The Company will do a good job in environmental protection and pollution prevention while taking into account environmental protection and economic needs, and will assume the responsibility of the enterprise for environmental protection.</p> <p>Our approach:</p> <ol style="list-style-type: none"> <li>(1) Promote the use of electronic documents to replace paper, and make good use of the blank surface of waste documents for recycling and reuse.</li> <li>(2) Set up resource recycling buckets for resource classification and implement resource recycling.</li> <li>(3) In summer, variable frequency household appliances will be used, and temperature control will be carried out, and energy will be used effectively to achieve the goal of energy saving and carbon reduction.</li> <li>(4) The Company will provide environmentally friendly tableware for employees to use. When employees eat in the employee cafeteria at noon, the use of disposable tableware will be reduced and the generation of garbage will be reduced.</li> <li>(5) Provide employment opportunities for local personnel, and give priority to personnel from adjacent areas.</li> <li>(6) Assist the community development association in the activities of caring the elderly and implement the policy of dignifying relatives and neighbors.</li> </ol>				

Note 1: No matter whether you tick “Yes” or “No”, the implementation status should be stated in the summary description column.

Note 2: If the Company has prepared a corporate social responsibility report, the summary description can be replaced by indicating the method of viewing the corporate social responsibility report and the index page.

**(6). Ethical Corporate Management and Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”**

Evaluated criteria	Implementation Status			Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Summary Description	
<b>1. Establishment of ethical corporate management policies and programs</b>				
(1). Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	✓		<ol style="list-style-type: none"> <li>1. The Company has formulated the "Integrity Management Code" and "Integrity Management Operating Procedures and Behavior Guidelines", which have been approved by the board of directors and implemented in internal management and external business activities.</li> <li>2. The Company's website discloses the implementation of integrity management. For details, please refer to the " Sustainable Development Responsibility" section of the Company's website.</li> </ol>	No major difference
(2). Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?		✓	<ol style="list-style-type: none"> <li>1. At present, the has not established a relevant mechanism for the assessment of the risk of dishonest behavior, and has formulated a code of prevention for dishonest behavior for business activities with a higher risk of dishonest behavior within the business scope, but it is expressly prohibited from dishonest behavior. in the Code of Integrity.</li> <li>2. The Company adheres to the principle of good faith, operates in a prudent and upright manner, does not engage in business activities with high risk of dishonest behavior within the business scope, and strengthens relevant preventive measures, and the Company adheres to the position of political neutrality and does not engage in political donations.</li> <li>3. The Company strictly prohibits managers and all employees from engaging in any bribery and illegal acts. If they engage in violations, they will be punished or transferred to judicial organs according to the actual situation. And require all new employees to sign a "Confidentiality Commitment" and give an employee handbook, clearly conveying the rights and obligations of</li> </ol>	

Evaluated criteria	Implementation Status			Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Summary Description	
			employees.	
(3). Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	✓		The Company has stated in the "Operating Procedures and Behavior Guidelines for Integrity Management" the handling procedures, rewards and punishments, complaints and record punishments for violations of integrity management. Punishments or rewards can be reported immediately, and relevant systems are actually implemented.	
<b>2. Implementation of ethical corporate management</b>				
(1). Whether the Company has assessed the integrity of the record of counterparties, and entered into contracts with counterparties with the terms of integrity act provisions.	✓		In the Code of Integrity Management, it is clearly stipulated to avoid transactions with dishonest operators. In accordance with the relevant internal control operations, to determine whether the transaction counterparty has dishonest transaction behavior through different channels.	No major difference
(2). Does the company have a unit responsible for ethical corporate management on a fulltime basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?		✓	At present, the Company has not set up a dedicated unit. The administrative unit serves as a part-time unit for relevant affairs; In addition, the audit unit formulates and implements audit procedures for its integrity management policies and behaviors in accordance with the audit plan, and regularly reports the implementation status to the board of directors and tracks the improvement status.	At present, there is no need to set up a dedicated unit for The Company, and it will be evaluated in the future according to the applicable regulations.
(3). Whether the Company has set up and implement policies to prevent conflict of interests and providing channels to report such conflict.	✓		The policy of avoiding conflicts of interest is specified in the integrity management code, and a smooth communication management and complaint system is provided. Employees can respond to various management levels and human resources units through multiple channels.	No Major difference
(4). Whether the Company has built an effective accounting system and internal control system to carry out ethical corporate management, with internal auditors auditing the process or to engage a certified public accountant to carry out the audit.		✓	The internal audit of the Company is carried out every year in accordance with the "Public Issuing Companies Establishing Internal Control System Handling Standards", "Integrity Management Code", in accordance with the Company's accounting system, internal control system and the implementation of the operation of integrity management, to formulate relevant audit plans to check accordingly. And regularly report the implementation to the board of directors.	Depends on future needs and applicable regulations to evaluate.
(5). Whether the Company has periodically organized internal and external training for integrity management.	✓		The Company plans to arrange courses related to corporate governance and integrity management among the 6 hours of regular study hours for directors every year, and will gradually extend it to company executives and other personnel.	No Major Difference
<b>3. Operating situation of whistle-blowing system</b>				
(1). Whether the Company has adopted a concrete whistle-blowing system, established a convenient whistle-blowing channel and dedicated appropriated personnel appointed to handle the objects.	✓		1. If the Company colleagues find that the Company's directors, managers, employees or persons with substantial control ability have violated integrity, illegality or breach of fiduciary obligations and other dishonest behaviors in the process of engaging in business activities, they should specifically propose the relevant personnel. materials and other materials, report to the administrative unit, if accepted and effective, will be rewarded.  2. In the integrity management of the corporate sustainable responsibility section of the Company's website, there is a dedicated e-mail box for independent directors, and stakeholders can also report through this channel.	No Major Difference
(2). Does the company have in place standard operating procedures for investigating accusation cases, as well as followup actions and relevant post-investigation confidentiality measures?	✓		1. The Company's "Integrity Management Code" states the reporting system. If the Company's personnel violate the integrity of the situation, they should be dismissed or dismissed in accordance with the relevant laws and regulations or the Company's human resources regulations.	

Evaluated criteria	Implementation Status			Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Summary Description	
			2. The Company has not received any report in the most recent year up to the date of the annual report.	
(3). Does the company provide proper whistleblower protection?	✓		The Company provides a smooth communication channel and a complaint system, and the identity and content should be kept confidential. Employees can respond to various management levels and human resources units through multiple channels.	
4. Strengthening information disclosure Whether the Company has disclosed related information on ethical corporate management on the Company's website and Market Observation Post System.	✓		The Company discloses the relevant information of the Company's performance of integrity management through channels such as the Company's website, and sets up the mailbox for independent directors in the sustainable responsibility section of the website, hoping to implement the responsibility of integrity management through various channels.	No Major Difference
5. The Company has established its ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies; please describe any discrepancy between the policies and their implementation: N/A				
6. Other important information to facilitate a better understanding of the Company's ethical corporate management policies (e.g., review and amend its policies).				
(1). The Company regularly arranges directors to participate in corporate governance courses, and promotes the integrity management policy through internal meetings from time to time.				
(2). The Company strictly abides by the Company law, the securities exchange law, the regulations related to listing and listing on the OTC, and other relevant business conduct laws and regulations, as the basis for the implementation of honest management.				
(3). Please refer to the ESG section of the website <a href="http://www.ikka.com.tw">http://www.ikka.com.tw</a>				

(7). If the Company has formulated a corporate governance code and related regulations, it should disclose its inquiry method:

In order to improve the spirit of corporate governance, the Company has enacted the "Corporate Governance Best Practice Principles", "Integrity Management Code", "Rules Governing the Scope of Powers of Independent Directors" to follow. Investors can check on the Market Observation Post System (website: <https://mops.twse.com.tw/mops/web/index>), or can check on investor area on the Company's website (website: <http://ikka.com.tw>).

(8). Other important information that can enhance the understanding of the operation of corporate governance may be disclosed together:

You can go to the investor area of the Company's website and click on the corporate governance option (website: <http://ikka.com.tw>).

In addition, the Company has also enacted the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and "Employee Handbook" as the guidelines for the behavior of directors, managers and employees of the Company:

A. Employee code of conduct, its content and spirit are:

- (a). All behaviors shall abide by the Company's rules and regulations and various regulations related to their duties.
- (b). Remember the Company's business philosophy of sharing weal and woe, and never do any words or deeds that damage the Company's honor.
- (c). Any plans, materials, and information that know or hold the Company shall be kept strictly confidential, and shall not be leaked or made known to third parties in any way, and shall not be published to the public, nor shall it be for oneself or a third party. people use.
- (d). Do not accept improper property, and do not ask for or accept hospitality.
- (e). Do not install or use unauthorized software or hardware without authorization. Do not use information equipment for non-working activities use off.
- (f). If there is a danger of violating the employee handbook or embezzling, accumulating property or other illegal acts, you shall be responsible for full liability for compensation.

B. Employee handbook, which contains:

- (a). Employment

- (b). Salary and benefits
- (c). Training and development
- (d). Welfare measures
- (e). Communication channels
- (f). Severance and resignation
- (g). Working hours, rest, vacation
- (h). Assessment, reward and punishment

- (9). The implementation status of the internal control system shall disclose the following matters:  
A. Statement of internal control

### Statement of Internal Control

*It indicates that the design and implementation of the company's internal control system are effective  
(This statement shall be adopted when the Company states that all the applicable regulations are complied with in  
relation to the legal compliance matters)*

<p>IKKA Holdings (Cayman) Limited Statement of Internal Control</p> <p style="text-align: right;">Date: 2023.3.21</p> <p>Based on the results of self-assessment, the Company's internal control system in 2022 is hereby declared as follows:</p> <ol style="list-style-type: none"><li>1. The Company is fully aware that the establishment, implementation, and maintenance of the internal control systems are the responsibility of the board of directors and management. The purpose is to make sure the target achieved and reasonable assurance on business operation effects/efficiency (profits, performance and asset security), reliable, timely, transparent reports in accordance with the related statements &amp; laws.</li><li>2. An internal control system has its inherent limitations. No matter how perfect is its design, an effective internal control system can only provide reasonable assurance for the attainment of the three goals described above. Moreover, the effectiveness of internal control systems could change along with the changes in environment and circumstances. However, the Company's internal control system is equipped with the function of self-monitoring, that the Company will take immediate action once a deficiency is identified.</li><li>3. The Company determines whether the design and implementation of its internal control systems are effective based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (referred to as the "Governing Regulations" hereunder). Said criteria divide internal control into five elements based on the process of management control: 1. Control Environment, 2. Risk Assessment and Response, 3. Control Operation, 4. Information and Communication, and 5. Supervision. Each element contains several items. Please refer to the Governing Regulations.</li><li>4. The Company has evaluated the validity of the design and implementation of its internal control systems based on the aforesaid criteria.</li><li>5. Based on the results of aforementioned evaluation, it is found that the internal control systems of the Company for the year ended December 31, 2022 (including the supervision and management of subsidiaries) was effective in design and implementation, that it reasonably assures the accomplishment of aforesaid goals. The understanding of the achieved results of the internal control system design and execution works that business operation effects/efficiency, reliable, timely, transparent reports in accordance with the related statements &amp; laws and reasonably ensure the above targets to meet.</li><li>6. This Statement shall become a major part of the Company's annual report and the prospectus, and be made public. Any false representation or concealment in this Statement shall be subjected to legal consequences as stipulated in Articles 20, 32, 171 and 174 of the Securities and Exchange Act.</li><li>7. This Statement has been adopted by the Company's board of directors in a meeting held on March 21, 2023, where all of the nine attending directors have agreed to the contents of this statement.</li></ol> <p style="text-align: right;">IKKA Holdings (Cayman) Limited Chairman: Hu, Hsiang-Chi General Manager: Obara Masami</p>
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Note 1: In the design and implementation of the internal control system of a public offering company, if there are major deficiencies in the year, an explanatory paragraph shall be added after item 4 of the internal control statement to list and explain the major deficiencies found in the self-inspection and the Company's improvement actions taken and status of improvements before the balance sheet date.

Note 2: The date of this Statement is the date of the end of the financial year.

B. If a CPA was engaged to examine the internal control systems, disclose the CPA examination report:

第一化成控股(開曼)股份有限公司  
內部控制制度審查確信報告  
民國 111 年 1 月 1 日至 111 年 12 月 31 日

~ 1 ~

內部控制制度審查確信報告

資會綜字第 22009466 號

第一化成控股(開曼)股份有限公司 公鑒：

後附第一化成控股(開曼)股份有限公司及其子公司(以下稱「貴公司及貴子公司」)謂經評估其與外部財務報導及保障資產安全有關之內部控制制度，於民國 111 年 12 月 31 日係有效設計及執行之聲明書，業經本會計師執行合理確信審查程序竣事。

**標的、標的資訊與適用基準**

本確信案件之標的及標的資訊係 貴公司及 貴子公司與外部財務報導及保障資產安全有關之內部控制制度於民國 111 年 12 月 31 日之設計及執行情形，及 貴公司及 貴子公司於民國 111 年 12 月 31 日所出具謂經評估其與外部財務報導及保障資產安全有關之內部控制制度係有效設計及執行之聲明書(以下併稱確信標的)。

用以衡量或評估上開確信標的之適用基準係「公開發行公司建立內部控制制度處理準則」之內部控制制度有效性判斷項目。

**先天限制**

由於任何內部控制制度均有其先天上之限制，故 貴公司及 貴子公司上述內部控制制度仍可能未能預防或偵測出業已發生之錯誤或舞弊。此外，未來之環境可能變遷，遵循內部控制制度之程度亦可能降低，故在本期有效之內部控制制度，並不表示在未來亦必有效。

**管理階層之責任**

管理階層之責任係依據相關法令規章建立內部控制制度，且隨時檢討，以維持內部控制制度之設計及執行持續有效，並於評估其有效性後，據以出具內部控制制度聲明書。

**會計師之責任**

本會計師之責任係依照「公開發行公司建立內部控制制度處理準則」及確信準則 3000 號「非屬歷史性財務資訊查核或核閱之確信案件」對確信標的執行必要程序以取得合理確信，並對確信標的在所有重大方面是否遵循適用基準及是否允當表達作成結論。

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#### 獨立性及品質管理規範

本會計師及所隸屬會計師事務所已遵循會計師職業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及專業上應有之注意、保密及專業行為。此外，本會計師所隸屬會計師事務所遵循品質管理準則，維持完備之品質管理制度，包含與遵循職業道德規範、專業準則及所適用法令相關之書面政策及程序。

#### 所執行程序之彙總說明

本會計師係基於專業判斷規劃及執行必要程序，以獲取相關確信標的之證據。所執行之程序包括瞭解公司內部控制制度、評估管理階層評估整體內部控制制度有效性之過程、測試及評估其與外部財務報導及保障資產安全有關之內部控制制度設計及執行之有效性，以及本會計師認為必要之其他審查程序。本會計師相信此項審查工作可對所表示之結論提供合理之依據。

#### 確信結論

依本會計師意見，依照「公開發行公司建立內部控制制度處理準則」之內部控制制度有效性判斷項目判斷，貴公司及貴子公司與外部財務報導及保障資產安全有關之內部控制制度於民國 111 年 12 月 31 日之設計及執行，在所有重大方面可維持有效性；貴公司於民國 112 年 3 月 21 日所出具謂經評估其與外部財務報導及保障資產安全有關之內部控制制度係有效設計及執行之聲明書，在所有重大方面則屬允當。

資誠聯合會計師事務所

阮呂曼玉

阮呂曼玉

會計師

蔡亦臺

蔡亦臺

前行政院金融監督管理委員會

核准簽證文號：金管證審字第 0990058257 號

金融監督管理委員會

核准簽證文號：金管證審字第 1080323093 號

中華民國 112 年 3 月 21 日

- (10). Any legal sanctions against the Company or its internal personnel, or any disciplinary action taken by the Company against its own personnel for violation of internal controls, during the most recent fiscal year and up to the date of annual report, major deficiencies associated with the sanction and status of improvement actions taken: There was no such incident this year and up to the date of this Annual Report.



(11). Major resolutions and execution of the shareholders' meetings in the most recent year and as the date of the publication of the annual report:

A. The major resolutions of shareholders' meeting held on June 24, 2022 and implementation status.

**Recognition Item No.1: Proposed to recognize the business report and consolidated financial statements for 2021**

Total shares held by the shareholders present when voting: 19,045,302

Vote	Proportion of shares held by the shareholders present %
Approval votes: 18,859,552	99.02%
Disapproval votes: 8,086	0.04%
Invalid votes: 0	0.00%
Waived votes: 17,764	0.93%

Implementation status: the proposal has been submitted to the meeting of shareholders for recognition and, after the voting, has been approved as proposed.

**Recognition Item No.2: Proposed to recognize the Company's earnings distribution**

Total shares held by the shareholders present when voting: 19,045,302

Vote	Proportion of shares held by the shareholders present %
Approval votes: 18,842,552	98.93%
Disapproval votes: 25,086	0.13%
Invalid votes: 0	0.00%
Waived votes: 17,764	0.93%

Implementation status: the proposal has been submitted to the meeting of shareholders for recognition and, after the voting, has been approved as proposed. The cash dividend NTD84,000,000 has been distributed on August 31, 2022.

**Discussion Item No.1: Proposed to amend the Company's Articles of Incorporation**

Total shares held by the shareholders present when voting: 19,045,302

Vote	Proportion of shares held by the shareholders present %
Approval votes: 18,842,552	98.93%
Disapproval votes: 25,086	0.13%
Invalid votes: 0	0.00%
Waived votes: 17,764	0.93%

Implementation status: the proposal has been submitted to the meeting of shareholders for recognition and, after the voting, has been approved as proposed. The Company change registration for Articles of Incorporation in Cayman Islands has been completed on July 1, 2022.

**Discussion Item No.2: Proposed to amend the Company's rules of procedure for shareholders meeting**

Total shares held by the shareholders present when voting: 19,045,302

Vote	Proportion of shares held by the shareholders present %
Approval votes: 18,859,552	99.02%
Disapproval votes: 80,086	0.04%
Invalid votes: 0	0.00%
Waived votes: 17,764	0.93%

Implementation status: the proposal has been submitted to the meeting of shareholders for recognition and, after the voting, has been approved as proposed.

**Discussion Item No.3: Proposed to amend the Company’s procedures for acquiring or disposing of assets**

Total shares held by the shareholders present when voting: 19,045,302

Vote	Proportion of shares held by the shareholders present %
Approval votes: 18,859,552	99.02%
Disapproval votes: 80,086	0.04%
Invalid votes: 0	0.00%
Waived votes: 17,764	0.93%

Implementation status: the proposal has been submitted to the meeting of shareholders for recognition and, after the voting, has been approved as proposed.

**B. Major resolutions of board meeting**

Date/Meeting	Board of Directors Important Resolutions
Second Session Twenty-third Time 2022.03.22	<b>First case: proposal for payment of year-end bonus to officers in 2021</b> Resolution situation: there were nine directors in attendance. chairman Hu Hsiang-Chi and the director Ohara Masami were both employees of the Company and they were not joined the discussion and the vote because of their interest conflicts. The chairman Hu Hsiang-Chi, the representative of ABICO AVY CO., LTD., appointed independent director Lin Tian-Song to act as the chairman. After Lin Tian-Song asking the remaining directors' opinions, the proposal was approved as proposed.
Second Session Twenty-fourth Time 2022.03.22	<b>First case: amendment to the Remunerations Committee Organizational Procedure</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.
	<b>Second case: allocation of the remuneration to employees and directors in 2021</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.
	<b>Third case: consolidated financial statements and business report for 2021</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.
	<b>Fourth case: statement of internal control for 2021</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.
	<b>Fifth case: amendment to internal control</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.
	<b>Sixth case: amendment to internal audit procedures</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.
	<b>Seventh case: adoption of the date, time, place and manners of the shareholders' meeting in 2022</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.
	<b>Eighth case: open of an integrated custody account for Chinese employees for the IPO</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.
Second Session Twenty-fifth Time 2022.05.11 Second Session Twenty-fifth Time 2022.05.11	<b>First case: loaning from a financial institution</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.
	<b>Second case: loaning from a financial institution</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.
	<b>Third case: dividend distribution in 2021</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.
	<b>Fourth case: amendment to procedures for acquisition or disposal of assets</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.
	<b>Fifth case: amendment to Article of Incorporation of the Company</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.
	<b>Sixth case: amendment to procedures of shareholders meetings</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.

	<p><b>Seventh case: amendment to corporate social responsibility code</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Eighth case: amendment to corporate governance and code of practice</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
Second Session Twenty-sixth Time 2022.06.30	<p><b>First case: greenhouse gas inventory and verification schedule planning</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Second case: share acquisition of Sol Plus</b> Resolution situation: there were nine directors in attendance. chairman Hu Hsiang-Chi and the director Ohara Masami, Tong Chun-Jen and Tong Chun-YI are employees of the Company and they were not joined the discussion and the vote because of their interest conflicts. The chairman Hu Hsiang-Chi, the representative of ABICO AVY CO., LTD., appointed independent director Chen Wei-Yu to act as the chairman. After Chen Wei-Yu asking the remaining directors' opinions, the proposal was approved as proposed.</p> <p><b>Third case: issuance of new shares</b> Resolution situation: there were nine directors in attendance. chairman Hu Hsiang-Chi and the director Ohara Masami, Tong Chun-Jen and Tong Chun-YI are employees of the Company and they were not joined the discussion and the vote because of their interest conflicts. The chairman Hu Hsiang-Chi, the representative of ABICO AVY CO., LTD., appointed independent director Chen Wei-Yu to act as the chairman. After Chen Wei-Yu asking the remaining directors' opinions, the proposal was approved as proposed.</p> <p><b>Fourth case: securities law compliance counseling contract between the Company and KGI</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Fifth case: the dividend distribution for 2021 and adoption of the date of distribution and the relevant matters</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
Second Session Twenty-seventh Time 2022.08.10	<p><b>First case: report on the renewal of directors and officers liability insurance</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Second case: consolidated financial statements for second quarter in 2022</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Third case: investment to JET OPTOELECTRONICS CO., LTD.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Fourth case: greenhouse gas inventory and verification progress control</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
Second Session Twenty-eighth Time 2022.10.25	<p><b>First case: proposal to the plan for repurchase the shares and transferring the shares to employee</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Second case: repurchase stocks as treasury stocks</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>

<p>Second Session Twenty-ninth Time 2022.11.1 1</p>	<p><b>First case: consolidated financial statements for third quarter in 2022</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Second case: audit report for third quarter in 2022</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Third case: report on actual operating performance and budget variance until year end of the current year.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Fourth case: payment to CPA</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Fifth case: greenhouse gas inventory and verification progress control</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Sixth case: proposal for employee compensation payment method</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Seventh case: proposal on the salaries of managerial employees in the year 2021</b> Resolution situation: there were nine directors in attendance. chairman Hu Hsiang-Chi and the director Ohara Masami are both employees of the Company and they were not joined the discussion and the vote because of their interest conflicts. The chairman Hu Hsiang-Chi, the representative of ABICO AVY CO., LTD., appointed independent director Lin Tien-Sung to act as the chairman. After Lin Tien-Sung asking the remaining directors' opinions, the proposal was approved as proposed.</p> <p><b>Eighth case: Overdue accounts receivable among subsidiaries of the Company are transferred to other receivables, which are regarded as capital loans reported</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
<p>Second Session Thirtieth Time 2022.12.2 0</p>	<p><b>First case: approval of “internal control system” for Sol Plus and its subsidiaries”</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Second case: audit plan for 2023</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Second case: financial forecasting of 2023</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Fourth case: amendment to “Board Meeting Rules and Procedures”</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Fifth case: amendment to “Internal Major Information Processing and Management Procedures for Preventing Insider Trading”</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
<p>Second Session</p>	<p><b>First case: establishment of Nagoya plant for Japan subsidiary IKKA</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>

<p>Thirty-first Time 2023.01.13</p>	<p><b>Second case: control and monitoring of greenhouse gas inventory and verification progress.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Third case: performance evaluation of the board of directors (including functional committees) for 2022.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Fourth case: formulation if of the Company's "Treasury Share Repurchase Operating Procedures"</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Fifth case: proposal for payment of year-end bonus to officers in 2022</b> Resolution situation: there were nine directors in attendance. chairman Hu Hsiang-Chi was employees of the Company and not joined the discussion and the vote because of their interest conflicts. The chairman Hu Hsiang-Chi, the representative of ABICO AVY CO., LTD., appointed independent director Lin Tian-Song to act as the chairman. After Lin Tian-Song asking the remaining directors' opinions, the proposal was approved as proposed.</p>
<p>Second Session Thirty-second Time 2023.02.16</p>	<p><b>First case: amendment to the repurchase purpose of the Company's first repurchase of stocks as stocks.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
<p>Second Session Thirty-third Time 2023.03.21</p>	<p><b>First case: audit report for fourth quarter in 2022</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Second case: consolidated financial statements for 2022 and 2019 and business report for 2022</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Third case: Statement of Internal Control for 2022.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Fourth case: greenhouse gas inventory and verification progress control of the Company and its subsidiaries</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Fifth case: amendment to Article of Incorporation of the Company</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Sixth case: amendment to "Sustainable Development Best Practice Principles"</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Seventh case: amendment to "Corporate Governance Best-Practice Principles"</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>

	<p><b>Eighth case: amendment to the "Related Operating Standards for Financial Business among Affiliated Enterprises"</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Ninth case: decision of the date, time, place, method and agenda of the annual general meeting in 2023</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Tenth case: election of the third session of directors.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Eleventh case: lifting the restrictions on non-competition for the third term of new directors.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Twelfth case: 2022 annual employee remuneration and director remuneration distribution</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Thirteenth case: proposal of performance bonus payment to Katsumi Nakagawa, the general manager of Dongguan &amp; Hong Kong IKKA in 2022</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
<p>Second Session Thirty-fourth Time 2023.05.08</p>	<p><b>First case: discussion for audit report for first quarter in 2023</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Second case: amendment to audit plan for 2023</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Third case: amendment to the form of audit report</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Fourth case: consolidated financial statements for first quarter in 2023</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Fifth case: dividend distribution proposal for 2022</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Sixth case: financial institution financing</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Seventh case: greenhouse gas inventory and verification progress control case of the Company and its subsidiaries</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Eighth case: formulating the "Points for Directors' Training and Promotion" plan</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>

**Ninth case: setting up a corporate governance supervisor**

Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.

**Tenth case: proposal to submit and approve the list of candidates for directors (including independent directors) nominated by the board of directors**

Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.

(12). Different opinions of directors or supervisors on record or in written statement on major resolutions approved by the board of directors in the recent year and as of the date of this Annual Report:

Board resolutions were passed unanimously by all present directors, there were no contrary opinions.

(13). Resignations of any person related to the financial report (including the chairman, general manager, accountancy manager, and chief audit officer):

No such matters.

## 5. Information on CPA Fees

Unit: Thousand NTD

Name of Accounting Firm	Name of Accountant	Duration of Accountant Audit	Audit Costs	Non-Audit Costs	Total	Notes
PricewaterhouseCoopers (PWC) Taiwan	Juan Lu, Man-Yu	2022.01.01 ~2022.12.31	5,700	4,264	9,964	Non-audit costs: 1. Internal control review: NT\$1,500 million. 2. Subsidiary tax health check T/PNT\$2,764 million.
	Tsai, Yi-Tai					

- (1) Replacement of CPA and a decrease in audit costs paid for the current year compared to the previous year should disclose the amount, percentage, and reasons for the decrease: No such matters.
- (2) If the audit costs decrease by more than ten percent compared to the previous year, the amount, percentage, and reasons for the decrease should be disclosed: No such matters.

**6. Information on replacement of CPA: if the Company has replaced its CPA in the most recent two years or has plans to do so in the future, such information should be revealed below:**

None.

**7. The Chairman, General Manager, and Manager responsible for finance or accounting affairs of the Company who have served in the past year at the accounting firm or its affiliated enterprises shall disclose their names, positions, and the duration of their employment at the accounting firm or its affiliated enterprises:**

None.



**8. Changes in shareholding transfer or shareholding pledge by Directors or Officers, and major shareholders in the most recent year and as of the date of this Annual Report:**

(1). Changes in shareholding transfer by directors or officers, and major shareholders

Unit: share

Job Title	Name	2022		As of May 31 this Year	
		Increase/Decrease in Shares Held	Increase/Decrease in Pledged Shares	Increase/Decrease in Shares Held	Increase/Decrease in Pledged Shares
Director and major shareholder	ABICO AVY CO., LTD.	-	-	-	-
Major shareholder	Jabon International Co., Ltd.	(300,000)	-	-	-
Manager	Yang, Chao-Yu	-	-	19,000	-
Chief Financial Officer	Chiang, Shuo-Yen	12,000	-	-	-
Audit Director	Peng, Lien-Chu	3,000	-	4,000 (1,000)	-

(2). Information on equity transfers: None.

(3). Information on pledge equity: None.

**9. Information on the top ten shareholders that are related to each other or are related to each other as spouses or within two degrees of kinship**

2023.05.02; Unit: Thousand Shares; %

Name	Shares held by him/her/its own		Shares held by spouse, minor children		Shares held through a third person/party		The title or name and relationship of top ten shareholders if they are a related party or the spouse or a relative within the second degree of kinship to another		Remarks
	Amount of Shares	Percentage of Shares Held	Amount of Shares	Percentage of Shares Held	Amount of Shares	Percentage of Shares Held	Name	Relationship	
Jabon International Co., Ltd. Representative: Hu, Hsiang-Chi	10,900	37.26	-	-	-	-	-	-	
ABICO AVY Co., Ltd. Representative: Tong, Chun-Jen	4,000	13.67	-	-	-	-	Jia-Mei Investment Co., Ltd.	The chairman of ABICO AVY Co., Ltd. and the chairman of Jia-Mei Investment Co., Ltd. are blood relatives within the second degree of kinship.	
CTBC Bank Co., Ltd. in custody for Jinmai Investment Co., Ltd.	1,716,718	5.87	-	-	-	-	-	-	

CTBC Bank Co., Ltd. in custody for Li-Ji Investment Co., Ltd. (unofficial translation of 立基投資(股)公司)	1,149	3.93	-	-	-	-	-	-	-
Mega International Commercial Bank Co., Ltd. Representative: Chang, Chao-Shun	550	1.88							
Jia-Mei Investment Co., Ltd. Representative: Tong, Yi-Chun	449	1.53	-	-	-	-	ABICO AVY Co., Ltd.	The chairman of ABICO AVY Co., Ltd. and the chairman of Jia-Mei Investment Co., Ltd. are blood relatives within the second degree of kinship.	
Fangzhi Publishing Co., Ltd. Representative: Jian Zhizhong	424	1.45	-	-	-	-	-	-	
ABICO ASIA CAPITAL CO., LTD. Representative: Hsieh Fa Da	389	1.33						-	
HoTong Venture Capital Co., Ltd. Representative: Huang, Tsui-Hui	375	1.28	-	-	-	-	-	-	
Guang Yuan Investment Co., Ltd. Representative: Lin, Hsin-Yi	280	0.96	-	-	-	-	-	-	

**10. The amount of shares and total share of stake in the same invested company owned by the Company, directors, supervisors, officers of the Company, and the enterprises directly or indirectly controlled by the Company.**

Investment Ownership

2023.3.31; Unit: Shares; %

Investment (Note 1)	Investment by the Company		Investment by directors, officers and directly/indirectly owned subsidiaries			Total investment	
	Shares	Proportion	Shares	Proportion	Shares	Proportion	
IKKA Japan	64,081	100%	-	-	-	100%	
IKKA Vietnam	2,500,000	100%	-	-	-	100%	
M.A.C Technology (Malaysia) Sdn. Bhd.	41,665,000	100%	-	-	-	100%	
IKKA (Hong Kong) Co., Limited	80,067,000	100%	-	-	-	100%	
IKKA Dongguan.	Note 2	100%	-	-	-	100%	
Sol-Plus(HK) Co.,Ltd.	7,000,000	100%	-	-	-	100%	
Sol-Plus Co.,Ltd.(JP)	3,404,019,254	100%	-	-	-	100%	
Hiraiseimitsu (Thailand) Co., Ltd.	2,500,000	100%	-	-	-	100%	

Note 1: Long-term Investment of the Company. Note 2: it is a limited company without issuing shares.

### III Capital Raising

#### 1. Capital and Share

##### (1) Source of Share Capital

May 2, 2023; Unit: Thousand Shares/Thousand Dollars

Year/Month	Offering Price	Authorized Share Capital		Paid-in Capital		Note		
		Unit Issued	Amount	Unit Issued	Amount	Source of Share Capital	The use of property other than cash to offset the payment of shares	Others
2016.03	USD 0.01	5,000	50	1 share	USD 0.01	Establishment of share capital		
2019.03	USD 0.01	5,000	50	10,702.6 shares	USD 107.026		Organizational restructuring issuance of 10,701.6 shares	Note1
2019.03	USD 0.01	5,000	50	10,701.6 shares	USD 107.016			Note2
2020.01	USD 0.01	5,000	50	44,590 shares	USD 445.90		Organizational restructuring issuance of 33,888.4 shares	Note3
2020.03	NTD 10	40,000	400,000	20,000	200,000	Par Value conversion 20,000 thousand shares		Note4
2020.11	NTD 10	40,000	400,000	22,000	220,000	Issue of new shares. Issuance price of NTD 58 per share		
2021.05	NTD 10	40,000	400,000	27,000	270,000	Initial public offering of new shares Issuance price of NTD 58 per share		
2022.09	NTD 10	40,000	400,000	29,212	292,124	ESOP converted 107,000 shares of common stock	Issuance of new shares in exchange for 2,105,000 shares of Sol-Plus	Note5
2022.12	NTD 10	40,000	400,000	29,241	292,414	ESOP converts 29,000 shares of common stock		
2023.03	NTD 10	40,000	400,000	29,252	292,524	ESOP converts 23,000 shares of common stock	Cancellation of 12,000 shares of treasury stock	Note6
2023.04	NTD 10	40,000	400,000	29,256	292,564	ESOP converts 4,000 shares of common stock		

Note 1: The Company issued new shares in exchange for shares with AVY HIGH TECH LIMITED.

Note 2: The Company's shareholder, JABON INTERNATIONAL CO., LTD. returned one share without compensation.

Note 3: The Company issued new shares in exchange for shares with the shareholders of Daiichi Kasei Holdings Co.

Note 4: The Company change the par value of its share capital from USD 0.01 per share to NTD 10 per share.

Note 5: The Company acquired 100% of the shares of Sol Plus from Gold Market Investments Limited, a company established in Samoa, Jinmai Investment Co., Ltd., ABICO ASIA CAPITAL CO., LTD., and ABICO ONE VENTURE CAPITAL CO., LTD. (unofficial translation of 能率壹創業投資股份有限公司). The Company issued 2,105,408 new shares of NT\$10 each as part of the consideration for the transfer of the shares of Sol-Plus (HK) Co.Ltd.

Note 6: The purpose of repurchasing the Company's common shares was changed by the board of directors on February 16, 2023 into protecting the Company's credit and shareholders' rights, and the registration of the paid-in capital amount of treasury stock cancellation was completed on March 23, 2023.

Share Type	Authorized Share Capital			Note
	Outstanding shares (Note)	Unissued shares	Total	
Registered Ordinary Shares	29,256,408	10,743,592	40,000,000	As of: 2023/05/02

Note: The Company was listed on TWSE on May 31, 2021.

## (2) Shareholders' Structure

May 2, 2023

Shareholders' Structure	Government Organization	Financial Institution	Other Legal Person	Individual	Foreign institutions and individuals	Total
Number	-	2	22	3,161	17	3,202
Shareholding	-	558,000	17,028,283	8,506,351	3,163,774	29,256,408
Shareholding Percentage	-	1.91%	58.20%	29.08%	10.81%	100%

## (3) Distribution of Share

May 2, 2023

Shareholding Range	Number of Shareholders	Shareholding	Shareholding Percentage (%)
1-999	1,132	73,332	0.25
1,000-5,000	1,748	3,282,157	11.22
5,001-10,000	170	1,293,286	4.42
10,001-15,000	52	659,169	2.25
15,001-20,000	33	614,500	2.10
20,001- 30,000	25	617,526	2.11
30,001- 40,000	8	290,000	0.99
40,001-50,000	7	310,000	1.06
50,001- 100,000	11	828,541	2.83
100,001-200,000	4	595,673	2.04
200,001-400,000	5	1,503,506	5.14
400,001-600,000	3	1,423,000	4.86
600,001-800,000	0	0	0.00
800,001-1,000,000	0	0	0.00
Over 1,000,001 are graded according to the actual situation	4	17,765,718	60.73
Total	3,202	29,256,408	100.00

## Preferred Share

May 2, 2023

Class	Amount of Shareholder	Amount of Share	Shareholding Percentage (%)
The Company had not issued preferred shares as of May 2, 2023.			

## (4) Major Shareholders

April 26, 2022; Unit: share

Name of Major Shareholder (Nationality or Place of Incorporation)	Share Amount of Share	Shareholding Percentage
JABON INTERNATIONAL CO., LTD. (incorporated in Taiwan)	10,900,000	37.26%
ABICO AVY CO., LTD (incorporated in Taiwan)	4,000,000	13.67%
CTBC Bank Co., Ltd. in custody for Jinmai Investment Co., Ltd.	1,716,718	5.87%
CTBC Bank Co., Ltd. in custody for Li-Ji Investment Co., Ltd. (unofficial translation of 立 基投資(股)公司)	1,149,000	3.93%
Mega International Commercial Bank Co., Ltd. (incorporated in Taiwan)	550,000	1.88%
Jia-Mai Investment Co. Ltd. (incorporated in Taiwan)	449,000	1.53%
Fangzhi Publishing Co., Ltd. (incorporated in Taiwan)	424,000	1.45%
ABICO ASIA CAPITAL CO., LTD. (incorporated in Taiwan)	388,690	1.33%
Hotung Venture Capital Corporation (incorporated in Taiwan)	375,000	1.28%
Guang-Yuan Investment Co., Ltd. ((unofficial translation of 廣源投資(股)公司) (incorporated in Taiwan)	280,000	0.96%

## (5) Market price, net value, earnings, dividends and related matters in the most recent fiscal two years

Unit: NTD

Item	Year	2021 (note 3)	2022 (note 3)	2023 as of March 31
		Market Price Per Share	Highest	220.00
	Lowest	96.60	64.50	70.10
	Average	139.76	87.20	73.01
Net Value Per Share	Before Distribution	54.62	56.27	53.34
	After Distribution	51.40	53.30	Not applicable
Earnings Per Share	Weighted Average Shares (thousand shares)	24,917	29,241	29,252
	Diluted Earnings Per Share (Note 1)	7.19	4.06	(0.06)
Dividends Per Share	Cash Dividends (Note 2)	3.22222222	3.00	Not applicable
	Stock Dividend	-	Not applicable	
	Accumulated Undistributed Dividend	-	-	Not applicable
Return on Investment	Price/Earnings Ratio	23.06	24.63	Not applicable
	Price/Dividend Ratio	43.37	29.07	Not applicable
	Cash Dividend Yield	2.31%	3.44%	Not applicable

Source: Audited financial statements for each year

Note 1: Earnings per share after tax.

Note 2: The Company's 2022 earnings were resolved by the Board of Directors on May 08, 2023 and presented to the shareholders at the annual meeting.

Note 3: On September 1, 2022, the Company acquired the equity of Sol-Plus (HK) Co. Ltd., representing an organizational restructuring under joint control. Therefore, the consolidated financial statements for the fiscal year 2021 have been retrospectively adjusted.

## (6) Dividend Policy and Implementation Status

### A. Dividend Policy as stipulated in the Company's Articles of Incorporation

- (a). The Company is in the growth stage. Based on the needs for capital expenditure, business expansion, and sound financial planning for sustainable development, the dividend policy of the Company will be distributed to the shareholders of the Company in the form of cash dividends and/or stock dividends according to the Company's future capital expenditure budget and capital demand, and in response to the changes in the economy and industry.
- (b). If the Board of Directors resolves to distribute profits, it shall prepare a plan for such distribution by an ordinary resolution of the shareholders. The Board of Directors shall prepare such a profit distribution plan in the following manner:
  - (a) The Company shall appropriate the tax payable in accordance with the law.
  - (b) Make up the losses (if any) in previous years regarding the annual net profit.
  - (c) A special reserve shall be appropriated or reversed in accordance with the Public Company Act or as required by the competent authorities.

Unless otherwise stipulated by laws and regulations and the Public Company Act, earnings for the year, after deducting the amounts in (a) to (c) above and adding the accumulated undistributed earnings from prior years, are the distributable earnings. The board of directors shall submit the proposed distributable surplus profit distribution plan to the shareholders' meeting for resolution. The distribution of earnings may be made in cash dividends or stock dividends (transferring earnings to capital and distributing shares to shareholders in proportion). If the board of directors resolves to distribute profits, the total amount of dividends to shareholders shall be at least 40% of the current year's earnings after deducting items (a) to (c) above, and the total amount of cash dividends shall not be less than 10% of the total amount of dividends to shareholders.

### B. The situation of dividend distribution proposed by the board of directors.

For the Company's 111th annual earnings distribution, the Board of Directors resolved on May 8, 2023, that, in accordance with the Company Law and the Company's Articles of Incorporation, after adding NTD 439,225,243 of the prior year's undistributed earnings, the current period's distributable earnings will be NTD 558,800,399, and the proposed cash dividends to shareholders will be NTD 3.0 per share. The proposed distribution of earnings will be reported to the shareholders at this year's annual general meeting.

- (7) Effect of the proposed free stock distribution on the Company's operating results and earnings per share:

The Company did not distribute stock dividends, so there was no effect.

- (8) Remuneration for employees and directors

- A. Percentage or range of remuneration of employees, directors and supervisors as stated in the Articles of Incorporation:

The Company shall distribute employees' remuneration at a rate of not less than 8% and not more than 15% of the Company's net profit for the year before deduction of employees' remuneration and directors' remuneration and shall distribute directors' remuneration at a rate of not more than 5% of the Company's net profit for the year before deduction of employees' remuneration and directors' remuneration if any. However, if the Company still has accumulated losses, it shall reserve the compensation amount in advance. Employee remuneration may be in the form of stock or cash and may be allotted in accordance with the employee incentive plan agreed to in Article 11.1. Employee remuneration may be paid to employees of domestic and foreign-controlled or subordinate companies who meet specific criteria. The board shall make the distribution of employees' remuneration of directors with the attendance of more than two-thirds of the directors and the resolution agreed by more than half of the directors present and reported to the shareholders' meeting. A director who currently serves as the executive director of the Company and/or its domestic and foreign-controlled or affiliated companies may receive his remuneration both as a director and as an employee.

- B. The accounting treatment for the difference between the estimated amount of compensation to employees and directors and the actual amount of distribution based on the number of shares distributed to employees and the estimated amount of compensation:

Compensation to employees and directors is estimated on the basis of the amount that may be distributed in accordance with the Company's Articles of Incorporation. If the estimated amount differs from the resolution of the shareholders' meeting, the difference will be regarded as changes in the accounting estimate and recorded as an adjustment in the year of the shareholders' meeting.

- C. The distribution of remuneration approved by the Board of Directors
- (a). The amount of remuneration to employees and directors in cash or stock. If there is any difference between the estimated amount and the amount, reasons, and treatment of the difference should be disclosed:
- i. Remuneration to employees and directors for distributions:

The estimated amount of employees' remuneration in 2022 is NTD 10,498,000 and directors' remuneration is NTD 6,561,000. On March 21,

2023, the Board of Directors resolved to distribute employee compensation of NTD 13,122,000 and director compensation of NTD 3,280,000.

- ii. If there is any difference between the estimated amount and the amount, reasons, and treatment of the difference should be disclosed:

Unit: Thousand NTD

Allocated Items	Actual Distributed Amount	Estimated Amount	Differences of the Amount	Reasons and Treatment of the Difference
Remuneration to Employees	13,122	10,498	2,624	The difference is mainly due to the adjustment of the allotment ratio. The difference has been adjusted to profit or loss in fiscal 2023.
Remuneration to Directors	3,280	6,561	(3,281)	

- (b). The proportion of the amount of employee compensation distributed in stock to the total tax net income and total employee compensation for the period: None.

D. The actual distribution of the remuneration of employees and directors in the previous year (including the number of shares distributed, the amount, and the share price), if there are any differences between them and the recognized remuneration of employees, directors, and supervisors, and the differences, reasons, and treatment shall be stated:

- (a). Actual distribution

Unit: Thousand NT Dollars

Actual distribution in the previous year (110): Distribution items	Proposed distribution from the original board of directors	Actual number of distributions reported to shareholders	Variance
Employee Stock Bonus	-	-	-
Employee Cash Bonuses	17,353	17,353	-
Remuneration for Directors and Supervisors	4,338	4,338	-

- (b). Variances from the recognized employee dividends and directors' remuneration: None.

- (9) The Company's repurchase of shares of the Company:



(2) May 31, 2023

Repurchase Period	First time buying back
Expected Repurchase of Company Shares	
Date of Board Resolution:	October 25, 2022
Purpose of Repurchase (Note)	Transfer of shares to employees
Repurchase Period	From October 26, 2022 to December 23, 2022
Repurchase Price Range	NT\$60 to NT\$100
Types and Quantity of Shares Repurchased	12,000 ordinary shares
Amount paid for repurchased shares	NT\$847,403
Percentage of Repurchased Shares to Planned Repurchase Quantity	2.4%
Number of Shares Eliminated and Transferred	12,000 shares
Accumulated Number of Shares Held by the Company	-
Percentage of Accumulated Shares Held by the Company to Total Issued Shares	-

**2. Issuance of Corporate Bonds:**

None.

**3. Issuance of Preferred Shares:**

None.

**4. Issuance of American Depositary Shares:**

None

**5. Issuance of Employee Stock Options:**

- (1) The effective date, issue date, number of units issued, the ratio of the number of shares issued to the total number of shares issued, the duration of the stock options, the method of performance, the period and ratio of restricted stock options, the number of executed shares, the amount of executed stock options, the number of outstanding stock options, the subscription price per share for outstanding stock options, the ratio of the number of outstanding stock options to the total number of shares issued, and the effect on shareholders' equity as of the printing date of the annual report.

May 2, 2023

Type of employee stock option certificate	1st (session) employee stock option
Filing Effective Date	Not applicable (Note 1)
Issue Date	July 17, 2020
Duration	The duration of the stock options is five years from the date the stock options are granted to employees.
Number of units issued	1,075,000 Unit
Number of shares issued as a percentage of the total number of shares in issue	3.67%
Subscription period	After two years from the date of granting employee stock options, the stock option rights can be exercised in accordance with the applicable rule.
Performance Method	Delivery by way of issuance of new shares by the Company
Restricted period and rate (%)	50% exercisable after 2 years from the date of granting 75% exercisable after 3 years from the date of granting

	100% exercisable after 4 years from the date of granting
Number of executed shares	163,000 shares
Amount of executed stock options	NTD 6,177,700
Number of unexecuted shares	912,000 shares
Subscription price per share for unexecuted stock options	NTD 37.90
Number of unexecuted warrants to Ratio of outstanding warrants to total number of issued shares (%)	3.12%
Effect on shareholders' equity	The total number of unexercised employee stock options is 912,000 shares, which represents only 3.12% of the paid-in capital of 29,256,408 shares, and the dilution effect is limited. In addition, considering the various incentives for employees and the increase in employee loyalty to the Company, the plan to issue employee stock options as an incentive for employees has no significant impact on shareholders' equity.

Note 1: The Company was a non-public offering company at the time of issuing the employee stock options, and the issue was approved by the board of directors.

(2) The names of managers and the top ten employees who acquired stock options as of the publication date of the annual report, and the acquisition and subscription status of the stock options.

	Position	Name	Number of share options acquired	Number of share options acquired to the total number of issued shares	Executed				Unexecuted			
					Number of Subscriptions	Subscription Price	Amount of subscription	Ratio of number of subscriptions to total number of shares issued	Number of Subscriptions	Subscription Price	Amount of subscription	Ratio of number of subscriptions to total number of shares issued
Manager	Group Chairman, Chief Strategy Officer	Hu, Hsiang-Chi	239,000 shares	0.82%	38,000 shares	37.90	NTD 1,440,000	0.13%	201,000 shares	NTD 37.90	NTD 7,618,000	0.69%
	Group General Manager, IKKA Japan Chairman	Obara Masami										
	Taiwan Branch General Manager	Yang, Chao-Yu										
	IKKA Hong Kong, IKKA Dongguan President/General Manager	Katsumi Nakagawa										
	IKKA Vietnam President/General Manager	Hiroshi Aoki										
	Group Chief Financial Officer	Chiang, Shuo-Yen										
	Group Chief Auditor	Peng, Lien-Chu										
Employee	Chief Operating Officer of ABICO AVY CO., LTD.	Tong, Chun-Jen	320,000 shares	1.09%	90,000 shares	37.90	NTD 3,411,000	0.30%	230,000 shares	NTD 37.90	NTD 8,717,000	0.79%
	Chief Investment Officer of ABICO AVY CO., LTD.	Tong, Chun-Yi										
	Chief Financial Officer of ABICO AVY CO., LTD.	Chou, Che-Yi										
	Group Accounting Manager	Liu, Hsiu-Chin										

Position	Name	Number of share options acquired	Number of share options acquired to the total number of issued shares	Executed				Unexecuted				
				Number of Subscriptions	Subscription Price	Amount of subscription	Ratio of number of subscriptions to total number of shares issued	Number of Subscriptions	Subscription Price	Amount of subscription	Ratio of number of subscriptions to total number of shares issued	
Vice President of IKKA Japan	Kobayashi Ryō Hisa											
Director of IKKA Japan	Katō hisao											

Position	Name	Number of share options acquired	Number of share options acquired to the total number of issued shares	Executed				Unexecuted				
				Number of Subscriptions	Subscription Price	Amount of subscription	Ratio of number of subscriptions to total number of shares issued	Number of Subscriptions	Subscription Price	Amount of subscription	Ratio of number of subscriptions to total number of shares issued	
Vice President IKKA Japan	Nishio Shingo											
Deputy Plant Manager IKKA Japan	Nomura Kazuhiko											
Manager IKKA Japan	Inomata Noriyuki											
Manager IKKA Japan r	Shanglin Lin											
Section Chief IKKA Japan	Matsubara yū											
Special Assistant IKKA Malaysia	Chen, Ping-Yang											

**6. Status of Employee Restricted Stock:**

None.

**7. Status of New Share Issuance in Connection with Mergers and Acquisitions:**

Please refer to 8. Funding Plans and Implementation of this annual report for the Company's acquisition of new shares of other companies.

## 8. Funding Plans and Implementation

- (1). The analysis of the matters that should be recorded in the previous plan for the issuance of new shares or corporate bonds from previous cash capital increase, merger or acquisition, or transfer of shares of another company:

The Company has not engaged in any private placement of securities, mergers or acquisitions, or issuance of corporate bonds up to date, and all of the Company's previous offerings and issuances of securities have been completed. In addition, for those cases where the actual completion date of the plan is less than three years from the time of filing, there are new shares issued in cash in 2020 and new shares issued in cash in 2021, and the contents, status of implementation and benefits of the plans are described as follows:

### A. Issuance of New Shares through Cash Capital Increase in 2020

#### (a). Plan Contents

- i. Approval date and document number of the cash capital increase in cash and the document number: The Company applied for the capital increase plan before the public offering, thus not applicable.
- ii. Total amount of capital required for the project: NTD 116,000,000.
- iii. Source of funds: 2,000,000 ordinary shares will be issued by cash capital increase, with a par value of NTD 10 per share and an issue price of NTD 58 per share. The total amount of funds raised is NTD 116,000,000.
- iv. Plan and estimated progress of capital utilization.

Unit: Thousand NT dollars

Plan	Estimated Completion Date	Total Funds	Progress of the scheduled use of funds
			2020 Q3
IKKA Group operating capital	2020 Q3	116,000	116,000
Total		116,000	116,000

- v. Expected Benefit.  
This funding plan is expected to raise NT\$116,000,000, which will be used to strengthen the financial structure and enhance the debt repayment ability, as well as to improve the flexibility of capital deployment and reduce the debt ratio and operational risks.

#### (b). Execution status and benefit analysis:

- (a). Implementation: The funds raised by this cash capital increase have been implemented in the third quarter of 2020.

i. Actual implementation

Unit: Thousand NT dollars

Plan	Execution Status		2020 Q3	Progress ahead of or behind schedule, reasons and improvement plans
IKKA Group operating capital	Amount spent	Expected	105,000	The plan was completed as scheduled
		Actual	105,000	
	Progress of implementation	Expected	100%	
		Actual	100%	
Total	Amount spent	Expected	105,000	
		Actual	105,000	
	Progress of implementation	Expected	100%	
		Actual	100%	

ii. Executive Benefit Evaluation

Unit: Thousand NT dollars

Item	Year	Before capital increase	After capital increase
		2020 Q2	2020 Q3
Basic Financial Information	Current Assets	1,617,861	1,766,863
	Current liabilities	1,530,612	1,523,420
	Total Liabilities	1,871,037	1,852,760
	Operating Revenue	747,079	967,413
	Operating profit	15,121	52,785
	Interest expense	3,565	4,007
	Earnings per share (NT\$)	0.81	2.25

Source: Certified Public Accountants' Review of Financial Statements

In 2020, the funds raised through our cash capital increase of the amount of NT\$116,000,000 were fully utilized to enhance operating capital. In terms of basic financial information, after the fundraising, the end-of-Q3 2020 current assets increased from NT\$1,617,861,000 at the end of Q2 2020 to NT\$1,766,863,000, which was mainly due to an increase in accounts receivable resulting from a slight recovery in revenue growth as the COVID-19 pandemic situation eased. The current liabilities and total liabilities decreased from NT\$1,530,612,000 and NT\$1,871,037,000, respectively, before the fundraising to NT\$1,523,420,000 and NT\$1,852,760,000 after the fundraising. This reduction was primarily attributed to the repayment of bank loans.

In Q3 2020, after the fundraising, there was an increase in operating revenue, operating income, and earnings per share compared to Q2 2020 before the fundraising. This was mainly driven by the recovery in demand for automotive products as the COVID-19 pandemic situation eased. Additionally, the demand for bidets as an anti-pandemic product increased, leading to an increase in demand for high-end products and subsequent price increases. As a result, gross profit, operating profit, and

earnings per share all increased. The operating revenue after the fundraising increased to NT\$967,413,000, representing a growth rate of 29.49%. The operating income increased to NT\$52,785,000, reflecting a growth rate of 249.08%. The earnings per share increased to NT\$2.25 compared to before the fundraising.

Item		Year	Before capital increase	After capital increase
		2020 Q2	2020 Q3	2020 Q3
Financial Structure	Debt-to-Asset Ratio		70.07%	66.06%
	Long-term Funds to Property, Plant, and Equipment Ratio		135.09%	153.98%
Repayment Capacity	Current Ratio%		105.70%	115.98%
	Quick Ratio%		70.56%	82.84%

After comparing the financial structure and debt repayment capacity ratios before and after the fundraising, our company's debt ratio decreased from 70.07% before the fundraising to 66.06% after the fundraising. The ratio of long-term funds to property, plant, and equipment increased from 135.09% before the fundraising to 153.98% after the fundraising. The current ratio and quick ratio increased from 105.70% and 70.56% before the fundraising to 115.98% and 82.84% after the fundraising, respectively. Both the financial structure and debt repayment capacity have significantly improved compared to before the capital increase.

In summary, after utilizing the funds raised through cash capital increase to enhance working capital, our company's basic financial data, financial structure, and debt repayment capacity have shown improvement compared to before the fundraising. This indicates that the benefits of the cash capital increase have become apparent.

## B. Issuance of New Shares through Cash Capital Increase in 2021

### (a) Plan Contents

- i. Approval Date and Document Number by Regulatory Authority: Letter No. 11017014171 from Taiwan Stock Exchange dated April 26, 2021.
- ii. Total Planned Funding Amount: NT\$478,826,000.
- iii. Funding Sources: Cash capital increase through the issuance of 5,000,000 shares of common stock, with a par value of NT\$10 per share. Among them, 3,399,000 shares were publicly underwritten through competitive auction, with a total winning amount of NT\$357,150,000. The remaining 851,000 shares were publicly subscribed, determined by the weighted average of winning bid prices from the competitive auction, the subscription price is NT\$76 per share. The total amount raised through public subscription and employee subscriptions for this fundraising project, totaling 1,601,000 shares, amounted to NT\$121,676,000. Therefore, the total fund raised was NT\$478,826,000.

iv. Plan and estimated progress of capital utilization.

Unit: Thousand NT dollars

Plan	Estimated Completion Date	Total Fund Required	Progress of the scheduled use of funds
			2021 Q2
IKKA Group operating capital	2021 Q2	478,826	478,826

v. Expected Benefit.

This funding plan is expected to raise NT\$478,826,000 of operating capital, which will be used to strengthen the financial structure and enhance the debt repayment ability, as well as to improve the flexibility of capital deployment and reduce the debt ratio and operational risks.

(b) Execution status and benefit analysis:

i. Actual implementation

Unit: Thousand NT dollars

Plan	Execution Status as of 2020 Q3			Progress ahead of or behind schedule, reasons and improvement plans
IKKA Group operating capital	Amount spent	Expected	478,826	The original funding utilization plan of the Company was scheduled to be completed in the second quarter of 2021. However, due to the impact of the COVID-19 pandemic, it was postponed to the third quarter of 2021 for execution and remittance. The raised funds were fully invested in enhancing operational capital. As of the end of the third quarter of 2021, the funds have been fully utilized. The evaluation of the delayed progress in implementation indicates reasonable causes, and there are no significant abnormal circumstances.
		Actual	478,826	
	Progress of implementation	Expected	100%	
		Actual	100%	
Total	Amount spent	Expected	478,826	
		Actual	478,826	
	Progress of implementation	Expected	100%	
		Actual	100%	

As of the end of the third quarter of 2021, the Company has completed the issuance of new shares through cash capital increase for the fundraising plan of the year 2021. The utilization of funds has been reported quarterly as required and disclosed on the Market Observation Post System. The planned projects have been executed and there are no significant abnormalities.

ii. Executive Benefit Evaluation



Unit: Thousand NT dollars

Item	Year	Before capital increase	Before capital increase	After capital increase
		2020 Q2	2021 Q1	2021 Q2
Basic Financial Information	Current Assets	1,617,861	1,918,230	2,411,386
	Current liabilities	1,530,612	1,261,235	1,351,764
	Total Liabilities	1,871,037	1,882,140	1,941,202
	Operating Revenue	747,079	963,516	922,057
	Operating profit	15,121	61,972	66,887
	Interest expense	3,565	7,500	3,583
	Earnings per share (NT\$)	0.81	2.37	1.97

In 2021, the Company carried out a cash capital increase of NT\$478,826,000, which was fully utilized to enhance operating capital. The execution of the fundraising plan was completed in the third quarter of 2021. In terms of basic financial information, the Company's current assets as of the end of June 2021 had increased compared to the end of March 2021, mainly due to the collection of share capital from the cash capital increase conducted in May 2021, resulting in an increase in cash and cash equivalents and subsequently increasing current assets. The Company's current liabilities and total liabilities also increased as of the end of June 2021 compared to the end of March 2021 primarily due to the resolution passed at the shareholders' meeting on June 30, 2021, to distribute cash dividends of NT\$81,000,000, leading to an increase in accounts payable for dividends and subsequently increasing current liabilities and total liabilities.

In the second quarter of 2021, the Company's operating revenue decreased by NT\$41,459,000 compared to the first quarter of 2021. This was mainly attributed to the impact of the COVID-19 pandemic, as European and American customers increased their awareness of epidemic prevention, resulting in increased demand for sanitary appliances such as touchless automatic lid-opening toilets in the first quarter of 2021. The operating profit in the second quarter of 2021 increased by NT\$4,915,000 compared to the first quarter of 2021. This increase was primarily due to the refund of disability benefits received by IKKA in Dongguan from the tax authorities and a reduction in average employee number in the second quarter of 2021 compared to the first quarter, leading to a decrease in salary and social security expenses. The interest expenses in the second quarter of 2021 decreased

compared to the first quarter of 2021, mainly due to the re-negotiation of bank loan facility fees between IKKA in Japan and its main banks, such as Ashikaga Bank, in the first quarter of 2021. The earnings per share in the second quarter of 2021 decreased by NT\$1.97 compared to the first quarter of 2021, primarily due to an increase in the outstanding shares after the cash capital increase. Although the operating revenue and earnings per share in the second quarter of 2021 decreased compared to before the capital increase, the reasons for the decline in operating revenue and earnings per share mentioned above are considered reasonable and there are no abnormal circumstances. Furthermore, the Company's operating revenue, operating profit, and earnings per share in the second quarter of 2021 increased by NT\$174,978,000, NT\$51,766,000, and NT\$1.16, respectively, compared to the same period last year. The growth rates were 23.42%, 342.35%, and 143.21%, respectively, indicating the effectiveness of the fundraising plan in enhancing operating capital.

Item		Year	Before capital increase	After capital increase
			End of 2021 Q1	End of 2021 Q2
Financial Structure	Debt-to-Asset Ratio		64.77%	57.29%
	Long-term Funds to Property, Plant, and Equipment Ratio		206.91%	265.74%
Debt Repayment Capacity	Current Ratio%		152.09%	178.39%
	Quick Ratio%		110.92%	136.95%

Comparing the financial structure and debt-servicing capacity ratios before and after the capital increase, the Company's debt ratio has decreased from 64.77% before the capital increase to 57.29% after the capital increase. The ratio of long-term funds to fixed assets, plant, and equipment has increased from 206.91% before the capital increase to 265.74% after the capital increase. The current ratio and quick ratio have increased from 152.09% and 110.92% before the capital increase to 178.39% and 136.95% after the capital increase, respectively. Both the financial structure and debt repayment capacity have significantly improved compared to before the capital increase.

In summary, after utilizing the proceeds from the cash capital increase to enhance operating capital, the basic financial data, financial structure, and debt repayment capacity have shown improvement, except for the growth in operating revenue and earnings per share.

However, the operating revenue and earnings per share have increased compared to the same period last year, indicating the effectiveness of the cash capital increase.

(2). Matters to be recorded in this cash capital increase plan, issuance of corporate bonds or issuance of employee stock options or restricted employee rights new shares: Not Applicable.

(3). Matters to be recorded regarding the issuance of new shares for the acquisition of shares from another company:

Name, quantity, and recipients of the acquired shares

The consideration for the Company's acquisition of 100% equity of Sol-Plus Corporation includes cash amounting to USD 3,500,000 and 2,105,408 shares of the Company's stock. To fulfill the stock consideration required for the acquisition of Sol-Plus Corporation's equity, the Company plans to issue 2,105,408 common shares. This issuance of new shares is conducted in accordance with the laws of the Cayman Islands and the Company's articles of association. It also complies with Article 156-3 of the Company Act of Taiwan and Article 25 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. The resolution for the issuance of new shares was approved by the Company's board of directors on June 30, 2022. The stock consideration portion is for the two legal entity shareholders of Sol-Plus Corporation, who hold 65% of the total 4,550,000 issued shares of Sol-Plus Corporation.

A. Plan Contents

(a). Approval date and document number by the competent authority: Letter No. 1111702334 issued by the Taiwan Stock Exchange on August 3, 111 (2022).

(b). Planned schedule and benefits

The Company acquired 100% equity of Sol-Plus Corporation through a combination of USD 3,500,000 in cash and the issuance of 2,105,408 shares of new shares. The date of September 1, 2022 was set as the reference date of the share exchange. The new shares were successfully listed on September 28, 2022. Following the completion of share conversion, the integration of resources between the two companies is expected to have positive effects on finance, business, and shareholders' equity. The anticipated benefits of the integration have gradually become

evident.

B. Conditions and restrictions on the future transfer of acquired shares: None.

## IV Operational Highlights

### 1. Business Activities

#### (1) Business Scope

##### 1. Business Scope

##### (A) The main contents of the business of the Company and its subsidiaries

The Group's main production items are automotive parts, bathroom appliances, office equipment, and other components. The final products include EPB electronic hand (parking) brake system, electrical system, steering system, vehicle body parts, toilet seat cover mechanical switch module parts and modules, and various industrial machinery parts and components processing products. Many of the automotive parts have been extended to new energy vehicles. On September 1, 2022, the Company acquired 100% equity of Sol-Plus (HK) Co., Ltd. (hereinafter referred to as Sol-Plus Company) through the issuance of new shares. Sol-Plus Company is primarily engaged in the production of automotive audio-visual plastic components and related plastic components for electric vehicle motors. The Company's acquisition of Sol-Plus Company allows for the integration of resources and entry into the electric vehicle supply chain.

##### (B) Proportion of Business

Unit: Thousand NT dollars: %

Year	2021(Note)		2022		2023 Q1	
	Sales	Business Proportion	Sales	Business Proportion	Sales	Business Proportion
Service						
Automotive	2,455,546	57.42	2,274,945	62.86	474,229	62.49
Bathroom and home appliances	720,296	16.84	595,243	16.45	117,206	15.44
Office Equipment	183,212	4.28	146,439	4.05	31,691	4.18
Other	917,819	21.46	602,006	16.64	135,807	17.89
Total	4,276,873	100.00	3,618,633	100.00	758,933	100.00

Note: On September 1, 2022, the Company acquired the equity of Sol-Plus (HK) Co. Ltd., which represents an organizational restructuring under joint control. Therefore, the consolidated financial statements for the fiscal year 2021 have been retrospectively adjusted, along with The simultaneous update of the revenue information for the same period.

(C) The Company's current goods (services) items

Product Type	Explanation	Apply Field
Automotive	EPB electronic hand (parking) brake system, relay box, EPS electric power steering assist system, gear for steering wheel angle sensor (SAS), gear for electric sliding door (PSD)	Vehicle control system (stability control system), Steering wheel, bus assembly, electric sliding door, electric rear view mirror, etc.
Bathroom and home appliances	Flushing nozzle module, toilet seat cover automatic opening/closing module, cleaning brush drive module, bathroom dryer flap module, air conditioner fan blade drive module, hand dryer blower head drive module	Washlet, bathroom dryer, air conditioner and hand dryer, etc.
Office Equipment	Drum drive module, drum bearing auxiliary module, bearing assembly gear, high-precision gear, toner mixing gear module, paper feed cartridge rising gear module, page drive gear module and lens change drive module	Laser printers, multifunctional machines, projectors

(D) Planned development of new products (services).

In line with the trend of automobile electronics and lightweight, the Group continues to refine its plastic injection molding technology, mold design and production capabilities, gear module design and assembly capabilities, and product measurement and evaluation capabilities to provide more diversified and higher value-added products and services. In addition, the company continue to develop the design and manufacturing capabilities of process automation equipment to enhance the competitiveness of our production lines.

## 2. Industry Overview

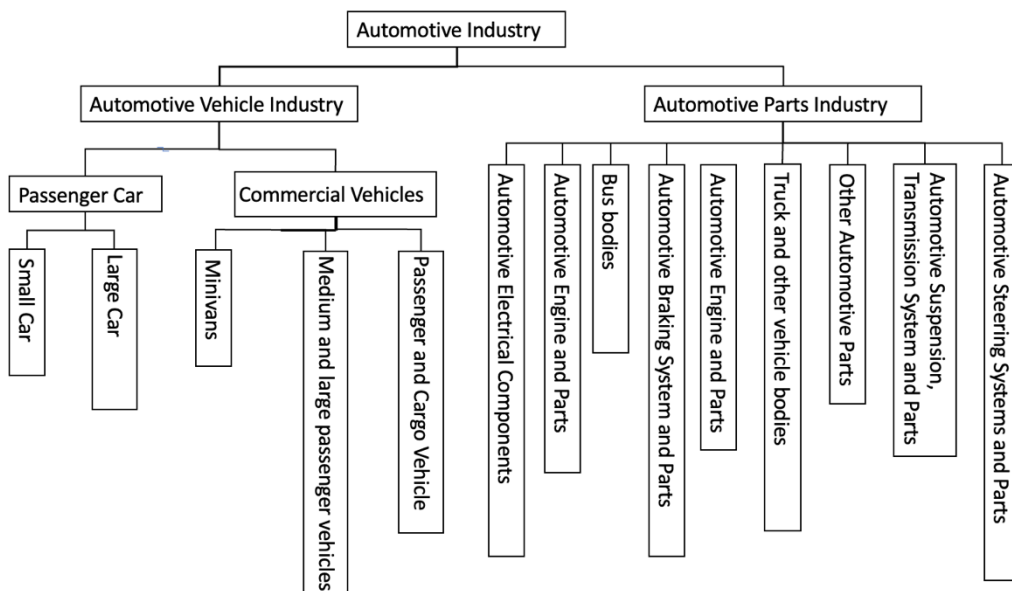
### (A) Current Industry Status and Development

#### 1. Automotive Industry

The automotive industry is a high-tech and capital-intensive industry with a substantial related industrial chain and a wide range of industries involved. A car consists of about 30,000 parts, including steel, plastic, rubber, glass, machinery, motor and electronics, and other industries, and relevant professionals include R&D, manufacturing, purchasing, marketing, management, warranty, and other skills. They are integrated into the entire automobile industry, driving the development of the employed population. Thus the automotive industry is known as the "locomotive industry." Because of this, the boom and bust of the automobile industry can easily affect the development of various industries. All advanced countries worldwide regard the automobile industry as an essential industry for national economic growth and spare no effort to support the automobile industry.

According to the classification of industrial production statistics, the automotive industry can be divided into the automotive vehicle industry and the automotive parts industry, of which the automotive parts industry can be further divided into nine categories, with the Company's products mainly belonging to automotive engines and components, automotive steering systems, brake systems and parts, and other automotive parts.

Classification of industrial production statistics for the automotive industry

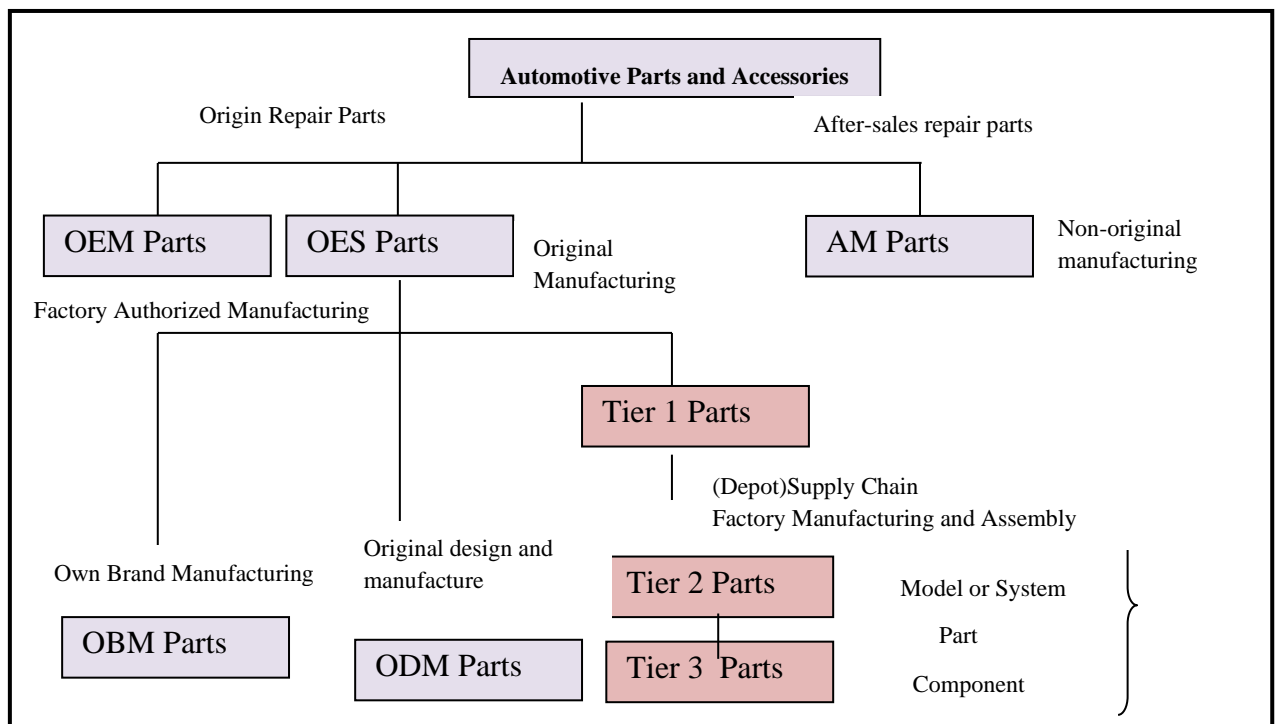


Note: Other auto parts include car frame beams, car body stamping parts, car bumpers, car exhaust pipes, car casting parts, car seat belts, and other unlisted auto parts.

Source:(Industrial Economics & Knowledge Center · IEK)

According to the IEK's data, automotive parts and components can be divided into "original manufacturing" and "non-original manufacturing" according to the international division of labor, among which original manufacturing can be further divided into "OEM parts and components," "OES parts and components," "ODM parts and components," and "OBM parts and components." The non-original made parts are classified as "AM parts."

### International division of automotive parts and components



Source: ITRI Industrial Economics and Knowledge Center (2020)

The Group's business type is mainly OEM manufacturing and processing, and its customers are mainly Tier 1 automotive parts suppliers in Japan, providing various plastic molded parts and modules required by them, which are part of the supply chain of original equipment manufacturing.

Cars have become an indispensable product in human life and work. In recent years, due to the rapid economic growth in emerging countries such as China, India and Brazil, global vehicle sales have been on a continuous growth trend from 2009 to 2018. However, since 2019, due to the impact of the U.S.-China trade war, the U.K.'s exit from the European Union, and the painful period of industrial transformation and upgrade in China, the global auto industry experienced a decline. According to a research report by the Automotive Research and Testing Center (ARTC), global automotive sales exceeded 90 million units from 2016 to 2018. However, in 2019, global



automotive sales reached 89.01 million units, representing a decrease of 3.64 million units compared to the 92.65 million units sold in 2018, in a decline rate of 3.9%.

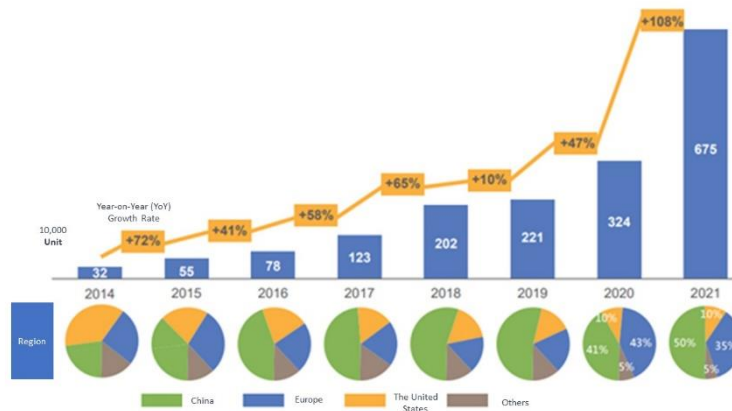
In 2021, the global automotive industry continued to be affected by the COVID-19 pandemic and faced challenges such as semiconductor shortages and disruptions in the automotive component supply chain. These factors limited production capacity and compressed market growth potential. However, with the widespread vaccination efforts and government policy support in various countries, the global automotive market managed to show some recovery. Although the sales volume did not reach pre-pandemic levels, the industry recorded sales of 80.38 million vehicles throughout the year, representing a modest growth of 4.3%.



Data Source: Marklines; Compiled by ARTC Vehicle Center

Furthermore, as global countries continue to develop and enforce energy-saving and carbon reduction policies, along with increasingly stringent carbon emission standards and limitations on traditional fuel-powered vehicles, the automotive industry witnessed a modest growth of only 4.7% in 2021, according to the research report by the Automotive Research and Testing Center (ARTC). This growth was hampered by the impact of the COVID-19 pandemic and the shortage of automotive chips. However, despite these challenges, the demand for electric vehicles defied the trend and experienced significant growth. Global sales of electric vehicles surpassed 6.75 million units in 2021, representing a 108% increase

compared to 2020. Electric vehicles s accounted for 8.3% of the overall passenger vehicle sales volume.



Data sources: EV-Volumes, EV-Sales, Argonne, Frost & Sullivan. Compiled by the Automotive Research and Testing Center (ARTC).

## 2. Residential Home Appliance Industry

Residential home appliances are household appliances driven by electric energy or mechanized action, which can help people perform household affairs. Home appliances can reduce human family life labor work, improve the living environment, enhance the quality of human home life, and is the fundamental symbol of modernization of life. With the development of society and economic progress and the improvement of human living standards, the demand and dependence on home appliances are gradually rising. In addition to the basic needs, consumers will pay more attention to environmental protection, energy-saving, wisdom, and multi-functional elements.

Household appliances can be divided into large home appliances and small home appliances. The large home appliances can be divided into "white home appliances" and "black home appliances." The "White home appliances" refers to the large home appliances used to meet and enhance the essential functions of daily life, such as air conditioners, refrigerators, washing machines, electric stoves, microwave ovens, water heaters, electric water heaters, etc. The "black home appliances" provide audio-visual entertainment such as TV sets, video players, VCD, DVD players, home gaming machines, home audio and home phones, treadmills, etc. Small appliances are those that are small in size and portable or used on desktops and other platforms, such as electric razors, vacuum cleaners, electric cookers, blenders, dehumidifiers, sewing machines, electric fans, and table lamps. The company's main end-use

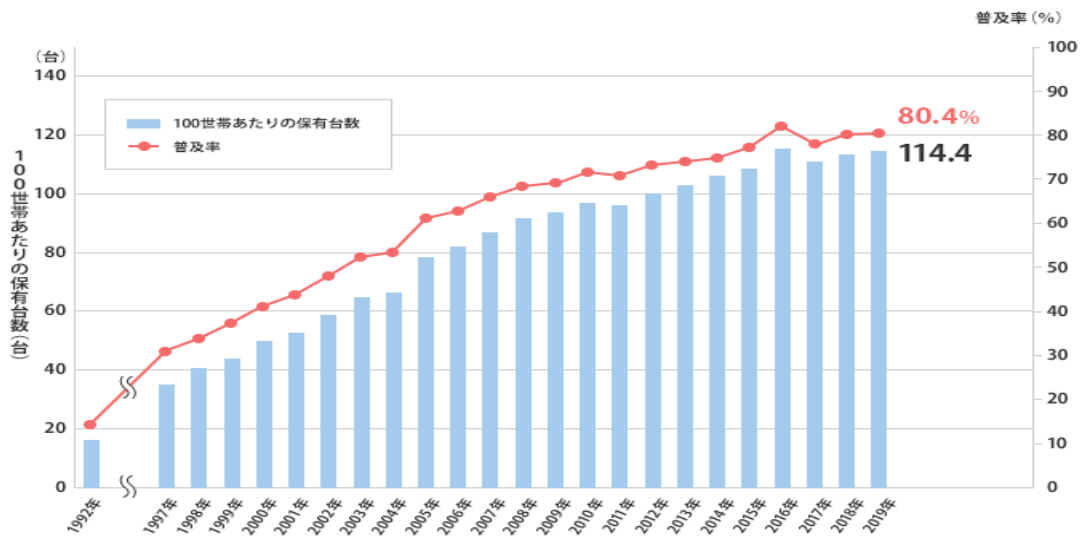
products are washlet and air conditioners, part of the white goods category of large home appliances.

Washlet is originated in the United States, initially used as medical equipment, and then developed rapidly in Japan and Korea until today. Washlet has gradually become popular in Japan, Korea, and other countries and has become one of the indispensable bathroom appliances in daily life. It is a complete set of toilet lids and seats with a warm water cleaning system. It has various functions on the side operation panel, which has environmental and medical attributes and plays a more critical role in home life. In addition, the health monitoring technology applied in the smart toilet, including body massage, temperature and weight monitoring, and urine analysis, can enable users to understand their health conditions and prevent diseases early easily.

With the improvement of human quality of life and the growth of consumer capacity, coupled with the continuous upgrade of the Washlet, Washlet is becoming more and more acceptable to consumers. According to a report published by Hengzhou Bozhi Research Center, the global smart toilet market size will be USD 3.174 billion in 2019. It will reach USD 4.582 billion by 2025, with a compound annual growth rate of The compound annual growth rate from 2019 to 2025 is 6.3 percent.

Due to the importance of environmental cleanliness in Japan, the Washlet has been a great success in the Japanese market and has created a unique Japanese toilet culture. Since 1967, Inez Pottery (now LIXIL Group Corporation) has produced Japan's first lukewarm water toilet seat. Since then, the manufacturers have been improving their products from the user's point of view, and with the improvement of functionality and comfort, the no-clean toilet has been widely recognized by consumers. It has not only been adopted in general households but also been used in general households, office buildings, commercial facilities, hotels, railroads, station buildings, airplanes, and other public uses in the 2010s. According to the Japanese Cabinet Office's Consumer Motivation Survey, the popularity rate of Washlet in Japan exceeded 80% for the first time in 2016. It will remain at 80.4% until 2019, with each family owning more than one Washlet on average.

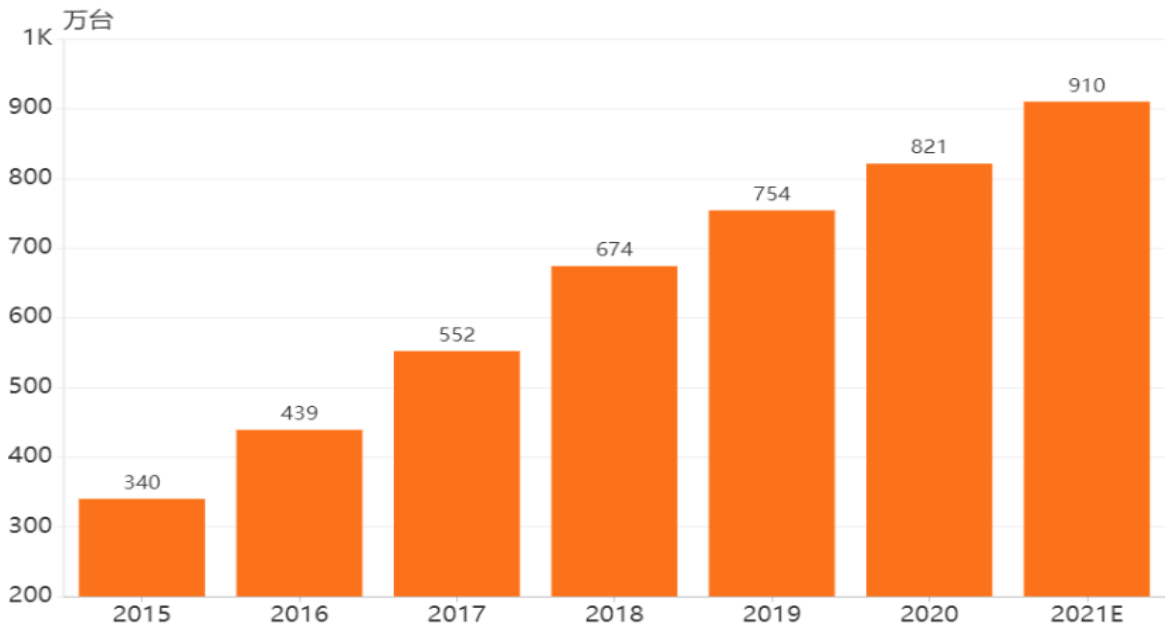
## 2019 Japan's washlet penetration rate and retention



Source: Japan Cabinet Office, Consumer Motivation Survey Data

On the other hand, in the Mainland China market, because the Washlet has a variety of functions such as hip cleaning, seat warming, warm air drying, automatic deodorization, etc., As the the national standard has improved in Mainland China, environmental hygiene awareness has increased, hygiene cleaning products began to be valued, Washlet is gradually popular among Chinese. According to the data from China Household Electric Appliances Association, the overall penetration rate of Washlet in mainland China in 2019 is still very low, only 1.80%, compared with 80% in Japan and 55% in Korea, there is still a lot of market space in the future. According to iiMedia Research, the sales volume of smart toilets in China was 8.21 million units in 2020. It is projected that the sales volume of smart toilets in China will reach 9.1 million units in 2021, showing a continued growth trend. It is estimated that with strong support from the Chinese government and the continuous improvement of people's living standards, the market size of smart toilets in mainland China will continue to expand.

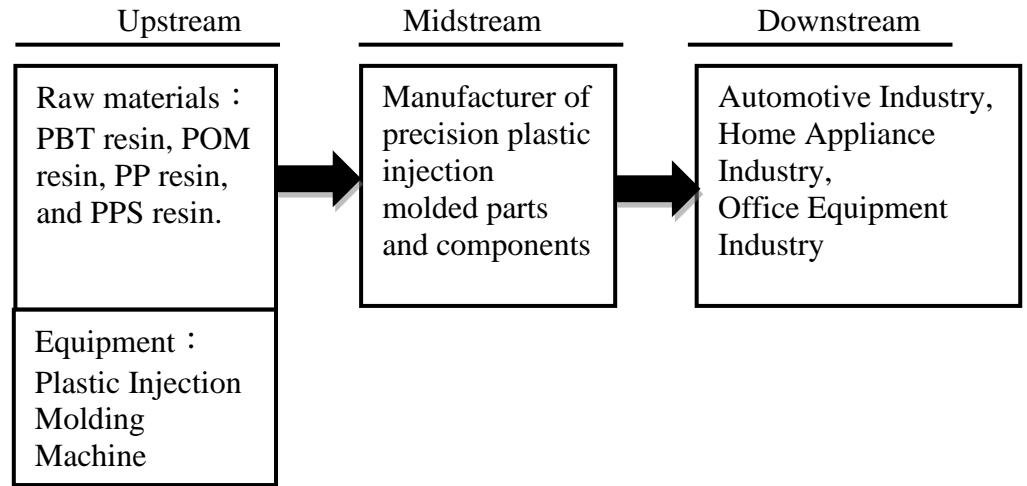
## Y2012~2021 China's Washlet penetration rate analysis and prediction



Source: iiMedia Research

### (B) Upstream, Midstream and Downstream Industry Linkages.

The raw materials and related production equipment purchased by the Group to produce the relevant products belong to the upstream of the industry's supply chain, mainly by purchasing various plastic raw materials, including PBT resin, POM resin, PP resin, and PPS resin, etc. The products produced by the Group include automotive parts and components, home appliance parts, and components for office equipment, which belong to the midstream of the supply chain of the industry; and the parts and components produced by the Group are critical parts and components necessary for the downstream use of the products. The Group's components are essential components for downstream products and have a wide range of applications in the automotive, home appliance, and office equipment industries. The supply chain's upstream, midstream, and downstream linkages are as follows.



(C) Various trends of product development

A. Automotive Industry

With the development of intelligent technology, advances in network technology, and the advent of the 5G era, consumers' reliance on technology in their lives has continued to rise. The automotive industry is developing in the direction of intelligent networking and automatic driving with the continuous advancement of related technology. The C.A.S.E program, first proposed by Daimler in 2016, is oriented toward Connected, Autonomous, Shared & Service, and Electrification, and Volkswagen (Germany) and Toyota (Japan) also put forward the related concept. The C.A.S.E has become the four cores of the future development of car manufacturers worldwide, and Japan extended the idea of MaaS (Mobility as a Service) by C.A.S.E in 2019 in response to the rapid growth development of 5G to further accelerate the development of driverless cars. For automotive component suppliers, the development of new energy vehicles such as electric vehicles will be driven by the CASE+MaaS framework towards modularization, electrification, automation, electrification, and lightweight automotive components.

According to the Deloitte 2020 Automotive Industry Trends Study, the number of small passenger vehicles with electrified power systems is expected to reach 25-30 million by 2025, and the number of vehicles with all kinds of new power systems, such as pure electric and plug-in hybrid, will grow by 34% on average in 2025. The growth and expansion of vehicle electrification will affect the development of the automotive supply chain, causing significant changes to automotive component suppliers and accelerating the transformation of the component industry. The demand for electrification, electronics, and automation of automotive components will

increase. The market for components such as electric transmission systems, batteries, advanced driver assistance systems, and electronic devices is expected to grow significantly.

### Market size of vehicle chassis electrification in Mainland China



Source: <https://news.sina.com.tw/article/20200406/34766992.html>

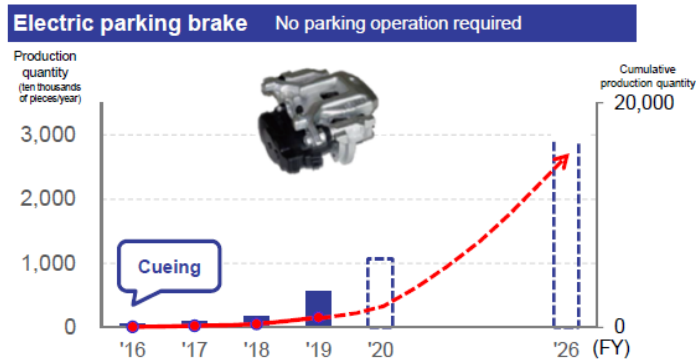
However, due to the development of vehicle electrification, all existing products will be gradually integrated through computerization. In the medium and long-term business development goals published by AISIN GROUP at the end of 2019, the electronic hand (parking) brake system (EPB) is listed as one of the four critical components in low-speed automatic driving.

### AISIN's key components for the low-speed autonomous driving field



Source: AISIN GROUP 2019/10/31 Interim Development Goals Report

### AISIN GROUP Electronic Braking System Future Growth Trend



Source: AISIN GROUP 2019/10/31 Interim Development Goals Report

## B. Residential Appliance Industry

### ① Smart home as a development trend

With the advancement of technology, AI, the Internet of Things (IoT), and 5G network development, through the introduction of artificial intelligence and IoT technology, home appliances can be further interconnected to make the human living environment more intelligent, comfortable, convenient and safe. The 5G network technology is an essential driver for the rapid development of the smart home. The low latency, broad connectivity, and high reliability of the 5G network can make data transmission and storage faster and more efficient, which is a significant aid for the integration of smart homes and other intelligent technologies. By linking terminal devices, networking, and cloud-based service architecture, context-aware service scenarios are gradually formed. After various devices (such as cell phones, smart speakers, home appliances, etc.) are connected to the cloud, more user behavior data can be obtained and analyzed, enabling smart home appliances to operate directly and actively to meet user needs, making consumers' home life more comfortable, more intelligent, more convenient, and safer. According to Statista data, the global smart home appliance market size is about USD 16.97 billion and estimated that the global smart home appliance market size would reach USD 21.52 billion in 2020, with a growth rate of 26.8%. The global smart home appliance market is expected to grow at a compound annual rate of 16.5% in the next five years to reach USD 39.63 billion in 2024.

② Energy saving and environmental friendly home appliance will become mainstream



As the world's population increases, environmental pollution and damage are becoming more and more serious, and global warming is gradually becoming a concern, so energy saving and carbon reduction have become a common goals to be achieved worldwide. Energy-saving and environmental protection have become an important direction and issue in the design of home appliances. In addition to relying on manufacturers to continuously upgrade energy-efficient appliances through energy-saving design, with the rapid development of smart home appliance technology, smart home appliances can automatically adjust the working time status according to the surrounding environment to achieve the effect of energy-saving and complex energy-efficiency management can be made more intelligent to achieve the result of energy-saving through intelligent energy-saving management. Therefore, the development of energy-saving and environment-friendly home appliances and smart home appliances can be said to be complementary.

③ Product’s convenience and comfort, energy saving and environmental protection, health and intellectual as the main development trend

With the rapid development of technology, people's spiritual and physical needs have been improved, and a safe, comfortable, convenient and healthy living environment has become the residential home environment that people pursue.

#### (4) Product Competition

##### A. Automoblie Industry

##### 2017-2022 Global New Energy Market Size



Source: Topology Research Institute, Nov.2020

According to DIGITIMES Research analyst Fen-Huai Lin, EV sales will grow significantly in 2021 compared to overall vehicle sales, with China and Europe both outperforming global EV market penetration by more than 15%. Fen-Huai Lin states that, as the ban on the sale of gasoline vehicles approaches, automakers are increasing their investment in electric vehicle business units and are considering electric vehicles to be their core business.

According to data from the national automobile associations, global vehicle sales only reached 71 million units in 2021, a 3.8% increase from the low point in 2020, due to a severe shortage of chips; in contrast, where global electric vehicle sales grow at an annual rate for more than 100%, the top three markets are China, Europe, and the United States, which together account for more than 90% of global EV sales.

China's electric vehicle market will return to 52% of the global market in 2021, returning to the largest market, mainly due to China's regulations requiring a certain proportion of vehicle production to be new energy vehicles and the introduction of low-cost small cars, which is popular with the consumers, resulting in an annual growth rate of 168% in China's sales volume. Europe, the second-largest market, continues its 2020 stick and turnip policy, resulting in an annual sales growth rate of approximately 60%.

In the medium to the long-term development of the global electric vehicle market, DIGITIMES Research estimates that sales will reach 28.5 million units by 2025, with a penetration rate of over 30% in the overall automotive market. As the ban on the production and sale of gasoline vehicles approaches and carbon emission standards become more stringent, automakers continue to invest in electric vehicles to avoid paying carbon taxes and heavy fines, including expanding their electric vehicle product lines. In addition to the new car makers, traditional car makers are also accelerating their "oil-to-electric" transformation, showing that they have made electric vehicles their core business.

## B. Home Appliance Industry

In addition to the continuous development of Washlet, automatic flushing, heating, warm water cleaning, warm air drying and other functions, the health monitoring technology applied through the smart toilet, including human massage, temperature and weight monitoring and urine analysis, can enable users to understand their health conditions easily, prevent diseases early and achieve health management. The coronavirus (COVID-19) broke

out at the end of 2019 and is rapidly spreading worldwide; air conditioners responsible for indoor air management are the first to be affected. Users' awareness of air conditioner germ elimination has increased dramatically, so the market demand for air conditioner products that combine air cleaning and germ elimination functions has surged, affecting the future development trend of air conditioner technology.

### 3. Technology and R&D Overview

#### (A) Technology level, research and development of the business

The Group's Japanese plant was established in 1963 and had been working in the field of precision plastic injection molding for nearly 60 years. Over the years, we have continued developing and refining our technologies in plastic injection molding, gear module assembly, product measurement and evaluation, and process improvement. In recent years, with the cost of parts reduced, the market demand for composite molding is accelerating, and to meet the market's demand, the need for production equipment from horizontal molding machines to vertical molding machines is also increasing. In order to build a production system that can respond to market demand, the Group is also gradually introducing upright molding machines. To continue to supply higher precision and a more comprehensive range of injection molded products, the Group is continuing to conduct research and development to meet customer requirements in the automotive-related and housing-related businesses by combining the Group's acquired technological capabilities.

#### (B) Future Research Plans and Estimated Costs

In order to enhance the competitiveness of EPB business, the Company expects to research and develop the second generation of EPB molds in 2023 with an estimated investment of NTD10 million.

(C) Research and development expenses for the past five years

Unit: thousand NT dollars

Year \ Item	2018	2019	2020	2021 (note)	2022
Research expense (A)	50,796	47,370	45,089	45,783	41,623
Operating revenue(B)	3,483,220	3,813,406	3,623,549	4,276,873	3,618,633
(A)/(B)	1.46%	1.24%	1.24%	1.07%	1.15%

Note: On September 1, 2022, the Company acquired the equity of Sol-Plus (HK) Co. Ltd., which represents an organizational restructuring under joint control. Therefore, the consolidated financial statements for the fiscal year 2021 have been retrospectively adjusted, along with the simultaneous update of the revenue information for the same period.

(D) Successful technology or product development in the past five years.

Year	Major Research and Development Results
2017	Completed the development and production of a model of automatic lid lifting module for Washlet and set up a semi-automatic assembly line for production
	Completed the development of key components for three models of automotive electrical systems and the design of assembly equipment production lines.
2018	Completed the development and production of a model of automatic lid lifting module for Washlet
	Completed the design and development of an automatic lid lift assist module for Washlet.
	Design and development of automatic dishwasher on/off module.
	Completed the development of key components for three vehicle models and the assembly equipment production line design.
	Completed the development of power control system components for electric vehicles.
2019	Completed the development of key components of an electronic brake system for one vehicle manufacturer and the establishment of automatic production equipment.
	Design and development of airflow control module
	Completed the development of key components and assembly equipment design for the electrical systems of two vehicle models.
	Completed the development of key components for the vehicle fuel system.

Year	Major Research and Development Results
	Completed the development of key components of the automotive power steering system and the development of automatic assembly equipment.
	Completed the development of key components and automatic production equipment for an automotive electronic brake system for a vehicle manufacturer.
	Completed the development of key components for the residential fuel cell system.
2020	Completed the development of key components for one vehicle manufacturer's electronic brake system.
	Completed the development of key components for the electronic gear shifting system for two vehicle models.
	Completed development of key components for an automotive electrical system for one vehicle model
2021	Completed the development of key components for one vehicle manufacturer's electronic brake system.
	Completed development of key components for an automotive electrical system for one vehicle model
	Completed development of key components for an automotive electrical system for one vehicle model
	Completed the development of key components of the automotive mechanism of one vehicle model.
	Completed the design and development of the lid lift-off modules for two Washlet models.
	Completed the evaluation and design development of a nozzle module for a Washlet model.
2022	Completed development of key components for the automotive electrical system in one vehicle series.
	Completed development of key components for the motorcycle electrical system in one vehicle series.
	Designed and developed an automatic lid lifting module for a smart toilet.
	Designed and developed a water valve module for a smart toilet.
	Acquired a patent for a molded automotive accessory with a detachable sealing plug
	Acquired a patent for an automatic screwing mechanism with dual feeding stations.
	Acquired a patent for a molding tool for a car fuse box bottom case.
	Acquired a patent for an assembly mechanism for automotive components with dual downward strokes.
	Acquired a patent for an assembly mechanism for automotive components with a downward stroke.

Year	Major Research and Development Results
	Acquired a patent for a product ejection device for the production mold of a car panel.
	Acquired a patent for an automatic assembly mechanism for automotive workpieces.
	Acquired a patent for a mold with guiding and limiting functions.
	Acquired a patent for an automatic assembly mechanism for automotive hardware components in dual workstations.
	Acquired a patent for an embedded molding automated production line for hardware components.
	Acquired a patent for a stable core-pulling mold for a car ECU box.

#### 4. Long-term and short-term business development plans

Item	Short-Term Plan	Long-Term Plan
1. Marketing Strategy.	<p>(1) To grow the plastic injection molding business, the Group is making proposals for advanced injection molding of plasticized metal parts.</p> <p>(2) To expand the household bathroom business by growing the Chinese market.</p> <p>(3) Entering into the introduction of electric vehicle-related parts.</p>	<p>(1) Aim to provide higher value-added products by utilizing the Group's resources.</p> <p>(2) Aim for a one-stop supply. With Japan as the R&amp;D center, we will improve customer satisfaction and continue to enhance product quality.</p> <p>(3) The quality of equipment for home use in the Chinese market is gradually improving due to the impact of the new coronavirus (COVID-19).</p>
2. Production Strategy	<p>(1) Invest in new production equipment.</p> <p>(2) Use the FA (Factory Automation) in our own factories to promote production automation.</p>	<p>(1) Establish the production system in the market concentrated areas nearby for various industries.</p> <p>(2) Ensure the Group offers consistent quality in all of its locations around the world.</p>
3. Product development	Strengthen the development system to meet the market demand	<p>(1) Provide products that meet the market demand.</p> <p>(2) Develop standard products</p>

direction	and provide the products that meet the market demand.	
4. Operating Scope	Take Japanese factory of IKKA and Solplus as the core factory, develop products in Japan and produce them overseas.	(1) Unify global production methods for business operations. (2) Obtain local commodity orders and expand production bases. (3) Switch to a market-inducing production system.
5. Financial Support	In line with the growth of the Company's operation scope, strengthen the financial and the Company's structure through various fundraising channels in the capital market to stabilize the Company's development.	Strengthen the financial structure to enhance the corporate value.

## 2. Market and Production Overview

### 1. Market Analysis

#### (1) Sales (provision) of major goods (services)

Unit: Thousand NT dollars; %

Year Region	2021 (note)		2022		2023 Q1	
	Sales	Ratio	Sales	Ratio	Sales	Ratio
Asia	4,244,268	99.24	3,608,391	99.72	757,268	99.78
America	9,500	0.22	3,946	0.11	1,636	0.22
Other	23,105	0.54	6,296	0.17	29	-
Total	4,276,873	100.00	3,618,633	100.00	758,933	100.00

Note: On September 1, 2022, the Company acquired the equity of Sol-Plus (HK) Co. Ltd., which represents an organizational restructuring under joint control. Therefore, the consolidated financial statements for the fiscal year 2021 have been retrospectively adjusted, along with the simultaneous update of the revenue information for the same period.

## (2)Market Share

The Group is mainly engaged in the automotive parts industry and is an OEM automotive parts manufacturer that produces precision plastic injection molded parts and modules, which also produces and sells automotive parts, including electronic hand brake systems, electrical systems, and electric power steering assist systems. The electronic hand brake system accounts for the largest share of automotive parts and components sales. According to data from the Industrial Technology Research Institute (ITRI) International, global sales of automotive components reached 1.53 trillion US dollars (approximately 42.38 trillion New Taiwan dollars) in 2021. In the same year, our group's sales revenue from automotive products amounted to NTD 2,172,224,000, estimating a market share of approximately 0.01%.

## (3)Future market supply and demand and its growth

### A. Market Supply and Demand

Products	Demand	Supply
Automotive	For the automotive industry with higher requirements for light weight, the demand for high-hardness plastic molding parts is expanding.	As customers of major Japanese manufacturers demand high-quality products with high precision and quality requirements, the Group has a certain degree of advantage in possessing high-end plastic molding and tooling technologies and providing vertically integrated services.
Home Appliance	With the improvement of people's living standards and the coronavirus (Covid-19) epidemic at the end of 2019, people's awareness of hygiene is gradually increasing, coupled with China's national policy to focus on the development of the Washlet (smart toilet seat) market, which is expected to contribute to stable growth by increasing the penetration rate.	The Group's automatic lid-opening and closing toilet seat function module eliminates the need to bend over to open and close the lid and slightly reduces the burden on the waist, reduces forgetting to close the lid through the automatic opening and closing function, and improves the heat retention of the heated toilet seat in winter, thereby achieving energy savings.
Office Appliance	For OA office equipment-related products, we provide various modular products such as gear motor modules and mechanism parts.	The Group is able to cooperate with customers' product development schedule, review together from the development and design stage, and provide proposals that meet customers' needs, as well as collaborate with sample production and inspection and testing. In addition, the Group is able to respond to the demand for automated equipment and inspection devices based on the premise of mass production, early setup, and stable quality control for global operations.

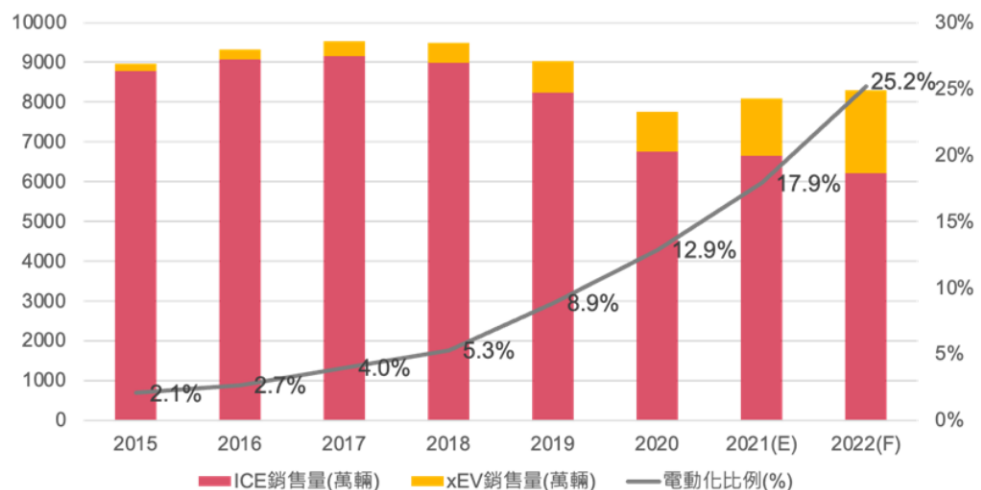


## B.Future Market Growth

The Group is mainly engaged in manufacturing, processing, and trading high-end precision plastic injection molded products, and the end-use applications account for the automotive, bathroom, home appliance, and office equipment markets. Among these, the automotive market holds the highest proportion of sales. Therefore, the performance of the Group is greatly influenced by the prosperity or downturn of the automotive market. With the increasing environmental awareness worldwide, there is a growing demand for vehicles with low fuel consumption and carbon emissions. This drives the continuous growth of the electric vehicle market, while traditional fuel-powered vehicles are expected to gradually phase out. It is anticipated that after 2022, the trend of electric vehicles and traditional fuel vehicles will be more obvious. According to statistics from Researcher and Research, global sales of electric vehicles surpassed 2 million units in the first quarter of 2022, with a year-on-year growth rate of 70.7%.

According to estimates from IHS Markit and Technology Industry Research Center of PwC, the sales volume of electric vehicles (EVs) accounted for 17.9% of the overall automotive market in 2021. In 2022, the EV market is expected to further grow to 20.9 million units, maintaining a high growth rate of 44.1% compared to 2021. The overall penetration rate of EVs will increase to 25.2%. By 2027, the sales volume of EVs is projected to reach 51 million units, surpassing traditional fuel-powered vehicles. This indicates a gradual phasing out of traditional fuel-powered cars from the automotive market.

Global Automotive Market Electrification Trend



Source: Marklines and Technology Industry Research Center of PwC

With TOYOTA announcing its entry into the electric vehicle market in 2021 and successfully launching its first electric vehicle in 2022, and HONDA announced this year that it expects to produce 2 million electric vehicles per year by 2030 and to start a partnership with GM to accelerate the development of electric vehicles, not to mention Nissan, the first Japanese manufacturer to launch an electric vehicle, continues to announce plans to expand its investment in EVs. This shows that the attitude of Japan's three major automakers toward EVs has shifted from conservative to aggressive while also meeting consumer demand for EVs.

Our company is the main supplier of electronic brake modules (EPB) for TOYOTA, Japan. With the rise of the electric vehicle market and the continuous evolution of autonomous driving functions, EPB modules have been extended from high-end to mid-range and low-end vehicles, as well as various models of electric vehicles. Based on our mature technology and experience, we will continue to develop EPB-related products to meet the needs of other Japanese automakers, in addition to the next-generation EPBs that TOYOTA will continue to cooperate with this year to expand our market share.



#### (4)Competitive Niche

##### A.Construct a vertically integrated production process.

For plastic manufacturers, molds are an essential factor in determining product quality. The Group has extensive experience in mold design, production, and maintenance and is able to consistently produce products of the highest level, which will strengthen and expand the Group's supply field in the automotive market. Through the vertical integration system of the

Group's investment business, the Group provides customized metal and plastic parts combined with core modules (F/B) with complete specifications to meet and satisfy the needs and development of customers.

#### B. Automated Production Equipment

The Group has comprehensive automated production line technology and equipment to enhance the implementation of product line automation, reduce staff employment, reduce labor costs, and improve process management to improve production yields.

#### C. Professional technology and stable quality

IKKA Japan, a subsidiary of the Group, has been successful since 1963. Apart from accumulating decades of experience, it has continuously contributed to the advancement of production technology and the reform of the production process. Each subsidiary has passed ISO9001, ISO14001, and ISO/TS16949 quality certification systems according to the division of labor of the Group and has achieved many specialties, which can not only enhance the Company's product image but also help to gain customers' recognition of product quality. Through long-term cooperation with international manufacturers, the Company will continue strengthening its OEM quality and then strive for orders from other global manufacturers to increase market share.

### (5) Development prospect of favorable and unfavorable factors and countermeasures

#### A. Favorable factors

##### ① Wide range of technology applications and low impact of industry-specific economic cycles

The Group is mainly engaged in manufacturing precision plastic injection molding parts and modules. It mainly produces related products made of plastic materials. Because plastic materials have the advantages of light-weighting, durability, difficulty in conducting electricity, high quality, and low price, the use of plastic products has become a part of human life, and the application of plastic materials in various industries has become more and more extensive. The Group's main customers are scattered in the automobile, residential household appliances, office equipment, etc. The Group has the ability to produce the key components and modules required by its various industries. Because of the scattered industrial applications, it has an excellent ability to respond to the ups and downs of specific industries. It is less susceptible to the economic cycle of a single industry, which is conducive to the stable development of the Group.

##### ② High-level technology and stable quality products

The Group has been working on plastic Molding related technology for nearly 60 years. Through the plastic molding, mold design, and gear module technology accumulated over the years, the Group can design and manufacture products to meet customers' needs, including precision plastic injection parts and metal-plastic injection parts (Insert Molding), and plastic

gear modules. With the increasing complexity of products, it is necessary to rely on producing fine molds for the more complex plastic molded parts. With its accumulated experience in molding technology, the Group can provide customers with high-precision, high-strength, and stable quality plastic molding and injection products and then offer products with high added value, which customers deeply trust.

③ Maintain good relationship with customers and achieve mutual assistance mode

In addition to the design of related components and mechanism modules based on the product requirements provided by customers, the Group is also able to advise on market trends and product development to expand the market, thus maintaining a good partnership with customers and reaching a cooperation model over time. Through years of efforts, the Group has become an essential supplier in the supply chain of automobile manufacturers. Due to the complexity of the procurement and certification system, the long preparation time, high quality, stable supply, R&D efficiency, etc., which are the important factors, car manufacturers are less likely to change suppliers.

④ Main product layout to meet future development trends

The Group is actively developing parts and modules for the automotive industry. As the global awareness of environmental protection is on the rise, lightweight and low fuel consumption are the future trends of the automotive industry. The Group's precision plastic injection molding technology and plastic gear module technology will be able to replace some of the metal parts of automobiles, thus actively laying out the automotive industry market, which is in line with the future market application trend and will be helpful to the Group's future operation expansion.

Former Japanese Prime Minister Suga Yoshihide declared that Japan would achieve zero net emissions of greenhouse gases by 2050. In line with this policy goal, the Ministry of Economy, Trade and Industry is planning to ban the sale of fuel-powered vehicles and only sell hybrid and electric vehicles in the mid-1930s.

The Japanese Broadcasting Association (NHK) reports that the Ministry of Economy, Trade and Industry (METI) is aiming to ban all new car sales of fuel-powered vehicles, with the goal of "100% electric" vehicles by the mid-2030s, about 15 years from now.

By "electric vehicles," the Japanese government means hybrid vehicles, plug-in hybrid electric vehicles (PHEVs), pure electric vehicles, and fuel cell vehicles that use hydrogen to generate electricity.

The Japanese government hopes to set a clear target to lead the world to replace the trend of fuel vehicles; the Ministry of Economy, Trade and Industry will convene a meeting of experts in the future to draw up a formal target. The

report points out that many countries have set targets for the electrification of cars, such as the United Kingdom will ban the sale of cars and diesel vehicles in 2030 and hybrids in 2035; California and France have set targets to ban the sale of fuel cars in 2035 and 2040 respectively.

## B. Unfavorable factors and response measures

### ① The risk of generational change in the automotive industry

Since the signing of the Paris Agreement in 2015, various countries have been formulating mechanisms for the retirement of fuel vehicles to reduce carbon emissions. Norway and the Netherlands will completely "ban the sale of fuel vehicles" by 2025 at the earliest. With the "fuel car deadline" approaching, major car manufacturers are tensing and speeding up their transformation. According to estimates by Maketline and IEK, global fuel car sales will peak this year and decline in 2021. UBS estimates that by 2025, the global market share of electric vehicles will reach 17%, and by 2030, electric vehicles will account for 40% of global sales. The generational revolution in the automotive industry will lead to changes in the overall automotive components industry.

#### Response measures:

The Group's main products are plastic components such as relays with electronic wiring harnesses, electronic brake systems, and steering systems, which are not affected by the generational change between fuel vehicles and new energy vehicles. Therefore, the Group's automotive products will not be affected by the shift in industry generations.

### ② The automotive supply chain is prone to significant customer compensation losses due to abnormal quality.

The special gears and actuator modules produced by the Group are mainly used in the mechanical structure parts of automobiles. Since the service life of automobiles is longer, and the quality of mechanical structure parts is vital to personal safety, the quality and reliability of the products are more stringent than those of general products, and the products must be tested and verified by customers for a long time before mass production.

#### Response measures:

The Group conducts quality failure risk analysis at the product development stage and considers this factor in product design to reduce the failure risk while continuing to maintain close cooperative relationships with customers and continues to refine the quality control mechanism required by Japanese automobiles (the Group has not experienced any major customer

claims in the past 30 years); In addition, the Group continues to strengthen the introduction of automation in production lines to reduce the quality risks arising from human errors of operators.

### ③ Strict and long product quality verification

The precision plastic injection molding parts and gear modules produced by the Group are mainly used in the mechanical structure parts of automobiles, which have a long service life, and the quality of the mechanical structure parts is a matter of personal safety. Therefore, the products must be tested and verified by customers for a long time before mass production.

#### Response measures:

The Group has long-established close cooperation with its customers and has formed an important supply system. The quality of the Group's products is well recognized by customers and has a good reputation in the industry. The Company also continues to strengthen its R&D and market development capabilities and can provide customers with advanced opinions on market trends and product development, as well as product design, and shorten the time required for product certification by working with customers to reduce the impact of individual product certifications on the Company's results.

### ④ Product price reduction in line with vehicle manufacturers' policies

Due to the increasingly fierce competition in the global automobile sales market, to meet the consumers' expectations for new models that are more advanced than the previous generation, vehicle manufacturers have to consider lowering R&D costs. Hence, the cost control is more rigorous. In addition, to maintain the market share, the car manufacturers will adjust the car price year by year after the mass production of new models is put on the market. At this time, the car manufacturers will ask the upstream suppliers to adjust the spare parts price to transfer the cost threat caused by the price. Thus the gross profit of the upstream spare parts suppliers will be squeezed.

#### Response measure:

The Group strives to improve production efficiency by improving production processes, enhancing process yields, and rationalizing production cost control, and at the same time, increasing the ratio of automated production to reduce production costs to strengthen cost

competitiveness. On the other hand, the Company continues developing and designing high value-added products with its customers to establish a competitive threshold for its products to maintain its overall gross margin.

⑤ Sales are concentrated in Japanese first-tier suppliers

The development of the Japanese automobile industry has a history of more than 100 years, and the automobile industry accounts for a significant proportion and is the backbone of the Japanese industry. The development of the Japanese automobile industry is due to the coordinated development of various industries related to the automobile industry, including steel, chemical, and electronic industries, etc. Therefore, the Company has developed a supply chain system for Japanese automakers. As a member of the parts and components supply chain for Japanese automakers, the Company's sales are concentrated in Japanese first-tier suppliers, and its end sales applications are concentrated in Japanese branded OEMs.

Response measure:

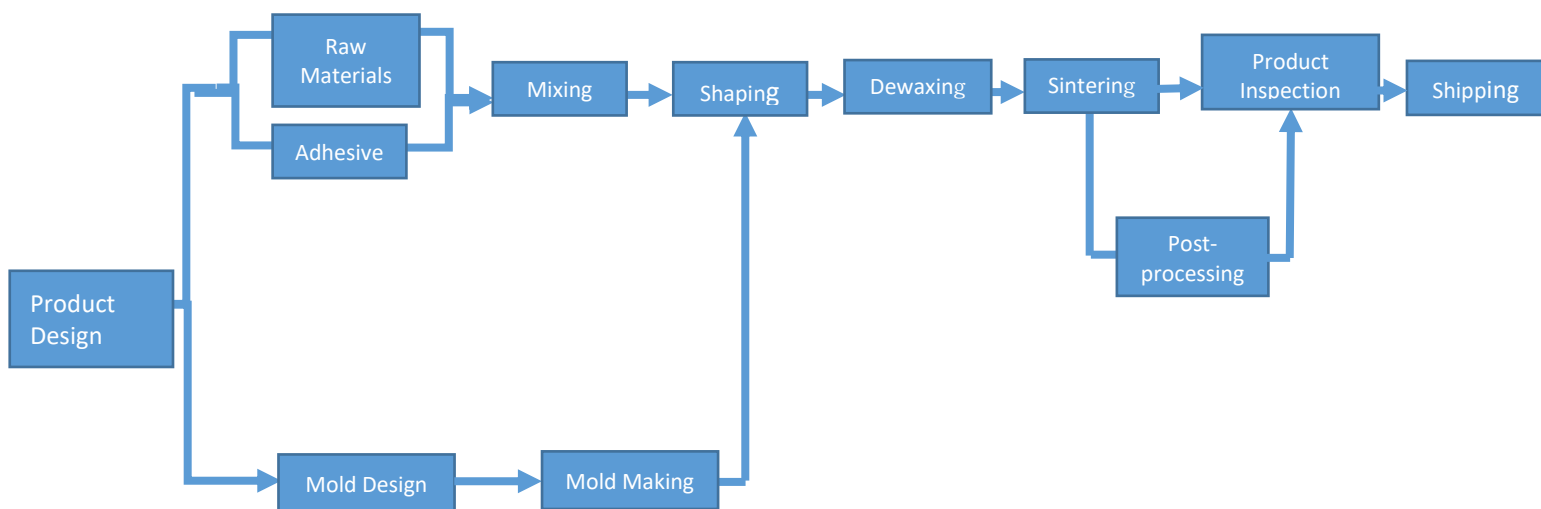
After years of continuous cultivation of Japanese customers and gaining the trust of Japanese first-class suppliers, the Group maintained an excellent partnership with Japanese customers, reached a cooperation model, enhanced the degree of dependence, and stabilized the Group's operation and growth. In addition, we also actively seek cooperation with non-Japanese customers, through the experience of collaboration with existing customers, and continue to invest in the research of production process improvement technology to break into the non-Japanese brand automobile supply chain system, enhance the overall market share, and disperse the risks of the brand sales market.

2. Important applications and production process of major products

(1) Main applications of major products

Major Products	Main applications
Automobile	The electric power steering wheel with insert type gears, electrical equipment related relay box, connector, protector, engine related variable valve timing oil seal parts, brake related electric parking brake with insert type parts, side sliding door related door locking and opening actuator and other automotive parts.
Home Appliance	Washlet, bathroom dryer, air conditioner and hand dryer, etc.
Office Appliance	Laser printers, multifunctional machines, projectors

## (2) Production Process



### 3. Supply status of major raw materials

The Group has established long-term cooperative relationships with its major suppliers, and the delivery status of the relevant suppliers for the last three years remains good, with no shortage, interruption, or delay in supply affecting production operations.

Major Raw Materials	Major Supplier	Supply Status
Gum granules (synthetic resin)	NAGASE & CO., LTD. Sojitz Sumitomo Corporation	Excellent

### 4. List of major import and export customers

(1) The names of the customers who have accounted for more than 10% of the total purchases in any of the past two years, the amount and proportion of the purchases, and the reasons for the increase or decrease:

Unit: Thousand NT dollars; %

Item	2020				2021				2022 Q1			
	Name	Amount	Percentage of net purchase for the year (%)	Relationship with the issuer	Name	Amount	Percentage of net purchase for the year (%)	Relationship with the issuer	Name	Amount	Percentage of net purchase for the year (%)	Relationship with the issuer
1	Nagase	259,077	11.44	none	Nagase	246,041	13.84	none	Nagase	53,907	13.90	none
	Other	2,005,339	88.56		Other	1,531,458	86.16		Other	334,021	86.10	
	Net imports	2,264,416	100.00		Net imports	1,777,499	100.00		Net imports	387,928	100.00	



Reasons for the increase or decrease:

- A. Sol-Plus became a 100% subsidiary of the Group on September 1, 2022, presenting an organizational restructuring under joint control, thus the information on imports and sales for 2021 was updated accordingly.
- B. The Group is mainly engaged in the manufacturing, processing, and trading of high-end precision plastic injection molding products. Its terminal applications are automobiles, home appliances, and office equipment, among which the automobile market accounts for the highest proportion. To manufacture high-end precision plastic injection molding products, the Group mainly purchases raw materials, including rubber, metal parts, assembly parts and molded parts, etc. The Group has established good cooperative relations with suppliers, and the raw materials supply is abundant and stable.

(2)The names of customers who have accounted for more than 10% of the total sales in any of the last two years, the amount and percentage of sales, and the reasons for the increase or decrease:

Unit: Thousand NT dollars; %

Item	2021				2022				2023 Q1			
	Name	Amount	Percentage of net sales (%)	Relationship with the issuer	Name	Amount	Percentage of net sales (%)	Relationship with the issuer	Name	Amount	Percentage of net sales (%)	Relationship with the issuer
1	Sumitomo Wiring Systems, Ltd.	947,655	22.16	None	Sumitomo Wiring Systems, Ltd.	859,008	23.74	None	AISIN	174,557	23.00	None
2	AISIN	797,865	18.66	None	AISIN	731,664	20.22	None	Sumitomo Wiring Systems, Ltd.	136,172	17.94	None
	YOKO	550,717	12.88	None	YOKO	451,122	12.47	None	YOKO	89,729	11.82	None
	Other	1,980,636	46.30		Other	1,576,839	43.57		Other	358,475	47.24	
	Net sales	4,276,873	100.00		Net sales	3,618,633			Net sales	758,933	100.00	

Reasons for the increase or decrease:

- A. Sol-Plus became a 100% subsidiary of the Group on September 1, 2022, and the businesses under common control, thus the information on imports and sales for 2021 was updated accordingly.
- B. There have been no changes in the Company and its subsidiaries' customers that account for more than 10% of the total sales in the past two years and the first quarter of 2023.

5. Production volume for the last two years

Unit: Thousand PVS/ Thousand NT dollars

Note 1: Production capacity refers to the amount the Company can produce under regular operation using existing production equipment after considering necessary shutdowns, holidays, and other factors.

6. Sales volume for the last two years

Unit: Thousand PVS/ Thousand NT dollars

Production volume Products	2021		2022			
	Productivity	Capacity	Value	Productivity	Capacity	Value
Automobile	336,282	247,559	2,415,757	342,425	237,303	2,258,575
Home Appliance	68,154	42,713	687,084	68,688	56,717	802,569
Office Appliance	25,780	17,587	71,028	21,772	15,264	120,023
Other	29,129	16,975	393,107	31,021	10,705	249,066
Total	459,345	324,834	3,566,976	463,906	319,989	3,430,233

Reasons for the change: The revenue for 2022 declined compared to 2021 due to the following factors, resulting in a decrease in production value:

1. Affected by the delay in supply due to the shortage of materials by end-users.
2. The customer side of the Company's China plant was affected by the government's unblocking policies, which affected production capacity and delivery.
3. Due to the prolonged difficulties in parts deployment caused by the COVID-19 pandemic, the production of Japanese automobiles was significantly reduced.

Note 1: Production capacity refers to the amount the Company can produce under regular operation using existing production equipment after considering necessary shutdowns, holidays, and other factors.

6. Sales volume for the last two years

Unit: Thousand PVS/ Thousand NT dollars

Sales Volume Products	2021		2022					
	Internal Sales		External Sales		Internal Sales		External Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Automobile	106,915	1,173,384	128,345	1,327,178	108,362	730,034	111,810	1,544,912
Home Appliance	3,994	626,517	14,273	93,779	3,913	473,213	18,351	122,030
Office Appliance	14,865	52,521	11,914	130,691	13,571	40,198	3,244	106,242
Other	13,625	338,696	14,722	534,107	9,413	301,063	9,166	300,942
Total	139,399	2,191,118	169,254	2,085,755	135,259	1,544,508	142,571	2,074,126

Reason for change: The overall sales market declined in 2022 due to the impact of the COVID-19 pandemic.

### 3. Number of workers for the last two years and to the date of publication of the annual report

Information on workers in the last two years  
March 31, 2023

Year		2021	2022	March 31, 2023
Number	Operators	715	952	796
	Technicians	593	695	647
	Manager	115	215	195
	Total	1,423	1,862	1,638
Average Age		35.96	38.85	43.42
Average Length of Service		7.89	7.50	13.96
Education Distribution Ratio	Doctor	-	-	-
	Master	0.28%	0.27%	0.37%
	Collage	18.13%	17.19%	19.10%
	Below high school	60.01%	58.38%	55.43%

### 4. Expenditure Information

1. In accordance with the provisions of the law, those who should apply for a pollution facility installation permit or pollution discharge permit, or those who should pay pollution prevention fees, or those who should establish a special unit for environmental protection, the application, payment, or establishment of the situation is explained.

Dongguan Yihua Precision Zhusu Mould Limited Company, an operating subsidiary of the Group located in Mainland China, has obtained a pollution discharge permit according to local laws and regulations (the permit is valid until April 14, 2025).

2. The Company's investments in major equipment for the prevention and control of environmental pollution and their uses and potential benefits are shown:

March 31, 2023

Equipment Name	Quantity	Acquisition Date	Investment Cost	Use and expected benefit
Biofilters	3	2018.08.21	RMB1,238,000	Reduce the pollution of the atmosphere by productive volatile organic compounds
Sporadic waste water collection system	2	2021.08.01	RMB48860	In accordance with existing laws and regulations
Exhaust duct renovation project	3	2021.08.01	RMB49900	Comply with the existing regulations to amend the standards
Workshop waste gas collection system and bio-tower waste gas treatment system	1	2021.08.01	RMB96030	In accordance with existing laws and regulations

3. For the last two years and up to the printing date of the annual report, the Group has improved the environmental pollution; if there is a pollution dispute, the Group should explain the handling process: The Company has had no environmental pollution dispute in the last two years.

4. The Company shall state the losses suffered by the Group due to environmental pollution in the last two years and up to the date of printing of the annual report (including compensation and environmental protection audit results for violations of environmental protection laws and regulations, and shall state the date of the penalty, the penalty number, the provisions of the laws and regulations violated, the contents of the laws and regulations violated, and the contents of the penalty). It shall disclose the estimated amount and measures to be taken at present and in the future. If it cannot be reasonably estimated, it shall state that it cannot be reasonably estimated: For the last two years and as of the date of the annual report, the Group has not incurred any losses or penalties due to environmental pollution.

5. Describe the current pollution situation and the impact of its improvement on the Group's earnings, competitive position, and capital expenditures, as well as its anticipated significant environmental capital expenditures in the next two years: The Company has no significant environmental pollution in the last two years and as of the date of printing of the annual report.

## **5. Labor Relationship.**

1. To present the status of the Group's various employee welfare measures, training, training, and retirement systems and their implementation, as well as the agreements between employers and employees and measures to protect the rights and interests of employees

### **(1) Employee Welfare Measures and Implementation**

The Group's employee welfare measures, including social (employee/health) insurance and health checkups, are implemented in accordance with relevant laws and regulations of each company's location. Each subsidiary of the Group also plans and implements employee benefits, including birthday gifts, annual festival gift certificates, wedding and funeral subsidies, recreational activities, and other activities.

### **(2) Employee Training and Retraing.**

To enable our employees to understand the functions of each department, operational objectives, and related administrative procedures, and to be familiar with the working environment and related rules and regulations, our company requires pre-employment training for all new employees in

accordance with the regulations. Moreover, to continuously improve our employees' performance and professional ability, we will review our employees' performance and professional ability and cultivate the technical and managerial reserve cadres at all levels of the Company.

(3) Retirement policy and implementation

In accordance with the Labor Pension Act, the Company's subsidiary in Taiwan makes monthly contributions of 6% to a personal pension account to protect the rights and interests of employees. Employees may also choose to contribute 0 to 6% of their monthly salary to their individual pension accounts. Upon reaching the legal retirement age stipulated by the government, employees may apply to the Bureau of Labor Insurance of the Ministry of Labor for a monthly pension or a lump-sum pension. In addition, the rest of the Company of the Group follows the relevant local laws and regulations.

(4) Labor-management agreements and measures to protect employees' rights and interests

The Company belongs to the industry where the Labor Standards Act is applicable, and all operations are based on the Labor Standards Act. To promote labor-management cooperation and improve work efficiency, our company holds weekly supervisors' meetings so that employers and employees can communicate and cooperate. In addition, the Company emphasizes employee career planning and talent cultivation and actively encourages employees to participate in various training programs, including internal and external training programs. Internal training courses are designed to exchange professional skills within the Company to enhance employee productivity. In contrast, external training courses can be sent to external seminars depending on the Company's needs, providing good specialized training opportunities for the Company's employees.

2. The Company shall state the losses suffered in the last two years and up to the printing date of the annual report that is suffered as a result of labor disputes (including violations of the Labor Standards Law as a result of labor inspections, the date of sanction, the number of sanctions, the content of the breach, and the content of the sanction), and the estimated amount of current and potential future losses and the measures to be taken, should be disclosed. If a reasonable estimate cannot be made, the facts that cannot be reasonably estimated should be stated: For the last two years and as of the printing date of the annual report, the Company has suffered losses due to labor disputes as follows:

Company	Description	Improvement or progress
Japan IKKA	A former employee, Mr. Furukuchi (hereinafter referred to as Mr. Furukuchi), forged transaction documents for outsourced services from April 2013 to September 2018, causing the Company to believe that he was outsourcing design services to a Japanese company, but in fact Mr. Furukuchi misappropriated the Company's cash, which affected the Company's financial and business status. The case is being heard in the Utsunomiya District Court, and Mr. Furukuchi is not arguing for the termination of the labor contract.	The case was resolved through a settlement on August 24, 2022, as ruled by the Utsunomiya District Court, requiring Japan IKKA to pay a total compensation of JPY 27,800,000 to former employee Mr. Furukuchi. In addition, revisions have been made to address internal control deficiencies to prevent similar incidents from recurring.
Dongguan IKKA	Liao Xueqiong, a former employee of the PRC subsidiary, filed a lawsuit against the China subsidiary with the First People's Court of Dongguan City, Guangdong Province, claiming that the China subsidiary had unlawfully failed to pay reasonable overtime compensation of RMB44,828 and economic compensation of RMB58,350 according to the labor contract.	The Chinese subsidiary believes that Liao Xueqiong has already retired. The relevant provisions of the Labor Contract Law regarding overtime and economic compensation are not applicable, and intends to submit the following defense: Since March 11, 2021, Liao Xueqiong has initiated the termination of the labor contract between the two parties, and the Chinese subsidiary is not required to pay overtime and economic compensation to Liao Xueqiong. On July 9, 2021, the First People's Court of Dongguan issued a judgment not to support the plaintiff's claims.

## 6. Information Security Management

1. Describe the information security risk management framework, information security policies, specific management plans and resources devoted to information security management:

(1) Information security risk management framework;

The Administration Department is responsible for establishing the Company's information security policy, planning information security measures, and implementing related information security operations.

The Company's inspecting unit is the audit unit of information security monitoring. If the inspection reveals deficiencies, the inspected unit is immediately requested to propose relevant improvement plans and submit them to the board of directors. The effectiveness of the improvements is regularly tracked to reduce internal information security risks. If deficiencies are found during the annual inspection of information operations, the accountants will request improvement measures and track the results.

(2) Information security policies:

A. Computer equipment security management

- a. Our computer, application servers, and other equipment are installed in a dedicated server room and use an induction swipe card to enter and exit and keep the entry and exit records for inspection.
- b. The computer room is equipped with independent air conditioning to maintain the computer equipment in a proper temperature environment; and pharmacological fire extinguishers are placed, which can be used for general or electrical fires.

B. Network Security Management

- a. The entrance to the external network is equipped with an enterprise-level firewall to block illegal hackers to strengthen network control.
- b. For remote access to the Company's intranet, employees must apply for a VPN account for the database and log in through the VPN security method, and use records are kept for inspection.

C. Virus Protection and Management

- a. Endpoint protection software is installed in our colleagues' server and terminal computer equipment. Virus codes are automatically updated to ensure that the latest viruses are blocked and potentially threatening system executable files are detected and prevented from being installed.
- b. The email server is equipped with an email anti-virus and spam filtering mechanism to prevent viruses or spam from entering the user's PC.
- c. The anti-virus system will quarantine or delete viruses detected or intercepted immediately and proactively issue risk reports on infected and at-risk computers so that administrators can respond.

D. System access control.

- a. The system administrator authorizes employees' use of each application system in accordance with the requested functional authority through the internal system authority application procedure. System accounts are created by the information room after each system administrator authorizes access according to the requested function authority.
- b. The account's password is set up with appropriate strength and number of characters and must be mixed with text numbers and special symbols to pass.
- c. When the employee applies for the separation (leave) procedure, he/she must contact the administration department to delete the accounts of each system.

E. Ensure the sustainable operation of the system.

- a. System backup: A cloud backup system is built, and a daily backup mechanism is adopted. In addition to uploading one copy of the system

and database to the international cloud, one copy is stored in each computer room to ensure absolute security.

b. Disaster Recovery Exercise: Each system is rehearsed once a year, and the backup media is stored back in the system host after the restoration date is selected as the reference point, and then the user confirms the correctness of the restored data in writing to ensure the correctness and validity of the backup media.

F. Information security promotion and education training

a. Periodic information dissemination. Ask colleagues to change system passwords regularly to maintain account security.

b. Seminars. From time to time each year, the Company conduct information security-related education and training courses for our internal colleagues.

(3) Resource invest in information security management.

In order to implement the information security policy, the following resources are invested.

A. Network hardware equipment such as firewall, mail anti-virus, spam filtering, Internet behavior analysis, etc.

B. Software systems include endpoint protection, backup management, VPN authentication, encryption software, etc.

C. Telecommunication services such as multi-lane, cloud backup service, intrusion protection service, etc.

D. Investment in human resources such as daily status check of each system, regular weekly backup and off-site storage of backup media, annual information security promotion, annual disaster recovery implementation exercise, annual internal investigation of the information cycle, accounting audit, etc.

E. Information Security human resources: Responsible for information security structure design, information security maintenance and monitoring, information security incident response and investigation, and information security policy review and revision.

2. The Company shall state the losses, possible impacts, and responses to major information security incidents in the most recent year and up to the printing date of the annual report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated: None

## 7. Major Contracts

December 31, 2022

Nature of the contract	Parties	Date of commencement and expiration of the contract	Main Content	Restrictions
Customer Contract	Yoko Sangyo Co., Ltd.	2016/2/2-Now	Customer contract with Yoko Sangyo Co., Ltd.	N/A
Customer Contract	AISIN GROUP	2013/4/22-Now	Customer contract with AISIN GROUP	N/A
Loan Contract	The Ashikaga Bank, Ltd.	2023/4/1~2024/3/29	One joint loan contract (Host bank: Ashikaga	Note 1



			Bank, Ltd.; Joint loan amount: JPY 950,700,000)	
Loan Contract	The Ashikaga Bank, Ltd.	2020/3/25~2030/3/29	One joint loan contract (Host bank: Ashikaga Bank, Ltd.; Joint loan amount: JPY 1,366,700,000)	Note2
Mortgage Agreement	The Ashikaga Bank, Ltd.	2015/11/2-Now	Ashikaga Bank JPY100,000,000 guarantee mortgage agreement	N/A
Mortgage Agreement	The Ashikaga Bank, Ltd.	2009/3/24-Now	Ashikaga Bank JPY2500,000,000 guarantee mortgage agreement	N/A
Mortgage Agreement	The Ashikaga Bank, Ltd.	2008/3/28-Now	Ashikaga Bank JPY35,000,000 guarantee mortgage agreement	N/A
Mortgage Agreement	The Shoko Chukin Bank, Ltd	2009/3/24-Now	Shoko Chukin Bank JPY150,000,000 guarantee mortgage agreement	N/A
Mortgage Agreement	The Shoko Chukin Bank, Ltd	2008/3/28-Now	Shoko Chukin Bank JPY35,000,000 guarantee mortgage agreement	N/A
Mortgage Agreement	The Shoko Chukin Bank, Ltd	2012/4/27-Now	Shoko Chukin Bank JPY60,000,000 guarantee mortgage agreement	N/A
Mortgage Agreement	The Gunma Bank, Ltd.	2012/7/13-Now	Gunma Bank JPY200,000,000 guarantee mortgage agreement	N/A
Mortgage Agreement	The Gunma Bank, Ltd.	2013/4/24-Now	Gunma Bank JPY300,000,000 Guarantee Change Contract (Increase of JPY100,000,000)	N/A
Insurance Contracts	Chubb Insurance	2022/7/1~2023/7/1	Business Disaster Insurance	N/A
Insurance Contracts	Sompo Japan Insurance	2022/7/1~2023/7/1	Product Liability Insurance	N/A
Lease Agreement	Dongguan Shi Long Paper Products Co.	2017/1/1~2024/12/31	Lease Agreement for Plant No. 8	N/A
Lease Agreement	Dongguan Shilong Town Industrial Corporation	2021/1/1~2022/12/31	Lease Agreement for Plant No. 15	N/A

Lease Agreement	Dongguan Lifeng Industrial Co.	2020/10/1~2025/9/30	7 Lease Agreement for Plant No. 73	N/A
Loan Contract	Shoko Chukin Bank	2019/4/1~2022/3/31	Loan contract (creditor: Shoko Chukin Bank; guarantor: Japanese subsidiary; amount JPY140,000,000)	N/A
Lease Agreement	Nam Quang	2008/7/23~2055/6/2	Land sublease agreement with Nam Quang	N/A

Note 1: According to the loan contract, no operating loss for two consecutive years shall be maintained in the annual consolidated statements of DaiichiKasei Co. during the contract period.

## V Financial Highlights

### 1. Condensed Balance Sheet and Condensed Statement of Comprehensive Income for the latest five years

#### (1) Condensed Balance Sheet

Unit: NT\$ thousands

Item	Year	Financial information for the last five years					To March 31, 2023
		2018	2019	2020	2021 (note)	2022	
Current Assets		1,622,384	1,791,830	1,985,690	2,588,800	2,291,495	2,150,641
Property, Plant and Equipment		875,003	870,424	842,891	825,368	806,806	787,433
Intangible Assets		4,384	2,901	2,003	4,923	3,674	3,283
Other Assets		58,090	171,519	202,486	367,450	422,136	415,897
Total Assets		2,559,861	2,836,674	3,033,070	3,756,541	3,524,111	3,357,254
Current Liabilities	Before Distribution	1,407,876	1,514,560	1,702,904	1,436,467	1,230,258	1,098,865
	After Distribution	1,407,876	1,514,560	1,702,904	1,436,467	1,230,258	1,098,865
Noncurrent Liabilities		458,349	536,134	341,779	663,139	648,431	610,445
Total Liability	Before Distribution	1,866,225	2,050,694	2,044,683	2,099,606	1,878,689	1,709,310
	After Distribution	1,866,225	2,050,694	2,044,683	2,099,606	1,878,689	1,709,310
Equity Attributable to Shareholders of the Parent		693,636	785,980	988,387	1,474,864	1,645,422	1,647,944
Capital Stock		200,000	200,000	220,000	270,000	292,414	292,524
Capital Surplus		142,786	142,786	242,052	678,638	795,054	796,033
Retained Earnings	Before Distribution	325,801	434,465	545,708	587,816	543,150	540,826
	After Distribution	325,801	434,465	545,708	587,816	543,150	540,826
Others		25,049	8,729	(19,373)	(80,963)	(65,313)	(62,402)
Treasury stock		-	-	-	-	(846)	-
Prior Profit and Loss Under Common Control		-	-	-	127,450	-	-
Non-controlling interests		-	-	-	54,621	-	-
Total Equity	Before Distribution	693,636	785,980	988,387	1,656,935	1,645,422	1,647,944
	After Distribution	693,636	785,980	988,387	1,656,935	1,645,422	1,647,944

Source: Consolidated financial statements that have been audited and certified by a certified public accountant are prepared in accordance with International Financial Reporting Standards.

Note 1: On May 8, 2023, the board of directors resolved to distribute a cash dividend of NT\$3.00 per share (the relevant surplus distribution is subject to the resolution of the shareholders meeting to be held on June 30,

2023).

Note 2: On September 1, 2022, the Company acquired the equity of Sol-Plus (HK) Co. Ltd., which represents an organizational restructuring under joint control. Therefore, the consolidated financial statements for the fiscal year 2021 have been retrospectively adjusted, along with the simultaneous update of the revenue information for the same period.

(2) Condensed Consolidated Statements of Comprehensive Income- IFRSs

Unit: Except for the Earnings per share, which is NT\$, the rest is NT\$ thousands

Year Item	Financial Information for the Last Five Years					To March 31, 2023 (note 2)
	2018	2019	2020	2021 (note 1)	2022	
Net Revenue	3,483,220	3,813,406	3,623,549	4,276,873	3,618,633	758,933
Gross Profit	581,733	626,882	634,179	758,292	607,068	104,284
Operation profit (loss)	178,243	164,003	159,758	213,491	120,310	(7,036)
Non-operating Income and Expenses	(20,174)	(8,930)	9,208	47,794	72,776	8,434
Profit before Tax	158,069	155,073	168,966	261,285	193,086	1,398
Full-year net income for continuing operations	83,760	118,624	107,544	191,322	118,343	(1,821)
Loss for a discontinuing operation)	-	-	-	-	-	-
Net income (loss)	83,760	118,624	107,544	191,322	118,343	(1,821)
Other comprehensive income (loss) net of tax)	1,802	(26,280)	(23,927)	(85,302)	55,084	2,911
Total Comprehensive Income for the Year	85,562	92,344	83,617	106,020	173,427	1,090
Net income attributable to Shareholders of the Parent	83,760	118,624	107,544	150,969	97,767	(1,821)
Net Profit Attributable to Prior Profit and Loss Under Common Control	-	-	-	28,247	14,403	-
Net income attributable to non-controlling Interests				12,106	6,173	-

Total Comprehensive Income Attributable to Shareholders of the Parent	85,562	92,344	83,617	81,929	158,833	1,090
Total Comprehensive Profit and Loss Attributable to Prior Profit and Loss Under Common Control				16,864	10,216	-
Comprehensive income attributable to noncontrolling interests	-	-	-	7,227	4,378	-
Earnings per share	4.19	5.93	5.20	6.06	3.54	(0.06)

Source: Consolidated financial statements audited by the accountant in the most recent fiscal year.

Note 1: Note: On September 1, 2022, the Company acquired the equity of Sol-Plus (HK) Co. Ltd., representing an organizational restructuring under joint control. Therefore, the consolidated financial statements for the fiscal year 2021 have been retrospectively adjusted, along with the simultaneous update of the revenue information for the same period.

Note 2: The financial data has been reviewed by CPA.

(3)The name list of the certified public accountants and the Auditors' Opinions for the latest five years

Year	CPA firm	CPA	Auditors' Opinions
2018	PWC	JUAN LU, MAN-YU , TSAI, I-TAI	Unqualified Opinion
2019	PWC	JUAN LU, MAN-YU , TSAI, I-TAI	Unqualified Opinion
2020	PWC	JUAN LU, MAN-YU , TSAI, I-TAI	Unqualified Opinion
2021	PWC	JUAN LU, MAN-YU , TSAI, I-TAI	Unqualified Opinion
2022	PWC	JUAN LU, MAN-YU , TSAI, I-TAI	Unqualified Opinion

## 2. Financial Analysis for latest five years

Unit: NT\$ thousands

Year		Financial Analysis for latest five years (Note 1)						
		2018	2019	2020	2021 (note)	2022	March 31, 2023	
Capital Structure (%)	Debts Ratio	72.90	72.29	67.41	55.89	53.31	50.91	
	Long-term Fund to fixed assets	131.65	151.89	157.81	281.10	284.31	286.80	
Liquidity %	Current Ratio	115.24	118.31	116.61	178.13	186.26	195.71	
	Quick Ratio	73.78	85.20	90.40	135.75	137.92	141.83	
	Times Interest Earned	10.18	9.14	9.81	14.34	23.49	1.48	
Operating Performance	Average Collection Turnover (Times)	4.65	5.06	4.58	4.55	3.89	3.54	
	Days Sales Outstanding	79	72	80	80	94	103	
	Average Inventory Turnover (Times)	5.85	6.32	6.91	6.92	5.36	4.70	
	Average Payment Turnover (Times)	5.19	5.40	5.03	5.34	5.28	5.29	
	Average Inventory Turnover Days	62	58	53	53	68	78	
	Property, Plant and Equipment Turnover (Times)	4.09	4.37	4.33	4.87	4.43	3.81	
	Total Assets Turnover (Times)	0.35	1.41	1.23	1.14	0.99	0.88	
Profitability	Return on Total Assets (%)	3.98	5.04	4.25	5.51	3.44	0.06	
	Return on Equity attributable to Shareholders (%)	12.87	16.03	12.12	13.65	7.17	0.44	
	Paid-in Capital Ratio (%)	Operating Income	89.12	82.00	72.62	79.07	41.14	9.62
		Pre-tax Income	79.03	77.54	76.80	96.77	66.03	1.91
	Net Margin (%)	2.40	3.11	2.97	4.47	3.27	0.24	
	Earnings per share (NT\$) (Note 2)	4.19	5.93	5.20	7.19	4.06	0.06	
Cash Flow	Cash Flow Ratio (%)	12.90	23.14	23.89	7.10	16.37	4.46	
	Cash Flow Adequacy Ratio (%)	Note 3	Note 3	Note 3	163.97	158.83	186.29	
	Cash Flow Reinvestment Ratio (%)	6.26	11.36	12.98	0.43	2.29	0.99	
Leverage	Operating Leverage	1.66	1.93	1.00	1.95	2.51	6.64	

	Financial Leverage	1.12	1.15	1.16	1.10	1.08	0.71
	<p>Please explain the reasons for the changes in financial ratios in the last two years. (If the change is less than 20%, the analysis can be exempted).</p> <p>Operating Capacity and Profitability: In 2022, both revenue and profitability declined mainly due to the shortage of materials from Japanese end-customers and mainland China factory customers causing the delay in production scheduling for IKKA-KY due to the COVID- 19 epidemic.</p> <p>Cash flow ratio: The decrease in cash flow ratio and cash reinvestment ratio is mainly due to the increase in inventory level of the Company and its subsidiaries since 2021 due to logistics and material shortage problems. As a result, the net cash flow from operating activities decreased from the previous period.</p>						

Source of Information: Consolidated financial statements audited by the accountant in the most recent fiscal year.

Note: Note: On September 1, 2022, the Company acquired the equity of Sol-Plus (HK) Co. Ltd., representing an organizational restructuring under joint control. Therefore, the consolidated financial statements for the fiscal year 2021 have been retrospectively adjusted, along with the simultaneous update of the revenue information for the same period.

Note 4: The calculation formulas of this form are listed as follows:

i. Capital Structure Analysis

A. Debt Ratio = Total Liabilities / Total Assets

B. Long-term Fund to Property, Plant and Equipment Ratio = (Total Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

ii. Liquidity Analysis

A. Current Ratio = Current Assets / Current Liabilities

B. Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities

C. Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses

iii. Operating Performance Analysis

A. Average Collections (including Accounts Receivable and Notes Receivable originated from operation) Turnover = Net Sales / Average Trade Receivables (including Accounts Receivable and Notes Receivable originated from operation)

B. Days Sales Outstanding = 365 / Average Collection Turnover

C. Average Inventory Turnover = Cost of Sales / Average Inventory

D. Average Payment (including Accounts Payable and Notes Payable originated from operation) Turnover = Cost of Sales / Average Trade Payables (including Accounts Payable and Notes Payable originated from operation)

E. Average Inventory Turnover Days = 365 / Average Inventory Turnover

F. Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment

G. Total Assets Turnover = Net Sales / Average Total Assets

iv. Profitability Analysis

A. Return on Total Assets = (Net Income + Interest Expenses (1 - Effective Tax Rate)) / Average Total Assets

B. Return on Equity = Net Income / Average Total Equity

C. Net Margin = Net Income / Net Sales

D. Earnings Per Share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

v. Cash Flow

A. Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities

B. Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend

C. Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)

vi. Leverage

A. Operating Leverage = (Net Sales - Variable Cost) / Operating Income

B. Financial Leverage = Operating Income / (Operating Income - Interest Expenses)



### **3. Audit Committee Review Report of the Most Recent Annual Financial Statements**

**IKKA Holdings (Cayman) Limited**

**Audit Committee's Review Report**

The Board of Directors has submitted the Company's 2022 Business Report, Consolidated Financial Statements, and Earnings Distribution Table. Financial Statements were audited by PWC CPAs, JUAN LU, MAN-YU and TSAI, I-TAI, and they issued an audited report accordingly.

We, as the Audit Committee of the Company, have reviewed the Business Report, Financial Statements, and Earnings Distribution Table, and do not find any discrepancies. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To IKKA Holdings (Cayman) Limited 2023 Annual General Shareholders' Meeting

IKKA Holdings (Cayman) Limited

Chairman of the Audit Committee: Wei-Yu Chen

Date: March 22, 2023

**4. The most recent Annual Financial Statements,**

**The most recent Annual Financial Statements including auditors' opinion, a two-year balance sheet, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows, and notes or schedules: please refer to p. 123~188.**

**5. The individual financial report audited and certified by a certified public accountant in the most recent year (excluding statements of major accounting items):**

None.

**6. If there is a financial difficulty during the most recent year up to the annual report printing date, the influence on the Company's financial conditions shall be stated:**

None.

## VI Review and Analysis of the Financial Conditions and Performance and Assessment of Risk Matters

### 1. Financial conditions

(1) The main reasons for the significant changes in assets, liabilities and equity in the last two years and their effects

Unit: NT\$ thousands

Item	Year	2021	2022	Differences	
				Amount	%
Current Assets		2,558,800	2,291,495	(267,305)	(10.45)
Noncurrent Assets		1,197,741	1,232,616	348,752	2.91
Total Assets		3,756,541	3,524,111	(232,430)	(6.19)
Current liability		1,436,467	1,230,258	(206,209)	(14.36)
Non-current liability		663,139	648,431	(14,708)	(2.22)
Total liability		2,099,606	1,878,689	(220,917)	(10.52)
Capital		270,000	292,414	22,414	8.30
Capital Surplus		678,638	795,054	116,416	17.15
Retained earnings		607,189	624,113	16,924	2.79
Other equity		(80,963)	(65,313)	15,650	19.33
Interest of Shareholders of the Parent in total		1,474,864	1,645,422	170,558	11.56
Prior Interests Under Common Control		127,450	-	(127,450)	(100.00)
Non-controlling interests		54,621	-	(54,621)	(100.00)
Total Equity		1,656,935	1,645,422	(11,513)	(0.69)
<p>If the change between the previous and later period exceeds 20% and the amount of change is more than 10 million, the main reasons for the change are as follows:</p> <p>Prior interests and non-controlling interests under common control: On September 1, 2022, the Company acquired the equity of Sol-Plus (HK) Co. Ltd., representing an organizational restructuring under joint control. Therefore, the consolidated financial statements for the fiscal year 2021 have been retrospectively adjusted, along with the simultaneous update of the revenue information for the same period.</p>					

Those with significant influence should explain future contingency plans: No significant influence on the Company's finances and business.

## 2. Financial Performance

### i. Financial Performance Condition

Item	2021	2022	Amount of Difference	Rate of Change (%)
Net Revenue	4,276,873	3,618,633	(658,240)	(15.39)
Cost of Sales	3,518,581	3,011,565	(507,016)	(14.41)
Gross Profit	758,292	607,068	(151,224)	(19.94)
Operating Expenses	544,801	486,758	(58,043)	(10.65)
Income from Operations	213,491	120,310	(93,181)	(43.65)
Non-operating Income and Expenses	47,794	72,776	24,982	52.27
Profit before tax	261,285	193,086	(68,199)	(26.10)
Income tax expense	(69,963)	(74,743)	(4780)	(6.83)
Income (loss) from continuing operations	191,322	118,343	(72,979)	(38.14)
Net Income	191,322	118,343	(72,979)	(38.14)
Other Comprehensive Income for the Year (Net of Income Tax)	(85,302)	55,084	140,386	164.58
Total Comprehensive Income for the Year	106,020	173,427	67,407	63.58

If the change between the previous and later period exceeds 20% and the amount of change is more than 10 million, the main reasons for the change are as follows:

1. Gross profit and net income before tax: Gross profit and net income declined in 2022 due to the impact of the COVID-19 epidemic.
2. Net operating income: The decline was due to the recession in revenue in 2022.
3. Non-operating Income and Expenses: Due to the difference between the actual amount of foreign exchange receipts and payments, and actually remitted in and out of the account, and the amount in the account, and the exchange profit and loss of the balance of foreign currency assets and liabilities in the account book according to the exchange rate at the end of the year.

### ii. Expected sales volume, its basis, and the possible impact on the Company's future financial operations and plans for response

In the auto components business and residential home appliance parts business, the Group continues to maintain a good relationship with customers for joint development, and keep creating a profit-sharing sales model, and at the same time, continues to exploit the Japanese customer market, expanding the development of the new power vehicles and smart appliances and strengthen the improvement of the production process to enhance the competitiveness in the market. It is expected that sales, annual revenue and profit shall grow steadily in 2023. On the financial side, it will continue to make steady plans so that the Company can cope with future business growth with a sound financial structure. In addition, the Group has a table financial structure, and through regular business meetings, we continue to

strengthen our operational management and rationalize our cost control, so we are able to meet the needs of our future business growth.

### 3. Cash Flow

#### i. Analysis and explanation of cash flow changes in the most recent year

Item \ Year	2021	2022	Difference	
			Amount	%
Net cash provided by (used in) operating activities	101,976	201,445	99,469	97.54
Net cash provided by (used in) investing activities	(28,403)	(270,775)	(242,372)	(853.33)
Net cash provided by (used in) financing activities	104,252	(185,480)	(289,732)	(277.92)
<p>Analysis and explanation of changes:</p> <ol style="list-style-type: none"> <li>Net cash provided by (used in) operating activities: In 2021, the Company and its subsidiaries raised the inventory level in consideration of logistics and material shortage problems. In addition, production was not smooth due to material shortage by customers, which delayed the order and delivery schedule of the Company and its subsidiaries, resulting in an increase in inventory of raw materials and manufactured goods. In 2022, the general environment continued to be affected by the epidemic and the shortage of materials at the customer's end did not resolve, resulting in a decrease in inventory outflow.</li> <li>Net cash provided by (used in) investing activities: the acquisition of Sol-Plus equity and investment in JET Optoelectronics Co., Ltd. resulted in cash outflows.</li> <li>Net cash provided by (used in) financing activities: Due to the cash capital increase for the initial public offering in 2011, the cash for financing activities increased.</li> </ol>				

- Improvement plan for insufficient liquidity: Not applicable
- Analysis of cash liquidity in the coming year:

The Group expects that the revenue and profit will continue to grow steadily in 2023. The operating activities will continue to generate net cash inflows, and it is expected that it will still be sufficient to cover the cash

outflows generated by investment and financing activities. Therefore, the Group will have no risk of insufficient cash in the coming year. However, if the cash liquidity is insufficient, to respond, the Group will issue new shares to increase capital in cash or borrow from banks. The Group has close contacts with banks and has established good financing credit conditions, so there is no risk of insufficient financial liquidity or shortage of funds.

**4. The influence of major capital expenditures on financial business in the most recent year:**

None.

**5. Reinvestment policy in the most recent year, the main reasons for its profit or loss, improvement plans and investment plans for the next year:**

(1) Reinvestment policy in the most recent year:

The Company's re-investment policy is to enhance its own competitiveness for products and market, and to evaluate and analyze the upstream and downstream related businesses of the business it operates to enhance its operational growth and overall profitability. In addition, to strengthening the original competitiveness, in respect to adjustments based on operating policies and company structure, the development trend of electric vehicles can create a field of auto parts and components industry with better gross profit, and keep creating the greatest interests of shareholders.

(2) The main reasons for profit or loss from reinvestment and future investment plans

i. Reinvestment policy:

The Company's reinvestment policy is to enhance its own product and market competitiveness, and to evaluate and analyze the related businesses upstream and downstream of its operations, which can enhance its operational growth and overall profitability; based on the adjustment of operational policies and corporate structure, in addition to consolidating and strengthening its original competitiveness, the Company will continue to create the automobile components industry with better gross profit during the development trend of electric vehicles, so as to create maximum benefits for shareholders.

ii. Main reasons for profit or loss on reinvestment and improvement plans

December 31, 2022 Unit: NT\$ thousands

Investee Company	Profit (Loss) of Investees for 2022	Policy	Main reason for profit or loss	Improving plan
DaiichiKasei Co., Ltd.	151,928	Responsible for ordering and	Affected by the Covid-19 epidemic	Not applicable

Investee Company	Profit (Loss) of Investees for 2022	Policy	Main reason for profit or loss	Improving plan
		manufacturing of plastic products, and re-investment in the holding companies of Vietnam, Hong Kong and MAC	and China's risk control measures, the customer's lack of materials caused delays in shipments, and the profit decreased compared with 2021.	
M.A.C Technology (Malaysia) Sdn. Bhd.	(10,989)	Responsible for the manufacture and sales of plastic injection components such as home appliances and power tool gearbox parts	Affected by the COVID-19 epidemic and the Russia-Ukraine war this year, the revenue declined and resulted in a loss.	Not applicable
IKKA Vietnam	31,467	Responsible for the manufacture and sales of auto parts	Affected by the Covid-19 epidemic and China's risk control measures, the customer's lack of materials caused delays in shipments, and the profit decreased compared with 2021.	Not applicable
IKKA (Hong Kong) Co., Limited	2,364	Reinvestment in the holding company of IKKA Dongguan.	Affected by the Covid-19 epidemic and China's risk control measures, the customer's lack of materials caused delays in shipments, and the profit decreased compared with 2021.	Not applicable
IKKA Dongguan.	338	Responsible for manufacturing and sales of automobiles and	Affected by the Covid-19 epidemic and China's risk control measures, the	Not applicable

Investee Company	Profit (Loss) of Investees for 2022	Policy	Main reason for profit or loss	Improving plan
		home appliances	customer's lack of materials caused delays in shipments, and the profit decreased compared with 2021.	
Sol-Plus(HK)Co., Ltd.	(348)	Reinvestment in the holding company of Sol-Plus Japan.	-	
Sol-Plus Co., Ltd.	2,062	Mainly engaged in the production of audio-visual plastic components for automobiles, and in recent years, successfully developed plastic components related to electric vehicle motors.	-	
Hiraseimitsu (Thailand) Co., Ltd.	(1,505)	Mainly engaged in the production of audio-visual plastic components for automobiles, and in recent years, successfully developed plastic components related to electric vehicle motors.	The Covid-19 epidemic caused materials shortage and delayed shipments to customers, resulting in a loss for the year.	

(3) Investment plan for the coming year

On June 30, 2022, the board of directors resolved to pay US\$3,500,000 in cash and issue 2,105,408 new shares as consideration for the acquisition of 100% of the shares of Sol-Plus (HK) Co., with a share exchange ratio of 2.1611 shares of Sol-Plus Co., Ltd. for one newly issued common share of the Company, The Company offered US\$3,500,000 in



cash and issued 2,105,408 new shares to the shareholders of Sol-Plus (HK) Co., Ltd. in exchange for 35% and 65% of the issued common shares of Sol-Plus (HK) Co. Through the completion of this acquisition, we are able to combine the strengths of each other, full play to complementarity in terms of products and markets, accelerate the pace of entering the electric vehicle supply chain, and strengthen our competitiveness and expand our product sales channels, thereby enhancing our overall corporate value and shareholders' benefits.

**6. Risk events shall be analyzed and evaluated during the most recent year up to the annual report printing date**

(1) The influence of interest rate, changes in exchange rate and inflation on the Company's profit and loss and future countermeasures.

- i. The influence of interest rates, changes in exchange rate and inflation on the Company's profit and loss and future countermeasures

The interest income of the Group is mainly generated from the yield of bank deposits; interest expense mainly consist of the interest expense of loans from financial institutions and on lease liabilities recognized under the effective interest method. The interest income of the Group in 2021 and 2022 was NT\$3,530,000 and NT\$3,082,000 respectively, accounting for 0.08% and 0.09%, respectively, of the consolidated net operating income for the current period; while the interest expense in 2021 and 2022 was NT\$14,525,000 and NT\$8,585 respectively, accounting for 0.34% and 0.24%, respectively, of the consolidated net operating income for the current period. It shows that changes in interest rate have no significant influence on the Group's operations.

Countermeasures:

If there is a relatively large fluctuation in the interest rate in the future, the Group will make appropriate capital utilization plans according to the changes in interest rates of financial market, and will evaluate bank loan interest rates from time to time, and seek more favorable interest rates to maximize cost effect of capital.

- ii. The influence of changes in exchange rate on the Company's profit and loss and future countermeasures

The Group's purchases and sales are mainly based on operating bases. The exchange gains in 2021 and 2022 are NT\$ 39,166,000 and NT\$ 51,995,000 respectively, which accounted for a very low proportion of the current consolidated net revenue. It shows that there was no significant influence on operations from the changes in exchange rate. However, it has a certain proportion of the influence on the Company's business interests. Therefore, the

Company has taken the following relevant hedging management measures in response.

Countermeasures:

In order to avoid excessive exchange rate risk arising from foreign exchange rate changes in external sales and purchases, the Group adopts the following measures to response the influence of exchange rate changes on its profit and loss:

- A. The Group's financial units maintain close and good relationships with financial institutions, understand financial institutions' views on exchange rate trends, continue to pay attention to the international foreign exchange market and financial situation, adjust and manage foreign exchange part in a timely manner, and reduce the negative influence of exchange rate changes on the Company's profits and losses.
- B. Based on the principle of natural hedging to reduce the net exchange rate risk of the Group, which means that the purchase and sale of goods should be traded in the same currency as much as possible, so that the exchange risks generated by the receivable and payable positions can be offset with each other to achieve natural hedging effect.
- C. When making quotations to customers, business units should consider the factors that may be caused by exchange rate changes to avoid the risk of exchange rate changes.
- D. To create a foreign currency account, depending on the Company's foreign currency assets and liabilities, if the demand for foreign currency increases in the future, it will maintain a certain amount of foreign currency funds to reduce the influence of exchange rate changes on profits.

iii. Influence of inflation on the Company's profit and loss and future countermeasures

The Group has not been significantly affected by inflation before, and the quotations of the Group to customers and suppliers are mostly adjusted by the market, and there is no increase in purchasing costs due to inflation.

Countermeasures:

The Group will also keep abreast of the price changes of upstream commodities and reflect them in costs and quotations in a timely manner to reduce the influence on the Company's profit and loss due to cost changes.

(2) Policies for engaging in high-risk, high-leverage investments, loaning, endorsement, guarantees and derivatives trading, the main reasons for profit or loss and future countermeasures:

i. The Company focuses on its own business, based on a stable operating philosophy, as of the publication date of the annual report, it has not engaged in high-risk and high-leverage investments. Based on the consideration of operational risks, if the Company intends to engage in various investment and derivative commodity transactions in the future, it will conduct in accordance with the relevant operating rules formulated by the Company.

ii. The Company has established relevant rules such as "Operation procedures for loaning", "Operation procedures for endorsement and guarantees" and "Procedures for acquiring or disposing of assets". The Company will conduct in accordance with the above-mentioned rules, so the relevant risks should be limited.

iii. The Company focuses on its own business, based on a stable operating philosophy, as of the printing date of the annual report, it has not engaged in high-risk and high-leverage investments. Based on the consideration of operational risks, the Company has passed a resolution of the board of directors not to formulate the procedures for derivative commodity transactions. If the Company intends to engage in various investment and derivative commodity transactions in the future, it will conduct after formulating relevant rules.

### (3) R&D plans in the future and estimated R&D expenses

#### i. R&D plans in the future

The Company develops electric vehicle components products, and gradually increase the revenue proportion of electric vehicle components products, provide a variety of products and services. In order to respond to the trend of automatic driving of automobiles and look forward to the electronic control related to automotive parts, the Company develops high value-added components as well.

#### ii. Estimated R&D expenses

In the future, the Group will be more active in developing new products, new products, innovating and improving new technologies and manufacturing process in the future. In 2021 and 2022, approximately \$45,783,000 and \$41,623,000 have been invested in R&D. In the first half of 2023, the Company plans to invest approximately \$10,000,000 in the development of second generation EPB module, and the rest remainder will be maintained at a certain level of growth

depending on the future operating conditions, so as to maintain the Group's operating strategy and competitive advantage.

(4) The influences of important domestic and foreign policies and legal changes on the Company's financial business and the countermeasures:

The execution of each business of the Group is conducted in accordance with important domestic and foreign policies and laws and regulations. The Group always pays attention to the development trend of important domestic and foreign policies and legal changes at any time, and consults with lawyers, accountants and other related parties in case of changes, or commissions assessments and plans relevant countermeasures in order to respond to changes in market conditions and take appropriate countermeasures in a timely manner.

(5) The influences of changes in technology (including information security risk) and industries on the Company's financial business and the countermeasures:

In recent years, due to the development of global technology and the emphasis on environmental protection and energy conservation, the automobile industry has moved towards intellectualization and energy conservation, and there have been developments such as all-electric drive, automatic driving, electronic detection (e.g. tire pressure detector), and more energy-saving developments (e.g. improved fuel efficiency, lighter vehicles), etc. The Group must refine its processes and invest in new equipment to meet the requirements of first-tier suppliers.

The responsible unit for information security of the Company is the Administration Department, which is in charge of formulating the Company's information security policies, planning information security measures, and implementing relevant information security operations. The audit unit is also the inspection unit for information security supervision. Immediately, the inspected unit was required to propose relevant improvement plans and report to the board of directors, and regularly track the improvement results to reduce internal information security risks. Every year, the accountant conducts an audit of the information operation. If any deficiencies are found, they will ask for improvement measures and track the improvement results.

In addition to keeping abreast of the industrial market and technological trends, the Group also conducts research and planning on the properties, strength and reliability of various products, and conducts innovative research and development for advanced manufacture processes, materials and structures. The Group develops the most competitive products and services by virtue of its self-made

mold design capabilities, thereby expanding its market share. In response to the dynamic environment of industries, it can apply new technologies into its products at any time.

(6) The influences of corporate image change on corporate crisis management and the countermeasures:

The corporate image is the intangible asset of a company. Since the establishment, the Group has been upholding the principle of operating with integrity, strengthening its internal management actively and enhancing its quality assurance capability. The Group has built up a good corporate image through the efforts of its corporate leaders and management team over the years. As a result, there has been no significant change in the management of corporate crisis in the recent year and as of the date of publication of the annual report.

(7) Expected benefits, possible risks and countermeasures of M&A:

On June 30, 2022, the Company's board of directors resolved to acquire 100% of the shares of Sol-Plus (HK) Co. (the "Sol-Plus") with USD\$3,500,000 in cash and 2,105,408 shares of the Company. In order to pay the share consideration required for the acquisition of Sol-Plus, the Company intended to issue an additional 2,105,408 shares of common stock at an exchange ratio of 2.1611 shares of Sol-Plus for every one share of the Company's common share. The purpose of this plan was to expand the scale of operations in response to the Company's industry trend, increase its competitive advantage and strengthen its position in the industry, which will have a positive impact on shareholders' benefits. There were no mergers and acquisitions of subsidiaries in the recent year or as of the date of the annual report.

(8) Expected benefits, possible risks and the countermeasures of plant expansion: During recent years up to the annual report printing date, the Company has not expanded any plant.

(9) Risks for purchase or sales concentration and the countermeasures:

i. Purchase concentration risk and the countermeasures

In order to diversify risks, the Group purchases raw materials from each operation location. There has been no major change in the top suppliers in the last two years, but the ratio of each purchase to the purchase amount is less than 15%, so there is no concentration of purchase.

ii. Sale concentration risk and the countermeasures

For the most recent two years and the first quarter of 2023, the largest customer of the Group is Sumitomo Wiring Systems, Ltd., which accounted for 22.16%, 23.74% and 23.00% of the revenue, respectively; the second largest customer is AISIN, which accounted for 18.66%, 20.22% and 17.94% of the revenue respectively. Thus, there is no sales concentration. In addition, the supply chain of the automobile industry is relatively stable, and Japanese automobile manufacturers have strict requirements on the quality of automobile components. To ensure consistent quality and specifications of components, Japanese automobile manufacturers do not change suppliers frequently, and they have the dominant power in procurement and sales. Therefore, the sales targets of the Group's products are usually Tier 1 component suppliers who have a one-to-one partnership with the automobile manufacturers or designated by the automobile manufacturer. Based on pre-quality control considerations, some automobile manufacturer also require that their sales must be sold through their reinvestment company, making the sales target of the Group more concentrated; this is, however, a characteristic of the automobile industry. After IPO, there will be more abundant capital. In addition to continuing to increase the operating scale, to the current existing customer, Tier 1, the Group will develop a closer relationship with its R&D and business units, to cooperate in the development of higher-tech products, or to cooperate with different system objects of the customer group. In the field of bathroom appliances, the current supply is high-end products with higher specifications, which is relatively stable. On this basis, the chances of cooperation with other major manufacturers has increased, which can reduce the risk of concentrating on the top ten customers.

(10) Directors, supervisors or shareholders holding more than 10% of the shares. The influences, risks and countermeasures of the large-scale transfer or replacement of shares of the Company: None.

(11) Influence, risks and countermeasures of the changes of management rights on the Company:

There was no change in the management rights of the Company in the most recent year and up to the date of printing of the annual report.

(12) Litigation and non-litigation events:

i. In the last two years and as of the printing date of the annual report, the

major lawsuit, non-litigation or administrative dispute has been determined or is currently pending, the result of which may have a significant influence on shareholders' rights and or securities prices. In such cases, the parties involved and the current situation shall be disclosed:

Plant	Explanation	Situation or progress of improvement
Japan IKKA	From April 2013 to September 2018, former employee Gukou ○○ (hereinafter referred to as GE) forged transaction documents for outsourcing services, which made the Company think that it outsources design services to Japanese manufacturers, but in fact GE embezzled the Company's cash. Such matter affecting the Company's financial and business conditions is currently under the jurisdiction of the Utsunomiya District Court, Japan, and GE has not disputed the termination of the labor contract.	After a review, the Company filed a lawsuit against a former employee, GE, for compensation of ¥61,035,939 in total. The case was settled by the Utsunomiya District Court on August 24, 2022, with the former employee, GE, paying a total amount of ¥27,800,000 in damages to IKKA Japan. In addition, a revision of the internal control deficiencies has been made to prevent the recurrence of the same situation.
Dongguan IKKA	Liao Xueqiong, a former employee of the Chinese subsidiary, filed a lawsuit against the Chinese subsidiary with the First People's Court of Dongguan City, Guangdong Province, claiming that the Chinese subsidiary violated the law and failed to pay reasonable overtime pay of CNY 44,828 and economic compensation of CNY 58,350 in accordance with the labor contract.	The Chinese subsidiary believes that Liao Xueqiong has retired, and the relevant provisions of the Labor Contract Law on overtime pay and economic compensation are not applicable. The Chinese subsidiary intends to make the following defense: Starting from March 11, 2021, Liao Xueqiong voluntarily proposes to terminate the labor contract, thus, the Chinese subsidiary does not need to pay Liao Xueqiong overtime pay and economic compensation. In this case, on July 9, 2021, the Dongguan First People's Court has issued a judgment that does not support all the plaintiff's claims.

Based on the above assessment, the results of the above-mentioned lawsuits have no significant influence on shareholders' rights or securities prices.

ii. There are litigations, non-litigation or administrative disputes, in which the directors, supervisors, president, substantial persons in charge, shareholders holding more than 10% of the shares, and the affiliates of the Company involved, that have been decided or are currently pending in the last two years and as of the date of publication of the annual report. If the results of such disputes may have a significant influence on shareholders' rights or securities prices, the facts at issue, the amount of the subject matter, the date of commencement of the litigation, the main parties involved, and the handling as of the date of publication of the annual report shall be disclosed: None.

(13) Other important risks and the countermeasures:

i. Environmental protection is becoming increasingly critical

The Environmental protection has become increasingly severe. As the great economic development at the expense of the environment, the governments of China and Vietnam have gradually paid more attention to the environmental requirements.

ii. Risk of costs of rising wage in various regions

With the development of the Asian economy, its labor costs are also rising year by year. Many companies are facing the decrease of profits. The Company's operations in China, Vietnam and Malaysia are also facing rising labor costs.

iii. Risks of the general economy, political and economic environment, foreign exchange and laws

The Company is registered in the British Cayman Islands, and the main operations are located in Japan, Vietnam, China and Malaysia. Therefore, changes in the general economic, political and economic environment, foreign exchange and laws and regulations of the place of registration and each operating place will affect the operation situation of the Company.

iv. The management of the Company will face the significant challenge of becoming a listed company for the first time

The Company has a professional management team with rich experience in the securities market of the Republic of China. The management team collects



market information and analyzes market trends at any time, and strengthens various internal management for risk control, so that the Company's operations can have immediate response measures when the economic situation changes. In addition, the parent company of the Company is a TPEX listed company in Taiwan, and it also continuously provides consulting on the practice and laws of TPEX listed companies. More than half of the board members are also familiar with Taiwan's securities laws and regulations. Such Challenge should have no significant influence on the Company.

v. Risks of protection of shareholders' rights

There are many different regulations in the Company law of the Cayman Islands and the Company law of the Republic of China, and there are many differences between the regulations of Cayman Islands and Republic of China about the operation of companies. Investors cannot compare and apply the legal rights protection of investing in a company in the Republic of China to Cayman companies which where they invest in. Investors shall clearly understand and consult with experts to confirm whether there is any risk of not being able to protect the rights and interests of shareholders, as investing in Cayman companies.

vi. The Company is a holding company, which depends on the performance of its subsidiaries and such subsidiaries' ability to distribute dividends, and is subject to the restrictions on its distribution of dividends and transfer of capital. Since the Company is a holding company, its ability to pay dividends depends on the surplus and distribution of its reinvestment companies, and the distribution method and amount approved by the board of directors, so the future dividend distribution will be based on the holding company's overall operating performance, financial situation, cash requirements, and applicable laws and regulations. For example, according to Chinese law, a Chinese subsidiary can only distribute and pay dividends from its net profit, and the amount of net income is determined on the basis of retained earnings calculated in accordance with Chinese generally accepted accounting principles and relevant financial regulations in China, which are different from the IFRSs. In addition, according to relevant laws and regulations, when distributing profits, subsidiaries in China must first set aside at least 10% of the annual after-tax net profit as statutory surplus (a statutory reserve that cannot be distributed as dividends, but when the cumulative amount of the reservation reaches 50% of the Company's registered capital, it may no longer

be reserved), and if a subsidiary in China distributes dividends, the Company needs to withhold 10% of the income tax when the money are remitted, which may reduce the Company's ability of dividend distribution to shareholders.

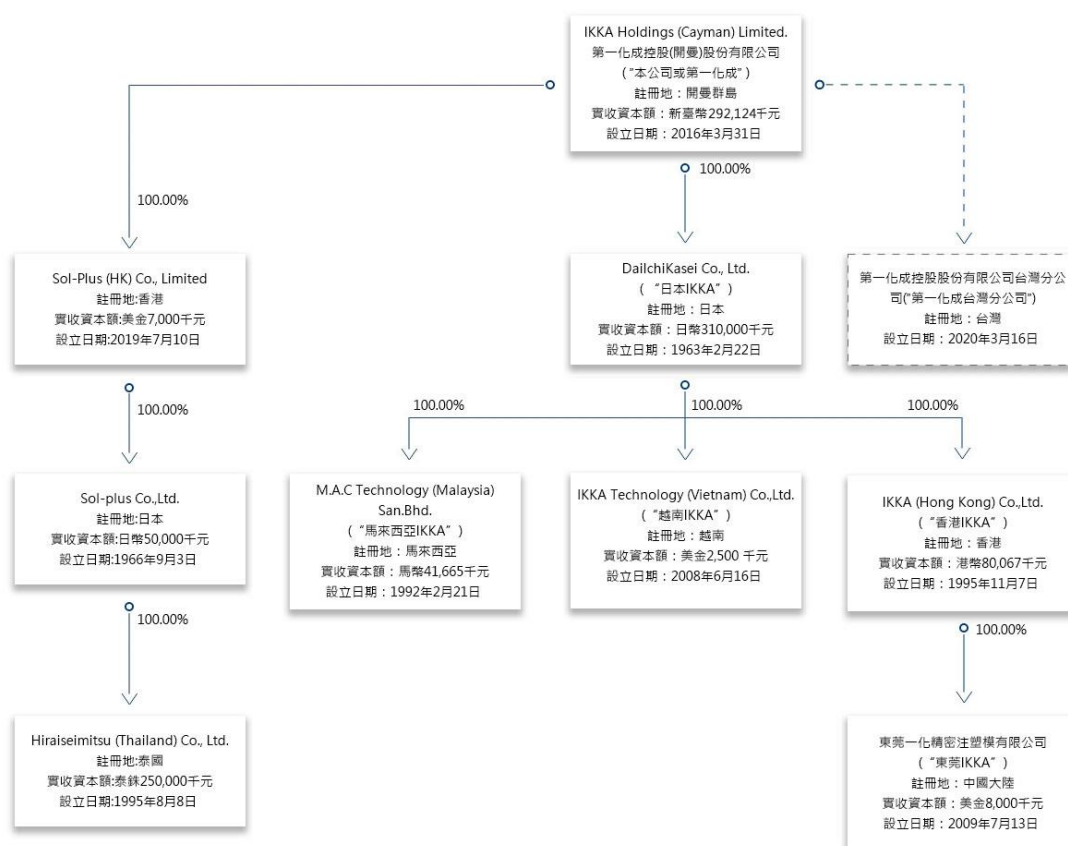
7. **Other:** None.

## VII Special Notes

### 1. Relevant information of affiliated companies

#### (1) Consolidated business report of affiliated companies for the most recent year

##### i Organization chart of affiliated companies (Base date: March 31, 2023)



(2) Basic information of each affiliated company and the industries covered

Unit:1000 share; NTDS\$ thousand

Name	Relationship with the Company	Directly or indirectly held by the Company			Holdings of the Company's shares		
		Ratio	Shares	Amount	Ratio	Shares	Amount
DaiichiKasei Co., Ltd.	Direct investment subsidiary	100%	64	627,091	-	-	-
IKKA Technology (Vietnam)Co., Ltd	Indirect investment sub-subsidiary	100%	2,500	58,346	-	-	-
IKKA (Hong Kong) Co., Limited	Indirect investment sub-subsidiary	100%	80,067	292,545	-	-	-
M.A.C Technology (Malaysia) Sdn. Bhd.	Indirect investment sub-subsidiary	100%	41,665	380,603	-	-	-
IKKA Dongguan. (Note 1)	Indirect investment third-tier subsidiary	100%	-	232,837	-	-	-

Note 1: A limited company, and thus has no number of shares or par value

(3) For those who are presumed to have a controlling or subordinate relationship in accordance with Article 369-3 of the Company Act, the information of the same shareholder: None.

(4) Information on directors, supervisors and general managers of affiliated companies

March 31, 2023 Unit: 1,000 shares; %

Name	Title	Name or representative	Shareholding	
			K Shares	Ratio %
DaiichiKasei Co.,Ltd.	Chairman	Masami Ohara	64	100
	Director	Kobayashi Yoshinobu		
	Director	Chun-Jen Tong		
	Director	Chun-Yi Tong		
	Director	Shiang-Chi Hu		

Name	Title	Name or representative	Shareholding	
			K Shares	Ratio %
M.A.C Technology (Malaysia)San. Bhd.	Supervisor	Chao-Yu Yang	41,665	100
	Chairman	Shiang-Chi Hu		
	Director	Hooi Chee Liong		
	Director	Masami Ohara		
	Director	Chao-Yu Yang		
IKKA Technology (Vietnam)Co., Ltd.	Director	Hsi-Jen, Jen	2,500	100
	Chairman	Hiroshi Aoki		
	Director	Masami Ohara		
	Director	Kobayashi Yoshinobu		
	Director	Shingo Nishio		
IKKA (Hong Kong)Co., Ltd.	Supervisor	Shang-Lin Lin	80,067	100
	Chairman	Nakagawa Katsumi		
IKKA Dongguan.	Chairman	Nakagawa Katsumi	8,000	100
	Director	Masami Ohara		
	Director	Shiang-Chi Hu		
	Director	Kobayashi Yoshinobu		
	Director	Kikuchi Tatsuo		
	Director	Toyo Terauchi		
	Supervisor	Shang-Lin Lin		
Sol-Plus (HK)Co., Ltd.	Director	IKKA Holdings(Cayman)Limited - Shiang-Chi Hu	7,000	100
	Director	IKKA Holdings(Cayman)Limited - Chun-Jen Tong		

Name	Title	Name or representative	Shareholding	
			K Shares	Ratio %
	Director	IKKA Holdings(Cayman)Limited - Chun-Yi Tong		
Sol-Plus Co., Ltd.	Chairman	Hiroshi Yoshida	3,404,019	100
	Director	Yasunori Hirata		
	Director	Shiang-Chi Hu		
	Director	Chun-Jen Tong		
	Director	Chun-Yi Tong		
	Director	Takeki Mizoguchi		
	Supervisor	Che-I, Chou		
Hiraiseimitsu (Thailand)Co., Ltd.	Chairman	Yasunori Hirata	2,500	100
	Director	Shiang-Chi Hu		
	Director	Chun-Jen Tong		
	Director	Chun-Yi Tong		
	Director	Masami Ohara		
	Director	Hiroshi Yoshida		
	Director	Takeki Mizoguchi		
	Director	Takeshi Yamaguchi		
	Director	Hisashi Yoshida		

(5) Business overview of affiliated companies

2. Financial status and management results of affiliated companies

2022.12.31 Unit: NTD\$ thousand

Name	Capital	Total Assets	Total Liabilities	Net Value	Revenue	Operating Income	Profit or Loss for the Period (After Tax)	Earnings Per Share (NTD) (After Tax)
DaiichiKasei Co., Ltd.	627,091	2,482,141	1,117,973	1,364,167	1,515,074	132,335	151,928	2,370.88
IKKA Hong Kong	292,545	581,772	128,004	453,768	431,234	4,660	2,364	0.03
IKKA Vietnam	58,346	475,905	118,994	356,910	592,702	37,540	31,467	12.59
M.A.C Technology (Malaysia) San. Bhd.	380,603	196,797	48,582	148,214	243,943	(11,208)	(10,989)	(0.26)
IKKA Dongguan.	232,837	748,920	413,627	335,293	984,788	17,172	338	-
Sol-Plus(HK)Co.,Ltd.	281,629	266,273	60,120	206,153	-	398	20,226	2.89
Sol-Plus Co.,Ltd.	380,603	274,895	127,928	146,966	194,198	(8,771)	(7,154)	-
Hiraseimitsu(Thailand)Co.,Ltd.	249,203	311,567	263,234	48,333	358,556	17,057	6,645	2.66

- (4) Consolidated financial statements of affiliated companies: Please refer to Consolidated Financial Statements and Audit Reports of CPAs in VI Financial Highlights.
- (5) Relationship Report: None.
3. Private Placement of marketable securities in the most recent years as of the date of the printing of this annual report: None.
4. During recent years up to the annual report printing date, the subsidiary holds or disposes of the Company's stock:  
None.
5. Other Necessary Supplements:  
None.
6. Explanation of the differences between the Company's Articles of Incorporation and the provisions on the protection of shareholders' rights of the Republic of China

<b>Number</b>	<b>Significant Matters of Protection of Shareholders' Rights</b>	<b>Company Act, Securities and Exchange Act or Relevant Regulations</b>	<b>Regulations of the Articles of Incorporation and the Reasons of the Difference</b>
1.	1. The company shall not cancel its shares, unless a resolution on capital reduction has been adopted by its shareholders' meeting; and capital reduction shall be effected in proportion to the percentage of shares held by the shareholders.	Company Act Article 168	There are differences between Article 10.7 and Article 14.1 of the Articles of Incorporation, and the Significant Matters of Protection of Shareholders' Rights on the left, because a reduction of issued share capital, which requires that such reduction be authorized by the shareholders by way of special resolution and which is further subject to confirmation by the Cayman court. Besides the procedure mentioned above, the issued share capital of a company may only be cancelled if such shares are repurchased, surrendered or redeemed by the Company under



<b>Number</b>	<b>Significant Matters of Protection of Shareholders' Rights</b>	<b>Company Act, Securities and Exchange Act or Relevant Regulations</b>	<b>Regulations of the Articles of Incorporation and the Reasons of the Difference</b>
	<p>2. The Company reducing its capital may return share capital to shareholders by distributing property other than cash; the returned property and the amount of such substitutive capital reduction shall be approved by a prior resolution at the shareholders' meeting and be agreed by the shareholders who are going to receive such property.</p> <p>3. Before the shareholders' meeting, the board of directors shall first have the value of such property and the amount of such substitutive capital reduction set forth in the preceding paragraph audited and certified by a Taiwan</p>		<p>Cayman Company Act and relevant regulations. In view of this, Article 10.7 of the Articles of Incorporation stipulates that the procedure for reducing the Company's capital is through share repurchase, and Article 14.1 of the Articles of Incorporation stipulates that the Company's capital must be reduced by a special resolution of the shareholders' meeting, but there is no provision under Cayman Company Act requiring that: (1) shall be repurchased in proportion to the shareholders' shareholding; (2) approval shall be required for the return of shares in property other than cash, or (3) the value of the returned property shall be evaluated. Such differences are from the provisions of the Cayman Company Act.</p>

Number	Significant Matters of Protection of Shareholders' Rights	Company Act, Securities and Exchange Act or Relevant Regulations	Regulations of the Articles of Incorporation and the Reasons of the Difference
	certified public accountant.		
2.	<ol style="list-style-type: none"> <li>1. Procedures for the Company to enter into stock option agreements with its employees or grant employee stock option certificates.</li> <li>2. Employee stock option certificates are not assignable, except to the heirs of the recipients.</li> </ol>	Company Act Article 167-2	It is noted that although Articles 11.1 to 11.4 of the Company's Articles of Incorporation have been amended in accordance the Significant Matters of Protection of Shareholders' Rights on the left, under the Cayman law, however, to restrict the transfer of any Stock Option warrant of an employee, such restriction shall be provided in the employee Stock Option agreements / warrant.
3.	<ol style="list-style-type: none"> <li>1. The annual meeting shall be convened at least once every year within six months of the end of the fiscal year. The shareholders' meetings shall be convened by the board of directors.</li> <li>2. The articles of association may specify that shareholders' meetings may be held by video conference or other means announced by the competent authorities of the Company Act. However, due to natural disasters, events, or other force majeure, the competent authority of the Company Act may announce that a</li> </ol>	<ol style="list-style-type: none"> <li>1. Company Act Article 170</li> <li>2. Company Act Article 172-2</li> <li>3. Company Act Article 172-1</li> <li>4. Company Act Article 173 (1) (2), Article 173-1</li> <li>5. Company Act Article 172,</li> </ol>	A foreign issuer is an exempted company under Cayman Laws. According to Cayman Company Act, though it is not necessary to hold a shareholders' meeting annually, Article 16.2 of the Company's articles of incorporation provides that "After becoming a public company, the Company shall convene a shareholders' meeting within six months after the end of each fiscal year as an annual general meeting of shareholders, and It should be explained in detail in the notice of convening the shareholders meeting. At the shareholders' meeting, the board of directors should make relevant reports (if any)."

<b>Number</b>	<b>Significant Matters of Protection of Shareholders' Rights</b>	<b>Company Act, Securities and Exchange Act or Relevant Regulations</b>	<b>Regulations of the Articles of Incorporation and the Reasons of the Difference</b>
	<p>shareholders' meeting may be held by video conference or by its announcement within a period without adding the provisions in the articles of association.</p> <p>3. If a shareholders' meeting is held by video conference, the shareholders who participate in a video conference are deemed to be present in person.</p> <p>4. The conditions, procedures, and other matters to be followed by the Company in connection with the shareholders' meeting by video conference shall be in accordance with the regulations of R.O.C. related to securities.</p> <p>5. The shareholders' meeting that is held in person shall be held in territory of the Republic of China. If a shareholders' meeting in person is held outside territory of the Republic of China, it shall be reported to the TSE for approval within two days after the resolution of the board of directors or</p>	<p>Security and Exchange Act Article 26-1. Article 43-6</p>	<p>Other matters are provided in Articles 16.2, 16.3, 16.4, 18.9, 16.5 to 16.9, 17.5, and 35 of the Articles of Incorporation respectively.</p> <p>However, Article 16.8 of the Company's Articles of Association differs slightly from the Significant Matters of Protection of Shareholders' Rights on the left and is explained as follows.</p> <p>According to the Taiwan Stock Exchange's letter No. 0991701319 dated April 13, 1999: "Note: 2. (3) A foreign issuer shall provide in its articles of incorporation the right of minority shareholders to request the convening of a special shareholders' meeting, provided that it does not violate the laws of where the foreign issuer registered. The part of the competent authority permitting the convening may be deleted."</p> <p>Therefore, Article 16.8 of the Company's Articles of Incorporation stipulates that " If the board of directors do not, within fifteen days from the delivery of the request from the shareholders, issue the notice of convening a special</p>

<b>Number</b>	<b>Significant Matters of Protection of Shareholders' Rights</b>	<b>Company Act, Securities and Exchange Act or Relevant Regulations</b>	<b>Regulations of the Articles of Incorporation and the Reasons of the Difference</b>
	<p>the approval of convening from the competent authority acquired by the shareholders.</p> <p>6. Shareholders holding 1% or more of the total issued shares may present to the Company a proposal at a shareholders' meeting in written or digital notice. Other than the following situation, proposals proposed by shareholder(s) shall be included in the agenda by the board of directors : (i) the proposal involves matters which cannot be resolved at a shareholders' meeting; (ii) the number of shares held by the shareholder is less than 1% of the total issued shares, (iii) the proposal is raised outside the deadline fixed for accepting proposal; (iv) the proposal exceeds 300 words or includes more than one</p>		<p>shareholder's meeting, such shareholders may themselves convene a special shareholders' meeting under the regulations related to public company."</p>

<b>Number</b>	<b>Significant Matters of Protection of Shareholders' Rights</b>	<b>Company Act, Securities and Exchange Act or Relevant Regulations</b>	<b>Regulations of the Articles of Incorporation and the Reasons of the Difference</b>
	<p>proposal. If the proposal is to urge the Company to promote public interest or to fulfil its social responsibilities, the board of directors may include the proposal.</p> <p>7. Shareholder(s) continuously holding 3% or more of the total issued shares for at least one year may submit a proposal in written to the board of directors, setting forth the subjects for discussion and reasons, to request convention of a special shareholders' meeting. If the board of directors fails to give a notice for convening a special shareholders' meeting within 15 days of the submission, such shareholder(s) may convene a special meeting after obtaining approval from the competent authorities.</p>		

<b>Number</b>	<b>Significant Matters of Protection of Shareholders' Rights</b>	<b>Company Act, Securities and Exchange Act or Relevant Regulations</b>	<b>Regulations of the Articles of Incorporation and the Reasons of the Difference</b>
	<p>8. The shareholder(s) continuously holding 50% or more of the total issued shares for three months or more may convene a special shareholders' meeting themselves/herself/himslef. The calculation of the holding period and number of shares shall be determined based on the shareholding on the book closing date.</p> <p>The following matters shall be specified with explanation in the notice for convening a shareholders' meeting and may not be proposed by ad hoc motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the Company, and such website shall be indicated in the notice:</p> <p>(1) Election or discharge of directors and</p>		

<b>Number</b>	<b>Significant Matters of Protection of Shareholders' Rights</b>	<b>Company Act, Securities and Exchange Act or Relevant Regulations</b>	<b>Regulations of the Articles of Incorporation and the Reasons of the Difference</b>
	<p>supervisors;</p> <p>(2)Amendment to the articles of association;</p> <p>(3)reduction of capital</p> <p>(4)application for the approval of ceasing its status as a public company</p> <p>(5)Winding-up, merger, share swap or spin-off;</p> <p>(6)Entering into, amending or terminating an agreement for leasing its entire business, entrusting its business operation or conduct regularly joint operation with others;</p> <p>(7)Transfer of its business or property in whole or in part;</p> <p>(8)Acceptance of all the business or property from others which will have a significant influence on the Company's operations;</p> <p>(9)Private placement of equity-based</p>		

<b>Number</b>	<b>Significant Matters of Protection of Shareholders' Rights</b>	<b>Company Act, Securities and Exchange Act or Relevant Regulations</b>	<b>Regulations of the Articles of Incorporation and the Reasons of the Difference</b>
	securities; (10)Waiver of non-competition prohibitions on directors; (11)Distribution of dividends and bonuses in whole or in part by issuing shares; (12)Distribution of legal reserve fund from profit and capital reserve from share premium or gift, by means of issuing new shares or by cash to existing shareholders.		
4.	1. The Company shall include electronic means as one way to exercise voting rights when holding shareholders' meetings. 2. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means	1. Company Act Article 177-1 2. Company Act Article 177-2	It should be noted that Article 19.6 of the Articles of Incorporation provides that “A shareholder exercising voting power by one of the means mentioned above shall be deemed to have appointed the chairman of the general meeting as his proxy to exercise his or her voting right at such general meeting in accordance with the instructions stipulated in the written or electronic document.” Although Cayman law does not consider a shareholder who exercises their voting rights in this manner to be recognized as present at a shareholders' meeting in person, such shareholder shall be entitled to



<b>Number</b>	<b>Significant Matters of Protection of Shareholders' Rights</b>	<b>Company Act, Securities and Exchange Act or Relevant Regulations</b>	<b>Regulations of the Articles of Incorporation and the Reasons of the Difference</b>
	<p>will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting</p> <p>3. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.</p> <p>4. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder</p>		<p>substantially all the rights of a shareholder who exercises their voting rights by correspondence or electronic means in accordance with the laws of the Republic of China.</p>

<b>Number</b>	<b>Significant Matters of Protection of Shareholders' Rights</b>	<b>Company Act, Securities and Exchange Act or Relevant Regulations</b>	<b>Regulations of the Articles of Incorporation and the Reasons of the Difference</b>
	<p>intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail.</p> <p>5. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.</p>		

<b>Number</b>	<b>Significant Matters of Protection of Shareholders' Rights</b>	<b>Company Act, Securities and Exchange Act or Relevant Regulations</b>	<b>Regulations of the Articles of Incorporation and the Reasons of the Difference</b>
5.	<p>The following proposals involving shareholders' significant rights and interests shall be adopted by a majority vote of more than half of the shareholders representing two-thirds or more of the total issued shares at a shareholder's meeting. If the total number of shares represented by the shareholders present at the shareholders' meeting is less than two-thirds of the total issued shares, a resolution may be adopted by a majority vote of two-thirds or more of the attending shareholders who represent more than half of the total issued shares:</p> <p>1. That (i) an agreement for leasing the entire business, entrusting the business or conducting regularly joint operation with others be signed, amended or terminated;</p>	<ol style="list-style-type: none"> <li>1. Company Act Article 185</li> <li>2. Company Act Article 277</li> <li>3. Company Act Article 159</li> <li>4. Company Act Article 240</li> <li>5. Company Act Article 316</li> <li>6. Business Mergers And Acquisitions Act Article 29</li> </ol>	<p>Some of the provisions of the Articles of Association differ slightly from the important matters for the protection of shareholders' rights listed on the left, as follows.</p> <p>(1).Articles of Association Article 1.1  (a) Articles of Association provision  Article 1.1 of the Articles of Incorporation provides that special resolution means “resolution passed by a majority vote of two-thirds or more of the shareholders who are entitled to vote in the shareholders’ meeting. Each of such shareholders may vote in person or appointing a fully authorized proxy to vote for him/her (if a proxy is allowed, the notice of convening a shareholders’ meeting shall it is a special resolution.) Matters subject to Special Resolution shall, in accordance with the Cayman Company Act, include, but not be limited to: (i) change of the name of the Company; (ii) amendments or additions to the Articles of Incorporation; (iii) amendments or additions to the memorandum of Articles of Incorporation relating to the purpose, powers or other matters expressly stated; (iv) reduction of issued share capital</p>

<b>Number</b>	<b>Significant Matters of Protection of Shareholders' Rights</b>	<b>Company Act, Securities and Exchange Act or Relevant Regulations</b>	<b>Regulations of the Articles of Incorporation and the Reasons of the Difference</b>
	<p>(ii) the business or property be transferred in whole or in part; or (iii) all the business or property be acquired from others, which will have a significant influence on the Company's operations;</p> <p>2. That the articles of association be amended;</p> <p>3. If the amendment of the articles of association may prejudice the rights of preferred shareholders, a resolution adopted by a preferred shareholders' meeting will be required;</p> <p>4. That dividends and bonuses be distributed by issuing new shares in whole or in part;</p> <p>5. That the Company be wound up, merged or spun off; and</p> <p>6. Share Swap</p>		<p>and capital redemption reserve fund; (v) voluntary dissolution for reasons other than the inability to pay its debts as they become due; (vi) merger or consolidation with another company. Moreover, Article 18.1 of the Articles of Incorporation provides that "No resolution shall be passed unless the shares represented by the attending shareholders meet the minimum quorum of shares represented at a shareholder meeting. Unless otherwise provided in the Statute, the Articles and the Public Company Rules, the attendance of shareholders representing more than half of the total number of issued shares in person or by proxy shall constitute the quorum for attendance at the shareholders' meeting." In other words, for a special resolution to be made, it shall be passed by at least two-thirds of the votes cast by the shareholders present, in person or by proxy, representing at least one-half of the total number of issued shares of the Company.</p> <p>(b) Reasons for Differences Special resolutions are required by the Cayman Company</p>

<b>Number</b>	<b>Significant Matters of Protection of Shareholders' Rights</b>	<b>Company Act, Securities and Exchange Act or Relevant Regulations</b>	<b>Regulations of the Articles of Incorporation and the Reasons of the Difference</b>
			<p>Act, and under the Cayman Company Act, matters that shall be resolved by a special resolution shall not be passed by majority, which is a lower standard. Meanwhile, "Supermajority Resolution" is defined in Article 1.1 of the Articles of Incorporation, which means "(i) resolution passed by a majority vote of more than half of the shareholders representing two-thirds or more of the total issued shares at a shareholder's meeting, or (ii) if the total number of shares represented by shareholders attending the shareholders meeting does not reach two-thirds of the total number of issued shares of the Company, but exceeds half of the total number of issued shares of the Company, a resolution passed by two-thirds or more of the voting rights of the shareholders present." For Significant Matters of Protection of Shareholders' Rights, if they shall be passed by special resolution under Cayman Company Act, they will still be listed as matters for "special resolutions" in the Articles of Incorporation; otherwise, they will be listed as " Supermajority Resolution ".</p>

<b>Number</b>	<b>Significant Matters of Protection of Shareholders' Rights</b>	<b>Company Act, Securities and Exchange Act or Relevant Regulations</b>	<b>Regulations of the Articles of Incorporation and the Reasons of the Difference</b>
			<p>(2).Articles of Association Article 14.3.  (a) Articles of Association  Article 14.3 of the Articles of Incorporation provides that “Subject to the provisions of the Statute, the Articles, and the Public Company Rules, with regard to the dissolution procedures of the Company: (a) if voluntary dissolution for reasons other than the inability to pay its debts as they become due, it shall be passed by a Supermajority Resolution; or (b) if voluntary dissolution for reasons other than Article 14.3 (a) mentioned above, it shall be passed by a special shareholders’ meeting.” What differs slightly from the Significant Matters of Protection of Shareholders' Rights on the left is that : Resolutions on dissolution in the company's articles of incorporation are classified as " Supermajority Resolution" and "special resolutions" according to the reasons for the dissolution of the Company's articles of association. In contrast, all Significant Matters of Protection of Shareholders' Rights on the left are required to be passed by Supermajority Resolution.</p>

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			<p>(b) Reasons for Difference.</p> <p>Under the Cayman Companies Act, if a company resolves to voluntarily dissolve for reasons other than its inability to pay its debts as they fall due, a special resolution is required. It is clear from the above that the difference is due to Cayman Laws.</p> <p>Such difference has been provided in Article 14.3 (a) that “if a company resolves to voluntarily dissolve for its inability to pay its debts as they fall due, a Supermajority Resolution is required”; and the matters other than those set forth in Article 14.3(a) shall be passed by special resolutions ” under the Cayman Company Act.</p>
6.	Compensation payable to directors, if not prescribed in the articles of association, shall be determined at a shareholders' meeting and may not be recognized retroactively.	Company Act Article 196 (1)	<p>Provide in Article 30.1, 30.2, 32.8 and 32.9 of Articles of Incorporation respectively.</p> <p>Although the Articles of Incorporation do not provide the compensation of directors or stipulate that the shareholders' meeting should agree upon the compensation, the board of directors has established a compensation committee in accordance with the Ministry of Economic Affairs'</p>

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			Interpretation No. 09302030870 dated March 8, 2004, and the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange”.
7.	If a director, in the course of performing his duties, has committed any act resulting in material damages to the Company or in serious violation of applicable laws and regulations, but not discharged by a resolution of the shareholders' meeting, the shareholder(s) holding 3% or more of the total number of outstanding shares of the Company may, within 30 days after that shareholders' meeting, file a petition with the Taipei District Court for discharging of such director.	Company Act Article 200	Article 28.2(m) of Articles of Association differs slightly from the important matters for the protection of shareholders' rights listed on the left, explained as follows: 1. Articles of Association Article 28.2(m) of the Articles of Association provides that : “ "Except as otherwise provided by statute, articles of association or public offering companies statute otherwise, in the event that a director has, in the course of performing his/her/its duties, committed any act resulting in material damage to the Company or in violation of applicable laws and/or regulations or the Memorandum and the Articles, but has not been removed by the Company pursuant to a Supermajority Resolution vote, then any shareholder(s) holding 3% or more of the total number of issued ,



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			<p>outstanding Shares shall have the right, within thirty days after that general meeting, to petition any competent court (including Taipei district court) for the removal of such Director, at the Company's expense and such Director shall be removed upon the final judgement by such court. For clarification, if a relevant court has competent jurisdiction to adjudicate all of the foregoing matters in a single or a series of proceedings, then, for the purpose of this paragraph, final judgement shall be given by such competent court.”</p> <p>The context of such Article is slightly different from the important matters for shareholders' rights protection listed on the left.”</p> <p>2. Reasons for difference</p> <p>Since there is no specific statutory provision under the Cayman Company Act which allows minority shareholders to apply to the courts in the Cayman Islands to remove a director, Articles of Association provides that shareholders shall initiate the action in a court of competent jurisdiction, and the shareholders may still dismiss the directors in</p>

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			accordance with the Articles of Association.
8.	<ol style="list-style-type: none"> <li>1. The supervisors shall be elected by the shareholders' meeting, and at least one supervisor shall have a domicile within the territory of the Republic of China.</li> <li>2. The term of office of a supervisor shall not exceed three years; but he/she may be eligible for re-election.</li> <li>3. If all supervisors have been discharged, the board of directors must convene a special shareholders' meeting to elect new supervisors within 60 days.</li> <li>4. The supervisors shall supervise the business operations of the Company and may at any time investigate the business and financial conditions of the Company, examine, transcribe and copy the accounting books and documents, and request the board of directors or officers to make reports.</li> <li>5. The supervisors shall audit the statements and records prepared by the board of directors for submission to the shareholders' meeting and shall</li> </ol>	Company Act Article 216 to Company Act Article 222	Article 32.6 of the Articles of Incorporation, in accordance with Article 28-4(2) of Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, "A foreign issuer shall establish an audit committee. The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be committee convenor". The Company has already established an audit committee consisting of all independent directors (Article 32.6 of the Articles of Association).

<b>Number</b>	<b>Significant Matters of Protection of Shareholders' Rights</b>	<b>Company Act, Securities and Exchange Act or Relevant Regulations</b>	<b>Regulations of the Articles of Incorporation and the Reasons of the Difference</b>
	<p>report their findings and opinions at the shareholders' meeting.</p> <p>6. The supervisor(s) may appoint, on behalf of the Company, certified public accountants and legal counsels to assist on the performance of duties.</p> <p>7. The supervisors may attend the board meetings and express his/her/their opinions. If the board of directors or any director, in the course of performing his/her/its duties, commits any act in violation of applicable laws, regulations, the articles of association or resolutions of the shareholders' meeting, the supervisors shall notify the board of directors or a director to cease such act.</p> <p>8. Each of the supervisors may independently and individually exercise their supervision power.</p> <p>9. Supervisors shall not be concurrently a director, a officer or employee of the Company.</p>		
9.	If a director or a supervisor (if applicable) of the Company pledges more than 50% of	Company Act Article 197-1, Article 277	Article 24.3 of the Articles of Incorporation, in accordance with Article 28-4 (2) of the Taiwan Stock Exchange

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	<p>the shares being held by him/her/it at the time when he/she/it was elected ("Original Shares"), the voting rights associated with the pledged shares that are in excess of 50% of the Original Shares will be prohibited from being exercised; and such pledged shares for which voting right cannot be exercised as described above shall not be counted towards the number of votes of shareholders present at a shareholders' meeting.</p>		<p>Corporation Rules Governing Review of Securities Listings, "A foreign issuer shall establish an audit committee. The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be committee convenor, and at least one of whom shall have accounting or financial expertise." The Company has already established an audit committee consisting of all independent directors.</p>
10.	<p>Where a juristic person acts as a shareholder of a company, its authorized representative may be elected as a director or supervisor of the Company. If there are authorized representatives, each of them may be so elected, but such authorized representatives may not concurrently be selected or serve as the director or</p>	<p>Company Act Article 27 (2)</p>	<p>Article 27.4 of the Articles of Incorporation, in accordance with Article 28-4 (2) of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, "A foreign issuer shall establish an audit committee, in which the members shall not be fewer than three persons, one of whom shall be committee convenor." The Company has already established an audit committee consisting of all independent directors.</p>

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	supervisor of the Company.		

**VIII In the most recent year and as of the date of publication of the annual report, if there is an event that has a significant influence on shareholders' rights and interests or the price of securities as specified in Subparagraph 2, Paragraph 2, Article 36 of this Act, it shall also be closed by item:**

None.