

# **IKKA HOLDINGS (CAYMAN) LIMITED**

## **2023 ANNUAL REPORT**

# IKKA Holdings (Cayman) Limited

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## **I Letter to Shareholders**

Ladies and gentlemen:

Looking back on 2023, the global economy has experienced many negative impacts. Due to the tightening monetary policy in the United States, the AI chip war between China and the United States, the explosion of real estate enterprises in mainland China, and the drag of global geopolitical policy tensions, the terminal market demand is sluggish, resulting in a series of inventory adjustments in the supply chain, resulting in a slowdown in global growth. Although the external economic environment is in a downturn, fortunately, with the efforts of all colleagues, the company's annual revenue, net profit after tax and earnings per share (EPS) have all grown. The company's 2023 consolidated revenue was NT \$3,645,000,000, net profit after tax was NT \$119,162,000, and EPS was NT \$4.07.

IKKA Holdings continues to adjust the pace of progress to cope with the impact of the overall market changes, and develops the Group's long-term automotive-related industrial layout planning. With the trend of sustainable development of global enterprises, the issue of carbon reduction continues to ferment, and the automotive electrification market rises. At the end of March 2024, the new plant of IKKA in Japan was officially completed, and the Company is fully committed to expanding its production capacity and building a new energy vehicle R & D centre. Cooperate with the main terminal customer Toyota (TOYOTA) to continue to cooperate in the next-generation EPB-related products, as well as the relevant components of the future electric vehicle series. In addition, IKKA acquired Sol-plus Co., Ltd. in Japan and its subsidiary Hiraiseimitsu (Thailand) Co., Ltd. in Thailand in September 2022. In recent years, we have successfully developed plastic components related to electric vehicle motors and have entered the supply chain of Japanese brand electric vehicle series. The production bases are located in Japan and Thailand, and we intend to jointly enter the electric vehicle supply chain market through closer cooperation. Looking forward to the future, the operations of IKKA and Sol-plus are mainly automotive products, and the customers are also mainly Japanese customers, each of which has expertise in product and sales channels. In the face of the rapid growth of the electric vehicle industry and the aggressive market competition among Japanese automakers, maximising the efficiency of resource integration becomes crucial for enhancing corporate competitiveness. First Chemical expects to fully complement each other in terms of product and market. In addition to the new Nagoya plant,

which will be launched one after another this year, First Chemical will accelerate the pace of entering the electric vehicle supply chain, especially the acquisition of production bases in Thailand. For IKKA in Southeast Asia, we can be closer to the needs of the supply chain of Japanese automakers, expand product sales channels, and further enhance the overall corporate value and shareholder Equity. We hope that all shareholders will continue to support and encourage us.

## 1. Operational Results for Y2023

### (1) Business plan implementation results:

(In Thousands of New Taiwan Dollars)

Item	Y2023	Y2022	Amount Change	Percentage Change (%)
Revenue	3,645,414	3,618,633	26,781	0.74%
Gross Profit	670,235	607,068	63,167	10.41%
Net Profit (After tax)	119,162	118,343	819	0.69%

(2) 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 Y2023, it is therefore not applicable.

### (3) Analysis of Financial Results and Profitability:

Item		Y2023	Y2022
Financial Structure (%)	Debt to Assets Ratio (%)	54%	53%
	Long-term Capital to Fixed Assets Ratio (%)	304%	284%
Solvency (%)	Current Ratio (%)	178%	186%
	Quick Ratio (%)	148%	141%
Profitability (%)	Return on Assets (%)	3.61%	3.44%
	Return on Stockholders' Equity (%)	7.20%	7.17%
	Net Profit Ratio (%)	3.27%	3.27%
	Basic Earnings per Share	4.07	3.84

(4) 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	2023	2022
R&D Expenses (A)	42,931	41,623
Revenue (B)	3,645,414	3,618,633
(A)/(B)	1.18%	1.15%

2. Outline of Y2024 Business Plan

(1) Operation Plan:

- A. 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.

- B. Continue to deepen and develop product cooperation projects and actively compete for orders.
- C. Strengthen the management efficiency of the factory, optimize the production process and production technology to reduce costs and improve production yields.
- D. Continue to introduce operational automation to reduce labor requirements.
- E. 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.

(2) 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.

(1) 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.

- (2) 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.
- (3) 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: None.
- (2). Investments in affiliated enterprises: Please refer to page 155 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: The Company has no such situation in the last two years and up to the date of publication of the annual report.
- (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:

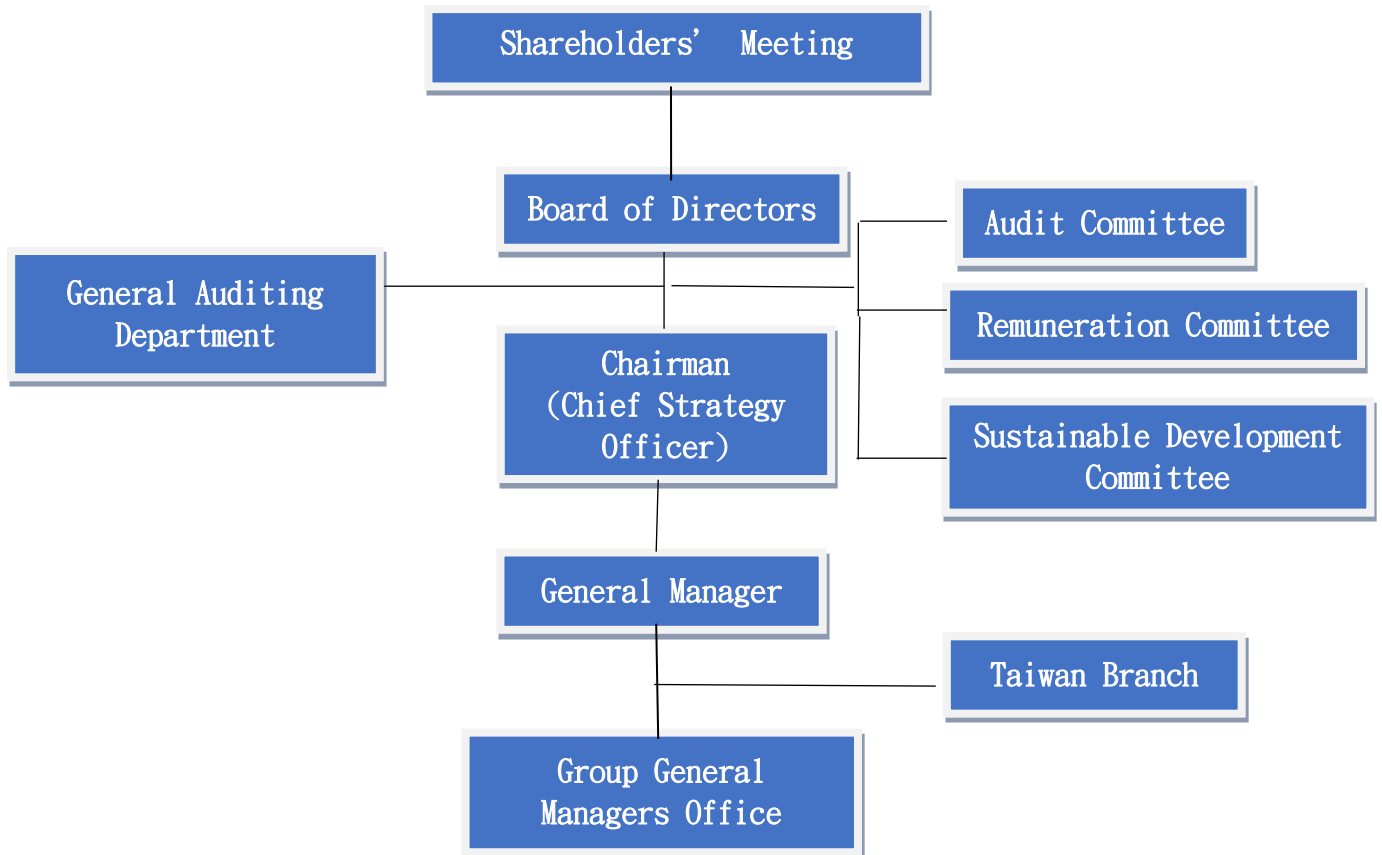
<b>Year</b>	<b>Milestones</b>
1963	<ul style="list-style-type: none"> <li>● IKKA Japan was founded</li> </ul>
1989	<ul style="list-style-type: none"> <li>● IKKA Holdings Japan was founded</li> <li>● IKKA Japan became fully owned by IKKA Holdings Japan</li> </ul>
1992	<ul style="list-style-type: none"> <li>● IKKA Malaysia was founded in 1992, originally as VALERO SDN BHD and was acquired by IKKA Japan in 1993.</li> </ul>
1995	<ul style="list-style-type: none"> <li>● IKKA Hong Kong was founded in 1995, originally as LATIMER INVESTMENTS LIMITED, and was acquired by IKKA Japan in 1996.</li> </ul>
2008	<ul style="list-style-type: none"> <li>● IKKA Vietnam was founded by IKKA Japan</li> </ul>
2009	<ul style="list-style-type: none"> <li>● IKKA Dongguang was founded and indirectly owned by IKKA Japan via IKKA Hong Kong.</li> </ul>
2014	<ul style="list-style-type: none"> <li>● 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.</li> </ul>
2015	<ul style="list-style-type: none"> <li>● IKKA Vietnam expanded its production lines.</li> <li>● IKKA Japan was awarded gold medal of Panasonic ECO.VC</li> </ul>
2016	<ul style="list-style-type: none"> <li>● The Company was founded in Cayman Islands.</li> </ul>
2017	<ul style="list-style-type: none"> <li>● IKKA Malaysia joined the supply chain of Bosch.</li> <li>● IKKA Dongguan was awarded the annual best supplier of Sumitomo Wiring Systems Ltd.</li> </ul>
2018	<ul style="list-style-type: none"> <li>● IKKA Vietnam was awarded annual top tier supplier of Sumitomo Wiring Systems Ltd.</li> </ul>
2020	<ul style="list-style-type: none"> <li>● The Company acquired 100 % shareholding of IKKA Holding Japan from the original shareholders of IKKA Holdings Japan via share swap.</li> <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> </ul>

Year	Milestones
	<ul style="list-style-type: none"> <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>
2024	<ul style="list-style-type: none"> <li>● On January 4, Financial Supervisory Commission (FSC) approved the issuance of 2,500 domestic unsecured convertible bonds for the first time, with a nominal value of NT \$100,000 each and a total of NT \$250,000,000.</li> <li>● On January 4, Financial Supervisory Commission (FSC) approved the issuance of 1,820,000 shares of Proceeds from issuing shares, with a par value of NT \$10 per share.</li> </ul>

### III 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.
Sustainable Development Committee	<ul style="list-style-type: none"> <li>● Formulate, promote and strengthen the Company's sustainable development policies, annual plans and policies.</li> <li>● Review, track and revise the implementation and effectiveness of sustainable development.</li> <li>● Supervise the disclosure of sustainable information and review sustainability report.</li> <li>● Supervise the business of the company's sustainable development code or the implementation of Other's sustainable development by the Director Committee Resolution.</li> </ul>
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>

Department	Main Operation(s)
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 related matters.</li> <li>● Stock Affairs: Planning and assisting in the execution of the Board of Directors, Audit Committee, Remuneration Committee, Sustainable Development 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

2024/04/27; Unit: thousand shares; %

Job Title	Name	Gender Age	Nationality or place of registration	Initial Election Date	Election Date	Term	When Elected Shares Held		Current Shares Held		Shares Currently Held by Spouse & Minors		Shareholding in the name of others		Experience (Education)	Selected Current Position at IKKA and Other Related Companies	Executives, Other, Director or Supervisors who are spouses or within the second degree of kinship			Remarks
							Amount of Shares	Percentage of Shares Held	Amount of Shares	Percentage of Shares Held	Amount of Shares	Shareholding Ratio	Amount of Shares	Percentage of Shares Held			Job Title	Name	Relationship	
Chairman /	ABICO AVY CO., LTD	-	Republic of China (ROC)	2020.06.29 (Note)	2020.06.29	3	4,000	13.67	4198	13.39	-	-	-	-	-	-	-	-	-	
	Representative: Hu, Hsiang-Chi	M 61~70 years old	Republic of China (ROC)	2020.06.29 (Note)	2020.06.29	3	-	-	221	0.71	-	-	-	-	Yageo Corporation Global General Manager Graduate Institute of International Business, National Taiwan University	ABICO AVY CO., LTD., General Manager /Director ABICO NETCOM CO., LTD., Chairman Jabon International Co., Ltd Chairman. Positive Energy Sport Co., Ltd. Chairman ABICO ASIA CAPITAL CO., LTD., General Manager ABILITY ENTERPRISE CO., LTD., Director Ya Li Electric Co., Ltd. Independent Director ISANLIN CONSTRUCTION CO., LTD., Independent Director Member of Remuneration Committee, Ren Jie Old Sichuan Catering Management Consulting Co., Ltd. IKKA Japan Director M.A.C Technology(Malaysia)Sdn.Bhd Chairman. IKKA(Hong Kong)Co., Limited Director. IKKA Technology DongGuan Co., Ltd.'s Director Sol-Plus(HK)Co.,Ltd. Director.	-	-	-	None

Job Title	Name	Gender Age	Nationality or place of registration	Initial Election Date	Election Date	Term	When Elected Shares Held		Current Shares Held		Shares Currently Held by Spouse & Minors		Shareholding in the name of others		Experience (Education)	Selected Current Position at IKKA and Other Related Companies	Executives, Other, Director or Supervisors who are spouses or within the second degree of kinship			Remarks
							Amount of Shares	Percentage of Shares Held	Amount of Shares	Percentage of Shares Held	Amount of Shares	Shareholding Ratio	Amount of Shares	Percentage of Shares Held			Job Title	Name	Relationship	
																SOL-PLUS Corp. Director Hiraiseimitsu(Thailand)Co.,Ltd. Director.				
Director	ABICO AVY CO., LTD	-	Republic of China (ROC)	2020.06.29 (Note)	2020.06.29	3	4,000	13.67	4198	13.39	-	-	-	-		-	-	-		
	representative: Tong ,Chun-Jen	M 51~60 years old	Republic of China (ROC)	2020.06.29 (Note)	2020.06.29	3	-	-	33	0.11	16	0.05	-	-	New Jersey Institute of Technology Master of Information Ability Int'l Director	ABICO AVY Co., Ltd. Chairman. AVY Chairman Abico Pictures Corporation Chairman Canon Airui Co., Ltd. Chairman ABICO NetCom Vice Chairman JIA WANG CAPITAL CO., LTD. Chairman. Ability Int'l Director ABILITY ENTERPRISE CO., LTD., Director Taishiba International Co., Ltd. Director. Sanyo Electric Co., Ltd. Director Jabon International Co. Ltd Director. Seinoh Optical Co., Ltd. Director. Ability I Venture Capital Director Honlynn Co., Ltd. Director E-PIN OPTICAL INDUSTRY CO., LTD. Director Jiatai International Investment 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	Chun-Yi Tong	Brother	None



Job Title	Name	Gender Age	Nationality or place of registration	Initial Election Date	Election Date	Term	When Elected Shares Held		Current Shares Held		Shares Currently Held by Spouse & Minors		Shareholding in the name of others		Experience (Education)	Selected Current Position at IKKA and Other Related Companies	Executives, Other, Director or Supervisors who are spouses or within the second degree of kinship			Remarks
							Amount of Shares	Percentage of Shares Held	Amount of Shares	Percentage of Shares Held	Amount of Shares	Shareholding Ratio	Amount of Shares	Percentage of Shares Held			Job Title	Name	Relationship	
																IKKA Japan Director Sol-Plus(HK)Co.,Ltd. Director. SOL-PLUS Corp. Director Hiraiseimitsu(Thailand)Co.,Ltd. Director.				
	ABICO AVY CO., LTD	-	Republic of China (ROC)	2020.06.29 (Note)	2020.06.29	3	4,000	13.67	4198	13.39	-	-	-	-	-	-	-	-	-	
	representative: Tong ,Chun-Yi	M 51~60 years old	Republic of China (ROC)	2020.06.29 (Note)	2020.06.29	3	-	-	33	0.11	-	-	-	-	Bachelor of Economics, University of Southern California Master of LSI, Waseda University ABICO AVY Co., Ltd. Vice Chairman.	Abico International Co., Ltd. Chairman. Abico Capital Co., Ltd. Chairman. Ability I Venture Capital Chairman Dong Guan Cheng Guang Metal Products Co., Ltd. Chairman. DONGGUAN CHENG GUANG PRECISION INDUSTRY CO., LTD., Chairman DONGGUAN CHENG GUANG TRADING CO., LTD., Chairman NENG DING INVESTMENT CO., LTD. Chairman. ABICO AVY Co., Ltd. Vice Chairman. Jabon International Co. Ltd Director. Ability Enterprise Co., Ltd. Director. Abico Pictures Corporation Director Seinoh Optical Co., Ltd. Director. JIA WANG CAPITAL CO., LTD. Director. IKKA Japan Director Sol-Plus(HK)Co.,Ltd. Director. SOL-PLUS Corp. Director Hiraiseimitsu(Thailand)Co.,Ltd Director. Independent Director	Director	Tong , Chun-Jen	Brother	None

Job Title	Name	Gender Age	Nationality or place of registration	Initial Election Date	Election Date	Term	When Elected Shares Held		Current Shares Held		Shares Currently Held by Spouse & Minors		Shareholding in the name of others		Experience (Education)	Selected Current Position at IKKA and Other Related Companies	Executives, Other, Director or Supervisors who are spouses or within the second degree of kinship			Remarks
							Amount of Shares	Percentage of Shares Held	Amount of Shares	Percentage of Shares Held	Amount of Shares	Shareholding Ratio	Amount of Shares	Percentage of Shares Held			Job Title	Name	Relationship	
	ABICO AVY CO., LTD	-	Republic of China (ROC)	2020.06.29 (Note)	2020.06.29	3	4,000	13.67	4198	13.39	-	-	-	-	-	-	-	-	-	
	representative: MASAMI OBARA	M 61~70 years old	Japan	2020.06.29 (Note)	2020.06.29	3	-	-	45	0.14	-	-	-	-	Saitama Omiya Technical High School	President of IKKA Japan Co., Ltd. The Company General Manager M.A.C Technology(Malaysia)Sdn.Bhd Director. IKKA Technology (Vietnam) Co., Ltd. Director. IKKA Technology DongGuan Co., Ltd. Director. SOL-PLUS Corp. Director Hiraiseimitsu(Thailand)Co.,Ltd. Director. AVY Precision Metal Components (SuZhou) Co., Ltd. Director.	-	-	-	None
Director	Obara Masami	M 51~60 years old	Japan	2020.03.20	2020.03.20	3	-	-	-	-	-	-	-	-	Takarazuka University Kansai University of Foreign Languages	General Manager McFeel Inc. Director	-	-	-	None
Director	Sugiyama Shimpei	M 51~60 years old	Japan	2020.03.20	2020.03.20	3	-	-	-	-	-	-	-	-	Meiji University School of Law	FM port Co., Ltd. SOUTHBOUND INC., Chairman	-	-	-	None
Independent Director	Chen, Wei-Yu	M 61~70 years old	Republic of China (ROC)	2020.03.20	2020.03.20	3	-	-	-	-	-	-	-	-	University of California, MBA Bachelor of International Trade, National Chengchi University Partner of Deloitte Taiwan	Partner of Grant Thornton Taiwan representative Independent Director Taishan Enterprise Co., Ltd. Independent Director	-	-	-	None

Job Title	Name	Gender Age	Nationality or place of registration	Initial Election Date	Election Date	Term	When Elected Shares Held		Current Shares Held		Shares Currently Held by Spouse & Minors		Shareholding in the name of others		Experience (Education)	Selected Current Position at IKKA and Other Related Companies	Executives, Other, Director or Supervisors who are spouses or within the second degree of kinship			Remarks
							Amount of Shares	Percentage of Shares Held	Amount of Shares	Percentage of Shares Held	Amount of Shares	Shareholding Ratio	Amount of Shares	Percentage of Shares Held			Job Title	Name	Relationship	
Independent Director	Lin, Tien-Sung	M 61~70 years old	Republic of China (ROC)	2020.03.20	2020.03.20	3	-	-	-	-	-	-	-	-	Soochow University, BA Business Management Taiwan High Speed Rail, Senior Vice-President EVA Air, Deputy General Manager Evergreen Marine Corp. Assistant Vice Presidents CEO of Zhongfenghang	-	-	-	-	None
Independent Director	Chen, Che-Sheng	M 51~60 years old	Republic of China (ROC)	2020.03.20	2020.03.20	3	-	-	-	-	-	-	-	-	University of Tokyo, MS/PhD Materials Science Stanford University, BS Industrial Management	CHINA STEEL CO., LTD., Director BERLIN CO., LTD., General Manager	-	-	-	None

Note: Formerly elected at the 2020.3.20 shareholders' meeting. However, in order to comply with laws and regulations and meet the needs of the Company's application for a primary listing, he resigned and held the by-election on 2020.6.29, and he 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

2024/04/27

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholders
ABICO AVY CO., LTD.	ABICO INTERNATIONAL CO., LTD. (13.08%)
	ABILITY ENTERPRISE CO., LTD. (10.22%)
	HENG NENG INVESTMENT CO., LTD. (unofficial translation of 恒能投資股份有限公司) (4.67%)
	TASHIBA INTERNATIONAL CO., LTD. (1.00%)
	SCUDRIA INTEGRATED MARKETING CO., LTD. (0.99%)
	Lin, Lai-Cheng (0.80%)
	Lin, Hsiu-Yun (0.71%)
	JPMorgan Chase Bank N.A., Taipei Branch in custody for JPMorgan Securities LLC (0.67%)
	Zeng, Wan-Ting (0.64%)
	Yeh, Yung-Hsiung (0.63%)

D. Major Shareholders who are Juristic Person Shareholders

2024/04/27

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholders
ABICO INTERNATIONAL CO., LTD.	CHIA MEI INVESTMENT CO., LTD. (100%)
ABILITY ENTERPRISE CO., LTD.	Viewquest Investment (0.73%)
	CHIA MEI INVESTMENT CO., LTD. (0.78%)
	ABICO AVY Co., Ltd. (10.02%)
HENG NENG INVESTMENT CO., LTD. (unofficial translation of 恒能投資股份有限公司)	Dong, Yi-Nai (46%)
Taishiba International CO., LTD.	ABILITY INVESTMENT CO., LTD. (24.88%)
	Toshiba Technology Corporation (12.64%)
	CHIA MEI INVESTMENT CO., LTD. (10.55%)
SCUDRIA INTEGRATED MARKETING CO., LTD.	Chen, Ching-I (100%)

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

Criteria Name	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	<ol style="list-style-type: none"> <li>1. Master's degree in International Business from National Taiwan 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>	-	2
ABICO AVY CO., LTD. Representative Director Tong, Chun-Jen	<ol style="list-style-type: none"> <li>1. Master's degree in Information Systems from New Jersey Institute of Technology.</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>	-	-
ABICO AVY CO., LTD. Representative Director Tong, Chun-Yi	<ol style="list-style-type: none"> <li>1. Master's degree in LSI from Waseda University, Japan; Bachelor's degree in Economics from University of Southern California, USA.</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>	-	1
ABICO AVY CO., LTD. Representative Director Obara Masami	<ol style="list-style-type: none"> <li>1. Omiya Technical High School, Saitama Prefecture, 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>	-	-
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>	-
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	1.	Master's in Business Administration from the University of California, Bachelor's degree in International Trade from National Chengchi University.	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.	2
	2.	Over 25 years of work experience in business, legal, financial, accounting, or corporate operations.	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.	
	3.	Possesses an accountant license.	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.	
	4.	No circumstances falling under Article 30 of the Company Act.	4.	the director is not serving as a director, supervisor, or employee of any specific related companies of the Company.	

## 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
At least one-third of the independent directors must have legal, accounting or technological expertise.	Yes

The achieved diversity of the current members of the Board of Directors in 2023 is as follows:

Diversity          Name of Director	Basic Composition								Industry Experience								Professional Competence				
	Nationality	Gender	Employment Status	Age			Length of service as independent director		Gold Metal and Machine	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	Jap an	M	-	✓	-	-	-	-	-	-	-	✓	-	-	-	-	✓	✓	✓	-	-
Chen, Wei-Yu	RO C	M	-	-	✓	-	✓	-	-	-	-	-	-	-	-	-	○	-	✓	✓	○
Lin, Tien-Sung	RO C	M	-	-	-	✓	✓	-	-	-	-	-	-	-	-	✓	-	✓	✓	○	○
Chen, Che-Sheng	RO C	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

Name	Job Title	Date of Studies		Course Title	Organiser	Training hours (hours)
		From	To			
Hu, Hsiang-Chi	Chairman	2023.07.31	2023.07.31	How to Innovate and Break through Profitability in the Era of Digital Economy	Taiwan Investors Relations Institute	3
		2023.08.17	2023.08.17	Controlled Foreign Corporation (CFC) & Global Anti-Tax Avoidance	Taiwan Investors Relations Institute	3
Tong, Chun-Jen	Director	2023.06.30	2023.06.30	Media Management and Crisis Management, Corporate Management and News Crisis Management Strategies	Taiwan Investors Relations Institute	3

		2023.07.21	2023.07.21	How Companies Respond to ESG Challenges and Create Transformation Opportunities	Taiwan Investors Relations Institute	3
Tong, Chun-Yi	Director	2023.07.21	2023.07.21	How Companies Respond to ESG Challenges and Create Transformation Opportunities	Taiwan Investors Relations Institute	3
		2023.10.20	2023.10.20	How to use the intellectual property management system to improve corporate governance	Taiwan Investors Relations Institute	3
MASAMI OBARA	Director	2023.06.02	2023.06.02	2023 Insider Trading Prevention Promotion Conference	Securities and Futures Institute (SFI)	3
		2023.09.20	2023.09.20	Advanced Seminar on Director and Supervisors (including Independent) and Corporate Governance Executives-Securities and Exchange Act Analysis of Common Illegal Cases	Securities and Futures Institute (SFI)	3
Sugiyama Shimpei	Director	2023.06.02	2023.06.02	2023 Insider Trading Prevention Promotion Conference	Securities and Futures Institute (SFI)	3
		2023.07.21	2023.07.21	How Companies Respond to ESG Challenges and Create Transformation Opportunities	Taiwan Investors Relations Institute	3
Obara Masami	Director	2023.07.21	2023.07.21	How Companies Respond to ESG Challenges and Create Transformation Opportunities	Taiwan Investors Relations Institute	3
		2023.09.15	2023.09.15	Advanced Seminar on Director and Supervisors (including Independent) and Corporate Governance Executives-How to Improve the Credibility of sustainability report	Securities and Futures Institute (SFI)	3
Chen, Wei-Yu	Independent Director	2023.10.11	2023.10.11	Improve information security literacy and personal data protection	CPA Associations R.O.C. (Taiwan)	3
		2023.10.23	2023.10.23	The latest anti-money laundering and business development	CPA Associations R.O.C. (Taiwan)	3
Lin,Tien-Sung	Independent	2023.06.02	2023.06.02	The Company' s Director and Supervisor Seminar-	Chinese National Association of	3



	Director Director			“2023 Taishin Net Zero Power Summit”	Industry and Commerce	
		2023.07.12	2023.07.12	AI Thinking and Digital Transformation	Taiwan Financial Development Association & Taiwan TWSE/TPEX Listed Companies Association	3
		2023.09.27	2023.09.27	Enabling Director to become a key force in leading sustainable governance	Taiwan Investors Relations Institute	3
		2023.12.13	2023.12.13	Corporate circular economy and sustainable development	Taiwan Financial Development Association & Taiwan TWSE/TPEX Listed Companies Association	3
Chen,Che-Sheng	Independe nt Director Director	2023.08.11	2023.08.11	Insight into the Company's fraud risk and preventive measures from actual cases	Taiwan Investors Relations Institute	3
		2023.09.20	2023.09.20	Advanced Seminar on Director and Supervisors (including Independent) and Corporate Governance Executives-Securities and Exchange Act Analysis of Common Illegal Cases	Securities and Futures Institute (SFI)	3

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

2024.04.27 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	221	0.71	-	-	-	-	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. Positive Energy Sport Co., Ltd. Chairman ABICO ASIA CAPITAL CO., LTD., General Manager ABILITY ENTERPRISE CO., LTD., Director Ya Li Electric Co., Ltd. Independent Director ISANLIN CONSTRUCTION CO., LTD., Independent Director  Member of Remuneration Committee, Ren Jie Old Sichuan Catering Management Consulting Co., Ltd. IKKA Japan Director M.A.C Technology(Malaysia)Sdn.Bhd Chairman. IKKA(Hong Kong)Co., Limited Director. IKKA Technology DongGuan Co., Ltd.'s Director Sol-Plus(HK)Co.,Ltd. Director. SOL-PLUS Corp. Director Hiraiseimitsu(Thailand)Co.,Ltd. Director.	-	-	-	
Group General	Obara Masami	Male	Japan	2008.06.23	45	0.14	-	-	-	-	Saitama Omiya Technical High School	President of IKKA Japan Co., Ltd. M.A.C Technology(Malaysia)Sdn.Bhd 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	
Manager, IKKA Japan Chairman												IKKA Technology (Vietnam) Co., Ltd. Director. IKKA Technology DongGuan Co., Ltd. Director. SOL-PLUS Corp. Director Hiraseimitsu(Thailand)Co.,Ltd. Director. AVY Precision Metal Components (SuZhou) Co., Ltd. Director.				
Taiwan Branch General Manager Company Governance Officer	Yang, Chao-Yu	Male	Republic of China (ROC)	2020.03.25	33	0.11	-	-	-	-	SuperAlloy Industrial CO. LTD. General Manger National Defense University Executive Managerial Studies	ABICO AVY Co., Ltd. Director. DONGGUAN QUNSHENG DUST METALLURGY CO., LTD., Chairman DongGuan Best Achieve Industrial Ltd. Chairman. QUNSHENG TECH (SUZHOU) CO., LTD., Chairman Jabon International Director Jabon Precision Co., Ltd. Director. EKEEN Precision Co., Ltd. Director. JieCheng Co., Ltd. Director M.A.C Technology(Malaysia)Sdn.Bhd Director.	-	-	-	
IKKA Hong Kong, IKKA Dongguan President/General Manager	Katsumi Nakagawa	Male	Japan	2019.10.01	16	0.05	-	-	-	-	Business English Conversation, Tokyo SCHOOL College DAIICHI KASEI CO., LTD., Business Department Manager IKKA JAPAN, Executive Officer	-	-	-	-	
IKKA Vietnam President/General Manager	Hiroshi Aoki	Male	Japan	2018.04.26	28	0.09	-	-	-	-	Chiba Institute of Tech Industrial Studies Department Industrial Operations Discipline DaiichiKasei Co., Ltd. Production Management Department Manager	-	-	-	-	
Group Chief Financial Officer	Chiang, Shuo-Yen	Male	Republic of China (ROC)	2020.03.25	26	0.08	-	-	-	-	Jabon International CO., LTD. Chief Financial Officer MS in Applied Math from Roosevelt University (Chicago, IL)	Dongguan Qunsheng Dust Metallurgy CO., LTD. Director DongGuan Best Achieve Industrial Ltd. Director. QUNSHENG TECH (SUZHOU) CO., LTD., Director	-	-	-	
Group Chief Auditor	Peng, Lien-Chu	Female	Republic of China (ROC)	2020.03.25	18	0.06	-	-	-	-	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	Name	Directors Remuneration								A、B、C、D Total amount and percentage of net profit after tax		Concurrent Status as Employee, Receiving of Relevant Remunerations								A、B、C、D、 E、F and G		Parent Company and All Invested Businesses
		Compensation (A)		Retirement Pensions (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	This Company	All Companies in the Financial Report This	This Company	All Companies in the Financial Report This	This Company	All Companies in the Financial Report This	This Company	All Companies in the Financial Report This	This Company	All Companies in the Financial Report This	This Company	All Companies in the Financial Report This	This Company		All Companies in the Financial Report This		This Company	All Companies in the Financial Report This	
Cash	Stocks Amount															Cash	Stocks Amount					
juridical person director	ABICO AVY CO., LTD	0	0	0	0	2,604	2,604	0	0	2,604 2.19%	2,604 2.19%	0	0	0	0	0	0	0	0	2,604 2.19%	2,604 2.19%	0

Chairman /	A B I  C O A V Y C O., LTD	Hu, Hsiang-Chi	0	0	0	0	0	2,115	18	18	18 0.02%	2,133 1.79%	1,141	1,141	0	0	3,084	0	3,084	0	4,243 3.56%	6,358 5.34%	7,792
Director		Tong, Chun-Jen	0	0	0	0	0	1,396	18	18	18 0.02%	1,414 1.19%	0	0	0	0	0	0	0	0	18 0.02%	1,414 1.19%	72
Director		Tong ,Chun-Yi	0	0	0	0	0	1,396	18	18	18 0.02%	1,414 1.19%	0	0	0	0	0	0	0	0	18 0.02%	1,414 1.19%	72
Director		MASAMI OBARA	0	0	0	0	0	2,115	18	101	18 0.02%	2,216 1.86%	0	4,126	0	0	2,100	0	2,100	0	2,118 1.78%	8,442 7.08%	0
Director		Obara Masami	0	0	0	0	417	417	18	18	435 0.37%	435 0.37%	0	0	0	0	0	0	0	0	435 0.37%	435 0.37%	0
Director		Sugiyama Shimpei	0	0	0	0	417	417	18	18	435 0.37%	435 0.37%	0	0	0	0	0	0	0	0	435 0.37%	435 0.37%	0
Independent Director		Chen, Wei-Yu	620	620	0	0	0	0	48	48	668 0.56%	668 0.56%	0	0	0	0	0	0	0	0	668 0.56%	668 0.56%	0
Independent Director		Lin, Tien-Sung	620	620	0	0	0	0	48	48	668 0.56%	668 0.56%	0	0	0	0	0	0	0	0	668 0.56%	668 0.56%	0
Independent Director		Chen, Che-Sheng	620	620	0	0	0	0	46	46	666 0.56%	666 0.56%	0	0	0	0	0	0	0	0	666 0.56%	666 0.56%	0

1. Please describe the payment policy, system, standard and structure of Independent Director Remuneration, and describe the relationship with the amount of Remuneration according to the responsibilities, risks, time invested and other factors: The Company's Independent Director Remuneration does not participate in the distribution of Director remuneration in accordance with Director on 17 December 2020. Resolution, and its annual salary is submitted to Director, Resolution for approval after the discussion and decision of the Company's Remuneration Committee.

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	Yuya Takahashi, Sugiyama Shimpei Chen Wei-Yu Lin Tien-Sung Chen Che-Sheng	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)	-	Hu Hsiang-Chi Obara Masami	Obara Masami	-
3,500,000 (including) -5,000,000 (Not including)	-	-	Hu Hsiang-Chi	-
5,000,000 (including) -10,000,000 (Not including)	-	-	-	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	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	10,592	0	0	1,029	1,029	6,965	-	6,965	-	8,834 7.41%	18,586 15.60%	12,960
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													

## 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)	Hu, Hsiang-Chi	Katsumi Nakagawa Hu, Hsiang-Chi
5,000,000 (including)-10,000,000 (not including)	-	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	5	5

### (4). Remuneration for general manager and vice general manager

Unit: New Taiwan Dollar (NTD), Thousand

Unit: New Taiwan Dollar (NTD), Thousand

Job Title	Name	Salaries (A)		Retirement Pensions (B)		Bonuses, Special Expenditures, etc (C)		Employee Compensation Amount (D)				A、B、C、D Total amount and its proportion to net profit after tax (%)		Parent Company and All Invested Businesses
		This Company	All Companies in the Financial Report This	This Company	All Companies in the Financial Report This	This Company	All Companies in the Financial Report This	This Company		In Financial Report All companies		This Company	All Companies in the Financial Report This	
								Cash Amount	Stocks Amount	Cash Amount	Stocks Amount			
Chairman & Chief Strategy Officer	Hu, Hsiang-Chi	480	480	-	-	661	661	3,084	-	3,084	-	4,225 3.55%	4,225 3.55%	7,792
General Manager and IKKA, Japan	MASAMI OBARA	-	4,126	-	-	-	-	2,100	-	2,100	-	2,100 1.76%	6,226 5.22%	-
Taiwan Branch General Manager	Chao-Yu Yang	360	360	-	-	368	368	1,312	-	1,312	-	2,040 1.71%	2,040 1.71%	5,168
IKKA Hong Kong, IKKA Dongguan President/General Manager	Katsumi Nakagawa	-	3,796	-	-	-	-	262	-	262	-	262 0.22%	4,058 3.41%	-
IKKA General Manager	Hiroshi Aoki	-	1,830	-	-	-	-	207	-	207	-	207 0.17%	2,037 1.71%	-



### Manager names and distribution of employee remuneration

Job Title		Name	Share	Cash	Total -	Ratio of Total Amount to Net Income
Manager	Chairman & Chief Strategy Officer	Hu, Hsiang-Chi	-	6,965	6,965	5.84%
	General Manager and IKKA, Japan	MASAMI OBARA				
	Taiwan Branch General Manager	Chao-Yu Yang				
	IKKA Chairman and General Manager	Katsumi Nakagawa				
	IKKA Vietnam President/General Manager	Hiroshi Aoki				

- (5). 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 2023		Year 2022	
	Amount	%	Amount	%
Director, General Manager and Vice General Manager	27,801	23.33	28,806	24.25

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

(a). Director Remuneration:

The Company's current Director Remuneration package is Independent Director salary, general Director remuneration, and travel expenses, etc., which are all handled in accordance with Articles of Incorporation. According to Article 34.1 of this Articles of Incorporation, if the Company makes a profit in the year, no more than 5% should be allocated to Director remuneration, and there is a "Director and Functional Committee Remuneration Payment Method." In addition, considering the Company's operating results and the value of its participation and

contribution to the Company's operations, reasonable remuneration is given. The relevant remuneration is reasonable and reviewed by the Remuneration Committee and Director. In January 2024, the Company has completed the overall Director, individual Director members and Functional Committee performance evaluation for the period from 1 January 2023 to 31 December 2023 in accordance with the Company's "Director Performance Evaluation Measures". The evaluation methods include Director and Functional Committee internal self-evaluation, Director members self-evaluation, and the evaluation results will be reported at the Director meeting on 16 January 2024. The Company's Director performance evaluation measures item, including the following five aspects:

- ◆ Participation in the operation of the company.
- ◆ Improve the decision-making quality of Director.
- ◆ Director composition and structure.
- ◆ Election and continuing education of the Director.
- ◆ Internal control.

The Company's Director member performance evaluation measures item, including the following six aspects:

- ◆ Alignment of the goals and missions of the Company.
- ◆ Director Awareness of duties.
- ◆ Participation in the operation of the company.
- ◆ Internal relationship management and communication.
- ◆ Professionalism and continuing education of Director.
- ◆ Internal control.

The company's Director member performance evaluation measures item (six major aspects), which is listed as important item and the proportion is described as follows:

Measurement aspect	Percentage	Explanation
Familiarity with the goals and missions of the Company	12%	Understand the characteristics and risks of the industry in which the Company (Group) operates, and the strategic goals at different stages (including finance and non-finance), and agree with the Company's core

		values of ethical management and the concept of sustainable corporate management (ESG).
Director Recognition of responsibilities	12%	The Company fully understands the legal obligations of Director, including and complies with the confidentiality obligation for the relevant internal information of the Company acquired when performing the duties of Director.
Participation in the operation of the company	38%	The Company attends the Company's Director and shareholders' meetings in person, and the meeting unit provides meeting documents seven days before the meeting, so that Director can have sufficient time to understand the proposals, and has a clear understanding of the Company (group) management team and the Company's industry to make professional and appropriate judgments, put forward specific suggestions, and supervise the Company's existing or potential risks (including various legal compliance, capital operation, ESG issues, etc.), and make effective contributions at the Director meeting.
Internal relationship management and communication	12%	The interaction with the Company's management team is good, and there is good communication with the members of Other Director. In the meeting (including Audit Committee and Director), it fully communicates and communicate with the certified accountant.

Director Expertise and continuing education	14%	Possess the expertise in business, legal, finance, accounting or corporate business as required by the decision-making of the Director, and continue to study and absorb new knowledge in accordance with laws and regulations, and invest in the development and activities of corporate sustainable operation.
Internal control	12%	Whether Director actually avoids the relevant resolutions that require Director to avoid conflicts of interest. Is the accounting system, financial status, and financial reports, audit report, and follow-up of the Company (Group) understood and its implementation and follow-up status supervised and evaluated.

The Company's Functional Committee performance evaluation measures item, including the following five aspects:

- ◆ Participation in the operation of the company.
- ◆ Functional Committee Awareness of duties.
- ◆ Improve the decision-making quality of Functional Committee.
- ◆ Makeup of Functional Committee and election of its members.
- ◆ Internal control.

The results of the Company's Director evaluation shall be used as a reference for the selection or nomination of Director. In accordance with the Company's "Director and Functional Committee Remuneration Payment Method", the results of individual Director performance evaluation are used as a reference basis for determining its individual salary and remuneration adjustments. After the completion of the above assessments, the results of the 2023 Director, members of the Director and Functional Committee performance evaluations ranged from 98.45 points to 99.68 points, and the Director and Functional Committee (Audit Committee and Remuneration Committee) overall operated well.

(b). Manager Remuneration

According to Article 34.1 of this Articles of Incorporation, no less than 8% of the pre-tax net profit of the current year before the deduction of employee remuneration and Director remuneration shall be distributed to employees, and no more than 15% of the employee remuneration shall be distributed. There are also "Salary Management Measures" and "Performance Management Measures". In accordance with the aforementioned measures, the Company's Manager Remuneration includes salary and bonus, of which salary is approved according to its working years and rank; Bonuses include employee compensation and year-end bonuses. The method of approval and performance are as follows:

- i. Employee remuneration: The employee remuneration is allocated based on the Company's annual earnings, taking into account his/her position, responsibilities, seniority and special contribution to the Company, and is able to be allocated according to the Company's long-term development and other standards.
- ii. Year-end bonus:
  - Department performance or financial performance: revenue and profit, achievement of budget targets, growth and new markets; Effective financial operations and risk management.
  - Talent cultivation: The cultivation of elite talents and the retention rate of personnel.
  - Quality and risk: Compliance with laws and regulations.

In addition to the above three aspects, it will be split into personality traits and work attitude (qualitative) and routine and project work execution results (quantitative) based on individual performance evaluation, and calculate the final results with 30% and 70% respectively total.
- iii. According to the usual level of payment in the industry, consider the rationality of the relationship between personal performance, company operating performance and future risks, and review the Remuneration system at any time according to the actual operating conditions and relevant laws and regulations, so as to balance the company's sustainable operation and risk

control.

#### 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 2023 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
2023.01.13 2nd term thirty-one th	Hu, Hsiang-Chi	2022 Manager year-end bonus payment proposal	Personal interest-concurrently held as Manager	Left during the vote, remaining directors passed the proposal unanimously after consultation with acting chairman Lin Tien-Sung
2023.09.19 Third session Third	Hu, Hsiang-Chi 、MASAMI OBARA	2022 Manager Employee Compensation Payment	Personal interest-concurrently held as Manager	Left during the vote, remaining directors passed the proposal unanimously after consultation with

				acting chairman Lin Tien-Sung
2024.01.16 3rd term 6th session	Mr. Shiang-Chi Hu, Mr. Chun-Jen Tong, Mr. Chun-Yi Tong and Mr. MASAMI OBARA	2023 Proceeds from issuing shares issuing new shares and Manager employee stock subscription amount distribution case	Personal interests – concurrently held as Manager and controlled company Manager	Left during the vote, remaining directors passed the proposal unanimously after consultation with acting chairman Lin Tien-Sung
2024.01.16 3rd term 6th session	Hu, Hsiang-Chi	2023 Manager year-end bonus payment proposal	Personal interest- concurrently held as Manager	Left during the vote, remaining directors passed the proposal unanimously after consultation with acting chairman Lin Tien-Sung

3.Implementation of evaluation by Director:

Evaluation cycle	Evaluation period	Scope	Method	Evaluation content
Once a year	2023/01/01 ~ 2023/12/31	Director Performance Evaluation	Director Member Internal Self-Assessment	A.Participation in the operation of the company B.Improve the decision-making quality of Director C. Director Composition and structure D.Election and continuing education of Director E.Internal control F. Other item
Once a year	2023/01/01 ~ 2023/12/31	Performance evaluation of individual Director members	Director self-assessment	A.Alignment of the goals and missions of the company B. Director Awareness of duties C.Participation in the operation of the company D.Internal relationship management and communication E. Director Expertise and continuing education F. Internal control G. Other item
Once a year	2023/01/01 ~ 2023/12/31	Functional Committee (Audit Committee and Remuneration Committee)	Self-evaluation by committee members	A.Participation in the operation of the company B. Functional Committee Competency Recognition C.Improve the decision-making quality of Functional Committee D. Functional Committee composition and member selection E.Internal control F. Other item
Once every three years	2022/08/01 ~ 2023/07/31	Director Performance assessment	Taiwan Corporate Governance Association	A. Composition of the Director Board. B. Guidance of the Director Association. C. Authorization from the Director Association. D. Supervision of the Director. E. Director communication. F.Internal control and risk management. G. Self-discipline of Director. H. Other e.g. Director conference, support system, etc.

4. Goals for strengthening the functions of Director in the current year and the most recent year and the evaluation of the implementation:

(1) The Company holds a Director meeting at least once a quarter to review the Company's operating performance and discuss important operating strategies. In 2023, a total of 12 Director meetings were held, with an overall attendance rate of 98% for Director.

(2) The Company has established Audit Committee and Remuneration Committee, and established the Sustainable Development Committee on 8 May 2024 with Director Committee Resolution.

(3) When the Company's Director is held, it is necessary to invite the Company's certified public accountants and department heads to report the financial statement audit status, the Company's recent financial, business, research and development status, sustainable development promotion plan and internal audit results to each Director and Independent Director to ensure that Director is informed of the most complete and detailed information.

(4) The Company has appointed dedicated personnel to be responsible for the disclosure of various information on the Company's website and Market Observation Post System, and formulated the "Procedures for Handling Material Inside Information and Preventing Insider Trading" to enhance information transparency.

(5) In order to strengthen corporate governance, the Director of the Company has passed the "Corporate Governance Best Practise Principles", "Ethical Corporate Management Best Practise Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Sustainable Development Best-Practise Principles", "Ethical Behaviour Standards", "Risk Control Policy", "Standard Operating Procedures for Handling Director Requirements", and "Directions for the Implementation of Continuing Education of Director", and will continue to amend the relevant regulations of Other to implement the highest principle of corporate governance.

(6) In order to implement corporate governance and enhance the functions of the Director Committee to strengthen the operational efficiency of the Director Committee, the Company's Director Committee Resolution has approved the establishment of the "Director Committee Performance Evaluation Measures", and regularly conducts internal evaluations of the performance of the Director Committee, Director Committee members, and Functional Committee each year, and reports the evaluation results to the Director Meeting on 16 January 2024; In 2023, "Director" will be appointed as "Taiwan Corporate Governance Association" to conduct an external performance evaluation of the Director from 1 August 2022 to 31 July 2023, and the evaluation results and improvement plan will be reported to the Director meeting on 16 January 2024.

- (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.
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A total of 8 meetings of the Audit Committee were held times in 2023 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:					
Meeting Date Period		Motion Content		Audit Committee Resolution Results and the Company's handling of Independent Director opinions	
2023.03.21 First Session, Twenty-second Time		1. Discussion of the 2022 Q4 audit report. 2. 2022 Consolidated Financial Statements and 2022 Business Report. 3. 2022 Internal Control Statement.		Passed unanimously by all independent directors.	
2023.05.08 First Session, Twenty-third Time		1. Discussion of the 2023 Q1 audit report. 2. Amendment to the 2023 audit plan. 3. Consolidated financial report of the first quarter of 2023. 4. 2022 Earnings Distribution Table.		Passed unanimously by all independent directors.	
2023.06.30 2nd term 1st session		Election of the convener and chairman of the 2nd Audit Committee		All attending members unanimously agreed to elect Mr. Chen, Wei-Yu as the convener and chairman of the current Audit Committee	
2023.08.09 2nd term 2nd session		1. Discussion of the 2023 Q2 audit report. 2. 2023 Q2 consolidated financial statements.		Passed unanimously by all independent directors.	
2023.11.07 2nd term 3rd session		1. Discussion of the 2023 Q3 audit report. 2. 2023 Q3 consolidated financial statements. 3. 2023 assessment of the independence and suitability of CPAs. 4. CPA professional fees. 5. The Company proposed to issue the first unsecured convertible corporate bonds in the Republic of China. 6. Proposal to issue new shares of Proceeds from issuing shares in 2023.		Passed unanimously by all independent directors.	
2023.12.21 2nd term 4th session		1. 2024 audit plan. 2. Financial forecast for 2024. 3. Evaluation of the independence and suitability of CPAs in 2024. 4. 2024 CPA fees.		Passed unanimously by all independent directors.	
2024.03.12 2nd term 5th session		1. Discussion of the 2023 Q4 audit report. 2. 2023 Consolidated Financial Statements and 2023 Business report. 3. 2023 Internal Control Statement. 4. Proposal to lend funds to subsidiaries.		Passed unanimously by all independent directors.	
2024.05.08 2nd term 6th session		1. Discussion of the 2024 Q1 audit report. 2. Consolidated financial statements for the first quarter of 2024. 3. 2023 Earnings Distribution Table.		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.
3. 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:

Date	Communication Focus	The Company's handling and implementation
2023.03.21 First Session, Twenty-second Time	2022 Consolidated Financial Statements	Independent Director no objection, sending Director Resolution
	Communicate the governance matters learned in the audit of the 2022 consolidated financial report with Audit Committee	Independent Director No objection
2023.05.08 First Session, Twenty-third Time	2023 Q1 Consolidated Financial Report	Independent Director no objection, sending Director Resolution
	Communicate the governance matters learned in the audit of the consolidated financial report of the first quarter of 2023 with Audit Committee	Independent Director No objection
2023.08.09 2nd term 2nd session	2023 Q2 Consolidated Financial Report	Independent Director no objection, sending Director Resolution
	Communicate the governance matters learned in the audit of the consolidated financial report of the second quarter of 2023 with Audit Committee	Independent Director No objection
2023.11.07 2nd term 3rd session	2023 Q3 Consolidated Financial Report	Independent Director No objection
	Communicate the governance matters learned in the audit of the consolidated financial report of the third quarter of 2023 with Audit Committee	Independent Director No objection
2023.12.21 2nd term 4th session	1. Interpretation of Audit Committee Audit Quality (AQIs) Indicator Guidelines 2. Discussion on the 2024 audit plan	1. Independent Director no objection, internal communication Capacitive data storage. 2. Independent Director no objection, submitted for audit Committee Resolution and submitted to Director for discussion.

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

Date	Communication Focus	The Company's handling and implementation
2023.03.21	2022 Q4 audit report and audit follow-up report Submitted to independent directors for review and 2022 internal control system statement report	No objections from independent directors
2023.05.08	1. Communicate the governance matters learned in the audit of the consolidated financial report of the first quarter of 2023 with Audit Committee. 2. Whether the 2023 annual audit plan should include the information security inspection in the independent audit item, and the audit unit should communicate with the competent authority.	No objections from independent directors
2023.08.09	2023 Q2 audit report and follow-up report Findings review by independent directors	No objections from independent directors
2023.11.07	2023 Q3 audit report and follow-up report Findings review by independent directors	No objections from independent directors
2023.12.21	1. Interpretation of Audit Committee Audit Quality (AQIs) Indicator Guidelines 2. Discussion on the 2024 audit plan	No objections from independent directors

Remark1: 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 Operations and Differences with Corporate Governance Best Practise

#### Principles for TWSE/TPEX Listed Companies and Reasons

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 "Corporate Governance Code" on 29 September 2020, and most recently amended it on 21 March 2023, which is disclosed on the websites of Market Observation Post System and the Company.	No 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 differences
(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 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 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 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 of this manual for the description of the diversity and independence of the Board of Directors of the Company.	No differences
(2) Has the company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee?		v	On 8 May 2024, the Company established the "Sustainable Development Committee" by the Director Committee Resolution, which will be gradually implemented in accordance with the annual plan.	No 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	v		On 29 September 2020, the Company's Director meeting passed the establishment of the Director meeting performance evaluation method. This year, the evaluation results have been submitted to the Director meeting on 16 January 2024, and the deliberating unit is responsible for	No 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	
individual directors’ compensation and nomination renewal?			reviewing and improving plans for those who do not meet the optimal score, and the evaluation results have been placed on the Company's website. According to Article 3 of the Company's Director Committee Performance Evaluation Regulations, the performance evaluation of the Company's Director Committee shall be conducted by an external professional independent organisation or a team of external experts and scholars at least once every three years.	
(4) Does the company regularly evaluate the independence of CPAs?	v		The Company evaluates the independence and competence of the certified public accountants, which is attached with the accountant's statement, the certified public accountant's review and evaluation form, and refers to the “Independent Director and Audit Committee Guidelines for the Exercise of Powers” and audit quality indicators (AQIs) of the Taiwan Corporate Governance Association, which were submitted to the Audit Committee Resolution for approval on 7 November 2023, and submitted to the Director meeting Resolution for approval on 7 November 2023. The CPA review and evaluation form evaluates the item in the following three aspects: 1. Independence assessment (13 items, 42%). 2. Suitability assessment (9 items, accounting for 29%). 3. Evaluation results of the performance evaluation of audit work (9 questions in total, 29%). Evaluation results: The 2023 financial report appoints PwC Taiwan Man-Yu Juanlu accountant and Tsai, I-Tai accountant to verify, after evaluation, both accountants meet the company's independence and suitability standards, and there is no violation of independence, and are sufficient to serve as the company's visa accountant.	No 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																											
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 8 May 2023, the Company’s Director meeting passed the motion that Mr. General Manager Chao-Yu Yang, the Taiwan branch concurrently serves as the Corporate Governance Officer, responsible for providing Director with the information required for business execution, handling matters related to Director meetings and shareholders’ meetings in accordance with the law, handling company registration and change registration, and preparing the minutes of Director meetings and shareholders’ meetings. The latest annual training situation is as follows:	No differences																										
			<table><tr><th>Date of Studies</th><th>Organiser</th><th>Course Title</th><th>Training hours</th></tr><tr><td>2023/5/22</td><td>Taiwan Stock Exchange Corporation</td><td>Sustainable Development Action Plan Promotion Conference for Listed Companies</td><td>3</td></tr><tr><td>2023/6/2</td><td>Securities and Futures Institute (SFI)</td><td>2023 Insider Trading Prevention Promotion Conference</td><td>3</td></tr><tr><td>2023/7/21</td><td>Taiwan Investors Relations Institute</td><td>How Companies Respond to ESG Challenges and Create Transformation Opportunities</td><td>3</td></tr><tr><td>2024/3/21</td><td rowspan="3">Securities and Futures Institute (SFI)</td><td>How to Achieve CTCI Functions of the Functional Committees of the Director</td><td>3</td></tr><tr><td>2024/3/21</td><td>How to supervise the company to establish and promote a sound risk management system</td><td>3</td></tr><tr><td>2024/3/22</td><td>Balanced financial management for all-the financial management method that each individual receives</td><td>3</td></tr></table>		Date of Studies	Organiser	Course Title	Training hours	2023/5/22	Taiwan Stock Exchange Corporation	Sustainable Development Action Plan Promotion Conference for Listed Companies	3	2023/6/2	Securities and Futures Institute (SFI)	2023 Insider Trading Prevention Promotion Conference	3	2023/7/21	Taiwan Investors Relations Institute	How Companies Respond to ESG Challenges and Create Transformation Opportunities	3	2024/3/21	Securities and Futures Institute (SFI)	How to Achieve CTCI Functions of the Functional Committees of the Director	3	2024/3/21	How to supervise the company to establish and promote a sound risk management system	3	2024/3/22	Balanced financial management for all-the financial management method that each individual receives	3
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			2024/3/22			Balanced financial management for all-the financial management method that each individual receives	3																							
			2. The Company is established in the Cayman Islands. Considering the needs of compliance with cross-country laws, the relevant company changes registration is currently appointed as "Concord International Law Offices" in accordance with the relevant local regulations of Cayman.																											

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 special area of sustainable development, and has a special E-mail response function, and the company also has a spokesperson and agency spokesperson system. Stakeholders can establish communication channels with the spokesperson through the company's network, telephone and fax, and keep abreast of information to maintain the legal Equity of both parties. In order to ensure that "stakeholders" (including employees, customers, suppliers, shareholders, investors and correspondent banks) and other stakeholders have direct and smooth communication channels to respect and maintain their due legal Equity, the reporting platform, the Audit Committee composed of Independent Director, serves as the unit for receiving suggestions and complaints from stakeholders, and the Independent Director mailbox is disclosed on the company's website. Website link: Stakeholder area (ikka.com.tw)	No 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 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 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 been set up with Chinese, English and Japanese websites (www.ikka.com.tw), and the Company's financial, business-related information and corporate governance information has been set up, and dedicated personnel have been designated to be responsible for the collection and disclosure of company information, and the Company has established a spokesperson and acting spokesperson system, and the information of the legal person briefing is placed on the Company's website for investors to check.	No 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 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,</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																																							
thereby achieving stable growth in revenue and profitability. and strive to create value for shareholders.																																										
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.																																										
C. Employee rights and employee care: Employee Equity and employee care: Please refer to the labour relations in this annual report.																																										
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.																																										
E. Supplier relationship: The Company has maintained a long-term good cooperative relationship with its suppliers.																																										
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 the correspondent banks so that they can understand the Company's operations and financial status. The communication with stakeholders was reported to the Director meeting on 16 January 2024.																																										
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.																																										
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.																																										
<table><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><tr><td>1. Interest Rate and financial risk</td><td rowspan="3">Finance Department</td><td>Finance Department</td><td rowspan="3">Audit Department: risk assessment, control, and follow up</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>Administrative Department</td><td rowspan="3">Board: final decisions on risk assessment and control.</td></tr><tr><td>5. Litigation and legal</td><td>General Manager</td></tr><tr><td>6. Corporate reputation</td><td>Chief of Strategy</td></tr><tr><td>7. Share transfer of directors and major shareholder</td><td rowspan="2">Administrative Department and Share Registrar</td><td></td><td></td></tr><tr><td>8. Change of ownership</td><td></td><td></td></tr><tr><td>9. Environmental health and safety</td><td>Administrative Department</td><td></td><td></td></tr><tr><td>10. Industrial change</td><td>Business Department</td><td>Business Department General Manager Chief Strategy Officer</td><td></td></tr></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	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	Board: final decisions on risk assessment and control.	5. Litigation and legal	General Manager	6. Corporate reputation	Chief of Strategy	7. Share transfer of directors and major shareholder	Administrative Department and Share Registrar			8. Change of ownership			9. Environmental health and safety	Administrative Department			10. Industrial change	Business Department	Business Department General Manager Chief Strategy Officer	
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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.																																										
J. The Company purchases liability insurance for directors: The Company has adopted the resolution of the board of directors on August 09, 2023 to renew the director's liability insurance, and completed the underwriting operation. The insurance period is from September 1, 2023 to August 31, 2024, in order to reduce and disperse directors due to mistakes or mistakes. Risk of significant damage to shareholders due to negligent conduct.																																										
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.																																										
L. Managers participate in corporate governance related training and training:																																										
No.	Type	Training Content	Organiser	Course Title	Date of Studies	Hours	Name	Job Title																																		
1	External Training	Corporate Governance	Taiwan Investors Relations	How to Innovate and Break through Profitability in the Era	2023.07.31	3	Hu, Hsiang-Chi	Chairman /																																		

Item Evaluated			Operational Situation (Note)				Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons		
			Yes	No	Abstract Description				
			Institute	of Digital Economy					
2	External Training	Corporate Governance	Taiwan Investors Relations Institute	Controlled Foreign Corporation (CFC) & Global Anti-Tax Avoidance	2023.08.17	3			
3	External Training	Corporate Governance	Securities and Futures Institute (SFI)	2023 Insider Trading Prevention Promotion Conference	2023.06.02	3	MASAMI OBARA	General Manager	
4	External Training	Corporate Governance	Securities and Futures Institute (SFI)	Advanced Seminar on Director and Supervisors (including Independent) and Corporate Governance Executives-Securities and Exchange Act Analysis of Common Illegal Cases	2023.09.20	3			
5	External Training	Corporate Governance	Taiwan Stock Exchange Corporation	Sustainable Development Action Plan Promotion Conference for Listed Companies	2023.05.22	3			
6	External Training	Corporate Governance	Securities and Futures Institute (SFI)	2023 Insider Trading Prevention Promotion Conference	2023.06.02	3	Chao-Yu Yang	General Manager of Taiwan branch and the Corporate Governance Officer	
7	External Training	Corporate Governance	Taiwan Investors Relations Institute	How Companies Respond to ESG Challenges and Create Transformation Opportunities	2023.07.21	3			
8	External Training	Corporate Governance	Securities and Futures Institute (SFI)	Courses for Directors, Supervisors and Corporate Governance Executives – How to Achieve CTCI Functions of the Functional Committees of Director	2024.03.21	3			
9	External Training	Corporate Governance	Securities and Futures Institute (SFI)	Courses for Directors, Supervisors, and Corporate Governance Officers-How Directors and Supervisors Oversee the Company's Establishment and Implementation of a Sound Risk Management System	2024.03.22	3			
10	External Training	Corporate Governance	Securities and Futures Institute	A series of courses for directors, supervisors, and corporate	2024.03.22	3			



Item Evaluated			Operational Situation (Note)				Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons		
			Yes	No	Abstract Description				
			(SFI)	governance supervisors- Balance financial management for all-the financial methods each person obtains					
11	External Training	Corporate Governance	Accounting Research and Development Foundation	Continuing Education Course for Issuer Securities Firms and Stock Exchanges Chief Accounting Officer	2023.11.02 - 2023.11.03	12	Shuo-Yen Chiang	Chief Financial Officer	
12	External Training	Corporate Governance	The Institute of Internal Auditors -Chinese Taiwan	Matters needing attention and practical analysis of "Shareholders' Meeting" and "Company Act"	2023.03.23	6	Peng, Lien-Chu	Chief Auditor	
13	External Training	Corporate Governance	Accounting Research and Development Foundation	Common Deficiencies in "Financial Statement Review" and Analysis of Important Internal Control Regulations and Practises	2023.11.27	6	Peng, Lien-Chu	Chief Auditor	
14	External Training	Corporate Governance	Accounting Research and Development Foundation	The latest "Establishment of Internal Control System Rules for Handling" Amend the internal audit and internal control legal compliance practises related to financial preparation	2024.04.11	6	Peng, Lien-Chu	Chief Auditor	

9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Centre, Taiwan Stock Exchange Corporation, and provide the priority enhancement measures. (Not required if the Company is not one of the evaluated companies): The Company was listed on the Taiwan Stock Exchange (TWSE) in May 2021, and participated in the second corporate governance evaluation in 2023. The listed company's 2023 corporate governance evaluation results are 66% ~ 80%. In the future, we will continue to improve the item that has not been scored. item is expected to be achieved and improved in 2024:

- A. Indicator 1.3: Audit Committee convener attended the shareholders' meeting in person.
- B. Indicator 1.7: Upload the shareholders meeting handbook and supplementary information 30 days before the shareholders meeting.
- C. Indicator 2.14: The Director Committee Resolution has set up a Sustainable Development Committee, with more than half of the members being Independent Director.
- D. Indicator 2.17: Director will refer to the audit quality indicator (AQIU) to evaluate the independence and suitability of the certified public accountant, and disclose the evaluation procedures in detail in the annual report.
- E. Indicator 2.30: one of the Company's internal auditors is qualified for the CPA examination and certificate.
- F. Indicator 3.5: Upload the English version of the annual financial report 16 days before the regular shareholders' meeting.

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

#### A. 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>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 affairs.</li> <li>3. No circumstances violating any provisions of Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>1. 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>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.</li> <li>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.</li> <li>4. 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>1. 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>2. Over 25 years of work experience in business, legal, financial, accounting, or corporate affairs.</li> <li>3. Holds a Certified Public Accountant (CPA) license.</li> <li>4. No circumstances violating any provisions of Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>1. 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>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.</li> <li>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.</li> <li>4. 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>1. Master's/Doctoral degree in Materials Science from the University of Tokyo and a Master's degree in Industrial Management from Stanford University.</li> <li>2. Over 25 years of work experience in business, legal, financial, accounting, or corporate affairs.</li> <li>3. No circumstances violating any provisions of Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>1. 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>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.</li> <li>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.</li> <li>4. 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

## B. Operation of the Remuneration Committee

- (a). The Remuneration Committee of the Company consists of 3 members.
- (b). The term of office of the current members is from June 30, 2023 to June 29, 2026.  
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:

- (a). 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.
  - (b). 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.
- C. 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
2023.01.13	The principle and distribution of 2022 year-end bonus.	Anonymously passed by the committee members	Proposal to the board of directors and approved by all directors present
2023.03.21	1. Review the Company's 2022 Director remuneration and employee bonus distribution proposal. 2. Bonus Payment for Manager	Anonymously passed by the committee members	Proposal to the board of directors and approved by all directors present
2023.06.30	Elect the convener and	Unanimously elected by	-

	chairman of the second Remuneration Committee	all members present Mr. Lin Tien Sung serves as the convener and chairman of the current Remuneration Committee	
2023.09.19	2022 Manager employee remuneration proposal	Anonymously passed by the committee members	Proposal to the board of directors and approved by all directors present
2024.01.16	1. Formulation of the allocation of the amount of new shares issued by Proceeds from issuing shares and employee stock subscription by Manager 2023 Manager year-end bonus payment proposal.	Anonymously passed by the committee members	Proposal to the board of directors and approved by all directors present
2024.03.12	Review the 2023 employee remuneration and Director remuneration distribution proposal	Anonymously passed by the committee members	Proposal to the board of directors and approved by all directors present

(5). Promotion of Sustainable Development:

- A. 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"?		✓	<p>The Company has established a Sustainable Development Committee, which is the highest governing organisation for corporate sustainable governance operations. All members are Director, which is composed of two Director s and three Independent Director s. The Taiwan Liaison Office of the Holding Company is the development centre, which gradually and effectively promotes the setting and implementation of the Group's overall sustainable goals, and integrates the concept of ESG into its business strategy. Regularly (at least once a year) report the Director meeting, and report the ESG implementation plan and promotion results to the Director meeting.</p> <p>There are four functional groups under the Committee, namely the "Corporate Governance Group", "Sustainable Environment Group", "Social Welfare Group" and "Sustainable Information Disclosure Group". The heads of functional units are responsible for promoting various projects or measures to respond to major issues in various aspects, and effectively integrate resources and implement them in daily operations.</p> <p>Director will regularly review ESG-related reports, and the convener of the Sustainability Committee will report the ESG implementation results and annual work goals to the Director Committee, and the Director will evaluate and review the progress and make recommendations for adjustments.</p>	No differences

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)	
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?	✓		<p>The Company conducts regular identification and risk assessment of major ESG issues in accordance with the principle of materiality; The scope of the evaluation covers subsidiaries that hold more than 50% (inclusive) of the shares or have control in accordance with International Accounting Standards . Based on the assessed risks, the relevant risk management policies and action plans are formulated as follows:</p> <p>1. Environment</p> <p>(1) Low-carbon sustainability, environmental protection and resource reuse</p> <ul style="list-style-type: none"> <li>● The Group’s Taiwan office is the base year for GHG inventory this year, and the ISO14064-1: 2018 GHG inventory standard is introduced.</li> <li>● Promote an eco-friendly office environment by planting indoor plants to bring green concept into the office and reduce the concentration of carbon dioxide.</li> <li>● Continuously promote the electronization of documents to save paper and improve efficiency.</li> </ul> <p>2. Society</p> <p>(1) Friendly workplace, human rights protection and public welfare actions</p> <ul style="list-style-type: none"> <li>● Implement labour health inspections that are superior to laws and regulations.</li> <li>● Implement gender equality in the workplace, continue to review and revise the Company's workplace sexual harassment prevention measures, etc.Establish a friendly workplace environment.</li> <li>● Implement the human rights policy to achieve the relevant laws and regulations of labour Equity.</li> <li>● Promote employees to participate in multiple social welfare activities, including education support, environmental protection, public welfare activities etc.</li> </ul> <p>3. Corporate Governance</p> <p>(1) Improve operational performance and promote sustainable development</p> <ul style="list-style-type: none"> <li>● Regularly report the implementation of sustainability to the Sustainability Committee and Director meetings, and submit the sustainability work plan for the following year to the Sustainability Committee for approval at the end of each year, and then to the Director meeting.</li> <li>● Strengthen the awareness of intellectual property of colleagues, and organise intellectual property management education and training courses.</li> <li>● Completed the construction of Japanese Nagoya factory to improve operational performance.</li> </ul>	No differences
<b>3. Environmental Issues</b>				
(1). Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		<p>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.</p> <p>2. To fulfill the corporate responsibility of environmental protection and to take care of the safety and health of</p>	No differences

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)	
			colleagues, and based on the awareness of environmental protection and management needs such as pollution prevention, and environmental social responsibility.	
(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
4. Social Issues				
(1). Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		The Company and its subsidiaries attach great importance to the basic human rights of employees, supply chain partners and stakeholders, and are committed to creating a friendly and dignified workplace environment. In accordance with the “UN Universal Declaration of Human Rights”, “UN Global Compact”, and the “United Nations Guiding Principles on Business and Human Rights”, we have formulated the “Human Rights Policy” and “Anti-Discrimination and Anti-Sexual Harassment Policy”, abide by the local laws and regulations of the Group’s operating bases, and regularly promote the integration of human rights concepts into the lives of employees.	No major differences
(2). Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓		The company adheres to a sustainable workplace and a friendly environment, follows various labour laws and regulations, provides complete labour protection to full-time employees, and provides appropriate physical and mental care measures within the scope of available resources, such as employee health checks, summer high-temperature beverage welfare vouchers, various leisure activities, children's education incentives, wedding and funeral subsidies, etc., which are better than those required by the law. The Company's remuneration policy is formulated to plan the overall salary structure with "salary protection" and "variable rewards"; The variable rewards are distributed based on the results of operational performance and special contributions as an incentive measure to encourage employees to pursue good performance and also reflect the Company's annual business performance results. According to Article 34.1 of Articles of Incorporation, if the Company makes a profit during the year, it shall	No major differences

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)																																					
			distribute no less than 8% and no more than 15% of the employee compensation to the Director Committee Resolution, and report to the shareholders' meeting. However, if the Company still has accumulated losses, it shall reserve the compensation amount in advance.																																					
(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?	✓		<p>The Company and its subsidiaries have a dedicated unit to regularly conduct office and factory environmental maintenance and equipment maintenance, regularly conduct occupational disaster safety and personal health inspection management promotion and irregular fire drills, etc., and regularly conduct health checks every year.</p> <p>The Group's relevant verification status is as follows:</p> <table><tr><th>Company</th><th>Certification Name</th><th>Start Date</th></tr><tr><td>Dongguan IKKA</td><td>ISO 14001</td><td>07/11/2023~06/11/2026</td></tr><tr><td>Dongguan IKKA</td><td>IATF : 16949</td><td>15/11/2023~14/11/2026</td></tr><tr><td>Malaysia IKKA</td><td>ISO 9001</td><td>23/07/2023 ~ 24/06/2026</td></tr><tr><td>Malaysia IKKA</td><td>ISO 14001</td><td>19/10/2022 ~ 18/10/2025</td></tr><tr><td>Vietnam IKKA</td><td>ISO 9001</td><td>15/11/2023~14/11/2026</td></tr><tr><td>Vietnam IKKA</td><td>ISO 14001</td><td>20/12/2021~19/12/2024</td></tr><tr><td>Japan Sol-Plus</td><td>ISO 14001</td><td>28/02/2024~27/02/2027</td></tr><tr><td>Japan Sol-Plus</td><td>SBTi</td><td>24/11/2022~23/11/2027</td></tr><tr><td>Thailand Sol-Plus</td><td>ISO 9001</td><td>28/07/2023~27/07/2026</td></tr><tr><td>Thailand Sol-Plus</td><td>ISO 14001</td><td>31/05/2021~30/03/2024</td></tr><tr><td>Thailand Sol-Plus</td><td>IATF : 16949</td><td>25/09/2023~24/09/2026</td></tr></table> <p>The Company has no occupational disasters in 2023, and has labour safety and health personnel and first-aid management personnel; In 2023, four industrial safety education training sessions were held, with a total of 1225 participants and 6 hours of training.</p> <p>There were no fires in the Company and its subsidiaries in 2023. To implement a friendly workplace environment, the Company regularly cooperates with local fire departments for drills, as described in Section 5, Labour Relations of V. Business Overview.</p>	Company	Certification Name	Start Date	Dongguan IKKA	ISO 14001	07/11/2023~06/11/2026	Dongguan IKKA	IATF : 16949	15/11/2023~14/11/2026	Malaysia IKKA	ISO 9001	23/07/2023 ~ 24/06/2026	Malaysia IKKA	ISO 14001	19/10/2022 ~ 18/10/2025	Vietnam IKKA	ISO 9001	15/11/2023~14/11/2026	Vietnam IKKA	ISO 14001	20/12/2021~19/12/2024	Japan Sol-Plus	ISO 14001	28/02/2024~27/02/2027	Japan Sol-Plus	SBTi	24/11/2022~23/11/2027	Thailand Sol-Plus	ISO 9001	28/07/2023~27/07/2026	Thailand Sol-Plus	ISO 14001	31/05/2021~30/03/2024	Thailand Sol-Plus	IATF : 16949	25/09/2023~24/09/2026	No differences
Company	Certification Name	Start Date																																						
Dongguan IKKA	ISO 14001	07/11/2023~06/11/2026																																						
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Japan Sol-Plus	ISO 14001	28/02/2024~27/02/2027																																						
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Thailand Sol-Plus	IATF : 16949	25/09/2023~24/09/2026																																						
(4). Whether the company has established an effective capacity development of career training program for employees?	✓		<p>The Company and its subsidiaries have established a comprehensive education and training system to encourage employees to actively participate in on-the-job training to improve their career development in the Company; In 2023, the Company spent a total of NT \$3,491,000 on training for new employees, professional training, and supervisor training.</p>	No differences																																				

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)	
(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 IATF 16949 certification every year, with a view to meeting international safety standards for automotive parts and other related parts, and follow and improve the relevant regulations for the handling of customer complaints in accordance with IATF to improve customer satisfaction, and the sales target is a legal and legitimate manufacturer.	No 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 its own sustainable development code in accordance with “Sustainable Development Best Practise Principles for TWSE/TPEX Listed Companies”, please describe the difference between its operation and the code: The Company passed the establishment of the Company’s “Sustainable Development Best-Practise Principles” at the Director meeting in September 2020, and the latest revision of the code was approved by the Director meeting in March 2023 to strengthen the implementation of sustainable responsibility. Considering the development trend of domestic corporate sustainable responsibility, the Resolution meeting on 8 May 2024 set up a sustainable development committee to promote various sustainable activities, and at this meeting, according to the assessed risks, formulate risk management strategies, formulate annual work plans, and report the promotion situation to the Director meeting on a regular basis (at least once a year), which has no significant difference from “Sustainable Development Best Practise Principles for TWSE/TPEX Listed Companies”.				
7. Other important information to facilitate better understanding of the Company’s promoted sustainable development implementation: 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. Our approach: (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. (2) Set up resource recycling buckets for resource classification and implement resource recycling. (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. (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. (5) Provide employment opportunities for local personnel, and give priority to personnel from adjacent areas. (6) Assist the community development association in the activities of caring the elderly and implement the policy of dignifying relatives and neighbors.				

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.

## B. Implementation of climate-related information

Item	Implementation
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1. Describe Director and the management's supervision and governance of climate-related risks and opportunities.	The Company takes Director as the highest supervisory unit to coordinate the overall climate strategy direction and supervise the implementation of climate-related risk management by relevant units. There are four functional groups under the Sustainable Development Committee, with Mr. Chairman Shiang-Chi Hu as the convener, who is responsible for managing and supervising the implementation of related climate risks and opportunities, and the convener of the Sustainability Committee regularly (at least once a year) to report to the Director Committee on the progress of corporate sustainability promotion, including the implementation results of climate-related issues and future planning.				
2. Describe how the climate risks and opportunities identified affect the business, strategy, and finance (short-term, medium-term, and long-term).	With reference to the TCFD guidelines issued by the Task Force on Climate-related Financial Disclosures (TCFD) of the United Nations Financial Stability Board, the Company has identified 4 climate risks and 4 climate opportunities after internal discussion and evaluation, and the impact periods are divided into short-term (1 to 3 years), medium-term (3 to 10 years), and long-term (more than 10 years).				
	1. Climate risks				
	Risk type	Item	Risk factors	Potential impact	Impact period
	Transition risks	Policies and Regulations	Carbon tax and carbon fee	The carbon tax or carbon fee imposed by the government will increase the operating costs; and facing the pass-through of supplier logistics costs.	Mid-term
		Market	Rising electricity prices	Increase in operating costs	Mid-term
	Physical Risks	Immediate	Typhoons, floods, soil flows	Natural disasters can cause damage to equipment, loss of product wave, interruption of information system services or casualties, causing supply chain disruption or operational interruption.	Short-term
		Long-term	Rising temperatures	The demand for air conditioning operation has increased, resulting in an increase in operating costs such as electricity costs	Mid-term
			Sea level rise	Financial loss due to the flooding of operating bases	Long-term
	2.Climate opportunities				
	Type	Opportunity factor	Potential impact	Impact period	
Resource efficiency	Use of high-efficiency buildings	Improve the value of fixed Assets and reduce electricity consumption. Operating costs such as water charges	Mid-term		
Energy source	Use of low-carbon energy	Use low-carbon energy to reduce potential carbon emissions Cost	Mid-term		
Products and Services	Develop and increase low-carbon productsand services	The demand for non-toxic and harmless components will continue Cooperate with customers to develop related parties business opportunities.	Mid-term		
Resilience	Establish effective emergency response measures Change plan	Improve adaptability to risks	Short-term		
3. Describe the financial impact of extreme weather events and transformation actions.	Extreme climate events (immediate and long-term) and transformation actions (policies, regulations, markets). Please refer to the description of item 2 above.				
4. Describe how the identification.	The Company plans to establish a climate change risk management process and integrate it into general management.				

assessment and management process of climate risks are integrated into the overall risk management system.				
5. If the resilience to climate change risks is assessed using scenario analysis, the use of scenarios, parameters, assumptions, analysis factors and major financial impacts shall be explained.	In order to understand the risk impact caused by various possible climate paths in the future, the Company has used scenario analysis to evaluate 2 physical risks (flooding disasters, global average temperature rise) and 1 transformation risk (commodity transportation carbon emission cost transfer), and formulated appropriate response strategies to reduce the potential impact of climate risks. The use of risk scenarios, analysis factors and evaluation results are disclosed in the following table:			
	Risk scenario	Analysis factors	Climate Environment	Evaluation Result
	Flooding disasters	Degree of Hazard	National Disaster Prevention Technology Centre (NCDR) Climate Change Disaster Risk Adaptation Platform Issued flood disaster risk map (RCP 2.6, RCP 8.5)	Low risk
	Rising temperatures	Air-conditioning energy expenses	Green finance cooperation network system (NGFS) simulation The warming trend of RCP 6.0 and RCP 8.5	Financial impact Low
	Transfer of carbon emission costs	Cost of transportation sales	Net Zero Emissions 2050 Scenario	The pass-through costs arising from carbon emissions will be estimated under the 2050 net-zero emissions scenario.
6. If there is a transformation plan to manage climate-related risks, the content of the plan, and the indicators and goals used to identify and manage physical risks and transformation risks.	In order to implement sustainable management and cooperate with government policies to achieve the goal of net zero emissions, the Company will start to conduct greenhouse gas inventory of Taiwan branch. In the future, depending on laws and regulations and verification by a third-party agency to confirm the credibility and consistency of emission data, the scope of greenhouse gas inventory and verification will continue to be expanded in the future, and publicly disclose the relevant content of climate-related financial disclosure. The Company has set short-term, mid-term and long-term goals as follows: 1.2025: Taiwan Branch completed the 2024 inventory and promoted the verification by a third-party agency. 2. 2027: Increase the inventory coverage rate to 100%, and will continue to build the inventory method for indirect emissions of Other to reduce the emission. Transformation risks. 3. 2050: The entire group expects to achieve the goal of net zero emissions, during which the relevant items be adjusted in a rolling manner in response to climate risks and opportunities. Standards and indicators.			
7. If the internal carbon pricing is used as a planning tool, the price setting basis should be stated.	At present, internal carbon pricing has not been used, and will be evaluated and introduced in the future according to actual needs.			
8. If there is a climate-related target, it should explain the activities covered, the scope of greenhouse gas emissions, the planning period, and the annual progress of the progress; If the Carbon Offset or Renewable Energy Certificate (RECs) are used to achieve the relevant goals, the source and quantity of the carbon reduction quota offset or the quantity of the Renewable Energy	1. The Company’s climate-related goals are detailed in the description of item 6 above. 2. In order to achieve the goal of net zero emissions by 2050, the Company will take energy conservation as a priority reduction method, analyse the power consumption status of major operating bases, strengthen the power management of each base, and gradually expand the use of renewable energy, with "Procurement Certificates (REC), Procurement of Green Electricity" and other strategic tools, in order to achieve the Group's phased goal of renewable energy utilisation.			

Certificate (RECs) should be stated.	
9. Greenhouse gas inventory and assurance status, reduction targets, strategies and specific action plans.	The Company has not yet conducted greenhouse gas inventory in 2023, and plans to begin inventory in 2024. The reduction targets and specific plans are detailed in item 6.

(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	
1. Establishment of ethical corporate management policies and programs				
(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?	✓		The Company has established the "Ethical Corporate Management Best Practise Principles" and the "Procedures for Ethical Management and Guidelines for Conduct", and regularly publicises relevant regulations and whistleblowing mechanisms internally to implement the promotion of ethical corporate management, and has placed the "Ethical Corporate Management Best Practise Principles" and the "Procedures for Ethical Management and Guidelines for Conduct" on the Company's website as a policy declaration for external express ethical corporate management.	No 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?		✓	The Company's "Code of Integrity Management" clearly stipulates the prohibition of dishonest behaviour. The Company adheres to the principle of good faith, operates in a stable and decent manner, does not engage in business activities within the business scope that have a higher risk of dishonest behaviour, and strengthens relevant preventive measures, and the Company adheres to the political neutrality stance and does not engage in political contributions. The Company strictly prohibits Manager and all employees from engaging in any bribery and illegal acts. If there is any violation, it will be punished or transferred to the judicial authorities 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 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.	
2. Implementation of ethical corporate management				
(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 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?		✓	In order to implement the principle of integrity management, the Administration Department of the Company is a dedicated unit responsible for related matters, and reports the annual work progress to Director at least once a year. The internal audit unit draws up and implements audit procedures for its integrity management policies in accordance with the audit plan, and regularly reports to the Director meeting to monitor the implementation and track improvement.	No difference
(3). Whether the Company has set up and implement policies to prevent conflict of	✓		The Company has clearly defined the conflict avoidance policy in the "Ethical Corporate	No difference

Evaluated criteria	Implementation Status			Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Summary Description	
interests and providing channels to report such conflict.			Management Best Practise Principles" and provided a smooth communication, management and complaint system for employees to respond to various management levels and human resources units through multiple channels. The Company has also set up a Independent Director mailbox reporting mechanism on the website to implement it.	
(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.		✓	Every year, the Company's internal audit is based on the "Rules for Handling the Establishment of Internal Control Systems by Public Offering Company" and "Ethical Corporate Management Best Practise Principles", follows the Company's accounting system, internal control system and the implementation of ethical corporate management, draws up relevant audit plans for verification, and regularly (at least once a year) reports the implementation status to the Director meeting.	No difference
(5). Whether the Company has periodically organized internal and external training for integrity management.	✓		The company regularly organises integrity management-related publicity courses, and in 2023, it will hold integrity management training courses for all colleagues. There were a total of 7 training sessions on ethical management, with 1,226 participants.	No 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 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.  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 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				

Evaluated criteria	Implementation Status			Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Summary Description	
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)*

IKKA Holdings (Cayman) Limited Statement of Internal Control	
	Date: 2024.3.21
Based on the results of self-assessment, the Company's internal control system in 2023 is hereby declared as follows:	
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 & laws.
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.
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.
4.	The Company has evaluated the validity of the design and implementation of its internal control systems based on the aforesaid criteria.
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, 2023 (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 & laws and reasonably ensure the above targets to meet.
6.	In accordance with Article 4-1 of the "Taiwan Stock Exchange Corporation Review Procedures for the Listing of Foreign Securities", the Company has commissioned an accountant to review the internal control system related to the reliability of external financial reporting and the security of Assets (so that Assets will not be obtained, used or disposed of without authorization). As stated in the preceding paragraph, its design and implementation are effective, and there are no major deficiencies that affect the recording, processing, aggregation and reporting reliability of financial information, and no major deficiencies that affect the security of Assets, so that Assets will be obtained, used or disposed of without authorization.
7.	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.
8.	This Statement has been adopted by the Company's board of directors in a meeting held on March 12, 2024, where all of the nine attending directors have agreed to the contents of this statement.
IKKA Holdings (Cayman) Limited Chairman: Hu, Hsiang-Chi General Manager: Obara Masami	

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



#### 內部控制制度審查確信報告

資會綜字第 23009413 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」) 請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 112 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和保障資產安全有關之內部控制制度於民國 112 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 113 年 3 月 12 日所出具請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。

~ 2 ~

資誠聯合會計師事務所 PricewaterhouseCoopers, Taiwan  
110208 臺北市信義區基隆路一段 333 號 27 樓  
27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 110208, Taiwan  
T: +886 (2) 2729 6666, F: +886 (2) 2729 6686, www.pwc.tw



#### 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。

#### 所執行政序之彙總說明

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 112 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 113 年 3 月 12 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

中華民國 113 年 03 月 12 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 30, 2023 and implementation status.

**Recognition Item No.1: Proposed to recognize the business report and consolidated financial statements for 2022**

Total shares held by the shareholders present when voting: 20,581,016

Vote	Proportion of shares held by the shareholders present %
Approval votes: 20,536,002	99.78%
Disapproval votes: 16,174	0.08%
Invalid votes: 0	0.00%
Waived votes: 28,840	0.14%

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: 20,581,016

Vote	Proportion of shares held by the shareholders present %
Approval votes: 20,536,182	99.78%
Disapproval votes: 16,174	0.08%
Invalid votes: 0	0.00%
Waived votes: 28,660	0.14%

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 NTD87,757,224 has been distributed on October 03, 2023.

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

Total shares held by the shareholders present when voting: 20,581,016

Vote	Proportion of shares held by the shareholders present %
Approval votes: 20,534,002	99.77%
Disapproval votes: 16,174	0.08%
Invalid votes: 0	0.00%
Waived votes: 30,840	0.15%

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 13, 2023.

**Elected the third Director 6 persons and Independent Director 3 persons.**

Voting results:

IKKA Holdings (Cayman) Limited  
Elected list of the 3rd Director at the 2023 Annual General Meeting

Job Title	Name	Elected Rights
Director	ABICO AVY CO., LTD representative : Hu ,Shiang-Chi	23,260,531
Director	ABICO AVY CO., LTD representative : Tong, Chun-Jen	20,046,719
Director	ABICO AVY CO., LTD representative : Tong, Chun-Yi	20,033,219
Director	ABICO AVY CO., LTD representative : MASAMI OBARA	19,849,055
Director	Shanshan Jinping	19,658,055
Director	Obara Masami	19,654,055
Independent Director	Chen, Wei-Yu	19,831,055
Independent Director	Lin, Tien-Sung	19,804,073
Independent Director	Chen, Che-Sheng	19,792,100

**Other Proposal: Lifting the Restriction of the Third New Director non-competition.**

Total shareholder voting rights represented by attending shareholders were 20,581,016 votes for this proposal.

Voting results (including electronic voting)	Percentage of voting rights of attending shareholders (%)
Approval votes: 20,252,944	98.40%
Disapproval votes: 15,180	0.07%
Invalid votes: 0	0.00%
Waived votes: 312,892	1.52%

Implementation status: The proposal was approved as proposed by voting results.

**B. Major resolutions of board meeting**

Date/Meeting	Board of Directors Important Resolutions
Second Session Thirty-first Time 2023.01.13	<p><b>Proposal 1: 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>Proposal 2: performance evaluation of Director (including Functional Committee) in 2022.</b> Resolution: 1. item with less than optimal score will propose improvement plan after the meeting. 2. Nine Director were present, and the proposal was approved without objection after the chairman consulted all the members present.</p>
	<p><b>Proposal 3: Establishment of the Company's "Procedures for Buying Back Treasury Shares."</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
	<p><b>Proposal 4: 2022 Manager year-end bonus payment proposal.</b> Resolution situation: Nine Director attended the meeting, and Mr. Chairman Shiang-Chi Hu recused himself due to conflict of interest. Chairman ABICO AVY Co., Ltd. representative Shiang-Chi Hu appointed Independent Director Lin Tien Sung as the acting chairman, and after the acting chairman Director Lin Tien Sung consulted the remaining Director, the proposal was passed without objection.</p>
2nd term thirty-two th session 2023.02.16	<p><b>Proposal 1: 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>
2nd term thirty-three th session 2023.03.21	<p><b>Proposal 1: audit report for the fourth quarter of 2022.</b> Resolution situation: Seven Director were present, and after the chairman consulted all the members present, the proposal was passed without objection.</p>
	<p><b>Proposal 2: 2022 Consolidated Financial Statements and 2022 business report case.</b> Resolution situation: Seven Director were present, and after the chairman consulted all the members present, the proposal was passed without objection.</p>
	<p><b>Proposal 3: 2022 Internal Control Statement.</b> Resolution situation: Seven Director were present, and after the chairman consulted all the members present, the proposal was passed without objection.</p>
	<p><b>Proposal 4: greenhouse gas inventory and verification progress control of the Company and its subsidiaries</b> Resolution situation: Seven Director were present, and after the chairman consulted all the members present, the proposal was passed without objection.</p>

	<p><b>Proposal 5: amendment to Article of Incorporation of the Company</b> Resolution situation: Seven Director were present, and after the chairman consulted all the members present, the proposal was passed without objection.</p> <p><b>Proposal 6: amendment to “Sustainable Development Best Practise Principles”</b> Resolution situation: Seven Director were present, and after the chairman consulted all the members present, the proposal was passed without objection.</p> <p><b>Proposal 7: amendment to “Corporate Governance Best-Practise Principles”</b> Resolution situation: Seven Director were present, and after the chairman consulted all the members present, the proposal was passed without objection.</p> <p><b>Proposal 8: amendment to the "Related Operating Standards for Financial Business among Affiliated Enterprises"</b> Resolution situation: Seven Director were present, and after the chairman consulted all the members present, the proposal was passed without objection.</p> <p><b>Proposal 9: Setting the date, time, place, form and agenda of the 2023 shareholders' meeting.</b> Resolution situation: Seven Director were present, and after the chairman consulted all the members present, the proposal was passed without objection.</p> <p><b>Proposal 10: election of the third session of directors.</b> Resolution situation: Seven Director were present, and after the chairman consulted all the members present, the proposal was passed without objection.</p> <p><b>Proposal 11: lifting the restrictions on non-competition for the third term of new directors.</b> Resolution situation: Seven Director were present, and after the chairman consulted all the members present, the proposal was passed without objection.</p> <p><b>Proposal 12: Remuneration to employees and Director for 2022.</b> Resolution situation: Seven Director were present, and after the chairman consulted all the members present, the proposal was passed without objection.</p> <p><b>Propoal 13: proposal of performance bonus payment to Katsumi Nakagawa, the general manager of Dongguan &amp; Hong Kong IKKA in 2022</b> Resolution situation: Seven Director were present, and after the chairman consulted all the members present, the proposal was passed without objection.</p>
	<p><b>Proposal 1: Discussion of the audit report for the first quarter 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>Proposal 2: amendment to the 2023 audit plan.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>

2nd term thirty-four th  
session  
2023.05.08

	<p><b>Proposal 3: 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>Proposal 4: discussion on the consolidated financial report for the first quarter 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>Proposal 5: Distribution of earnings 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>Proposal 6 : 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>Proposal 7: 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>Proposal 8: Establishment of the “Director Continuing Education Guidelines.”</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Proposal 9: setting up a corporate governance supervisor</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Proposal 10: proposal to submit and approve the list of candidates for directors (including independent directors) nominated by the board 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>Proposal 1: Election of Chairman</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Proposal 2: Appointment of members of the 2nd Audit Committee.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Proposal 3: Appointment of members of the 2nd Remuneration Committee.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>

3rd term 1st session  
2023.06.30

	<p><b>Proposal 4: renewal of Mega Bank financing quota.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
3rd term 2nd session 2023.08.09	<p><b>Proposal 1: audit report for the second quarter of 2023.</b> Resolution situation: Eight Director were present, and the chairman consulted all the members present and passed the proposal without objection.</p> <p><b>Proposal 2: consolidated financial statements for the second quarter of 2023.</b> Resolution situation: Eight Director were present, and the chairman consulted all the members present and passed the proposal without objection.</p> <p><b>Proposal 3: Controlling the GHG inventory and verification progress of the Company and its subsidiaries.</b> Resolution situation: Eight Director were present, and the chairman consulted all the members present and passed the proposal without objection.</p> <p><b>Proposal 4: The base date for the distribution of earnings for 2022 and related matters.</b> Resolution situation: Eight Director were present, and the chairman consulted all the members present and passed the proposal without objection.</p>
3rd term 3rd session 2023.09.19	<p><b>Proposal 1: 2022 Manager employee remuneration payment case.</b> Resolution situation: there were nine Director present, Mr. Chairman Shiang-Chi Hu and Mr. General Manager MASAMI OBARA recused themselves due to conflict of interest. Chairman ABICO AVY Co., Ltd. representative Shiang-Chi Hu appointed Independent Director Lin Tien Sung as the acting chairman, after the acting chairman Director Lin Tien Sung consulted the remaining Director, the proposal was passed without objection.</p>
3rd term 4th session 2023.11.07	<p><b>Proposal 1: audit report for the third quarter 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>Proposal 2: Discussion of the consolidated financial report for the third quarter 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>Proposal 3: Evaluation of the independence and suitability of CPAs 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>Proposal 4: 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>Proposal 5: The Company intends to issue the first unsecured convertible corporate bond in the Republic of China.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Proposal 6: Proposal to issue new shares of Proceeds from issuing shares 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>Proposal 7: The Company and KGI Securities Co., Ltd. signed a securities compliance counselling contract.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Proposal 8: New loans from financial institutions.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
	<p><b>Proposal 1: audit plan for 2024.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Proposal 2: financial forecast for the whole year of 2024</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Proposal 3: Evaluation of the independence and suitability of CPAs in 2024.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Proposal 4: 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>Proposal 5: Controlling the GHG inventory and verification progress 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>Proposal 6: Establishment of the Company's "Information and Communication Security Control Policy".</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Proposal 7: Establishment of a dedicated information security supervisor.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
3rd term 5th session 2023.12.21	

<p>3rd term 6th session 2024.01.16</p>	<p><b>Proposal 1: performance evaluation of Director including Functional Committee 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>Proposal 2: Set up the Company's 2023 Proceeds from issuing shares issuance of new shares and the allocation of Manager employee stock subscription amount.</b> Resolution situation: there were nine Director present, Mr. Chairman Shiang-Chi Hu, Mr. Director Chun-Jen Tong, Mr. Director Chun-Yi Tong and Mr. General Manager MASAMI OBARA recused themselves due to conflict of interest. Chairman ABICO AVY Co., Ltd. representative Shiang-Chi Hu appointed Lin Tien Sung of Independent Director to act as Chairman, after the acting Chairman Director consulted the remaining Director, the proposal was passed without objection.</p> <p><b>Proposal 3: 2023 Manager year-end bonus payment proposal.</b> Resolution situation: Nine Director attended the meeting, and Mr. Chairman Shiang-Chi Hu recused himself due to conflict of interest. Chairman ABICO AVY Co., Ltd. representative Shiang-Chi Hu appointed Independent Director Lin Tien Sung as the acting chairman, and after the acting chairman Director Lin Tien Sung consulted the remaining Director, the proposal was passed without objection.</p>
<p>3rd term 7th session 2024.03.12</p>	<p><b>Proposal 1: Discussion of the audit report for the fourth quarter of 2023.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present</p> <p><b>Proposal 2: 2023 Consolidated Financial Statements and 2023 business report case.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Proposal 3: 2023 Internal Control Statement.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Proposal 4: Proposal to lend funds to the subsidiary, DaiichiKaseiCo.,Ltd. (for short: Japan IKKA).</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p> <p><b>Proposal 5: Controlling the GHG inventory and verification progress 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>Proposal 6: Setting the date, time, place, form and agenda of the 2024 regular shareholders' meeting.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>



	<p><b>Proposal 7: allocation of remuneration to employees and Director in 2023.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
3rd term 8th session 2024.05.08	<p><b>Proposal 1: Discussion of the audit report for the first quarter of 2024.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
	<p><b>Proposal 2: discussion on the consolidated financial report for the first quarter of 2024.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
	<p><b>Proposal 3: Distribution of earnings 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>Proposal 4: financial institution financing renewal case.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
	<p><b>Proposal 5: 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>Proposal 6: amendment to the "Director Meeting Rules."</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
	<p><b>Proposal 7: Establishment of the Sustainable Development Committee Charter.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>
	<p><b>Proposal 8: Establishment of the Company's Sustainable Development Committee and appointment of members.</b> Resolution situation: there were nine directors in attendance. It was unanimous approved after chairman consulted with all present members.</p>

- (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	2023.01.01 ~2023.12.31	5,650	1,600	7,250	Non-audit fees: 1. Special internal control audit of NT \$1,500,000. 2. Proceeds from issuing bonds's review opinion is NT \$50,000. 3. Report on changes in the amount of new shares issued NT \$50,000.
	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 it's 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	2023		As of April 27 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.	-	-	197,742	-

Major shareholder	Jabon International Co., Ltd.	-	-	538,848	-
Manager	Yang, Chao-Yu	19,000	-	9,186	-
Manager	Katsumi Nakagawa			8,395	
Chief Financial Officer	Chiang, Shuo-Yen	6,000	-	5,000	
Audit Director	Peng, Lien-Chu	12,000 (1,000)	-	3,692	

(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**

2024.04.27; 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	11,439	36.49	-	-	-	-	-	-	
ABICO AVY Co., Ltd. Representative: Tong, Chun-Jen	4,198	13.39	-	-	-	-	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.	1,689	5.39	-	-	-	-	-	-	
Chien, Chih-Chung	955	3.05	-	-	-	-	-	-	
Mega International Commercial Bank Co., Ltd. Representative: Paul C.D. Lei	477	1.52							
Jia-Mei Investment Co., Ltd. Representative: Tong, Yi-Chun	471	1.50	-	-	-	-	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.	

ABICO ASIA CAPITAL CO., LTD. Representative: Hsieh, Fa-Da	408	1.30	-	-	-	-	-	-	
Guang Yuan Investment Co., Ltd. Representative: Lin, Hsin-Yi	378	1.21	-					-	
Cheng, Qi-Ying	364	1.16	-	-	-	-	-	-	
Citi (Taiwan) Commercial Bank is entrusted with the custody of Berkeley Capital Securities Co., Ltd. — Berkeley Capital Securities Co., Ltd. SBL/PB Investment Account	280	0.89	-	-	-	-	-	-	

**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

2024.3.31; Unit: Shares; %

2024/2025, 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.

## IV Capital Raising

### 1. Capital and Share

#### (1) Source of Share Capital

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		
2023.09	NTD 10	40,000	400,000	29,366	293,664	ESOP converts 110,000 shares of common stock		
2023.12	NTD 10	40,000	400,000	29,452	294,524	ESOP converts 86,000 shares of common stock		
2024.03	NTD 10	40,000	400,000	31,327	313,269	Initial public offering of new shares		Note7

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
						Issuance price of NTD 60 per share ESOP converts 55,000 shares of common stock		
2024.04	NTD 10	40,000	400,000	31,345	313,454	ESOP converts 18,000 shares of common stock		Note8

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.

Note 7: The Company issued 1,820,000 new shares with a par value of NT \$10 per share for capital increase.

Note 8: 18,500 shares of employee stock options have been exercised from April 1 to 27 April 2024, and an announcement will be updated in July 2024 in accordance with the law.

Share Type	Authorized Share Capital			Note
	Outstanding shares (Note)	Unissued shares	Total	
Registered Ordinary Shares	31,345,408	8,654,592	40,000,000	As of: 2024/4/27

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

## (2) Shareholders' Structure

April 27, 2024

Shareholders' Structure Number	Government Organization	Financial Institution	Other Legal Person	Individual	Foreign institutions and individuals	Total
Number	-	1	31	3,370	25	3,427
Shareholding	-	477,189	17,419,728	10,594,293	2,854,198	31,345,408
Shareholding Percentage	-	1.52%	55.57%	33.80%	9.11%	100%

## (3) Distribution of Share

April 27, 2024

Shareholding Range	Number of Shareholders	Shareholding	Shareholding Percentage (%)
1-999	1,332	95,197	0.30
1,000-5,000	1,690	3,029,633	9.67
5,001-10,000	199	1,399,258	4.46
10,001-15,000	69	847,797	2.70
15,001-20,000	29	512,657	1.64
20,001- 30,000	38	936,657	2.99
30,001- 40,000	21	713,830	2.28

Shareholding Range	Number of Shareholders	Shareholding	Shareholding Percentage (%)
40,001-50,000	12	570,059	1.82
50,001- 100,000	15	1,002,116	3.20
100,001-200,000	11	1,358,100	4.33
200,001-400,000	4	1,243,506	3.97
400,001-600,000	3	1,356,290	4.33
600,001-800,000	0	0	0.00
800,001-1,000,000	1	955,000	3.05
Over 1,000,001 are graded according to the actual situation	3	17,325,308	55.26
Total	3,427	31,345,408	100.00

### Preferred Share

April 27, 2024

Class	Amount of Shareholder	Amount of Share	Shareholding Percentage (%)
The Company had not issued preferred shares as of April 27, 2024.			

#### (4) Major Shareholders

April 27, 2024; Unit: share

Name of Major Shareholder (Nationality or Place of Incorporation)	Share Amount of Share	Shareholding Percentage
JABON INTERNATIONAL CO., LTD. (incorporated in Taiwan)	11,438,838	36.49
ABICO AVY CO., LTD (incorporated in Taiwan)	4,197,742	13.39
CTBC Bank Co., Ltd. in custody for Jinmai Investment Co., Ltd.	1,688,718	5.39
Chien, Chih-Chung	955,000	3.05
Mega International Commercial Bank Co., Ltd. (incorporated in Taiwan)	477,189	1.52
Jia-Mai Investment Co. Ltd. (incorporated in Taiwan)	471,196	1.50
ABICO ASIA CAPITAL CO., LTD. (incorporated in Taiwan)	407,905	1.30
Guang Yuan Investment Co., Ltd.	377,796	1.21
Cheng, Qi-Ying	364,235	1.16
Citi (Taiwan) Commercial Bank is entrusted with the custody of Berkeley Capital Securities Co., Ltd. — Berkeley Capital Securities Co., Ltd. SBL/PB Investment Account	279,987	0.89

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

Unit: NTD

Item		Year	2022	2023	2024 as of March 31(Note5)
Market Price Per Share	Highest		135.00	96.80	122.00
	Lowest		64.50	65.10	80.70
	Average		87.20	73.07	100.63
Net Value Per Share	Before Distribution		55.18	55.78	59.42
	After Distribution		52.24	(Note)	Not applicable
Earnings Per Share	Weighted Average Shares (thousand shares)		29,818	29,853	31,218
	Diluted Earnings Per Share		3.84	4.07	1.53
Dividends Per Share	Cash Dividends		3.00	3.20	Not applicable
	Stock Dividend	-	-	-	Not applicable
		-	-	-	Not applicable
	Accumulated Undistributed Dividend		-	-	Not applicable
Return on Investment	Price/Earnings Ratio		22.71	17.95	65.77
	Price/Dividend Ratio		29.07	22.83	Not applicable
	Cash Dividend Yield		3.44%	4.38%	Not applicable

Source: Audited financial statements for each year

Note: To be finalised after the resolution of the general shareholders' meeting on Resolution.

#### (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.

In accordance with the regulations of Director Resolution and this Articles of Incorporation on 8 May 2024, the net profit after tax for the year was NT \$119,162,444, the beginning of the year was NT \$471,043,175 for Unappropriated retained earnings, after deducting the adjustment of Special reserve, a shareholder Equity, and other adjustments of NT \$22,201,697, the distributable earnings for the current period was NT \$568,003,922. It is proposed to distribute a cash dividend of NT \$3.20 per share to shareholders with earnings. The earnings distribution proposal will be submitted to the annual shareholders' meeting for this year.

- (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 2023 is NTD 11,001,000 and directors' remuneration is NTD 6,876,000. On March 12, 2024, the Board of Directors resolved to distribute employee compensation of NTD 13,752,000 and director compensation of NTD 3,438,000.

- 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	13,752	11,001	2,751	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	3,438	6,876	(3,438)	

(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: The Company does not distribute employee remuneration in stocks, so it is applicable.

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 (2022): Distribution items	Proposed distribution from the original board of directors	Actual number of distributions reported to shareholders	Variance
Employee Stock Bonus	-	-	-
Employee Cash Bonuses	13,122	13,122	-
Remuneration for Directors and Supervisors	3,280	3,280	-

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

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

May 31, 2024

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:

### (1) Issuance of Corporate Bonds

Corporate bond category		First unsecured convertible corporate bonds in the Republic of China
Issuance (processing) date		4 March 2024
Denomination		NT \$100,000
Place of issuance and transaction (Note)		Not applicable
Issue price		NT \$100
Total Amount		NT \$250,000,000
Interest rate		0.00%
Tenor		5 years Maturity date: 4 March 2029
Guarantee agency		None
Trustee		Taishin International Bank Co., Ltd.
Underwriter		KGI Securities Co., Ltd.
Certified lawyer		Concord International Attorneys-at-Law
CPA		PwC Taiwan
Repayment method		One-time repayment by cash on maturity
Outstanding principal		NT \$250,000,000
Redemption or early redemption		Details of Issuance Method
Settlement terms		
Restrictive clauses		Details of Issuance Method
Name of credit rating agency, rating date, rating of corporate bonds		None
Other Rights	Amount of common shares already converted (swapped or warranted) and global depository receipts or securities of Other as of the publication date of this annual report	NT \$250,000,000
	Issuance and conversion (exchange) Regulations Governing Securities Firms	Refer to Attachment
Issuance and conversion, exchange or subscription method, issuing condition dilution, and dilution of equity. Impact on existing shareholder Equity		None

Name of the commissioned custodian of exchangeable underlying	None
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Note: To be filled for those falling under overseas corporate bonds.

- (2) Information on the conversion of corporate bonds: The first unsecured convertible corporate bonds of the Company in the Republic of China were issued on 4 March 2024. According to Article 9 of the issuance method, the bondholders may start conversion on the next day after three months of the issuance of the convertible corporate bonds (5 June 2024). Due to the handling of the operation of the regular shareholders' meeting, the acceptance of the transfer registration was suspended from 27 April 2024 to 25 June 2024. Therefore, as of the date of publication of this annual report, there is no conversion information.

Corporate bond category (Note 1)		First unsecured convertible corporate bonds in the Republic of China		
Item	Year	Year 2022	Year 2023	Current year up to 31 May 2024 (Note 4)
convertible bonds Note Market price 2	Highest	-	-	-
	Lowest	-	-	-
	Average	-	-	--
Conversion price		-	-	-
Issuance (processing) date and conversion price at issuance		-	-	-
Method of fulfilling conversion obligations (Note)		-	-	-

Note 1: The number of fields depends on the actual number of transactions.

Note 2: If there are multiple trading locations for overseas corporate bonds, they are listed separately according to the trading locations.

Note 3: Delivery of issued shares or issuance of new shares.

Note 4: Information for the current year as of the publication date of the annual report should be filled in.

### 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.

April 27, 2024

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	3.43%
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	432,000 shares
Amount of executed stock options	NTD 16,053,200
Number of unexecuted shares	643,000shares
Subscription price per share for unexecuted stock options	NTD 35.70
Number of unexecuted warrants to Ratio of outstanding warrants to total number of issued shares (%)	2.05%
Effect on shareholders' equity	The total number of unexercised employee stock options is 643,000 shares, which represents only 2.05% of the paid-in capital of 31,345,408 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	0.76%	97,000shares	36.30~37.90	NTD 3,605,000	0.31%	142,000 shares	NTD 35.70	NTD 5,069,000	0.45%
	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	344,500 shares	1.10%	172,500 shares	35.70~37.90	NTD 6,448,000	0.55%	147,500 shares	NTD 35.70	NTD5,266,000	0.47%
	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. Financing Plans and Implementation (1).



## 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: 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.

(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:

- A. Total funds required for this plan: NT \$364,090,000.
- B. Date of approval and document number of the Central Bank: SAFE, 5 December 2023, Tai-Yang-Wai-Wu-Zi No. 1120050054 and SAFE, 5 December 2023, Tai-Yang-Wai-Wu-Zi No. 1120050055.
- C. Source of funds:
  - (a). Issuance of new shares by Proceeds from issuing shares Proceeds from issuing shares issued 1,820,000 ordinary shares with a par value of NT \$10 per share and an issue price of NT \$60 per share, raising NT \$109,200,000.
  - (b). Issuance of the first unsecured convertible corporate bonds in the Republic of R.O.C. Issued the first unsecured convertible corporate bonds of 2,500 units with a face value of NT \$100,000 each in the Republic of R.O.C., with a total face value of NT \$250,000,000, issued at 100.5% of the face value, and a term of five years.
  - (c). The remaining NT \$3,640,000 is paid by Bank loan or its own capital.
- D. Planning item and expected progress

Unit: Thousand NTD

Plan	Estimated time of completion	Total Fund Required	Progress of the scheduled use of funds	
			2024 Q1	2024 Q2
Repayment to Bank loan	2024 Q1	303,663	303,663	-
Replenishment of working capital	2024 Q2	60,427	-	60,427
Total		364,090	303,663	60,427

E. Expected benefits

(a). Repayment to Bank loan

In this plan, item is expected to repay Bank loan with NT \$303,663,000. Based on the estimated repayment amount and borrowing interest rate, it is estimated that the interest expense will be reduced to NT \$7,693,000 in 2024, and each future interest expense will be reduced to NT \$10,258,000.

(b). Enrich working capital

Based on the Company's average Bank loan interest rate of 6.28%, it is

estimated that interest expenses will be reduced by approximately NT \$2,846,000 in 2024, and interest expenses will be reduced by approximately NT \$3,795,000 per year in the future, which can avoid interest expenses from eroding profits and strengthening the financial structure.

- F. For the current Proceeds from issuing bonds, the provisions of Article two hundred and forty-eight of Company Act shall be referred to disclose the relevant matters and the financing plan and custody method of the debt repayment:

(a).Items to be disclosed pursuant to Article two hundred and forty-eight of Company Act

item	First unsecured convertible corporate bonds in the Republic of China
Company name	IKKA Holdings (Cayman) Limited
Total amount of corporate bonds and the amount of each bond	Issue amount: NT \$250,000,000 Denomination: One Million NTD (issued at 100.5% of the face value)
Interest rate of corporate bonds	The coupon rate is 0%
Repayment method and term of corporate bonds	1. Term: Five years 2. Repayment method: Except for the conversion of the convertible corporate bonds by the holders into the Company's ordinary shares in accordance with Article 11 of the issuance and conversion method of the convertible corporate bonds (hereinafter referred to as the "Measures"), or the early redemption by the Company in accordance with Article twenty-one of the Measures, or the exercise of the sell-back right in accordance with Article twenty-two of the Measures, or the repurchase and cancellation by the Company from the securities firm's business office, the Company shall repay in cash at 100% of the face value of the bonds upon maturity. Payment shall be made within 10 business days (inclusive of the 10th business day) after the due date.
Repayments of bonds fund raising plan and custody method	1. Financing plan: The repayment of the corporate bonds is expected to be paid by the Company under operating activities and financing activities, and the principal and interest due will be delivered to the agency for repayment of the principal and interest on the business day before the principal and interest payment date or the maturity date of the bonds. 2. Custody method: As no Sinking fund is set up for this corporate bond, there is no custody method.
Use and plan of proceeds from corporate bonds	For details, please refer to III. II. (I) "4. Project item and Estimated Progress".
The amount of outstanding bonds payable	None.
Issuance price or minimum price of corporate bonds	Each bond has a par value of NT \$1 ten thousand and a total of 2,500 sheets have been issued. The total par value is NT \$250,000,000 and is issued at 100.5% of the par value.

item	First unsecured convertible corporate bonds in the Republic of China
Total number of shares issued and outstanding shares and amount	1. Total number of shares: authorised capital of NT \$400,000,000, par value per share: NT \$10. 40,000,000 shares of Share capital. 2. Total issued shares: 31,345,408 shares of Number of ordinary shares. (Note) 3. Amount of shares issued: NT \$313,454,080. (Note)
The Company currently owns all Assets s, and the balance after subtracting all Liabilities s	Total assets: NT \$3,656,344,000. Total liabilities: NT \$1,991,044,000. Balance of all Assets minus all Liabilities: NT \$1,665,300,000. (Audited financial report as of 31 December 2023)
Financial statements required by securities authorities	Please refer to the financial statements in Chapter IV, II of this prospectus for details.
Name of the trustee of the Company's creditors and its agreed matters	1. Trustee name of the creditor: Taishin International Bank Co., Ltd. 2. Terms of agreement: Where the bondholders of the convertible corporate bonds, regardless of subscription at the time of issuance or purchase later, agree on the terms of the trust contract between the Company and its trustee, the trustee's rights and obligations, and the issuance and conversion method, and grant the trustee full authority of the trustee matters, the said authorization shall not be revoked halfway; As for the content of the trust contract, the bondholders may inspect the Company or the trustee's business premises at any time during business hours.
Name of bank or post office in Receipts under custody Address	KGI Bank Minsheng Branch No. 2 and 2-1, Sec. 5, Minsheng E. Rd., Taipei City
Where the Company has an underwriting or consignment agency, the name and terms of agreement	KGI Securities Co., Ltd. mainly stipulates the rights and obligations of relevant external public sales after the effective date of the declaration.
Type, name and supporting documents of the guaranteed party	Not applicable.
The name and supporting documents of the guarantor	Not applicable.
The facts or current situation that there has been a default or delay in the payment of principal and interest for the previously issued corporate bonds or Other debts	None.
Terms of conversion for convertible shares	Please refer to the appendix of this annual report for details.
The method of subscription for shares with warrants	Not applicable.
Minutes of Director	Please refer to the appendix of this annual report for details.
Issuance of Corporate Bonds Other, or Other prescribed by the competent securities authority	None.

Note: 18,500 shares of employee stock options have been exercised from 1 April 2024 to 30 April 2024, and an update announcement will be made in July 2024 in accordance with the law.

(b). Entrust a credit rating agency approved or recognised by Financial Supervisory Commission (FSC): None.

(c).For those with conversion, exchange or subscription rights, the method of

issuance and conversion, exchange or subscription, the conditions of issuance that may dilute the equity and the impact on the shareholder Equity shall be disclosed:

Issuance and Conversion Method of ①: Please refer to the appendix of this annual report. ②'s possible dilution of equity and impact on shareholders Equity: During the conversion period, the Company can choose to convert at a point in time that is more beneficial to it, so the equity dilution has a deferred effect. As for the impact of the Company's different financing instruments on the maximum dilution of equity (assuming that the original shareholders do not participate in the subscription of ordinary shares or convertible bonds of Proceeds from issuing shares), the degree of impact is changed from small to large into conversion corporate bonds, Proceeds from issuing shares and conversion corporate bonds, Proceeds from issuing shares, and Proceeds from issuing shares has the largest impact on equity dilution. The Company chooses to raise funds through Proceeds from issuing shares and convertible corporate bonds, which will effectively reduce and delay the degree of equity dilution, so there is no significant impact on the shareholders of Equity. In terms of the impact on existing shareholders, Equity raised funds through Bank loan. Although Share capital will not increase immediately, its capital cost is higher and it is easy to erode the company's profits. After the fundraising, the company's net value can not be increased immediately, and the assistance to sustainable operation is limited. The issuance of new shares and convertible corporate bonds by Proceeds from issuing shares will improve the company's net value per share. Although the company's Liabilities will be increased before the conversion of corporate bonds, but when the conversion of corporate bonds into ordinary shares, in addition to reducing Liabilities, it will also increase the shareholder Equity, which in turn will increase the net value per share. Therefore, it is more protected for existing shareholders Equity in the long run.

G. The reasonableness of the capital utilisation plan, expected progress and expected benefits of the fundraising

(a). Rationality of fund utilisation plan and scheduled progress

Unit: Thousand NTD

Plan	Estimated time of completion	Total Fund Required	Progress of the scheduled use of funds	
			2024 Q1	2024 Q2

Repayment to Bank loan	2024 Q1	303,663	303,663	-
Replenishment of working capital	2024 Q2	60,427	-	60,427
Total		364,090	303,663	60,427

The Company's issuance of new shares by Proceeds from issuing shares and the first unsecured convertible corporate bonds in the Republic of China in 2023 was reported to the Securities and Futures Bureau of Financial Supervisory Commission (FSC) in December 2023. After the reporting became effective, the fundraising in the first quarter of 2024 can be completed, and the funds are used to repay Bank loan and enrich working capital in the first and second quarters of 2024, respectively, according to the scheduled progress of the funds. In addition, there is no restriction on early repayment in the Bank loan contract that the Company intends to repay, so the capital utilisation plan and expected progress of the repayment of Bank loan and the replenishment of working capital are still reasonable.

(b). Reasonableness of the expected benefits

● Replenish working capital

Based on the Company's average Bank loan interest rate of 6.28%, it is expected that interest expenses will be reduced by approximately \$2,846,000 in 2024, and interest expenses will be reduced by approximately \$3,795,000 per year thereafter, which can avoid interest expenses from eroding profits and strengthening the financial structure, and the benefit of saving interest expenses should be reasonable.

● Repay to Bank loan

The estimated repayment of Bank loan is as follows:

Unit: NT \$thousands; foreign currency in thousands

Lending Institution	Lending enterprise	Interest rate	Contract period	Date of first drawdown	Original loan purpose	Loan amount (In original currency/NTD equivalent)		Amount to be repaid	Decrease in interest expense	
									113 Year	114 After years
Cathay United Bank おもちゃのまち Branch Store	DaiichiKase i Co., Ltd.	1.249%	2021/3/23 ~ 2024/3/31	2021/3/31	Operating turnover	JPY	467,500	467,500	4,379	5,839
						TWD	101,074	101,074	947	1,262
Chenli XIAOSHAN Credit Bank Shiqiao Branch Store	DaiichiKase i Co., Ltd.	1.249%	2021/3/23 ~ 2024/3/31	2021/3/31	Operating turnover	JPY	127,500	127,500	1,194	1,592
						TWD	27,566	27,566	258	344
The Gunma Bank, Ltd. Yudu Palace Branch Store	DaiichiKase i Co., Ltd.	1.249%	2021/3/23 ~ 2024/3/31	2021/3/31	Operating turnover	JPY	85,000	85,000	797	1,062
						TWD	18,377	18,377	172	230
BOCG Bank Xiaoshan Branch	DaiichiKase i Co., Ltd.	1.249%	2021/3/23 ~ 2024/3/31	2021/3/31	Operating turnover	JPY	85,000	85,000	797	1,062
						TWD	18,377	18,377	172	230
		1.249%		2021/3/31		JPY	42500	42,500	398	531

Lending Institution	Lending enterprise	Interest rate	Contract period	Date of first drawdown	Original loan purpose	Loan amount (In original currency/NTD equivalent)		Amount to be repaid	Decrease in interest expense	
									113 Year	114 After years
Jimu Credit Bank Jen Sheng Branch Store	DaiichiKasei Co., Ltd.		2021/3/23 ~ 2024/3/31		Operating turnover	TWD	9,189	9,189	86	115
Mega International Commercial Bank, WTO Branch	This Company	6.32%	2023/10/06 ~ 2024/01/06 (Note1)	2023/7/6	Operating turnover	USD	1,000	1,000	47	63
						TWD	32,270	32,270	1,530	2,039
Mega International Commercial Bank, WTO Branch	This Company	6.35%	23 September 2023 ~ 22 December 2023 (Note1)	2023/9/23	Operating turnover	USD	1,000	1,000	48	64
						TWD	32,270	32,270	1,537	2,049
First Commercial Bank Taoyuan Branch	This Company	6.18%	23 September 2023 ~ 23 September 2024	2023/9/23	Operating turnover	USD	2,000	2,000	93	124
						TWD	64,540	64,540	2,991	3,989
Total						JPY	807,500	807,500	7,565	10,086
						USD	4,000	4,000	188	251
						TWD	303,663	303,663	7,693	10,258

Note 1: The contract can be automatically extended after expiration.

Note 2: Exchange rate of USD to NTD is 1: 32.27 for NTD equivalent; 1: 0.2162 (JPY: NTD)

The Company proposed to use NT \$303,663,000 for the repayment of Bank loan in the fundraising and issuance of new shares of Proceeds from issuing shares and the first unsecured conversion of corporate bonds in the Republic of China in 2023, which was originally used for operating turnover. Taking into account the expected repayment of Bank loan interest rate and the repayment of loans according to the progress of the use of funds, the annual interest expense saved in 2024 and thereafter is approximately NT \$7,693,000 and NT \$10,258,000, respectively. It should be reasonable to save interest expenses and reduce the financial burden.

H. Analyse and compare the dilution impact of various capital dispatching sources on the Company's reported and future earnings per share

(a). Comparison and analysis of various funding sources

The primary source of capital for TWSE/TPEX listed companies is broadly divided into equity and debt-related financing instruments. The former includes Proceeds from issuing shares issuing common or preferred stocks and overseas depositary receipts, the latter includes domestic and foreign convertible bonds, ordinary corporate bonds, and Bank loan. The favourable and unfavourable factors for the comparative analysis of various funding sources are summarised as follows:

Item		Favourable factors	Unfavourable factors
Shares Power	Proceeds from issuing shares issues preferred shares	<ol style="list-style-type: none"> <li>1. Increase equity capital ratio, strengthen financial structure, reduce interest expenses and reduce financial risks.</li> <li>2. The issue price is only related to the issuance amount and will not adversely affect the price of the ordinary shares.</li> <li>3. Preference shares with no voting rights and no voting rights are designed to affect management.</li> </ol>	<ol style="list-style-type: none"> <li>1. The Company's reputation and its industry growth will affect the success of the fund raising plan.</li> <li>2. The company must pay preferred stock dividends and bonuses before making profits, which will reduce the distributable earnings of ordinary shareholders.</li> <li>3. If preferred shares are issued on maturity date, there will be pressure to repay the funds on maturity date.</li> <li>4. If preferred shares with conversion rights are issued, they will still have a dilution effect on earnings per share in the future.</li> </ol>
	Issuance of ordinary shares by Proceeds from issuing shares	<ol style="list-style-type: none"> <li>1. Improve financial structure, reduce financial risks, and enhance market competitiveness.</li> <li>2. It is a relatively common financial product in the capital market with high level of acceptance by general investors.</li> <li>3. Employees are given priority to purchase 10% ~ 15% of the shares in accordance with the law, which can enhance the recognition and centripetal force of employees.</li> </ol>	<ol style="list-style-type: none"> <li>1. Earnings per share are prone to dilution as a result of the expansion of Share capital.</li> <li>2. For companies with less concentrated shareholding, their management rights are vulnerable to threats.</li> <li>3. If there is no reasonable difference between the underwriting price and the market price, it is not easy to raise funds.</li> </ol>
	Overseas depositary receipts	<ol style="list-style-type: none"> <li>1. Raising funds through overseas markets can expand the Company's reputation.</li> <li>2. The fund-raising target is mainly foreign legal persons, so as to avoid the excessive inflation of domestic chips and adversely affect the stock price.</li> <li>3. Increase equity capital ratio and improve financial structure.</li> </ol>	<ol style="list-style-type: none"> <li>1. The Company's overseas reputation and its industry growth will affect the success of the fund raising plan.</li> <li>2. The fixed issuance cost is higher, and the issuance amount is not too low in order to meet the economic scale.</li> </ol>
Bonds Power	Domestic and foreign convertible corporate bonds	<ol style="list-style-type: none"> <li>1. The coupon rate is lower than long-term borrowings due to the "conversion right" attached.</li> <li>2. The conversion price for the conversion of corporate bonds into ordinary shares is generally higher than the current price of ordinary shares when the corporate bonds are issued, and the issuing company is equivalent to the issuance of shares at a higher price premium.</li> </ol>	<ol style="list-style-type: none"> <li>1. Lower liquidity than common shares.</li> <li>2. Without conversion, there is still pressure on the funds for redemption.</li> </ol>



Item		Favourable factors	Unfavourable factors
		3. Diluted earnings per share is under low pressure. 4. After the conversion of the convertible bond by the creditor, it will be converted from Liabilities to capital, which can save interest expenses and avoid huge capital pressure to repay the principal at maturity.	
	Corporate bonds	1. There is no dilution effect on the equity. 2. The creditors do not have the right to manage the Company and control the management rights of the Company, which will not have a significant impact. 3. Effectively utilise financial leverage to create higher profits.	1. Interest burden erodes the company's profitability. 2. Easy to cause deterioration of the financial structure and reduce competitiveness. 3. After the maturity of the corporate bonds, the Company will face a huge pressure on capital redemption.
	Bank loan or issuance of acceptance bill	1. There is no dilution effect on the equity. 2. The creditors do not have the right to manage the Company and control the management rights of the Company, which will not have a significant impact. 3. Effectively utilise financial leverage to create higher profits.	1. Interest burden erodes the company's profitability. 2. Deterioration of financial structure and reduction of competitiveness. 3. Collateral required. 4. repayment pressure upon maturity.

(b). Analyse and compare the impact of various funding sources on the issuer's reported and future earnings per share

The common fund dispatching methods used by listed companies include borrowing (including Bank loan, issuing ordinary corporate bonds and issuing convertible corporate bonds), issuing overseas depositary receipts and issuing new shares by Proceeds from issuing shares, etc., of which the issuance of overseas depositary receipts is not economical due to the higher fixed issuance cost, so it is not considered; In addition, Bank loan has the same effect as the issuance of ordinary corporate bonds. If the funds raised this time are raised by the issuance of ordinary corporate bonds, due to the need to pay the issuance interest rate plus guarantee fees and Interest expense such as Other trustee fee, the annual fixed interest burden is formed, and it must be repaid on the maturity date. In the event of an industry downturn when it matures, it will affect the company's financial scheduling. Therefore, it adopts a simple Liabilities financing tool, which will not only increase the company's Liabilities ratio and lead to an increase in financial risks, but

also reduce profitability, and make the company's annual capital dispatching burden, which is not in line with its prudent operation principles, and will also affect the scheduling of its bank credit line and its future financing capital cost, profitability and financial structure. Therefore, the three methods of fundraising are Bank loan, issuance of convertible corporate bonds, and issuance of new shares by Proceeds from issuing shares. Since all the funds raised in this plan are used to repay Bank loan, it is not recommended to adopt Bank loan financing method. The impact of dilution of earnings per share after fundraising is only compared with the issuance of new shares and issuance of convertible bonds by Proceeds from issuing shares, issuance of convertible bonds and Proceeds from issuing shares:

Unit: NT \$thousands; shares

Item	Cash capital increase	Convertible bonds (Fully converted)	Proceeds from issuing shares and convertible corporate bonds	
			Cash capital increase	Convertible bonds
Amount of financing (NT \$thousand) (Note 1)	360,450	360,450	109,200	251,250
Interest rate of financing instruments (Note 2)	0%	0%	0%	
Cost of capital (NT \$thousand) (Note 2)	-	-	-	
Outstanding shares before financing (Note 3)	29,444,408	29,444,408	29,444,408	
Expected additional shares to be issued (Note 4)	6,007,500	4,038,926	4,635,315	
Outstanding shares after financing	35,451,908	33,483,334	34,079,723	
Maximum dilution of equity (Note 5) (A)	16.95%	12.06%	13.60%	
Maximum dilution of earnings per share (1-(1/1 + A))	14.49%	10.76%	11.97%	

Note 1: The amount raised in this fundraising plan is NT \$360,450,000.

Note 2: Without considering the issuance cost, the capital cost of various financing instruments is: Proceeds from issuing shares 0% and the conversion bond is 0%.

Note 3: The number of outstanding shares before fundraising is 29,444,408 shares. The employee stock options from October 1 to 30 November 2023 have been exercised for 78,000 shares, and an update announcement will be made in January 2024 in accordance with the law.

Note 4: The estimated number of shares to be issued is based on the assumption that the cash increase issue price is NT \$60 per share; The conversion price during the conversion period after the issuance of the convertible corporate bonds is NT \$88.8.

Note 5: The maximum dilution of equity =  $1 - (\text{number of shares outstanding before the fundraising} / \text{number of shares outstanding after the fundraising})$  is based on the assumption that the original shareholders do not participate in the subscription of common shares, preferred shares or convertible bonds of Proceeds from issuing shares.

Note 6: Since the completion of this fundraising took place in the first quarter of 2024, the impact of the weighted conversion of capital increase shares on the dilution of equity in the current year is relatively valuable compared with the reference value, so the maximum dilution degree of earnings per share is calculated based on the issuance year.

- Effect of dilution on earnings per share

Among the above-mentioned financing instruments, assuming the issuance of unsecured convertible corporate bonds and the issuance of new shares by Proceeds from issuing shares, the maximum dilution effect on earnings per share if the convertible corporate bonds are fully converted is 11.97%, which is between the financing instruments of Other compared to the financing instruments of Other. Combined with the advantages of low capital cost of Proceeds from issuing shares and the expansion deferred effect of the convertible corporate bond Share capital, the dilution of earnings per share is effectively reduced and deferred, so the reasons for the use of Proceeds from issuing shares and the conversion of corporate bonds to raise funds should be reasonable.

- Impact on the financial burden of the issuer

Among the various financing methods mentioned above, Proceeds from issuing shares is an equity-type instrument, which does not need to bear interest and repay the principal when it is due, and the rest are debt-type financing instruments. The funds raised through the issuance of new shares by Proceeds from issuing shares can obtain long-term, stable and low-cost funds, which can reduce the interest burden and strengthen the financial structure. Although it will cause dilution of earnings per share in the short term, it should have a sound financial benefit in the long term. In addition, in terms of the issuance conditions of the Company's convertible corporate bonds, the issuance period is five years, and the coupon rate is 0%. Although the Company shall calculate and recognise Interest expense amortised according to the actual interest rate of the issuance in accordance with International Financial Reporting Standards No. 32 and No. 39 in each year, the Company does not actually pay this interest, which is conducive to improving the flexibility of the Company's capital utilisation; In addition, after the conversion of the convertible corporate bonds by the creditors, it will be converted from Liabilities to capital, which can save interest expenses and avoid huge capital pressure to repay the principal at maturity. In summary, the Company issued new shares of Proceeds from issuing

shares in 2023 and the first unsecured convertible corporate bonds in the Republic of China, which can reduce the financial burden and reduce the financial risk of the Company, is more conducive to the medium and long-term development of the Company and has a better fund raising method for the Company.

- Effect on dilution of shareholdings and shareholders of Equity

In terms of the impact of possible dilution of equity, Proceeds from issuing shares issues new shares that will dilute equity; The convertible corporate bonds have no equity dilution effect for the Company before the creditors do not require the exercise of the conversion rights. The creditors can choose to convert the bonds at a more favourable time point during the conversion period, so the equity dilution has a deferred effect. As for the impact of the Company's different financing instruments on the maximum dilution of equity (assuming that the original shareholders do not participate in the subscription of ordinary shares or convertible bonds of Proceeds from issuing shares), the degree of impact is changed from small to large into conversion corporate bonds, Proceeds from issuing shares and conversion corporate bonds, Proceeds from issuing shares, and Proceeds from issuing shares has the largest impact on equity dilution. The Company chooses to raise capital through the issuance of new shares and conversion of corporate bonds by Proceeds from issuing shares, which will effectively reduce and delay the degree of equity dilution, so there is no significant impact on the shareholders of Equity. In terms of the impact on existing shareholders, Equity raised funds through Bank loan. Although Share capital will not increase immediately, its capital cost is higher and it is easy to erode the company's profits. After the fundraising, the company's net value can not be increased immediately, and the assistance to sustainable operation is limited. The issuance of new shares and convertible corporate bonds by Proceeds from issuing shares will improve the company's net value per share. Although the company's Liabilities will be increased before the conversion of corporate bonds, but when the conversion of corporate bonds into ordinary shares, in addition to reducing Liabilities, it will also increase the shareholder Equity, which in turn will increase the net value per share. Therefore, it is more protected for existing shareholders Equity in the long run.

- (3). Matters to be recorded regarding the issuance of new shares for the acquisition of shares from another company: Not Applicable.

## V Operational Highlights

### 1. Business Activities

#### (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	2022		2023		2024 Q1	
	Sales	Business Proportion	Sales	Business Proportion	Sales	Business Proportion
Service						
Automotive	2,274,945	62.86	2,347,011	64.38	534,496	63.08
Bathroom and home appliances	595,243	16.45	612,569	16.80	149,846	17.69
Office Equipment	146,439	4.05	133,681	3.67	33,905	4.00
Other	602,006	16.64	552,153	15.15	129,050	15.23
Total	3,618,633	100.00	3,645,414	100.00	847,297	100.00

##### 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	Vehicle control system (stability control system), Steering wheel, bus assembly,

	system, gear for steering wheel angle sensor (SAS), gear for electric sliding door (PSD)	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

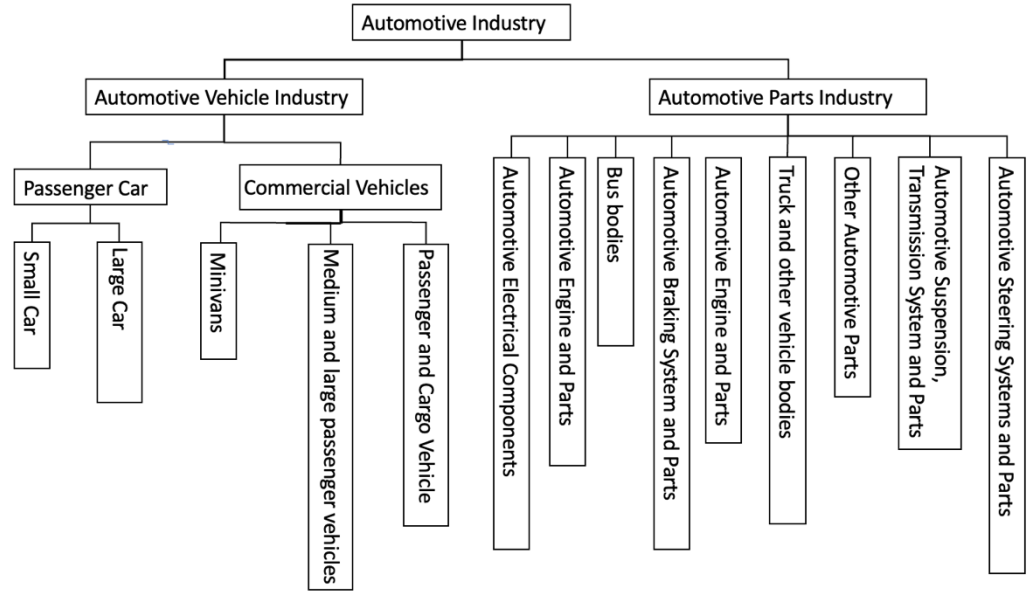
(a). Automotive Industry

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.

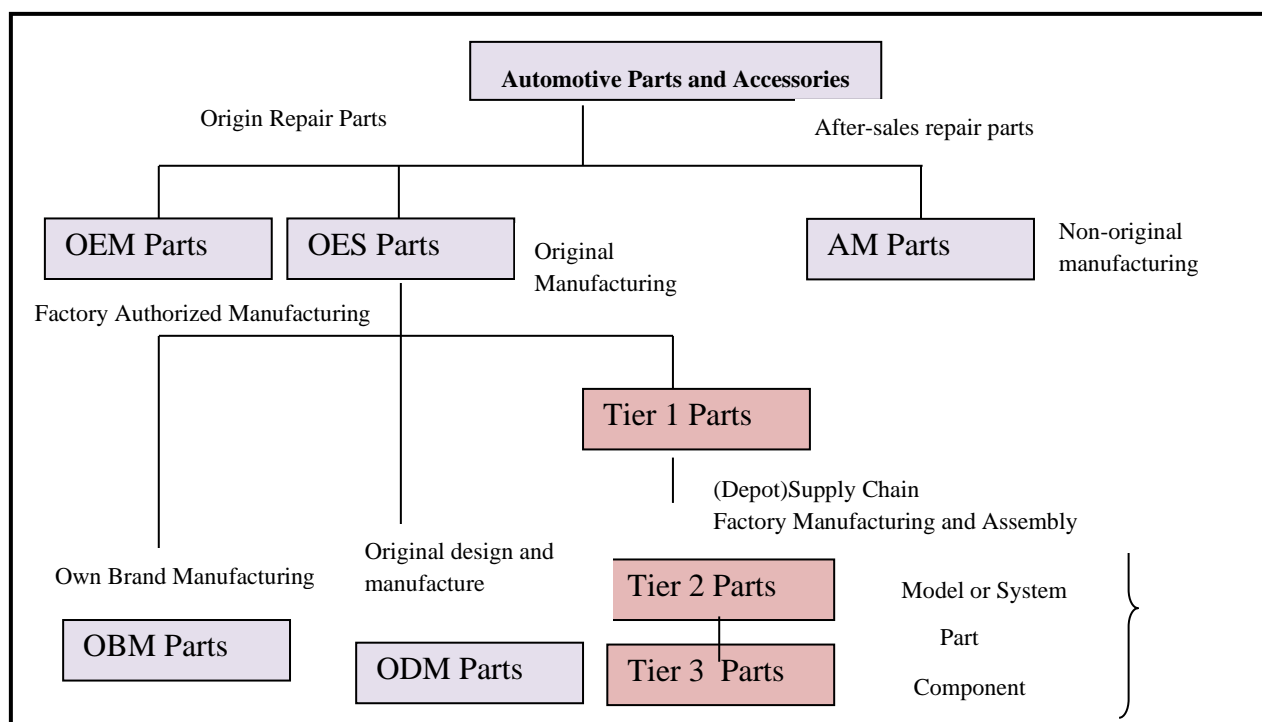
Classification of industrial production statistics for the automotive industry



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 2023)

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 (2023)

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 2020, due to the impact of the COVID-19 epidemic, the world's largest auto market, mainland China, took the lead in implementing lockdown measures, followed by component supply chain shortages and shutdowns. With the epidemic slowing down in the second half of the year and gradual



resumption of work, coupled with the stimulus policy of car purchase subsidies, the auto market sales improved. However, as countries around the world encouraged to reduce the frequency of going out during the epidemic prevention period, which led to the proper stay-at-home economy, chip manufacturers made every effort to supply products to meet the demand for consumer electronics products. In addition, major international chip manufacturers were still in the dilemma of material shortage for automotive chips due to natural disasters and human disasters, resulting in a significant decline in global automotive sales to 77,050,000 units in 2020, a decline of 13.4% compared to 2019.

In the first half of 2022, the impact of the severe special infectious pneumonia (COVID-19) epidemic has not yet come out, and immediately faced new challenges such as the Russian-Ukrainian war and inflation and interest rate hikes. Automobile manufacturers have encountered the crisis of lack of supply chain, rising costs and limited production capacity, resulting in the delay of new vehicle delivery. Fortunately, the global auto market gradually got rid of the impact of the epidemic in the second half of the year, and the shortage of components eased. In 2022, it still delivered 80,980,000 vehicles, only a slight decline of 0.6%.

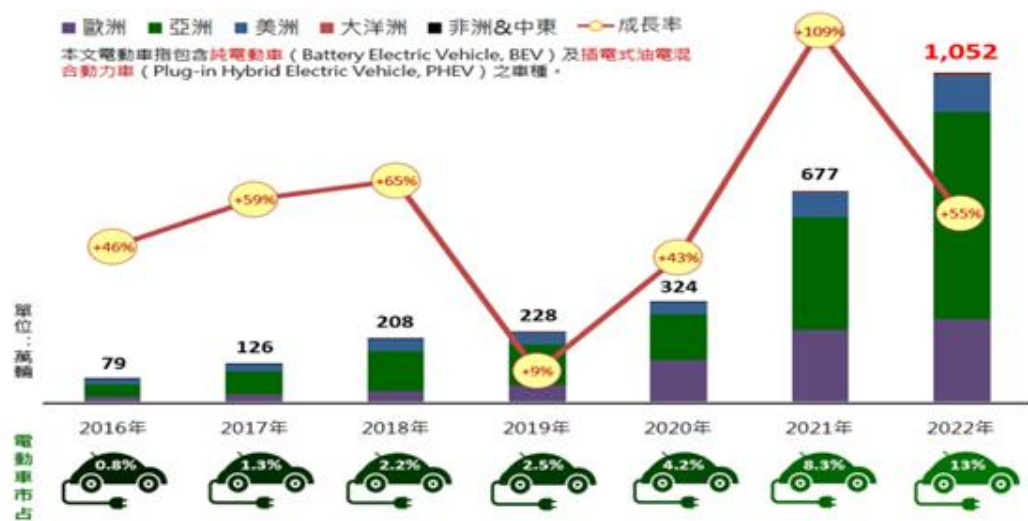
Global Car Market Sales Variation



Data Source: Marklines; Compiled by ARTC Vehicle Center

In addition, under the continuous development of energy-saving and carbon-reduction policies, major countries around the world have promoted increasingly stringent carbon emission standards, or have further restricted the production of traditional fuel vehicles. According to the ARTC industry research report, due to the impact of the Ukrainian-Russian war and the

lockdown and control of the epidemic in mainland China, global inflation and supply chain disruption have caused factors. In 2022, the global automobile market declined by 0.6% compared with 2021, and it has not yet returned to the pre-epidemic sales level, but the demand for electric vehicles continues to grow. In 2022, the global sales volume of electric vehicles exceeded ten million units, an increase of 55% compared to 2021, accounting for about 13% of the overall sales volume of light vehicles.



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

#### (b). 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.

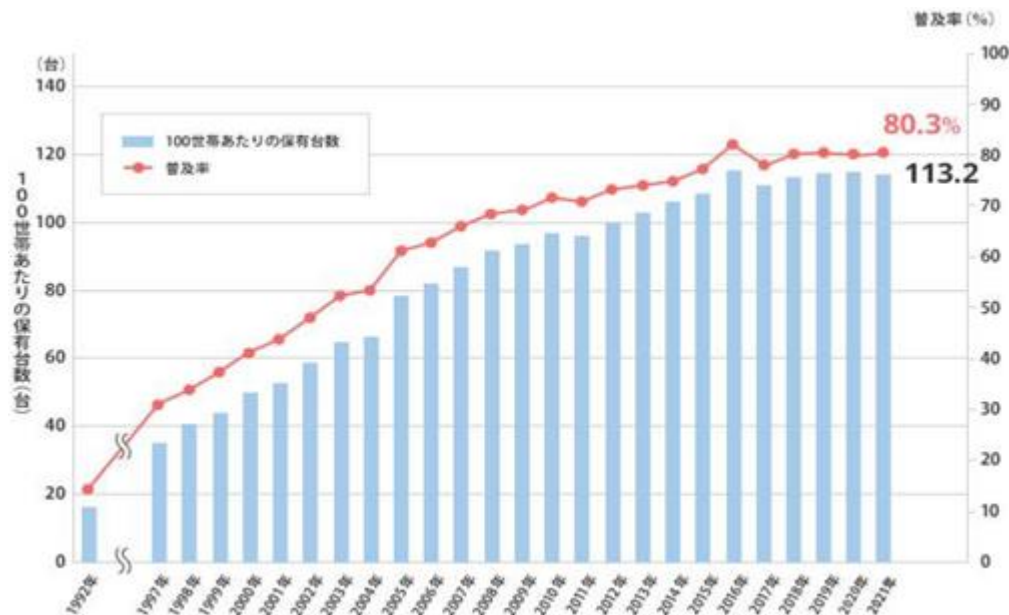
Washlet is originated in the United States, initially used as medical equipment, and then developed rapidly in Japan and Korea until today. Washlet has gradually become popular in Japan, Korea, and other countries and has become one of the indispensable bathroom appliances in daily life. It is a complete 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 7.89 billion in 2022. It will reach USD 16.43 billion by 2030, with a compound annual growth rate of The compound annual growth rate from 2023 to 2030 is 9.6%.

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.

#### 2021 Japan's washlet penetration rate and retention

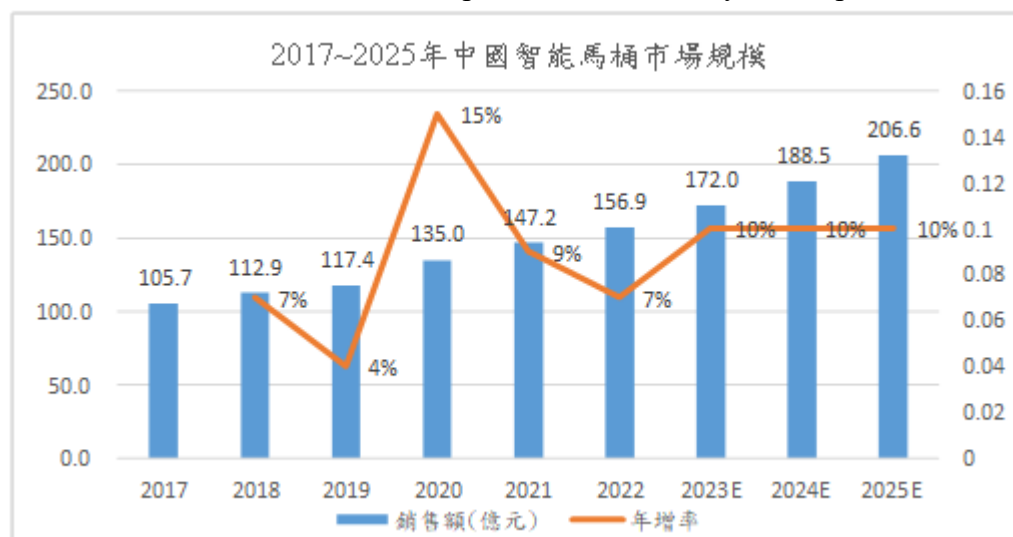


Source: Japan Cabinet Office, Consumer Motivation Survey Data

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 statistics of China's O-Cloud, the sales of smart toilets in China was RMB 15,690,000,000 in 2022, with a 5-year compound growth rate of 8.2% from 2017 to 2022, which was higher than the overall bathroom market by 5%, and the 5-year compound growth rate of sales volume was 12.8%. The growth of the smart toilet market is driven by the increase in sales volume driven by the increase in penetration rate. According to the statistics of the "2022 China Smart Toilet Consumption Trend" released by the State Grid and the Ovitrinet in December 2022, the penetration rate of smart toilet in China was only about 5% in 2022, while the penetration rate of smart toilet in Japan and the United States was as high as 81% and 39%, respectively. It can be seen that the penetration rate of the smart toilet industry in China is low, and the room for future growth is large, and the market development is at the

initial stage. It is expected that the smart toilet market size will exceed RMB 20,000,000,000 in 2025.

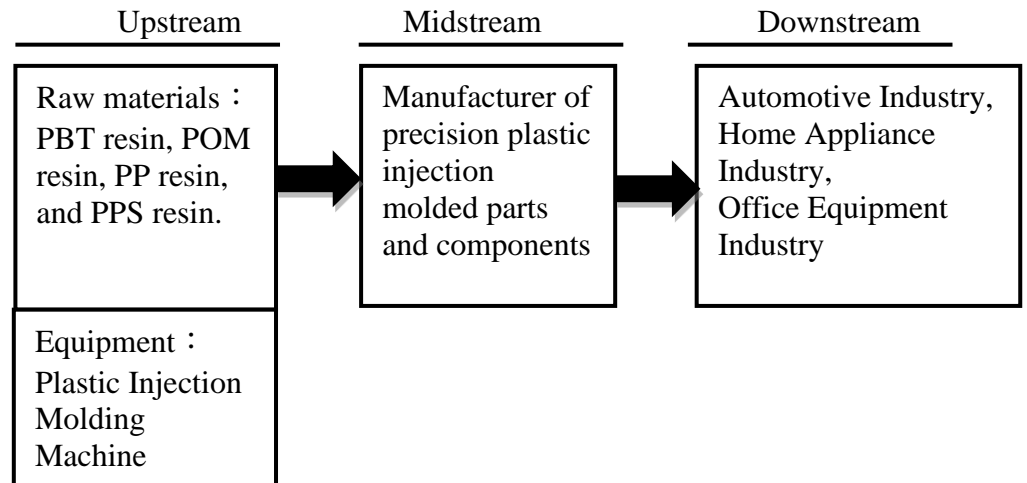
Y2017~2025 China's Washlet penetration rate analysis and prediction



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.

With the implementation of the global policy requirements for net zero carbon emissions, the electric vehicle products of major brands are rapidly increasing, including major automobile manufacturing and consumption countries such as Europe, America and China are speeding up the pace of automobile electrification by way of policy subsidies and strengthening infrastructure construction. In 2022, the global sales of electric vehicles exceeded the scale of thousand units for the first time, and from 1,220,000 units in 2017 to 10,520,000 units in 2022, the market growth in five years has nearly 10 times. From the perspective of the industry life cycle theory, the growth curve and

values in recent years are very significant and typical "growth period" signs. Looking forward to 2023, according to the sales volume in the first half of the year compared with the same period last year, the International Environmental Protection Agency conservatively estimates that the global sales of electric vehicles in 2023 will have the opportunity to reach 14,000,000 units, maintaining a high growth rate of about 35-40%.



Source: EV-Volumes; sorted by ARTC

(b). Residential Appliance Industry

i. 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 the data of Statista, the global smart home appliance market size is about US \$114,500,000,000 in 2022, and it is estimated that the

global smart home appliance market size will reach US \$231,600,000,000 in 2028, with a compound growth rate of 11.43%.

- ii. 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.

- iii. Product's convenience and comfort, energy saving and environmental protection, health and intellectual as the main development trend

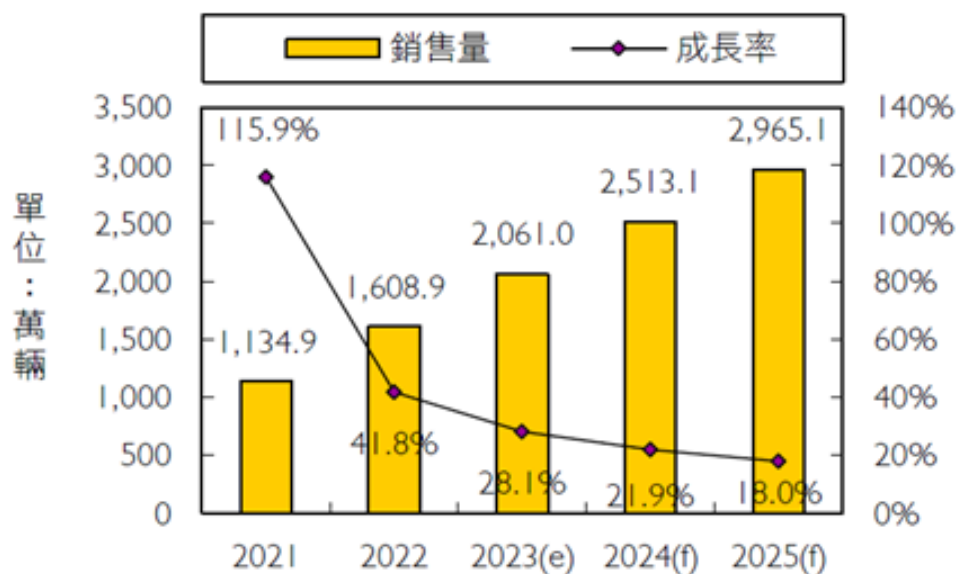
With the rapid development of technology, people's spiritual and phtsical needs have been improved, and a safe, comfortable, convenient and healthy living environment has become the residential home environment that people pursue.

#### D. Product Competition

- (a). Automoblie Industry

##### Global Electric Vehicle Market Scale





Source: IEK, Industrial Technology Research Institute (2023/05)

According to the 2023 Automobile and Motorcycle Industry Yearbook, driven by the trend of net zero carbon emissions in the automobile market in 2022, the global electric vehicle market grew by 41.8% compared with 2021, to 16,089,000 vehicles; The global electric vehicle market is expected to grow by 28.1% in 2023, with a market size of 20,610,000 units, and China, the United States and Japan will continue to be the main markets. Looking forward to the future, the carbon reduction targets set by various countries, with the extension of battery life and the price of electric vehicles coming close to the market expectations, should be expected to continue to boost the growth momentum of the global electric vehicle market. The scale of the global electric vehicle market in 2025 is expected to grow to 29,651,000 units.

(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 2024 with an estimated investment of NTD10 million.

C. Research and development expenses for the past five years

Unit: thousand NT dollars

Year Item	2019	2020	2021 (note)	2022	2023
Research expense (A)	47,370	45,089	45,783	41,623	42,930
Operating revenue(B)	3,813,406	3,623,549	4,276,873	3,618,633	3,645,414
(A)/(B)	1.24%	1.24%	1.07%	1.15%	1.18%

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
2019	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.
	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

Year	Major Research and Development Results
	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.
	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.
2023	Completed the design and development of a mobile module for a Washlet seat
	Completed the design and development of an automatic lid lift module for a Washlet

(4) Long-term and short-term business development plans

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

	financial and the Company's structure through various fundraising channels in the capital market to stabilize the Company's development.	
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## 2. Market and Production Overview

### (1) Market Analysis

#### A. Sales (provision) of major goods (services)

Unit: Thousand NT dollars; %

Year Region	2022		2023		2024 Q1	
	Sales	Ratio	Sales	Ratio	Sales	Ratio
Asia	3,608,391	99.72	3,633,819	99.67	842,805	99.47
America	3,946	0.11	8,932	0.25	2,906	0.34
Other	6,296	0.17	2,663	0.08	1,586	0.19
Total	3,618,633	100.00	3,645,414	100.00	847,297	100.00

#### B. 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 1.68 trillion US dollars (approximately 50.40 trillion New Taiwan dollars) in 2022. In the same year, our group's sales revenue from automotive products amounted to NTD 2,274,945,000, estimating a market share of approximately 0.005%. The Group's EPB products are mainly supplied to Japanese automakers, occupying a certain position in their automotive component supply chain. It is expected that with the continuous growth of sales volume of Japanese automakers, the Group is expected to benefit from the

growth of automotive sales of Japanese automakers, further increasing the market share of products.

### C. 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

##### i. Automotive Industry,

The Group is mainly engaged in manufacturing, processing, and trading high-end precision plastic injection moulded 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 rising awareness of environmental protection, the global requirements for low fuel consumption (carbon emissions) of vehicles are increasing, driving the electric vehicle market to continue to grow in the future, while traditional fuel vehicles will gradually withdraw from the market. PwC Technology Research

Centre estimates that the global electric vehicle models in 2022 include hybrid electric vehicles (HEV), plug-in hybrid electric vehicles (PHEV), battery-powered vehicles (BEV), and other electric vehicles. The overall market total reached 18,450,000 units, accounting for 22.8% of the global automobile market. Major global automakers have terminated the production of fuel vehicles by 2040. It is expected that the proportion of electric vehicles will reach 39 by 2035.

European automakers are representatives of traditional automakers that are more actively moving towards electrification. At present, they are developing in the direction of integrating group resources and developing key technologies, and investing in plants to enhance electric vehicle production capacity. For example, BMW has developed a new generation of electric vehicle platform Neue Klasse, and added electric vehicle production lines in Munich and Leisgen Castle plants in Germany, and introduced AI-assisted to improve electric production efficiency. Audi proposed that all new models should be BEV from 2026, and the goal of stopping the production of fuel vehicles since 2033; Porsche electrification transformation still focuses on high-performance vehicles, and power systems and 800V power systems are all high-performance consideration designs.

After the Biden administration took office in 2021, the U.S. announced the target of 50% new sales of electric vehicles in the U.S. market in 2030, and signed policies conducive to the development of the electric vehicle industry such as the "Reduced Inflation Act", so as to promote local market demand and accelerate the transformation of car manufacturers towards electrification. Local car manufacturers such as the GM Group have proposed electrification development strategies to catch up the fast-growing electric vehicle market. However, due to the large number of brands under GM (such as Chevrolet, GMC, Cadillac, etc.), and the large difference in vehicle models (general passenger vehicles, pick-up trucks, horses, trucks, etc.), the platform and battery have a more flexible design to facilitate the development of different vehicle models, maintain brand style, and adopt an affordable strategy to enter the electric vehicle market. In 2021, Ford announced that it will invest US \$30,000,000,000 (approximately NT \$922,040,000,000) in electric vehicles, and plan to establish electric vehicle plants in Tennessee and Kentucky to accelerate the increase of market share of branded electric vehicles.

The first-generation electric vehicles of Japanese and Korean car manufacturers will be launched close to European and American car manufacturers. However, Japanese and Korean car manufacturers are more conservative compared to European car manufacturers in the promotion strategy



of electric vehicles (for example, Toyota has developed Hybrid hybrid technology in addition to BEV). Recently, as the market acceptance of electric vehicles has gradually increased, Japanese and Korean car manufacturers have also put forward a clear electric blueprint and development strategy. For example, Toyota announced in 2023 that it will launch 10 electric vehicles in 2026, with a target annual sales of 1,500,000 units; Nissan is one of the traditional automakers that launched electric vehicles in the early days in the world. Its vehicle model Leaf was the world's best-selling electric vehicles. In recent years, it has lost its advantages due to the increase in competitors. Nissan announced a new electrification development strategy in 2023, hoping to reduce R & D and production costs through methods such as modularization of power systems and reducing the use of expensive and rare materials. The goal is to be equivalent to the price of BEV and fuel vehicles by 2030; By building a new plant to manufacture electric vehicles and developing a dedicated platform for electric vehicles, and integrating the Group' s resources, Hyundai aims to launch 31 electric vehicles with an annual output of 3,640,000 units by 2030.

The Group is the main supplier of electronic brake modules (EPB) for Toyota (TOYOTA) in Japan. With the rise of the electric vehicle market and the continuous evolution of autonomous driving functions, EPB modules have also been extended from high-end models to medium and low-end models, 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.

## ii. Home Appliance Industry

With the development of global modernization and the disruption of technology to human life, consumers' demand for quality of life continues to increase, and they are gradually paying attention to hygiene habits. The Washlet has the characteristics of cleaning, deodorization, heating seat, and air drying, which can greatly reduce the use space of traditional toilets. Therefore, with the rising awareness of hygiene, it is increasingly popular among consumers. In addition, due to consumers' emphasis on hygiene habits, countries around the world have also begun to propose policies or facilities to improve health life and enhance health. According to the research report of Verified Market Research, the global smart toilet market size will be US \$7,890,000,000 in 2022 and will reach US \$16,430,000,000 by 2030, with a compound annual growth rate of 9.6% from 2023 to 2030.



Source: Verified Market Research

#### D. 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.

#### E. Development prospect of favorable and unfavorable factors and countermeasures

(a). Favorable factors

- i. 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 lightweighting, 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.

- ii. 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.

- iii. 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.

- iv. 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

i. 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.

- ii. 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.

- iii. 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.

iv. 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.

v. 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,

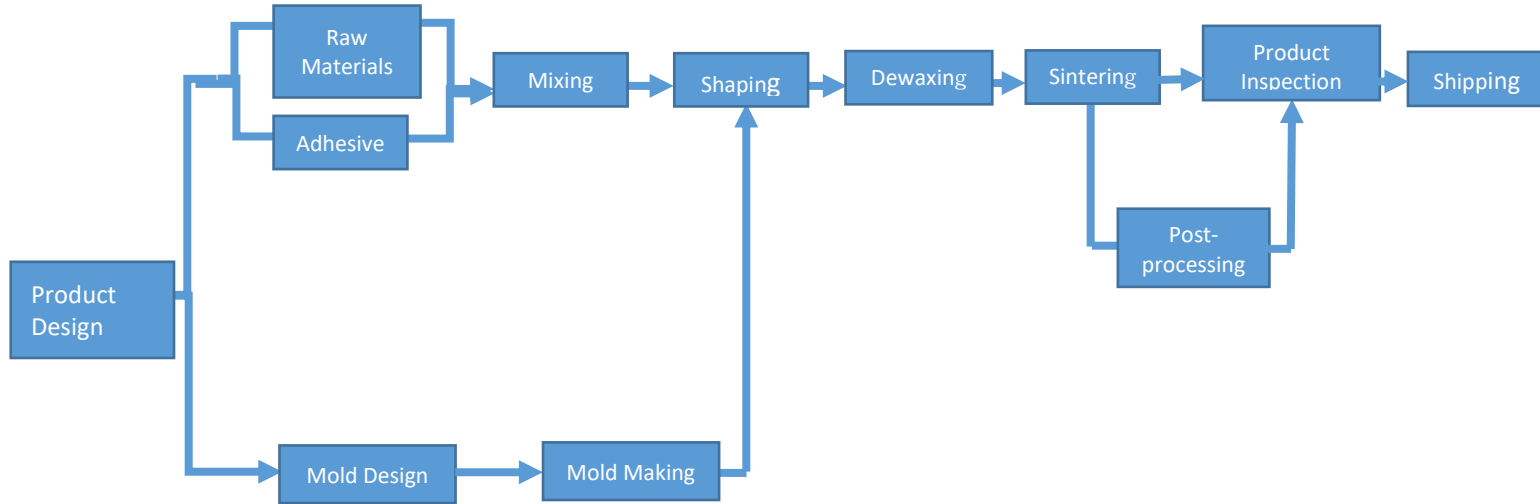
enhanced the degree of dependence, and stabilized the Group's operation and growth. In addition, we also actively seek cooperation with non-Japanese customers, through the experience of collaboration with existing customers, and continue to invest in the research of production process improvement technology 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

A. 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

## B. 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

A. 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	2022				2023				2024 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	Company A	246,041	13.84	none	Company A	283,158	16.47	none	Company A	65,842	14.94	none
2	Company B	71,371	4.02	none	Company B	169,835	9.88	none	Company B	47,473	10.77	none



	Other	1,460,087	82.14		Other	1,266,506	73.66		Other	327,389	74.29	
	Net imports	1,777,499	100.00		Net imports	1,719,499	100.00		Net imports	440,704	100.00	

Reasons for the increase or decrease: Company B is the supplier of the Company's Vietnam factory. In 2022, the Japanese automotive industry faced a shortage of semiconductors and unstable supply of components, resulting in a decrease in Operating revenue in 2022 compared to the past. Since the second quarter of 2023, the shortage of semiconductors in the Japanese automotive industry has slowed down, and the supply of components has been stable. The Company's Operating revenue has also grown quarterly in the first three quarters of 2023, and the proportion of purchases has also increased with Operating revenue.

B. 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	2022				2023				2024Q1			
	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	Company A	859,008	23.74	None	Company A	1,008,038	27.65	None	Company A	238,262	28.12	None
2	Company B	731,664	20.22	None	Company B	699,894	19.20	None	Company B	147,611	17.42	None
3	Company C	451,122	12.47	None	Company C	495,139	13.58	None	Company C	122,179	14.42	None
	Other	1,576,839	43.57		Other	1,442,343	39.57		Other	339,245	40.04	
	Net sales	3,618,633	100.00		Net sales	3,645,414	100.00		Net sales	847,297	100.00	

Reasons for the increase or decrease: There has been no change in the Company and its subsidiaries' sales to customers who accounted for more than 10 percent of the total sales of goods in the last two years and the first quarter of 2024.

(5) Production volume for the last two years

Unit: Thousand PVS/ Thousand NT dollars

Year Production volume Products		2022			2023		
		Productivity	Capacity	Value	Productivity	Capacity	Value
Automobile		342,425	237,303	2,258,575	381,468	237,209	2,303,058
Home Appliance		68,688	56,717	802,569	25,687	15,419	687,238
Office Appliance		21,772	15,264	120,023	9,492	5,648	90,829
Other		31,021	10,705	249,066	21,556	12,376	132,807

Production volume Products	Year	2022			2023		
		Productivity	Capacity	Value	Productivity	Capacity	Value
Total		463,906	319,989	3,430,233	438,203	270,652	3,213,932
Reasons for the change: In 2022, due to the impact of the COVID-19 epidemic, the awareness of personal hygiene has increased, and the number of Operating revenue for bathroom appliances has increased, resulting in an increase in production capacity and output; In 2023, with the easing of the epidemic, the sales market will also slow down, resulting in a decrease in production capacity and output compared to 2022.							

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	Year	2022				2023			
		Internal Sales		External Sales		Internal Sales		External Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Automobile		108,362	730,034	111,810	1,544,912	121,434	719,557	101,582	1,627,454
Home Appliance		3,913	473,213	18,351	122,030	3,838	534,295	11,216	78,274
Office Appliance		13,571	40,198	3,244	106,242	11,345	37,807	2,452	95,874
Other		9,413	301,063	9,166	300,942	5,611	275,139	10,604	277,014
Total		135,259	1,544,508	142,571	2,074,126	142,228	1,566,798	125,854	2,078,616
Reason for change: No change.									

**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, 2024

Year		2022	2023	March 31, 2024
Number	Operators	952	964	958
	Technicians	695	670	659
	Manager	215	209	201
	Total	1,862	1,843	1818
Average Age		43.42	35.38	31.61
Average Length of Service		13.96	8.55	8.13
Education Distribution Ratio	Doctor	-	-	-
	Master	0.27%	0.38%	0.39%
	Collage	17.19%	19.10%	19.03%
	high school	58.38%	53.88%	55.06%

	Below high school	24.16%	26.64%	25.52%
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#### 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, 2024

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

### **A. 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.

### **B. Employee Training and Retraining.**

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.

### **C. 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.

### **D. 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.

E. Comprehensive Insurance and Protection

In accordance with government regulations, the Company provides employees with labour insurance, national health insurance for employees, their dependents and retirees, and provides employees with free group insurance and family member group insurance discounts, including term life insurance, major disease insurance, accident injury insurance, accident medical limit insurance, hospitalisation medical insurance, cancer health insurance, etc.

F. Employee work environment and employee personal protection measures

The Company and its subsidiaries have set up dedicated safety and health management personnel or units to continuously improve various safety and health measures, so as to create a high-quality working environment; Strengthen the promotion of safety knowledge and promote health promotion activities, effectively strengthen employees' safety and defence capabilities to ensure their work safety and take care of their physical and mental health. In order to fulfil the corporate social responsibility and protect the safety of colleagues, the primary goal is to provide a safe, healthy and comfortable working environment, promote health and safety management, and enable colleagues to develop correct health concepts and bodies and minds. The Company is committed to the following matters:

- (a). Maintain and clean the central air-conditioning in the office twice a year to keep the air in the office fresh; Irregular environmental disinfection to

maintain office cleaning.

- (b). Regularly conduct office environmental inspections, such as water quality inspections.
- (c). The daily entrance and exit of the public meeting room is disinfected with antibacterial liquid, and the hand wash is prepared to prevent epidemic diseases, maintaining the good health of employees.
- (d). All new employees will first participate in employee education and training to understand the working environment and promote employee work safety.
- (e). Irregularly promote health education to reduce the occurrence of accidents.
- (f). Regularly implement employee health checks and implement health management tracking.
- (g). Organise health promotion activities and encourage colleagues to cultivate good exercise habits.
- (h). Prohibit smoking in the office to ensure a non-smoking working environment.
- (i). Promote energy saving, reduce waste of resources, and promote environmental protection in the office.
- (j). To ensure the safety of the working environment for each employee, we provide outpatient surgery insurance when entering and leaving the office.
- (k). Establish and regularly maintain relevant fire-fighting facilities and equipment in compliance with fire-fighting regulations.
- (l). The Company regularly cooperates with the local Hsinchu County Fire Department in on-site fire drills and lectures. On 26 April 2023, the Company invited the Kansai Branch of the Third Brigade of the Hsinchu County Fire Department to conduct a building self-defence fire drill. The content of the drill is as follows:

Item	Drill item	Time
1	Fire extinguishing training	13: 00 ~ 13: 30
2	Reporting Training	13: 30 ~ 15: 00
3	Avoidance Guidance Training	15: 00 ~ 16: 00
4	Building self-defence	16: 00 ~ 17: 00

	fire drill	
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(m). Implement the Act of Gender Equality in Employment and the Sexual Harassment Prevention Act in the office.

(n). Create a friendly parenting workplace and optimise corporate competitiveness

At present, the Company issues a maternity allowance of NT \$3,000 per child per month, and creates a pregnancy-friendly environment. The Company provides maternity inspection subsidy to increase the proportion of female employees who return to work, so that good benefits can become an incentive to encourage production and attract employees to stay.

(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:

- A. According to the labour accident report of the subsidiary in Japan on 6 March 2023, the employee of the subsidiary in Japan, Hiroyuki Koji, suffered an occupational accident on 1 March 2023. The subsidiary in Japan has carried out machinery maintenance and improvement in the future. Hiroshi Guze has obtained labour disaster insurance and compensation provided by the subsidiary in Japan totaling JPY 2,530,000. As of the reporting date of this year, it has not filed litigation or Other relief procedures against the subsidiary in Japan.
- B. On 4 September 2023, the Japanese subsidiary issued a correction notice and related documents to the Japanese Ministry of Labour on 19 September 2023 and 10 November 2023, which violated Paragraph 1, Article 20 of the Labour Safety and Health Act (related to the maintenance of the effective status of the safety device of the injection moulding machine and the effective status of the crane to

prevent falling off the device), Paragraph 1, Article 22 (related to the installation and maintenance of the exhaust device related to the occurrence of specific dust) and Paragraph 1, Article 6 of the Enforcement Rules for Labour Safety and Health (the safety manager did not conduct risk assessment and publicity for possible hazards). The Japanese subsidiary issued a letter to the Japanese Ministry of Labour to provide administrative guidance and rectify the above-mentioned violations within a time limit. Inspection of relevant equipment and devices, replacement of parts, and internal promotion after review by the internal safety and health committee are carried out. As of the reporting date of this year, there was no administrative penalty. This administrative guidance will not have a significant impact on the business of the Japanese subsidiary.

- C. On 17 July 2021, the Malaysian subsidiary was fined RM 23,500 by the Malaysian Bureau of Labour for failure to obtain the relevant licences and meet the standards for the environment to be provided to employees in accordance with the law for the dormitories provided by the Malaysian subsidiary to employees (Setuion 24D therbeans' Mingold, Standband 1990). The Malaysian subsidiary has fully paid the amount of the penalty on 15 March 2022, and the lease contract of the dormitory has been terminated.
- D. A former employee of the Chinese subsidiary, Lu, filed an arbitration on 15 July 2022 due to the dismissal of the company for violating the company's rules and regulations, requesting the Chinese subsidiary to pay a compensation of RMB 95,838.12 for the illegal termination of the labour relationship. The Chinese subsidiary obtained a favourable final award on 9 September 2022, which recognised that the termination of the labour relationship of the Chinese subsidiary was legally terminated, without the payment of compensation for the illegal termination of the labour relationship, and the employee did not subsequently file a lawsuit with the People's Court.



In addition, the relevant instructions for litigation incidents arising from labour disputes are as follows:

Company	Description	Improvement or progress
Japan IKKA	From April 2013 to September 2018, a former employee, Mr. Kukou XX (hereinafter referred to as Mr. Kukou), forged transaction documents for outsourcing services, so that the Company outsourced its design services to Japanese manufacturers. In fact, Mr. Kukou embezzled the Company's cash, which affected the Company's financial and business conditions. Japan IKKA paid JPY 40,470,624, and caused Japan IKKA to be fined JPY 20,565,315 by the Japanese National Taxation Bureau. IKKA (Japan) claimed damages amounting to JPY 61,035,939. On 24 August 2022, the Company's former employee, Gukou, claimed damages amounting to JPY 27,800,000 from IKKA (Japan).	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, revisions have been made to address internal control deficiencies to prevent similar incidents from recurring. After the ruling, the former employee Gukou also paid the settlement amount to the Japanese subsidiary in instalments in accordance with the agreement. All the settlement amount has been paid in a one-off manner on 16 October 2023, and the case has ended.
IKKA(HK)	On 31 August 2023, the Hong Kong Company terminated the employment contract with the former employee, Mr. Chen OO ( "Mr. Chen" ). Upon the handover of resignation, the Hong Kong Company inquired the former employee, Mr. Chen about the payment method of the severance payment. The former employee, Mr. Chen, replied that he will withdraw from the mandatory provident fund account on his own. The Company only has to pay the shortfall (approximately HKD 30,000) in the mandatory provident fund account, but Mr. Chen later	The case was settled by the Hong Kong Labour Tribunal on 4 March 2024. Mr. Chan agreed to receive severance pay from the mandatory provident fund account and the Company agreed to pay HKD 50,000 as a settlement. The settlement payment was paid to the Hong Kong Labour Tribunal on 15 March 2024. Mr. Chan received

	claimed that the Hong Kong Company should not withdraw the mandatory provident fund accumulated by the contribution of the Hong Kong Company from the account of Mr. Chen except for the full severance payment. On 4 September 2023, the Hong Kong subsidiary filed a litigation with the Labour-Management Relations Department of the Labour Department of Hong Kong, claiming that the Hong Kong subsidiary did not pay the severance payment in accordance with Article thirty-one N (b) of the Employment Ordinance. The amount claimed was approximately HKD 307,000.	severance pay of HKD 290,924.79 from the provident fund account on 22 April 2024. The case has been terminated.
Although there are labour disputes among the subsidiaries of the Company, the amount accounts for a small proportion of the Equity or revenue of the Company and its subsidiaries in 2023, so these labour disputes have no significant impact on the financial operations of the Company and its subsidiaries.		

## 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:

### A. 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.

### B. Information security policies:

#### (a). Computer equipment security management

- 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.

- 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
- The entrance to the external network is equipped with an enterprise-level firewall to block illegal hackers to strengthen network control.
  - 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
- 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.
  - 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.
  - 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.
- 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.
  - 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.
  - 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.

- 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.
- 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

- Periodic information dissemination. Ask colleagues to change system passwords regularly to maintain account security.
- Seminars. From time to time each year, the Company conduct information security-related education and training courses for our internal colleagues.

C. 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, 2023				
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 Bank, Ltd.; Joint loan amount: JPY 950,700,000)	Note1
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	N/A

			guarantee mortgage agreement	
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
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
Lease contract	(株)エヌ・エス	2023/10/1 ~ 2033/9/30	Land and building lease contract for East Ocean Base	None
Joint concession contract	TOTO ヨーコー	2021/9/10-Now	Patent related to electric switch of toilet cover jointly developed by Japanese subsidiary with TOTO and ヨーコー	None

Note 1: According to the loan contract, during the duration of the contract, DaiichiKasei Co.,Ltd. should maintain the following conditions:

- (1) Net operating loss for two consecutive years.
- (2) The amount of Consolidated Financial Statements net Assets for each year shall be maintained at more than 75% of the amount of Consolidated Financial Statements net Assets at the end of 2016 or the end of the preceding year, whichever is higher.

Note 2: According to the loan contract, during the duration of the contract, DaiichiKasei Co.,Ltd. should maintain the following conditions:

- (1) Net operating loss for two consecutive years.
- (2) The amount of net Assets in the individual financial statements for each year shall be maintained at more than 75% of the net Assets in the individual financial statements as set out in the Consolidated Financial Statements at the end of 2018 or the end of the preceding year, whichever is higher.

## VI 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, 2024
		2019	2020	2021 (Note1)	2022	2023	
Current Assets		1,791,830	1,985,690	2,588,800	2,291,495	2,549,363	2,496,311
Property, Plant and Equipment		870,424	842,891	825,368	806,806	730,356	763,800
Intangible Assets		2,901	2,003	4,923	3,674	2,232	1,890
Other Assets		171,519	202,486	367,450	422,136	374,393	350,285
Total Assets		2,836,674	3,033,070	3,756,541	3,524,111	3,656,344	3,612,286
Current Liabilities	Before Distribution	1,514,560	1,702,904	1,436,467	1,230,258	1,435,994	1,017,680
	After Distribution	1,514,560	1,702,904	1,436,467	1,230,258	1,435,994	1,017,680
Noncurrent Liabilities		536,134	341,779	663,139	648,431	555,050	739,605
Total Liability	Before Distribution	2,050,694	2,044,683	2,099,606	1,878,689	1,991,044	1,757,285
	After Distribution	2,050,694	2,044,683	2,099,606	1,878,689	1,991,044	1,757,285
Equity Attributable to Shareholders of the Parent		785,980	988,387	1,474,864	1,645,422	1,665,300	1,855,001
Capital Stock		200,000	220,000	270,000	292,414	294,524	313,269
Capital Surplus		142,786	242,052	678,638	795,054	802,772	922,896
Legal reserve		-	-	(19,373)	80,963	65,313	65,313
Retained Earnings	Before Distribution	434,465	545,708	587,816	543,150	598,910	644,774
	After Distribution	434,465	545,708	587,816	543,150	(Note2)	Not applicable
Others		8,729	(19,373)	(80,963)	(65,313)	(96,219)	(91,251)
Treasury stock		-	-	-	(846)	-	-
Prior Profit and Loss Under Common Control		-	-	127,450	-	-	-
Non-controlling interests		-	-	54,621	-	-	-
Total Equity	Before Distribution	785,980	988,387	1,656,935	1,645,422	1,665,300	1,855,001
	After Distribution	785,980	988,387	1,656,935	1,645,422	1,665,300	1,855,001

Source: Financial statements audited or reviewed by CPAs.

Note1: The Company acquired the equity of Sol-Plus (HK) Co., Ltd. on 1 September 2022, which is an entity under common control of Reorganisation, and should be treated as a merger from the beginning, so the

consolidated financial figures of 2021 were restated retrospectively.

Note2: To be finalised after the resolution of the general shareholders' meeting on Resolution.

(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, 2024
	2019	2020	2021	2022	2023	
Net Revenue	3,813,406	3,623,549	4,276,873	3,618,633	3,645,414	847,297
Gross Profit	626,882	634,179	758,292	607,068	670,235	164,153
Operation profit (loss)	164,003	159,758	213,491	120,310	178,150	51,153
Non-operating Income and Expenses	(8,930)	9,208	47,794	72,776	25,408	4,134
Profit before Tax	155,073	168,966	261,285	193,086	203,558	55,287
Full-year net income for continuing operations	118,624	107,544	191,322	118,343	119,162	45,907
Loss for a discontinuing operation)	-	-	-	-	-	-
Net income (loss)	118,624	107,544	191,322	118,343	119,162	45,907
Other comprehensive income (loss) net of tax)	(26,280)	(23,927)	(85,302)	55,084	(21,500)	4,968
Total Comprehensive Income for the Year	92,344	83,617	106,020	173,427	97,662	50,875
Net income attributable to Shareholders of the Parent	118,624	107,544	150,969	97,767	119,162	45,907
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	92,344	83,617	81,929	158,833	97,662	50,875
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	5.93	5.20	6.06	3.84	4.07	1.53

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

Note: Sol-Plus became a 100% subsidiary of the Group on 1 September 2022. It is a business combination under common control, and some financial information for 2021 and 2022 are updated simultaneously.

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

Year	CPA firm	CPA	Auditors' Opinions
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
2023	PWC	JUAN LU, MAN-YU , TSAI, I-TAI	Unqualified Opinion

## 2. Financial Analysis for latest five years

Unit: NT\$ thousands

Year Item		Financial Analysis for latest five years (Note 1)						
		2019	2020	2021	2022	2023	March 31, 2024	
Capital Structure (%)	Debts Ratio	72.29	67.41	55.89	53.31	54.45	48.65	
	Long-term Fund to fixed assets	151.89	157.81	281.10	284.31	304.01	339.70	
Liquidity %	Current Ratio	118.31	116.61	178.13	186.26	177.53	245.29	
	Quick Ratio	85.20	90.40	135.75	137.92	148.26	200.89	
	Times Interest Earned	9.14	9.81	14.34	23.49	16.38	13.04	
Operating Performance	Average Collection Turnover (Times)	5.06	4.58	4.55	3.89	3.77	3.56	
	Days Sales Outstanding	72	80	80	94	97	102	
	Average Inventory Turnover (Times)	6.32	6.91	6.92	5.36	6.60	6.80	
	Average Payment Turnover (Times)	5.40	5.03	5.34	5.28	5.41	4.90	
	Average Inventory Turnover Days	58	53	53	68	55	54	
	Property, Plant and Equipment Turnover (Times)	4.37	4.33	4.87	4.43	4.74	4.54	
	Total Assets Turnover (Times)	1.41	1.23	1.14	0.99	1.02	0.95	
Profitability	Return on Total Assets (%)	5.04	4.25	5.51	3.44	3.61	1.70	
	Return on Equity attributable to Shareholders (%)	16.03	12.12	13.65	7.17	7.20	2.62	
	Paid-in Capital Ratio (%)	Operating Income	82.00	72.62	79.07	41.14	60.49	65.32
		Pre-tax Income	77.54	76.80	96.77	66.03	69.11	70.59
	Net Margin (%)	3.11	2.97	4.47	3.27	3.27	5.42	
	Earnings per share (NT\$) (Note 2)	5.93	5.20	6.06	3.54	4.07	1.53	
Cash Flow	Cash Flow Ratio (%)	23.14	23.89	7.10	16.37	30.45	10.51	
	Cash Flow Adequacy Ratio (%)	Note 3	Note 3	163.97	158.83	172.21	141.80	
	Cash Flow Reinvestment Ratio (%)	11.36	12.98	0.43	2.29	7.05	2.00	
Leverage	Operating Leverage	1.93	1.00	1.95	2.51	2.02	1.86	

	Financial Leverage	1.15	1.16	1.10	1.08	1.08	1.10
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Please explain the reasons for the changes in financial ratios in the last two years. (Analysis is not required for changes in increase or decrease less than 20%)

1. Increase in interest coverage ratio: This is mainly due to the decrease in Bank loan which led to a decrease in Interest expense. In addition, the subsidiary in Japan did not apply for loans or renew loans from local banks in 2022, resulting in a significant decrease in interest expenses in 2022.

2. Inventories turnover rate (times) decreased and average days in sales increased: mainly due to the decrease in Operating costs in 2022 along with the decline in revenue, and the Inventories at the end of the period also decreased, but due to the higher balance of Inventories at the beginning of 2022, the average Inventories in 2022 still increased compared with 2021, resulting in a decrease in Inventories turnover rate to 5.36 times and an increase in average days in sales to 68 days.

3. Increase in various profitability indicators: In 2022, due to the impact of the COVID-19 epidemic and the Ukrainian-Russian war, material shortage and epidemic prevention and control measures, which affected the production and shipment schedule of customers, and then delayed the purchase of goods from the Company and its subsidiaries, the revenue of the Company and its subsidiaries in 2022 decreased compared with that in 2021. After the third quarter of 2023, with the resumption of customer-side shipments due to the epidemic, the Operating revenue began to grow, resulting in Net operating income and the increase in net profit compared to 2022.

4. Increase in cash flow ratio and cash reinvestment ratio: Mainly due to the accelerated shipments of new vehicles to end-vehicle customers and the successive purchases of new vehicles from the Company and its subsidiaries, the Company and its subsidiaries have successively de-stocking inventories, resulting in a net cash inflow from Decrease in inventories at the end of the period, which increases the net cash inflow from operating activities in 2023.

5. Increase in operating leverage: Mainly due to the decrease in Operating revenue in 2022 compared to 2021, Gross profit from operations and Net operating income decreased accordingly, but Net operating income decreased significantly.

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

Note 1: Basic earnings per share.

Note 2: Sol-Plus became a 100% subsidiary of the Group on 1 September 2022. Financial information for 2021.

Note 3 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 Collection s (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 2023 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 2024 Annual General Shareholders' Meeting

IKKA Holdings (Cayman) Limited

Chairman of the Audit Committee: Wei-Yu Chen

Date: March 12, 2024

**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. 194.**

**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.

## VII 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	2022	2023	Differences	
			Amount	%
Current Assets	2,291,495	2,549,363	257,868	11.25
Noncurrent Assets	1,232,616	1,106,981	(125,635)	(10.19)
Total Assets	3,524,111	3,656,344	132,233	3.75
Current liability	1,230,258	1,435,994	205,736	16.72
Non-current liability	648,431	555,050	(93,381)	(14.40)
Total liability	1,878,689	1,991,044	112,355	5.98
Capital	292,414	294,524	2,110	0.72
Capital Surplus	795,054	802,772	7,718	0.97
Retained earnings	624,113	664,223	40,110	6.43
Other equity	(65,313)	(96,219)	(30,906)	(47.32)
Interest of Shareholders of the Parent in total	1,645,422	1,665,300	19,878	1.21
Prior Interests Under Common Control	-	-	-	-
Non-controlling interests	-	-	-	-
Total Equity	1,645,422	1,665,300	19,878	1.21
<p>1. The main reasons for the changes of more than 20 percent and more than NT \$ten million are as follows:  In 2023, the exchange rate benefits decreased compared to 2022 due to the continued depreciation of the Japanese yen against the US dollar.</p> <p>2. Future response plans should be stated if the impact is significant: The above changes have no significant impact on the Company.</p>				

## 2. Financial Performance

### (1) Financial Performance Condition

Item	2022	2023	Amount of Difference	Rate of Change (%)
Net Revenue	3,618,633	3,645,414	26,781	0.74
Cost of Sales	3,011,565	2,975,179	(36,386)	(1.21)
Gross Profit	607,068	670,235	63,167	10.41
Operating Expenses	486,758	492,085	5,327	1.09
Income from Operations	120,310	178,150	57,840	48.08
Non-operating Income and Expenses	72,776	25,408	(47,368)	(65.09)
Profit before tax	193,086	203,558	10,472	5.42
Income tax expense	(74,743)	(84,396)	(9,653)	(12.91)
Income (loss) from continuing operations	118,343	119,162	819	0.69
Net Income	118,343	119,162	819	0.69
Other Comprehensive Income for the Year (Net of Income Tax)	55,084	(21,500)	(76,584)	(139.03)
Total Comprehensive Income for the Year	173,427	97,662	(75,765)	(43.69)
Where the difference exceeds 20 percent and the amount is changed for more than NT \$ten million, the main reasons for the change are analysed as follows: Non-operating income and expenses and Other comprehensive income this year: Due to the continuous depreciation of the Japanese yen to the US dollar in 2023, the exchange rate interest decreased compared to 2022.				

### (2) 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 2024. 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

#### (1) Analysis and explanation of cash flow changes in the most recent year

Item \ Year	2022	2023	Difference	
			Amount	%
Net cash provided by (used in) operating activities	201,445	437,258	235,813	117
Net cash provided by (used in) investing activities	(270,775)	(17,061)	253,714	94
Net cash provided by (used in) financing activities	(185,480)	(101,471)	84,009	45
<p>Analysis and explanation of changes:</p> <ol style="list-style-type: none"> <li>1. Net cash inflow (outflow) from operating activities: In the second quarter of 2023, when the epidemic was lifted, customers began to return to normal shipments, and the increase in Operating revenue and benefits resulted in an increase in net cash inflow from operating activities.</li> <li>2. Net cash flows from investing activities (Outflow): the cash outflow from investing activities due to the acquisition of equity in Sol-Plus and investment in Jet Optoelectronics in 2022.</li> <li>3. Net cash flows from financing activities (out): In 2023, the Company and its subsidiary Sol-Plus Japan increased borrowings from financial institutions.</li> </ol>				

(2) Improvement plan for insufficient liquidity: Not applicable

(3) Analysis of cash liquidity in the coming year:

The Group expects that the revenue and profit will continue to grow steadily in 2024. 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

A. 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.

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

December 31, 2023 Unit: NT\$ thousands

Investee Company	Profit (Loss) of Investees for 2023	Policy	Main reason for profit or loss	Improving plan
DaiichiKasei Co., Ltd.	173,220	Responsible for ordering and manufacturing of plastic products, and re-investment in the holding companies of Vietnam, Hong Kong and MAC	Business operations are in good condition and profits are stable.	Not applicable
M.A.C Technology (Malaysia) Sdn. Bhd.	(18,555)	Responsible for the manufacture and sales of plastic injection components such as home appliances and power tool gearbox parts	The main reason is that the revenue has declined due to the impact of the Russian-Ukrainian war, resulting in losses.	Continue to expand business and strengthen Inventories control to achieve the goal of profit.
IKKA Vietnam	65,514	Responsible for the	Business operations are	Not applicable

Investee Company	Profit (Loss) of Investees for 2023	Policy	Main reason for profit or loss	Improving plan
		manufacture and sales of auto parts	in good condition and profits are stable.	
IKKA (Hong Kong) Co., Limited	31,886	Reinvestment in the holding company of IKKA Dongguan.	It is mainly engaged in the transfer trading business and earns profits from the recognition of the profits from the reinvestment of subsidiaries.	Not applicable
IKKA Dongguan.	22,223	Responsible for manufacturing and sales of automobiles and home appliances	Business operations are in good condition and profits are stable.	Not applicable
Sol-Plus(HK)Co., Ltd.	6,794	Reinvestment in the holding company of Sol-Plus Japan.	It is an investment holding company and profits from the recognition of profits from reinvestment in subsidiaries.	Not applicable
Sol-Plus Co., Ltd.	4,891	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.	Business operations are in good condition and profits are stable.	Not applicable
Hiraiseimitsu (Thailand) Co., Ltd.	(1,650)	Mainly engaged in the production of audio-visual plastic components for automobiles, and in recent years, successfully developed plastic components related	The main reason is that the customer's shortage of materials has led to poor production, which in turn delays the order and delivery schedule of the company and its subsidiaries, resulting in losses.	Continue to develop local business in Thailand and strengthen cost control such as Inventories to achieve the goal of profit.

Investee Company	Profit (Loss) of Investees for 2023	Policy	Main reason for profit or loss	Improving plan
		to electric vehicle motors.		

(3) Investment plan for the coming year

In response to the Company's operational development needs, First Kasei Co., Ltd., a subsidiary of the Company, serves customers in close proximity, expands the scale of operations, increases competitive advantages and strengthens the industrial position. On 13 January 2023, it was approved by the Director to lease a plant in Nagoya, Chigi City, Aizhi County, and set up a R & D production centre and purchase relevant machinery and equipment, which is still necessary and reasonable. The estimated total investment amount is NT \$208,560,000, which will be funded by the self-owned funds of the subsidiary First Kasei Co., Ltd. or Bank loan.

**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.

A. 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 2022 and 2023 was NT\$3,082,000 and NT\$5,599,000 respectively, accounting for 0.09% and 0.15%, respectively, of the consolidated net operating income for the current period; while the interest expense in 2022 and 2023 was NT\$8,585,000 and NT\$13,234,000 respectively, accounting for 0.24% and 0.36%, 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.

B. 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 2022 and 2023 are NT\$ 51,995,000 and NT\$22,069,000 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.

C. 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:

- A. 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.
- B. 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.
- C. 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

A. 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.

B. 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 2022 and 2023, approximately \$41,623,000 and \$42,930,000

have been invested in R&D. In the first half of 2024, 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:

A. Purchase concentration risk and the countermeasures

In order to diversify the risk, the Group purchases the original Supplies by each operating location. In the last two years and the first quarter of 2024, the



proportion of purchases of A suppliers with a purchase ratio of more than 10 percent was 13.84%, 16.47% and 14.94%, respectively, and there was no significant change, so there was no concentration of purchases.

#### B. Sale concentration risk and the countermeasures

For the most recent two years and the first quarter of 2024, the largest customer of the Group is Sumitomo Wiring Systems, Ltd., which accounted for 22.16%, 23.74% and 27.65% of the revenue, respectively; the second largest customer is AISIN, which accounted for 18.66%, 20.22% and 19.20 % 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, a former employee, Mr. Kukou XX (hereinafter referred to as Mr. Kukou), forged transaction documents for outsourcing services, so that the Company outsourced its design services to Japanese manufacturers. In fact, Mr. Kukou embezzled the Company's cash, which affected the Company's financial and business conditions. Japan IKKA paid JPY 40,470,624, and caused Japan IKKA to be fined JPY 20,565,315 by the Japanese National Taxation Bureau. IKKA (Japan) claimed damages amounting to JPY 61,035,939. On 24 August 2022, the Company's former employee, Gukou, claimed damages amounting to JPY 27,800,000 from IKKA (Japan).	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, revisions have been made to address internal control deficiencies to prevent similar incidents from recurring. After the ruling, the former employee Gukou also paid the settlement amount to the Japanese subsidiary in instalments in accordance with the agreement. All the settlement amount has been paid in a one-off manner on 16 October 2023, and the case has ended.
IKKA(HK)	On 31 August 2023, the Hong Kong Company terminated the employment contract with the former employee, Mr. Chen OO ( "Mr. Chen" ). Upon the handover of resignation, the Hong Kong Company inquired the former employee, Mr. Chen about the payment method of the severance payment. The former employee, Mr. Chen, replied that he will withdraw from the mandatory provident fund account on his own. The Company only has to pay the shortfall (approximately HKD 30,000) in the mandatory provident fund account, but Mr. Chen later	The case was settled by the Hong Kong Labour Tribunal on 4 March 2024. Mr. Chan agreed to receive severance pay from the mandatory provident fund account and the Company agreed to pay HKD 50,000 as a settlement. The settlement payment was paid to the Hong Kong Labour Tribunal on 15 March 2024. Mr. Chan received

	<p>claimed that the Hong Kong Company should not withdraw the mandatory provident fund accumulated by the contribution of the Hong Kong Company from the account of Mr. Chen except for the full severance payment. On 4 September 2023, the Hong Kong subsidiary filed a litigation with the Labour-Management Relations Department of the Labour Department of Hong Kong, claiming that the Hong Kong subsidiary did not pay the severance payment in accordance with Article thirty-one N (b) of the Employment Ordinance. The amount claimed was approximately HKD 307,000.</p>	<p>severance pay of HKD 290,924.79 from the provident fund account on 22 April 2024. The case has been terminated.</p>
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Based on the above assessment, the results of the above-mentioned lawsuits have no significant influence on shareholders' rights or securities prices.

(13) Other important risks and the countermeasures:

A. 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.

B. 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.

C. 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.

D. 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.

E. 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.

F. 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.

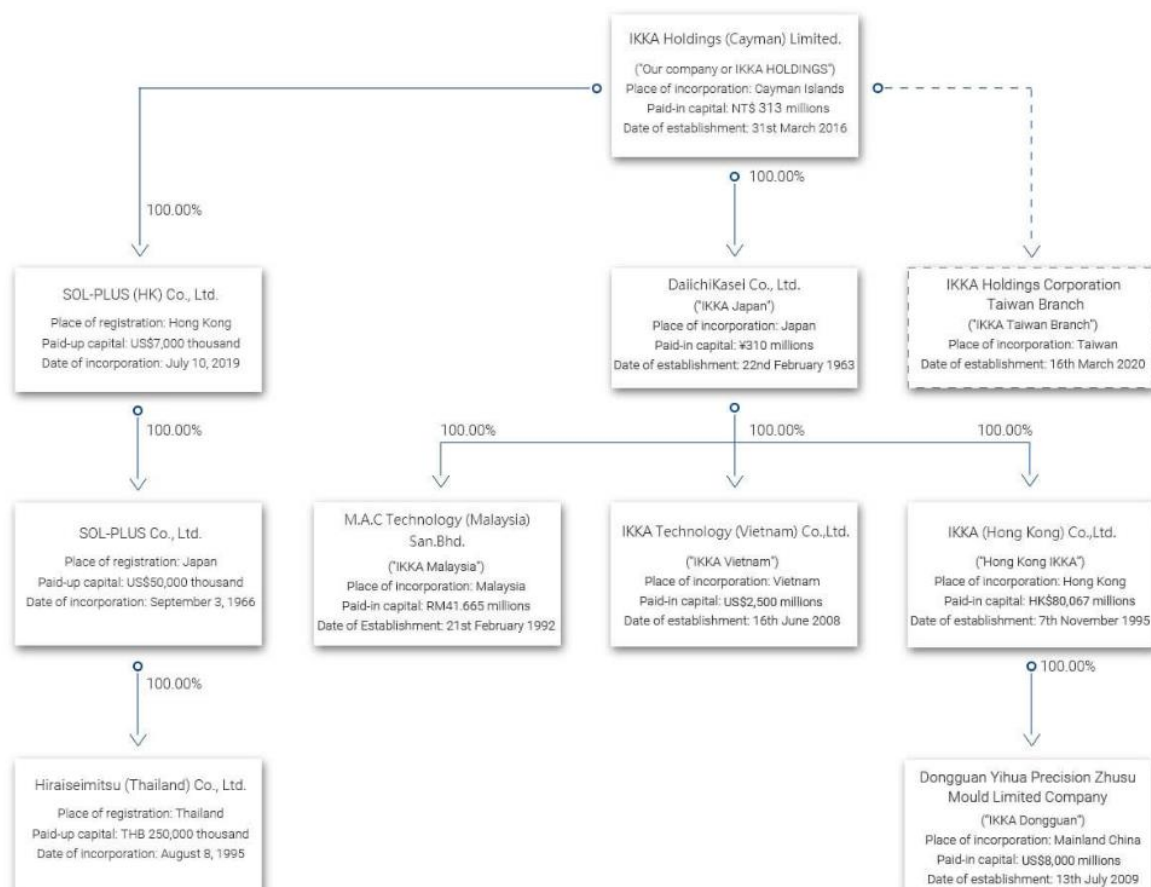
7. **Other:** None.

## VIII Special Notes

### 1. Relevant information of affiliated companies

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

##### A. Organization chart of affiliated companies (Base date: March 31, 2024)



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

Unit:1000 share; NTD\$ 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	-	-	-
Sol-Plus(HK)Co.,Ltd.	Direct investment subsidiary	100%	7,000	282,535			
Sol-Plus Co.,Ltd.	Indirect investment sub-subsidiary	100%	3,404,019	191,587			
Hiraiseimitsu(Thailand)Co.,Ltd.	Indirect investment third-tier subsidiary	100%	2,500	250,708			

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, 2024 Unit: 1,000 shares; %

Name	Title	Name or representative	Shareholding	
			K Shares	Ratio %
DaiichiKasei Co.,Ltd.	Chairman	Masami Ohara	64	100

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



Name	Title	Name or representative	Shareholding	
			K Shares	Ratio %
	Director	IKKA Holdings(Cayman)Limited - Chun-Jen Tong		
	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		
	Director	Masami Ohara		
	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		

Name	Title	Name or representative	Shareholding	
	Director	Hisashi Yoshida	K Shares	Ratio %
	Director	Tsai-Fa Hung		

(5) Business overview of affiliated companies

A. Financial status and management results of affiliated companies

2023.12.31 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	2,680,462	1,172,607	1,507,855	1,570,911	137,148	173,220	2,703.15
IKKA Hong Kong	292,545	562,782	83,834	478,948	286,128	7,551	31,866	0.40
IKKA Vietnam	58,346	566,388	145,796	420,593	764,091	81,875	65,514	26.21
M.A.C Technology (Malaysia) San. Bhd.	380,603	161,586	37,620	123,967	187,974	(18,643)	(18,555)	(0.45)
IKKA Dongguan.	232,837	700,985	349,790	351,195	840,844	36,289	22,223	-
Sol-Plus(HK)Co.,Ltd.	282,535	207,527	743	206,784	-	1,597	6,794	0.97
Sol-Plus Co.,Ltd.	191,587	266,457	120,740	145,717	153,177	114,947	4,891	0.00

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)
Hiraiseimitsu(Thailand)Co.,Ltd.	250,708	298,069	250,964	47,105	403,058	37,158	(1,650)	(0.66)

B. Consolidated financial statements of affiliated companies: Please refer to Consolidated Financial Statements and Audit Reports of CPAs in VI Financial Highlights.

C. Relationship Report: None.

2. Private Placement of marketable securities in the most recent years as of the date of the printing of this annual report: None.

3. During recent years up to the annual report printing date, the subsidiary holds or disposes of the Company's stock:  
None.

4. Other Necessary Supplements:  
None.

5. 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

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
1.	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> </ol>	Company Act Article 168	<p>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.</p> <p>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 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
	<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 certified public accountant.</p>		
2.	<p>1. Procedures for the Company to enter into stock option agreements with its employees or grant employee stock option certificates.</p> <p>2. Employee stock option certificates are not assignable, except to the heirs of the recipients.</p>	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.	<p>1. The Company shall not issue bearer share certificates.</p> <p>2. Shares issued by the Company at par value shall not be converted into shares</p>	Articles 137, 156-1, 5, 6 of Company Act	<p>The Company's amendment and restatement of Articles 5 is slightly different from the provisions on the protection of important matters of the shareholders listed on the left Equity.</p> <p>1. Articles of Association</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
	with no par value; Shares with no par value may not be converted into shares with par value.		<p>Article 5 of the amended and restated memorandum of association of the Company stipulates: “The authorised capital of the Company is NT \$400,000,000, divided into 40,000,000 shares with a par value of NT \$10 per share. Pursuant to the Company Act (Revised) and the subsequent revised version and Articles of Incorporation, a company may repurchase or purchase shares and may sub-divide or consolidate its shares and may issue all or part of its capital, including with preferred rights, deferred rights, conditions or restrictions of Other, etc. The Company may issue common stock or preferred stock in accordance with the foregoing agreement. The Company issued shares with par value, but not converted shares with no par value as specified in the Shareholder Equity Protection Checklist.</p> <p>2. Reasons for Differences</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
			The key issues of protection for shareholders listed on the left Equity, which are not allowed to be converted into shares with no par value, were announced and implemented on 2 May 2024. Due to the Company's need to adjust the operating time, the Company has not amended the Articles of Association, and will amend the Articles of Association before 30 June 2025 in accordance with the Tai-Zheng-Shang-Er-Zi No. 1131701804 announcement.
4.	<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, Security and</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)."

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
	<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 the approval of convening from the</p>	<p>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 shareholder's meeting, such shareholders may themselves</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
	<p>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 proposal. If the proposal is to urge the Company to promote public interest or</p>		<p>convene a special shareholders' meeting under the regulations related to public company."</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
	<p>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> <p>8. The shareholder(s) continuously holding 50% or more of the total issued shares for three months or more may</p>		

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	<p>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 supervisors;</p> <p>(2)Amendment to the articles of association;</p> <p>(3)reduction of capital</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
	<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 influenceon the Company's operations;</p> <p>(9)Private placement of equity-based securities;</p> <p>(10)Waiver of non-competition prohibitions on directors;</p> <p>(11)Distribution of dividends and bonuses in whole or in part by issuing shares;</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
	(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.		
5.	<p>1. The Company shall include electronic means as one way to exercise voting rights when holding shareholders' meetings.</p> <p>2. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice.</p> <p>A shareholder exercising voting rights by correspondence or electronic means 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</p>	<p>1. Company Act Article 177-1</p> <p>2. Company Act Article 177-2</p>	<p>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 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>

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
	<p>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 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,</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
	<p>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>		
6.	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	<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> </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</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
	<p>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; (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</p>	<p>5. Company Act Article 316</p> <p>6. Business Mergers And Acquisitions Act Article 29</p>	<p>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 be 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 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</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
	<p>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>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</p> <p>Special resolutions are required by the Cayman Company 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</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
			<p>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> <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</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
			<p>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> <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>

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
7.	<p>1. The Company shall, 30 days before the regular shareholders' meeting or 15 days before the extraordinary shareholders' meeting, announce the notice of the shareholders' meeting, the use of power of attorney, the adoption case, the discussion, the election or dismissal of Director, and the subject and explanatory information.</p> <p>2. If the shareholders' meeting of the Company adopts the written exercise of voting rights, the information in the preceding paragraph and the paper for exercising voting rights in writing shall be sent to the shareholders together.</p> <p>When the Company convenes a shareholders' meeting, it shall prepare a shareholders' meeting handbook and publish the meeting handbook and Other meeting related materials twenty-one days</p>	<p>1. Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies Article 5</p> <p>2. Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies Article 6</p>	<p>Article 17.3 of Articles of Incorporation is slightly different from the provisions on the protection of the shareholders listed on the left Equity.</p> <p>1. Articles of Association</p> <p>According to Article 17.3 of the Articles of Incorporation Outline: “ After the Company becomes a public company, it shall announce the notice of the shareholders' meeting, the paper form of the power of attorney, the adoption, the discussion, the election or dismissal of the Director, and the subject and the explanatory information 30 days before the shareholders' meeting or 15 days before the shareholders' extraordinary meeting, and send the electronic files of the information to Market Observation Post System in accordance with the Public Issuance of Company Act. If the shareholders' meeting of the Company adopts the method of exercising voting rights in writing, the aforementioned information and the paper for exercising voting rights in writing shall be sent to the shareholders together. Director shall prepare the shareholders' meeting handbook and supplementary information twenty-one days before the shareholders' meeting (in the case of an extraordinary shareholders' meeting, 15 days before the shareholders' meeting) in accordance with the public offering of Company Act. It shall be sent or made available to all shareholders by Other, and shall be sent to Market Observation Post</p>

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	<p>before the shareholders' meeting or 15 days before the shareholders' extraordinary meeting. However, if the Company's paid-in capital at the end of the most recent fiscal year reaches NT \$two billion or more, or the foreign and mainland Chinese shareholding ratio recorded in the shareholder register of the most recent fiscal year is more than 30 percent total, the transmission of the aforementioned electronic files shall be completed 30 days before the shareholders' meeting.</p>		<p>System. However, if the paid-in capital of the Company at the end of the most recent fiscal year reaches NT \$ten billion or more, or the percentage of foreign capital and Chinese capital holding in the shareholder register in the most recent fiscal year is more than 30 percent of total, the transmission of the electronic files shall be completed 30 days before the shareholders general meeting "and the important protection matters of the shareholders listed on the left Equity are slightly different.</p> <p>2. Reasons for Differences</p> <p>Important matters of protection for shareholders listed on the left Equity require that the company's paid-in capital at the end of the most recent fiscal year reaches NT \$two billion or more, or the proportion of foreign capital and Chinese capital holding more than 30 percent of total in the shareholder register in the most recent fiscal year, the transmission of the electronic files shall be completed before the 30 days of the shareholders' meeting, which is announced and implemented on 2 May 2024. Due to the company's needs to adjust the operation time, the company has not yet revised the articles of association, and will amend the articles of association before 30 June 2025 in accordance with the announcement of</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
			Tai-Zheng-Shang-Er-Zi No. 1131701804.
8.	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)	Provide in Article 30.1, 30.2, 32.8 and 32.9 of Articles of Incorporation respectively. 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' 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”.
9.	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	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

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
	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.		<p>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 , 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>

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			<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 accordance with the Articles of Association.</p>

**IX 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.**



## Independent Auditor's Report

(113)-Cai-Sheng-Bao No. 23004823

To the Board of Directors and Shareholders of IKKA Holdings (Cayman) Limited):

### **Opinion**

We have audited the accompanying consolidated balance sheets, consolidated statements of comprehensive income, of changes in equity, and cash flows, and notes on the consolidated financial statements (including a summary of key accounting policies of IKKA Holdings (Cayman) Limited and subsidiaries (the "Group") for December 31, 2022, and the 2023 year.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position, performance, and cash flows of the Group for December 31, 2022, and the 2023 year in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as the International Financial Reporting Standards, IAS, IFRIC and SIC Interpretations as endorsed by the Financial Supervisory Commission.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards. Our responsibilities under those standards are further described in the Auditors' responsibilities for auditing consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant, and we have fulfilled other ethical responsibilities as required. We believe that the audit evidence we have obtained is sufficient and proper to provide a basis for our opinion.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on

these matters.

Key audit matters for the Group's 2023 consolidated financial statements are as follows:

### **Inventory valuation**

#### Description

Refer to Note 4(13) for accounting policy, 5(2) for significant accounting estimates and assumption uncertainty, and 6(5) for account description. The balances and allowance for losses on December 31, 2023, were NTD 444,801 thousand and NTD 62,238 thousand respectively.

The Group is primarily engaged in the manufacturing and sales of automobiles, multi-function printers, and precision plastic components for household facilities. Due to rapid technological changes, short product life cycles, and fierce market competition, there is a higher risk of inventory losses or obsolescence. The net realizable value is based on the sales and purchase prices in the regular course before the balance sheet date. The net realizable value not sold after a certain period of age and individually identified obsolete inventory is calculated based on sales and discount history.

Since the amount of inventory is material, types are various, information sources in calculating each net realizable value are many, and the identification of obsolete and damaged inventory and its net realizable value are subject to management's judgment, we considered the assessment of allowance for inventory valuation losses a key audit matter.

#### How our audit addressed the matter

To assess the net realizable value and the adequacy of allowance for losses, we performed the following procedures:

1. Based on our understanding of the nature of operations and industry, we assessed if the policy on allowance for losses during the comparative reporting periods was proper and consistent.
2. Evaluate the reasonableness of obsolete and damaged inventories, and delayed delivery due to weakened market demand, along with supporting documents. We examined the management process, reviewed the annual plan, and participated in the annual process to assess the effectiveness of the management's identification and control of obsolete or damaged inventory.

3. Understand the process of Inventories management, review its annual inventory plan and participate in the annual Inventories inventory to evaluate the effectiveness of the management to distinguish and control obsolete Inventories.
4. We obtained the aged inventory report and sampled storage quantity to test the properness of classification and then, based on the policy, assessed the correctness of the allowance for obsolescence losses.
5. We obtained a net realizable value report, confirmed the consistency of calculation logic, and randomly checked the sales and purchase prices of materials based on the supporting documents.

### **Responsibilities of management and governing bodies for consolidated financial statements**

In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as the International Financial Reporting Standards, IAS, IFRIC, and SIC Interpretations as endorsed by the Financial Supervisory Commission., management is responsible for the preparation and fair presentation of consolidated financial statements for internal control as deemed necessary to be free from material misstatement due to fraud or error.

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

The governing bodies (including its Audit Committee) are responsible for overseeing the Group's financial reporting process.

### **Auditor's responsibilities for auditing consolidated financial statements**

Our objectives are to obtain reasonable assurance on whether consolidated financial statements are free from material misstatement due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but not a guarantee that an audit conducted in accordance with the Auditing Standards will always detect a material misstatement from fraud or error and is considered material if, individually or in the aggregate, expected to influence the economic decisions on the basis of these consolidated financial statements.

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

1. Identify and assess risks of material misstatement due to fraud or error, design and perform audit procedures, and obtain sufficient and proper evidence as the basis for our opinion. The risk of not detecting a material misstatement from fraud is higher than for one from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control to design proper audit procedures not to express an opinion on effectiveness.
3. Evaluate the properness of accounting policies and reasonableness of estimates and disclosures made by management.
4. Conclude on the properness of management's usage use of the going concern basis of accounting and whether a material uncertainty on events or conditions based on evidence may cast significant doubt on the Group's ability to continue as a going concern. If such a material uncertainty exists, we are required to draw attention in our auditors' report to disclosures or, if inadequate, to modify our opinion. Our conclusions are based on evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease as a going concern.
5. Evaluate the overall presentation, structure, and content, including the disclosures, and whether underlying transactions and events are represented in a fair manner.
6. Obtain sufficient proper audit evidence on the financial information of Group entities or business activities to express an opinion. We remain solely responsible for the direction, supervision, and performance of the group audit.

We communicate with the governing bodies on the planned scope and timing of the audit and key findings, including deficiencies in internal control identified.

We also provide the governing bodies with a statement that we have complied with ethical requirements on independence and communicate with them all relevant relationships, safeguards, and other matters where applicable. We then determine and disclose key audit matters in our auditors' report unless precluded by law or regulation or doing so could outweigh the public interest benefits due to adverse consequences in extremely rare circumstances.

From the matters communicated with those charged with governance, we have determined key audit matters of the Group's 2023 consolidated financial statements. We have disclosed these matters in our auditors' report unless precluded by law or regulation or doing so could outweigh the public interest benefits due to adverse consequences in extremely rare circumstances.

PwC Taiwan

Man-Yu Ruan-Lu

CPA:

Yi-Tai Tsai

Former Financial Supervisory Commission (FSC) of the  
Executive Yuan

Approval Document No.: Jin-Guan-Zheng-Shen-No.  
0990058257

Financial Supervisory Commission

Approval Document No.: Jin-Guan-Zheng-Shen-No.  
1080323093

March 12, 2024

IKKA Holdings (Cayman) Limited and Subsidiaries  
Consolidated Balance Sheet  
As of December 31, 2023; December 31, 2022

Unit: NTD thousand

Assets		Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 1,003,988	28	\$ 741,453	21
1136	Financial assets at amortized cost - current	6(2) and 8	59,085	2	28,466	1
1150	Notes receivable, net	6(4)	25,407	1	22,465	1
1170	Accounts receivable, net	6(4)	986,837	27	889,101	25
1180	Accounts receivable - related parties, net	6(4) and 7	7,237	-	3,122	-
1200	Other receivables	7	4,762	-	11,957	-
130X	Inventories	6(5)	382,563	10	519,208	15
1410	Prepayments	7	37,805	1	40,657	1
1470	Other current assets	6(6)	41,679	1	35,066	-
11XX	Total current assets		2,549,363	70	2,291,495	65
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - Non-current	6(3)	86,460	2	64,810	2
1535	Financial assets at amortized cost - Non-current	6(2) and 8	-	-	92,130	3
1600	Property, plant and equipment	6(7) and 7	730,356	20	806,806	23
1755	Right-of-use assets	6(8)	212,561	6	173,468	5
1780	Intangible assets	6(9)	2,232	-	3,674	-
1840	Deferred tax assets	6(25)	42,025	1	43,933	1
1900	Other non-current assets		33,347	1	47,795	1
15XX	Total non-current assets		1,106,981	30	1,232,616	35
1XXX	Total assets		\$ 3,656,344	100	\$ 3,524,111	100

(Continued on next page)

IKKA Holdings (Cayman) Limited and Subsidiaries  
Consolidated Balance Sheet  
As of December 31, 2023; December 31, 2022

Unit: NTD thousand

Liabilities and Equity			Note	December 31, 2023		December 31, 2022				
				Amount	%	Amount	%			
Current liabilities										
2100	Short-term loans	6(10)	\$	337,450	9	\$	201,667	6		
2130	Contract liabilities - current	6(19)		2,982	-		2,164	-		
2150	Notes payable			136,053	4		109,606	3		
2170	Accounts payable			424,816	12		389,319	11		
2180	Accounts payable — related parties	7		15,168	-		24,892	1		
2200	Other payables	6(11)		322,241	9		284,511	8		
2220	Other payables – related parties	7		1,842	-		33,429	1		
2230	Income tax liabilities in this period			78,985	2		62,559	2		
2280	Lease liabilities - current			51,640	1		46,222	1		
2320	Long-term liabilities due within one year or one operating cycle	6(12)		52,104	2		58,144	2		
2399	Other current liabilities - other			12,713	-		17,745	-		
21XX	Total current liabilities			1,435,994	39		1,230,258	35		
Non-current liabilities										
2540	Long-term loans	6(12)		212,699	6		324,854	9		
2570	Deferred tax liabilities	6(25)		19,930	-		18,908	-		
2580	Lease liabilities - non-current			134,922	4		98,304	3		
2600	Other non-current liabilities	6(13)		187,499	5		206,365	6		
25XX	Total non-current liabilities			555,050	15		648,431	18		
2XXX	Total liabilities			1,991,044	54		1,878,689	53		
Equity attributable to owners of the parent company										
	Share capital	6(15)								
3110	Ordinary share capital			294,524	8		292,414	8		
	Capital surplus	6(16)								
3200	Capital surplus			802,772	22		795,054	23		
	Legal reserve	6(17)								
3320	Special reserve			65,313	2		80,963	2		
3350	Undistributed earnings			598,910	16		543,150	16		
	Other equity									
3400	Other equity		(	96,219	) (	2)	(	65,313)	(	2)
3500	Treasury shares	6(15)		-	-	(	846)	-		
31XX	Total equity attributable to owners of the parent company			1,665,300	46		1,645,422	47		
3XXX	Total equity			1,665,300	46		1,645,422	47		
	Material Contingent Liabilities and Unrecognized Contractual Commitments	9								
	Material Subsequent Events	11								
3X2X	Total liabilities and equity		\$	3,656,344	100	\$	3,524,111	100	\$	

The notes attached are part of the Consolidated Financial Statements and shall be read together.

Chairman : Shiang-Chi Hu

Manager : Masami Obara

Chief Accounting Officer : Yen-Shou Chiang

IKKA Holdings (Cayman) Limited and Subsidiaries  
Consolidated Statement of Comprehensive Income  
For the Years Ended December 31, 2023 and December 31, 2022

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

Item	Note	2023		2022	
		Amount	%	Amount	%
4000 Operating revenue	6(19) and 7	\$ 3,645,414	100	\$ 3,618,633	100
5000 Operating cost	6(5)(24) and 7	( 2,975,179)	( 82)	( 3,011,565)	( 83)
5900 Gross profit		670,235	18	607,068	17
Operating expense	6(24) and 7				
6100 Selling expense		( 115,509)	( 3)	( 115,120)	( 4)
6200 Administrative expenses		( 333,819)	( 9)	( 330,763)	( 9)
6300 Research and development expenses		( 42,930)	( 1)	( 41,623)	( 1)
6450 Expected credit impairment losses	12	173	-	748	-
6000 Total operating expenses		( 492,085)	( 13)	( 486,758)	( 14)
6900 Operating income		178,150	5	120,310	3
Non-operating income and expenses					
7100 Interest income	6(20)	5,599	-	3,082	-
7010 Other income	6(21)	3,435	-	3,004	-
7020 Other gains and losses	6(22)	29,608	1	75,275	2
7050 Financial costs	6(23)	( 13,234)	1	( 8,585)	-
7000 Total non-operating income and expenses		25,408	-	72,776	2
7900 Net income before tax		203,558	5	193,086	5
7950 Income tax expense	6(25)	( 84,396)	( 2)	( 74,743)	( 2)
8200 Net income for this period		\$ 119,162	3	\$ 118,343	3

(Continued on next page)



IKKA Holdings (Cayman) Limited and Subsidiaries  
Consolidated Statement of Comprehensive Income  
For the Years Ended December 31, 2023 and December 31, 2022

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

Item		Note	2023		2022			
			Amount	%	Amount	%		
<b>Other comprehensive income</b>								
<b>Items not reclassified to profit or loss:</b>								
8311	Remeasurement of defined benefit plans		\$	9,406	-	\$	6,904	1
8316	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	6(3)		19,109	1		2,690	-
8349	Income tax related to items not reclassified	6(25)	(	1,022	-		1,307	-
8310	Total amount of items not reclassified to profit or loss			27,493	1		10,901	1
<b>Items that may subsequently be reclassified to profit or loss</b>								
8361	Exchange differences on translation of the financial statements of foreign operations		(	48,993	1		44,183	1
8360	Total amount of items that may subsequently be reclassified to profit or loss		(	48,993	1		44,183	1
8300	<b>Other comprehensive income, net</b>		(\$	21,500	-	\$	55,084	2
8500	<b>Total comprehensive income for this period</b>		\$	97,662	3	\$	173,427	5
Net income (loss) attributable to:								
8610	Owners of the parent		\$	119,162	3	\$	97,767	3
8615	Interests attributable to former owner of business combination under common control			-	-		14,403	-
8620	Non-controlling interests			-	-		6,173	-
			\$	119,162	3	\$	118,343	3
Total comprehensive income attributable to:								
8710	Owners of the parent		\$	97,662	3	\$	158,833	5
8715	Interests attributable to former owner of business combination			-	-		10,216	

The notes attached are part of the Consolidated Financial Statements and shall be read together.

Chairman : Shiang-Chi Hu

Manager : Masami Obara

Chief Accounting Officer : Yen-Shou Chiang

IKKA Holdings (Cayman) Limited and Subsidiaries  
Consolidated Statement of Comprehensive Income  
For the Years Ended December 31, 2023 and December 31, 2022

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

	under common control				
8720	Non-controlling interests		-	-	4,378
			\$ 97,662	3	\$ 173,427
					5
	Basic earnings per share	6(28)			
9750	Basic earnings per share		\$ 4.07	\$ 3.84	
	Diluted earnings per share	6(28)			
9850	Diluted earnings per share		\$ 3.99	\$ 3.76	

The notes attached are part of the Consolidated Financial Statements and shall be read together.

Chairman : Shiang-Chi Hu

Manager : Masami Obara

Chief Accounting Officer : Yen-Shou Chiang

IKKA Holdings (Cayman) Limited and Subsidiaries  
Consolidated Statement of Changes in Equity  
For the Years Ended December 31, 2023, and December 31, 2022

Unit : NTD thousand

Equity attributable to owners of the parent													
	Note	Capital reserve		Retained earnings		Other equity				Equity attributable to former owner of business combination under common control	Non-controlling interests	Total equity	
		Ordinary share capital	Share premium	Employee stock options	Special reserve	Undistributed earnings	Exchange differences on translation of the financial statements of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Treasury shares				Total
<u>2022</u>													
Balance as of January 1, 2022		\$270,000	\$667,612	\$11,026	\$19,373	\$587,816	( \$90,190 )	\$9,227	\$-	\$1,474,864	\$127,450	\$54,621	\$1,656,935
Adjusted balance as of January 1, 2022		270,000	667,612	11,026	19,373	587,816	( 90,190 )	9,227	-	1,474,864	127,450	54,621	1,656,935
Net income for this period		-	-	-	-	97,767	-	-	-	97,767	14,403	6,173	118,343
Other comprehensive income for this period		-	-	-	-	6,904	50,165	3,997	-	61,066	( 4,187 )	( 1,795 )	55,084
Total comprehensive income for this period		-	-	-	-	104,671	50,165	3,997	-	158,833	10,216	4,378	173,427
2021 earnings allocation and distribution:	6(17)												
Allocation for special reserve		-	-	-	61,590	( 61,590 )	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	( 87,000 )	-	-	-	( 87,000 )	-	-	( 87,000 )
Purchase of treasury share		-	-	-	-	-	-	-	( 846 )	( 846 )	-	-	( 846 )
Share-based payment-employee stock options	6(14)	1,360	3,794	5,022	-	( 747 )	-	-	-	9,429	-	-	9,429
Reorganization	6(15) (27)	17,167	95,716	-	-	-	( 26,958 )	-	-	85,925	( 137,666 )	-	( 51,741 )
Capital surplus-difference between actual Acquisition of ownership interests in subsidiaries price and book value	6(15) (18) (26)	3,887	11,884	-	-	-	( 11,554 )	-	-	4,217	-	( 58,999 )	( 54,782 )
Balance as of December 31, 2022		\$292,414	\$779,006	\$16,048	\$80,963	\$543,150	( \$78,537 )	\$13,224	\$846	\$1,645,422	\$-	\$-	\$1,645,422
<u>2023</u>													
Balance as of January 1, 2023		\$292,414	\$779,006	\$16,048	\$80,963	\$543,150	( \$78,537 )	\$13,224	\$846	\$1,645,422	\$-	\$-	\$1,645,422
Net income for this period		-	-	-	-	119,162	-	-	-	119,162	-	-	119,162
Other comprehensive income for this period		-	-	-	-	9,406	( 48,993 )	18,087	-	( 21,500 )	-	-	( 21,500 )
Total comprehensive income for this period		-	-	-	-	128,568	( 48,993 )	18,087	-	97,662	-	-	97,662
2022 earnings allocation and distribution:	6(17)												
Special reserve		-	-	-	( 15,650 )	15,650	-	-	-	-	-	-	-

The notes attached are part of the Consolidated Financial Statements and shall be read together.

Chairman : Shiang-Chi Hu

Manager : Masami Obara

Chief Accounting Officer : Yen-Shou Chiang

IKKA Holdings (Cayman) Limited and Subsidiaries  
Consolidated Statement of Changes in Equity  
For the Years Ended December 31, 2023, and December 31, 2022

Unit : NTD thousand

Equity attributable to owners of the parent												
Note	Capital reserve			Retained earnings		Other equity			Total	Equity attributable to former owner of business combination under common control	Non-controlling interests	Total equity
	Ordinary share capital	Share premium	Employee stock options	Special reserve	Undistributed earnings	Exchange differences on translation of the financial statements of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Treasury shares				
Cash dividends	-	-	-	-	( 87,757 )	-	-	-	( 87,757 )	-	-	( 87,757 )
Cancellation of treasury share 6(15)	( 120 )	( 320 )	-	-	( 406 )	-	-	846	-	-	-	-
Share-based payment-employee stock options 6(14)	2,230	6,052	1,986	-	( 295 )	-	-	-	9,973	-	-	9,973
Balance as of December 31, 2023	<u>\$294,524</u>	<u>\$784,738</u>	<u>\$18,034</u>	<u>\$65,313</u>	<u>\$598,910</u>	<u>( \$127,530 )</u>	<u>\$31,311</u>	<u>\$-</u>	<u>\$1,665,300</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,665,300</u>

The notes attached are part of the Consolidated Financial Statements and shall be read together.

Chairman : Shiang-Chi Hu

Manager : Masami Obara

Chief Accounting Officer : Yen-Shou Chiang

IKKA Holdings (Cayman) Limited and Subsidiaries  
Consolidated Statement of Cash Flows  
For the Years Ended December 31, 2023 and December 31, 2022

Unit : NTD thousand

	Note	For the Year Ended December 31, 2023	For the Years Ended December 31, 2022
<u>Cash flow from operating activities</u>			
Net income before tax in this period		\$ 203,558	\$ 193,086
Adjustments			
Income and expenses			
Depreciation expense	6(7)(24)	127,926	144,815
Depreciation expense (including right-of-use assets)	6(8)(24)	52,171	34,843
Amortization expense	6(9)(24)	1,469	1,920
Expected credit impairment losses	12(2)	( 173 )	( 748 )
Interest income	6(23)	7,530	5,499
Interest income (lease and lending liabilities)	6(23)	5,704	3,086
Interest income	6(20)	( 5,599 )	( 3,082 )
Dividend income	6(21)	( 500 )	-
Share-based payment for labor costs	6(14)	1,692	4,275
Loss (gain) on disposal of property, plant and equipment	6(22)	2,445	( 1,262 )
Lease modification gain	6(8)	( 1,212 )	( 8 )
Impairment loss	6(22)	4,351	-
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Notes receivable		( 2,942 )	1,026
Accounts receivable (including related parties)		( 88,517 )	57,301
Other receivables		10,360	( 6,162 )
Inventories		113,275	57,947
Prepayments		857	774
Other current assets		( 6,613 )	( 34,458 )
Other non-current assets		433	( 8,426 )
Net changes in liabilities related to operating activities			
Contract liabilities		818	( 2,982 )
Notes payable		26,447	( 12,985 )
Accounts payable (including related parties)		24,971	( 77,347 )
Other payables		30,649	( 47,001 )
Other current liabilities		( 5,032 )	5,915
Other non-current liabilities		1,552	15,673

IKKA Holdings (Cayman) Limited and Subsidiaries  
Consolidated Statement of Cash Flows  
For the Years Ended December 31, 2023 and December 31, 2022

Unit : NTD thousand

	<u>Note</u>	<u>For the Year Ended December 31, 2023</u>	<u>For the Years Ended December 31, 2022</u>
Cash inflow from operations		505,620	331,699
Interest collected		5,599	3,082
Dividends received		500	-
Interest paid	6(29)	( 13,294 )	( 9,741 )
Income tax paid		( 61,167 )	( 123,595 )
Net cash inflow from operating activities		<u>437,258</u>	<u>201,445</u>

(Continued on next page)

IKKA Holdings (Cayman) Limited and Subsidiaries  
Consolidated Statement of Cash Flows  
For the Years Ended December 31, 2023 and December 31, 2022

Unit : NTD thousand

	Note	For the Year Ended December 31, 2023	For the Years Ended December 31, 2022
<u>Cash flow from investing activities</u>			
Acquisition of financial assets at fair value through other comprehensive income		( \$ 3,071 )	( \$ 39,666 )
Acquisition of financial Assets Measured at Amortized Cost		( 32,181 )	( 25,455 )
Disposal of financial Assets Measured at Amortized Cost – Non-current		93,094	47,687
Real property, plant and equipment acquired	6(29)	( 70,895 )	( 128,308 )
Intangible assets acquired	6(9)	( 176 )	( 280 )
Real property, plant and equipment disposed of		711	2,066
Increase in refundable deposits		( 2,231 )	( 625 )
Increase in prepayments for equipment		( 2,312 )	( 19,671 )
Acquisition of subsidiary shares		-	( 106,523 )
Net cash outflow from investing activities		( 17,061 )	( 270,775 )
<u>Cash flow from financing activities</u>			
Decrease in short-term loans	6(30)	151,701	-
Long-term loans	6(30)	-	85,884
Repayment of long-term loans	6(30)	( 94,165 )	( 156,382 )
Other payables- decrease to related parties		( 30,678 )	-
Increase (decrease) in refundable deposits		5	47
Cash dividends paid out	6(17)	( 87,757 )	( 87,000 )
Repayment of lease principal	6(8)	( 48,859 )	( 32,337 )
Employee stock options exercised	6(14)	8,282	5,154
Treasury shares buyback	6(15)	-	( 846 )
Net cash inflow (outflow) from financing activities		( 101,471 )	( 185,480 )
Effect of exchange rate changes		( 56,191 )	793
Increase in cash and cash equivalents for this period		262,535	( 254,017 )
Opening balance of cash and cash equivalents		741,453	995,470
Ending balance of cash and cash equivalents		\$ 1,003,988	\$ 741,453

The notes attached are part of the Consolidated Financial Statements and shall be read together.

Chairman : Shiang-Chi Hu

Manager : Masami Obara

Chief Accounting Officer : Yen-Shou Chiang

IKKA Holdings (Cayman) Limited and Subsidiaries  
Notes to Consolidated Financial Statements  
For the Years Ended December 31, 2023, and December 31, 2022

Unit: NTD thousand  
(except otherwise specified)

**I. Company History**

IKKA Holdings (Cayman) Limited (hereinafter referred to as the “Company”) was incorporated in April 2016 in the Cayman Islands with its registered office at P.O. Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands, and was restructured in January 2020. The Company and its subsidiaries (the “Group”) mainly engage in the export, import, manufacturing, and sale of precision plastic injection molding parts and products; production of mold sets; manufacturing of molds, machinery and precision ceramics injecting molding parts. Abico International Co., Ltd. (hereinafter referred to as “Jabon”) is the parent of the Group and holds 37 % of the Company. Abico Avy Co., Ltd. (hereinafter referred to as “Abico”), formerly known as Avy Precision Technology Co., Ltd. in Chinese, is the 100% parent holding Jabon. Abico is the ultimate parent company of the Group.

**II. Date and Procedures of Approval of the Financial Reports**

The consolidated financial statements were approved and announced by the Board of Directors on March 12, 2024.

**III. Implementation of New Standards, Amendments, and Interpretations**

**(I) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)**

The table below lists the new, revised, and amended standards and interpretations of the IFRSs endorsed by the FSC with effect from 2023:

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective date by IAS Board</u>
Amendments to IAS No.1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS No.8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS No.12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023
Amendment to IAS No. 12 " International Tax Reform—Pillar Two Model Rules"	May 23, 2023

The above standards and interpretations have no significant impact to the Group’s financial



condition and financial performance based on the Group's assessment.

(II) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

The table below lists the new, revised, and amended standards and interpretations of the IFRSs endorsed by the FSC with effect from 2024:

New/Revised/Amended Standards and Interpretations	Effective date by IAS Board
Amendments to IFRS 16 "Lease Liabilities in Sale and Leaseback Transactions"	January 1, 2024
Amendments to IAS No.1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS No.1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024

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

(III) IFRSs issued by IASB but not yet endorsed by the FSC

The table below lists the new, revised, and amended standards and interpretations of the IFRSs, released by the IASB but not yet endorsed by the FSC:

New/Revised/Amended Standards and Interpretations	Effective date by IAS Board
Amendments to IFRS 10 and IAS 28 "Asset Sale or Contribution between Investors and Associate or Joint Ventures"	To be determined by IAS Board
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of International Financial Reporting Standards 17 & 9 — Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

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

#### IV. Summary of Key Accounting Policies

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

otherwise stated.

(I) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, IAS, IFRIC Interpretations, and SIC Interpretations as endorsed and promulgated by the FSC (collectively referred herein as the “IFRSs”).

(II) Basis of preparation

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

(III) Basis for consolidation

- 1.Principles for preparation of consolidated financial statements
  - (1) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
  - (2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- 2.Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business category	Shareholding (%)		Description
			December 31, 2023	December 31, 2022	
The Company	Daiichikasei Co., Ltd. (Daiichikasei)	Manufacturing of precision plastic injection molding parts and molds, molds and machinery, and precision ceramics molding parts.	100.00	100.00	
The Company	Sol-Plus (HK) Co., Limited (Sol-Plus HK)	investment	100.00	100.00	Note 1, 2
Daiichikasei Co., Ltd.	M. A. C. Technology (Malaysia) Sdn. Bhd. (M. A. C. Technology)	Assembly, manufacturing of CD and CD ROM, computer printers, precision ceramics and molds for electronic and machinery use, and plastic injection components for electronic and camera industries.	100.00	100.00	
Daiichikasei Co., Ltd.	IKKA (Vietnam) Co., Ltd. (IKKA Vietnam)	Production, operation, and processing of automobiles and common plastic and metal parts for office equipment	100.00	100.00	
Daiichikasei Co., Ltd.	IKKA (Hong Kong) Co., Ltd. (IKKA HK)	Investment and trade	100.00	100.00	
IKKA (Hong Kong) Co., Ltd.	Dongguan Yihua Precision Zhusu Mold Limited Company (Dongguan Yihua Precision Zhusu Mold Limited Company) (Dongguan Yihua)	Production and sale of precise plastic accessories, hardware accessories, bearings, and molds	100.00	100.00	
Sol-Plus (HK) Co., Limited (Sol-Plus HK)	Sol-Plus Co., Ltd. (Sol-Plus JP)	Manufacturing and sale of plastic products and molds	100.00	100.00	Note 1, 2

Name of investor	Name of subsidiary	Business category	Shareholding (%)		Description
			December 31, 2023	December 31, 2022	
Sol-Plus Co., Ltd. (Sol-Plus JP)	Hiraiseimitsu (Thailand) Co., Ltd. (Hiraiseimitsu)	Manufacturing and sale of plastic products and molds	100.00	100.00	Note 1, 2

Note 1: To integrate vertically the up- and downstream sectors of the Group to increase competitiveness, the Company on June 30, 2022, with the approval of the resolutions of the board acquired 70% of equity in Sol-Plus (HK) Co., Limited with purchase from related parties, Gold Market Investments Limited and Ability I Venture Capital Corporation and subscription of new shares. This transaction is considered a restructuring of an entity under common control, so Sol-Plus (HK) Co., Limited will be factored in the consolidated financial statements of the Group going forward.

Note 2: As approved by the resolutions of the board, the Company acquired 30% of equity in Sol-Plus (HK) Co., Limited on June 30, 2022, with US\$1,800,000 share purchase from related party, Abico Asia Capital Corporation, and subscription of new 389 thousand shares. The Company holds 100% equity in Sol-Plus (HK) Co., Limited on top of the 70% that it also acquired as explained in Note 1 above.

3. Subsidiaries not included in the consolidated financial statements: None.
4. Adjustment and treatment methods of subsidiaries' different accounting periods: None
5. Major restrictions: None.
6. Subsidiaries with non-controlling interests that are material to the Group: None.

#### (IV) Foreign currency exchange

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

##### 1. Foreign currency transactions and balances

- (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (2) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences

arising upon re-translation at the balance sheet date are recognized in profit or loss.

- (3) Non-monetary assets and liabilities denominated in foreign currencies held in assets and liabilities are re-translated using the exchange rates prevailing at the dates of the transactions. For balances denominated in fair value, the re-translation is also based on the exchange rates prevailing at the dates of the transactions. Balances denominated in other comprehensive income liabilities follow the same process. Balances denominated in assets and liabilities are re-translated at the exchange rates prevailing at the dates of the transactions. For balances that are not denominated in fair value, re-translated is done using the historical exchange rates at the dates of the initial transactions.
- (4) All foreign exchange gains and losses are presented in the statement of comprehensive income within “other gains and losses”.

## 2. Translation of foreign operations

The results of operations and financial position of all Group entities with a functional currency different from the presentation currency are converted into the presentation currency in the following manner:

- (1) Assets and liabilities expressed in each balance sheet are converted at the closing rate at the date of the balance sheet.
- (2) Income and expenses expressed in each consolidated statement of income are converted at average exchange rates for the period; and
- (3) All exchange differences arising from the translation are recognized in other comprehensive income.

## (V) Classification of assets and liabilities as current or noncurrent

### 1. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (1) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (2) Assets held mainly for trading purposes;
- (3) Assets that are expected to be realised within twelve months from the balance sheet date;
- (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

### 2. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

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

- (2) Liabilities arising mainly from trading activities;
- (3) Liabilities that are to be settled within twelve months from the balance sheet date;
- (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

(VI) Cash equivalents

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

(VII) Financial assets at fair value through other comprehensive income or loss

- 1. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
- 2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- 3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(VIII) Financial assets at amortized cost.

- 1. Financial assets at amortized cost are those that meet all of the following criteria:
  - (1) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (2) The assets' contractual cash flows represent solely payments of principal and interest.
- 2. The Group adopts trade date accounting for financial assets measured at amortized cost in compliance with transaction practices.
- 3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is

derecognized or impaired.

4. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(IX) Accounts and notes receivable

1. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.
3. The Group's business model for the sale of accounts receivable aims to achieve its objective through both collecting contractual cash flows and selling these assets. When accounted for at fair value, any changes are recognized as other comprehensive income.

(X) Impairment of financial assets

At each balance sheet date, the Group measures financial assets at amortized cost, after taking into account all reasonable and supportable information (including forward-looking statements), if the Group's exposure to credit risk has not increased significantly since the initial recognition of the financial assets, the allowance for losses is measured by the amount of expected credit losses for the 12-month period. If the credit risk has increased significantly since the initial recognition, the allowance for losses is measured by the amount of expected credit losses for the remaining period. For accounts receivable that do not contain significant financial components, the allowance for losses is measured at the amount of expected credit losses over the remaining period.

(XI) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

1. The contractual rights to receive the cash flows from the financial asset expire.
2. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
3. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(XII) Leasing arrangements (lessor)- operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(XIII) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the

weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs, and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item-by-item approach is used in applying the lower cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(XIV) Property, plant, and equipment

1. Property, plant, and equipment are initially recorded at cost.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as proper, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other properties, plants, and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. The assets' residual values, useful lives, and depreciation methods are reviewed, and adjusted if proper, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the asset's future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors," from the date of the change. The estimated useful lives of property, plant, and equipment are as follows:

Building and structures	7~65 years
Machinery and equipment	2~10 years
Transportation equipment	2~10 years
Office equipment	2~ 5 years
Other equipment	2~20 years

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

1. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
2. Lease liabilities include the net present value of the remaining lease payments at the



commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

3. Right-of-use assets are recognized at cost at the inception date of the lease. The cost is the original measurement of the lease liability, and subsequently measured using the cost model, depreciation expense is recognized over the earlier of the useful life of the right-of-use asset or the lease term. When a lease liability is reassessed, the right-of-use asset adjusts any remeasurement of the lease liability.
4. For lease modifications that reduce the scope of the lease, the lessee reduces the carrying amount of the right-of-use asset to reflect partial or full termination of the lease and recognizes the difference between that amount and the amount by which the lease liability is remeasured in profit or loss.

(XVI) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

(XVII) Impairment of non-financial assets

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

(XVIII) Loans

Loans comprise long-term and short-term bank loans. Loans are recognized initially at fair value, net of transaction costs incurred. Loans are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the loans using the effective interest method.

(XIX) Notes and accounts payable

1. Accounts payable are liabilities for purchases of raw materials, goods, or services, and

notes payable are those resulting from operating and non-operating activities.

2. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XX) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged, canceled, or expires.

(XXI) Employee benefits

1. Short-term employee benefits

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

2. Pension

(1) Defined Contribution Plans

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

(2) Defined benefit plans

- A. The net obligation under a defined benefit plan is calculated by discounting the amount of future benefits earned by employees for current or past service and reducing the fair value of plan assets by the present value of the defined benefit obligation at the balance sheet date. The net defined benefit obligation is calculated annually by an actuary using the projected unit credit method. The discount rate is determined by reference to the market yield rate of high-quality corporate bonds at the balance sheet date that corresponds to the currency and period of the defined benefit plan, or, in countries where there is no deep market for high-quality corporate bonds, by using the market yield rate of government bonds (at the balance sheet date).

B. Remeasurements arising on

benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

3. Employee and Director Compensation

Employee compensation and directors' compensation are recognized as expenses and liabilities when there is a legal or constructive obligation, and the amount can be reasonably estimated. If the actual amount of allotment differs from the estimated amount, the difference is recognized as a change in the accounting estimate.

(XXII) Employee share-based payments

Equity-settled share-based payment agreements are recognized as compensation costs over the vesting period for employee services rendered, measured at the fair value of the equity instruments granted on the date of grant, with a corresponding adjustment to equity. The fair value of equity instruments should reflect the effects of both vested and nonvested market conditions. Recognized compensation cost is adjusted in anticipation of the number of awards that will qualify for service conditions and non-market vesting conditions until the final amount recognized is based on the vested amount at the vesting date.

(XXIII) Income taxes

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where proper based on the amounts expected to be paid to the tax authorities.
3. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
4. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
5. Current income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and when there is an intention to settle on a net basis or to realize assets and liabilities simultaneously. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and when the deferred income tax assets and liabilities arise from the same taxpayer, or from different taxpayers, but each intends to settle on a net basis, or to realize assets and liabilities simultaneously.

(XXIV) Share capital

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

(XXV) Dividend Distribution

Dividends distributed to the Company's shareholders are recognized in the financial statements when the Company's shareholders meeting resolves to distribute the dividends, and the distribution of cash dividends is recognized as a liability.

(XXVI) Organizational restructuring under common control

1. For intra-group reorganization, according to the IFRS question and answer set "Doubts about the Treatment of Business Combinations under Common Control" issued by the Accounting Research and Development Foundation of the ROC on January 8, 2002, and that IFRS 3, "Business Combinations" does not have specific provisions for business combinations (or reorganizations) of individuals under common control, so the provisions of the relevant explanatory letter issued by the ROC are still applicable.
2. If the acquisition of a subsidiary by the Group is an intra-group reorganization, in accordance with the provisions of the Accounting Research and Development Foundation of the ROC (100) Ji Mi Zhi No. 390 and other relevant letters and orders, it should be recorded at the carrying amount of the Group's equity-method investment in the subsidiary (after evaluating the impairment loss), and the difference between the amount and the transaction price should be adjusted to "capital surplus - premium on capital stock," or, if the difference is insufficient to offset the difference, to "retained earnings." The Group continues to properly deal with the difference between the cost of the investment and the net equity value of the original investment and should treat it as a merger from the beginning and retrospectively restate the prior period's financial statements in accordance with explanation letter Ji Mi Zhi No. 301 (101). Therefore, the Group treats this subsidiary as if it were a merged company from the beginning and retrospectively restated its financial statements of the prior years, and attributes the equity interests held by the original parent

company to "foregone profit or loss under common control" for the preparation of the consolidated statement of assets and liabilities; and the income and losses recognized by the original parent company to "foregone profit or loss under common control (loss)" for the preparation of the consolidated statement of income and liabilities.

(XXVII) Revenue recognition

1. The Group recognizes revenue from sales of goods when control of the product is transferred to the customer, i.e., when the product is delivered to the customer. Product delivery occurs when the customer accepts the product in accordance with the sales contract or when there is objective evidence that all acceptance criteria have been met.
2. Revenue from sales of products is recognized at the contract price. The payment terms of sales transactions are usually due 30 to 90 days after the date of shipment. The Group does not adjust the transaction price to reflect the time value of currency because there is no time interval of more than one year between the transfer of the promised products and the customer's payment.
3. Account receivables are recognized when the products are delivered to the customers because the Group has unconditional rights to the contract price from that point onwards, and only needs time to pass to receive the consideration from the customers.

(XXVIII) Government grants

Government grants are recognized at fair value when there is reasonable assurance that the enterprise will comply with the conditions attached to the government grant, and the grant will be received. Government grants are recognized in profit or loss systematically over the period in which relevant expenses are incurred if the nature of the grant is to compensate for expenses incurred by the Group.

(XXIX) Operating departments

Operating departments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing the performance of the operating departments. The chief operating decision maker of the Group has been identified as the Board of Directors.

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

During the preparation of the consolidated financial statements, the management has exercised its judgments to adopt the accounting policies to be used and made accounting estimates and assumptions based on reasonable expectations of future events with reference to the circumstances at the balance sheet date. If there is any difference between any critical accounting estimates and assumption made and actual results, assessment and adjustment will be conducted continuously by

taking into account the historical experience and other factors. Such assumptions and estimates have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year. Please refer to the description of the uncertainties of critical accounting judgments, assumptions, and estimation uncertainty below:

(I) Critical judgments for accounting policies

None

(II) Major accounting estimates and assumptions

Inventory valuation

The Group should exercise judgment and carry out estimation to determine the net realizable value of inventory at the balance sheet date as inventory should be measured at the lower of cost or net realizable value. Due to rapid changes in technology, the Group recognizes a loss at a net realizable value after assessing the amount of the inventory worn and torn normally, obsolete, or damaged on the balance sheet date, as well as the market sales value. This inventory valuation is conducted mainly based on the estimated product demand over a specific period in the future, so there may be significant changes.

As of December 31, 2023, the carrying amount of the Group's inventories was \$382,563

VI. Item Description of Significant Accounts

(I) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ 1,197	\$ 1,388
Checks and demand deposits	972,083	740,115
Time deposits (a duration of less than three months)	30,708	-
	\$ 1,003,988	\$ 741,453

1. The financial institutions the Group deals with have high credit ratings. The Group also deals with various financial institutions at the same time to diversify credit risks. Therefore, the expected risk of default is rather low. Thus, the Group measures an allowance for loss based on the 12-month expected credit losses. The Group did not set aside an allowance for losses for December 31, 2023, December 31, 2022.
2. The Group's time deposits pledged as collateral assets have been reclassified to "Current financial assets at amortized cost" and "Non-Current financial assets at amortized cost," please refer to Note 8 for details.

(II) Financial assets at amortized cost

Item	December 31, 2023	December 31, 2022
Current items:		
Time deposits (a duration of more than three months)	<u>\$ 59,085</u>	<u>\$ 28,466</u>
Non-current items:		
Time deposits (a duration of more than three months)	<u>\$ -</u>	<u>\$ 92,130</u>

1. The details of financial assets measured at amortized cost and recognized in profit or loss are as follows

	2023	2022
Interest	<u>\$ 2,178</u>	<u>\$ 1,018</u>

2. As of December 31, 2023, December 31, 2022, regardless of the collateral held and other credit enhancements, the maximum amounts of the exposure to the credit risk arising from the Group's financial assets at amortized cost are their carrying amounts.
3. Please refer to Note 8 for details of the financial assets at amortized cost pledged by the Group.
4. The financial institutions the Group deals with have high credit ratings. Therefore, the expected risk of default is rather low. Please refer to Note 12 (2) for details of the related credit risk of financial assets measured at amortized cost.

(III) Financial assets at fair value through profit or loss

Item	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
TWSE/TPEX listed stocks:	\$ 9,113	\$ 9,572
non-TWSE/TPEX listed stocks:	39,500	39,500
Unlisted, OTC, emerging stocks	<u>3,000</u>	<u>-</u>
	51,613	49,072
Adjust for change:	<u>34,847</u>	<u>15,738</u>
	<u>\$ 86,460</u>	<u>\$ 64,810</u>

1. The Group has chosen to classify equity investments, which are strategic investments, as financial assets at fair value through other comprehensive income, with fair values of \$86,460,

and \$64,810 as of December 31, 2023, December 31, 2022, respectively.

- The details of financial assets at fair value through other comprehensive income recognized in profit or loss and other comprehensive income are as follows:

	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Movement in fair value recognized in other comprehensive income (loss)	<u>\$19,109</u>	<u>\$2,690</u>

- As of December 31, 2023, December 31, 2022, regardless of the collateral held and other credit enhancements, the maximum amounts of the exposure to the credit risk arising from the Group's financial assets at fair value through other comprehensive income are their carrying amounts.
- The Group did not pledge financial assets at fair value through other comprehensive income.
- Please refer to Notes 12(2) for more information on the price risk and fair value of financial assets at fair value through other comprehensive income.

(IV) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 25,407	\$ 22,465
Accounts receivable	\$ 987,367	\$ 889,817
Allowance for losses- accounts receivable	( 530)	( 716)
	<u>\$ 986,837</u>	<u>\$ 889,101</u>
Accounts receivable - related parties	<u>\$ 7,237</u>	<u>\$ 3,122</u>

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

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 983,676	\$ 25,407	\$ 885,243	\$ 22,465
1-90 days	9,457	-	7,631	-
90-180 days	1,471	-	65	-
	<u>\$ 994,604</u>	<u>\$ 25,407</u>	<u>\$ 92,939</u>	<u>\$ 22,465</u>



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

2. As of December 31, 2023, and December 31, 2022, all balances of accounts receivable and notes receivable originated from contracts with customers. Furthermore, as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$942,999.
3. The Group did not pledge notes and accounts receivable.
4. As of December 31, 2023, December 31, 2022, regardless of the collateral held and other credit enhancements, the maximum amounts of the exposure to the credit risk arising from the Group's notes and accounts receivable are their carrying amounts.
5. DaiichiKasei and IKKA, subsidiaries of the Group, have signed accounts receivable factoring contracts with several financial institutions in Japan and the PRC. DaiichiKasei and IKKA, depending on the amount of its working capital, decided to factor the accounts receivable to financial institutions without recourse or not to factor them. The Group's model for managing such receivables is to collect contractual cash flows and sell financial assets, so such accounts receivable are financial assets at fair value through other comprehensive income.
6. The Group plans to factor accounts receivable of \$107,239 and \$ 88,320 on December 31, 2023, December 31, 2022, respectively, which belong to financial assets at fair value through other comprehensive income and are accounted for under accounts receivable.
7. Please refer to Note 12 (2) for the information on the credit risk of accounts and notes receivable.

(V) Inventories

	December 31, 2023		
	Costs	Allowance for valuation losses	Carrying amount
Raw materials	\$ 167,037	(\$ 35,223)	\$ 131,814
Work in progress	154,292	( 7,903)	146,389
Finished goods	117,140	( 19,112)	98,028
Inventories in transit	6,332	-	6,332
	<u>\$ 444,801</u>	<u>(\$ 62,238)</u>	<u>\$ 382,563</u>
	December 31, 2022		
	Costs	Allowance for valuation losses	Carrying amount
Raw materials	\$ 254,567	(\$ 29,606)	\$ 224,961
Work in progress	155,457	( 8,750)	146,707
Finished goods	152,346	( 15,633)	136,713
Inventories in transit	10,827	-	10,827
	<u>\$ 573,197</u>	<u>(\$ 53,989)</u>	<u>\$ 519,208</u>

The Group's inventory cost recognized in expenses in this period:

	2023	2022
Cost of inventory sold	\$ 3,023,158	\$ 3,010,201
Loss from scrapping of inventory	8,718	( 1,769)
Inventory valuation loss	-	21,135
Income from the sale of scraps	( 56,697)	( 18,002)
	<u>\$ 2,975,179</u>	<u>\$ 3,011,565</u>

The Group generated a profit from inventory recovery in 2022 due to inventory turnover.

(VI) Other current assets

Item	December 31, 2023	December 31, 2022
Assets not managed by the principal (Note)	\$ 34,814	\$ 34,850
Other	<u>6,865</u>	<u>216</u>
	<u>\$ 41,679</u>	<u>\$ 35,066</u>

Note: The Group's purchase transaction model with some suppliers involves processing raw materials. Before specific goods are transferred to customers, the Group temporarily holds the assets. As it does not bear the inventory risk or have ownership of the goods, the Group lacks control over them. Therefore, the goods are classified under Other current assets before transfer to customers.

(VII) Property, plant, and equipment

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Others	Total
<u>January 1, 2023</u>							
Costs	\$ 258,615	\$ 1,057,526	\$ 1,830,212	\$ 13,418	\$ 100,447	\$ 382,082	\$ 3,642,300
Accumulated depreciation	<u>-</u>	<u>( 929,520)</u>	<u>( 1,498,689)</u>	<u>( 10,948)</u>	<u>( 100,447)</u>	<u>( 295,890)</u>	<u>( 2,835,494)</u>
	<u>\$ 258,615</u>	<u>\$ 128,006</u>	<u>\$ 331,523</u>	<u>\$ 2,470</u>	<u>\$ -</u>	<u>\$ 86,192</u>	<u>\$ 806,806</u>
<u>2023</u>							
Opening balance	\$ 258,615	\$ 128,006	\$ 331,523	\$ 2,470	\$ -	\$ 86,192	\$ 806,806
Additions	-	4,769	39,997	475	1,135	30,723	77,099
Reclassification		( 2,046)	11,954	-	642	( 1,190)	9,360
Disposal and scrapping		( 2,369)	( 735)	-	( 1)	( 50)	( 3,155)
Depreciation expense		( 13,983)	( 83,280)	( 739)	( 3,407)	( 26,517)	( 127,926)
Impairment loss		-	-	-	-	( 4,378)	( 4,378)
Net exchange difference	<u>( 13,407)</u>	<u>( 3,136)</u>	<u>( 8,813)</u>	<u>( 101)</u>	<u>2,668</u>	<u>( 4,661)</u>	<u>( 27,450)</u>
Ending balance	<u>\$ 245,208</u>	<u>\$ 111,241</u>	<u>\$ 290,646</u>	<u>\$ 2,105</u>	<u>\$ 1,037</u>	<u>\$ 80,119</u>	<u>\$ 730,356</u>
<u>December 31, 2023</u>							
Costs	\$ 245,208	\$ 998,665	\$ 1,780,401	\$ 13,142	\$ 76,309	\$ 398,245	\$ 3,511,970
Accumulated depreciation and impairment	<u>-</u>	<u>( 887,424)</u>	<u>( 1,489,755)</u>	<u>( 11,037)</u>	<u>( 75,272)</u>	<u>( 318,126)</u>	<u>( 2,781,614)</u>
	<u>\$ 245,208</u>	<u>\$ 111,241</u>	<u>\$ 290,646</u>	<u>\$ 2,105</u>	<u>\$ 1,037</u>	<u>\$ 80,119</u>	<u>\$ 730,356</u>

	Land	Buildings and structures	Machinery and equipment	Transportati on equipment	Office equipment	Others	Total
<u>January 1, 2022</u>							
Costs	\$ 260,006	\$1,065,156	\$ 1,735,715	\$ 12,707	\$ 93,051	\$ 373,922	\$ 3,540,017
Accumulated depreciation	-	( 935,795)	(1,394,240)	( 10,153)	( 91,392)	( 283,069)	(2,714,649)
	<u>\$ 260,006</u>	<u>\$ 129,361</u>	<u>\$ 340,935</u>	<u>\$ 2,554</u>	<u>\$ 1,659</u>	<u>\$ 90,853</u>	<u>\$ 825,368</u>
<u>2022</u>							
Opening balance	\$ 260,006	\$ 129,361	\$ 340,935	\$ 2,554	\$ 1,659	\$ 90,853	\$ 825,368
Additions	-	4,948	64,201	742	2,949	58,061	130,901
Reclassification	-	-	5,801	-	200	( 22,947)	( 16,946)
Disposal and scrapping	-	( 6)	( 500)	-	( 222)	( 76)	( 804)
Depreciation expense	-	( 13,299)	( 86,012)	( 896)	( 5,987)	( 38,621)	( 144,815)
Net exchange difference	( 1,391)	7,002	7,098	70	( 1,401)	( 1,078)	13,102
Ending balance	<u>\$ 258,615</u>	<u>\$ 128,006</u>	<u>\$ 331,523</u>	<u>\$ 2,470</u>	<u>\$ -</u>	<u>\$ 86,192</u>	<u>\$ 806,806</u>
<u>December 31, 2022</u>							
Costs	\$ 258,615	\$ 1,057,526	\$ 1,830,212	\$ 13,418	\$ 100,447	\$ 382,082	\$ 3,642,300
Accumulated depreciation and impairment	-	( 929,520)	(1,498,689)	( 10,948)	( 100,447)	( 295,890)	(2,835,494)
	<u>\$ 258,615</u>	<u>\$ 128,006</u>	<u>\$ 331,523</u>	<u>\$ 2,470</u>	<u>\$ -</u>	<u>\$ 86,192</u>	<u>\$ 806,806</u>

Please refer to Note 8 for information on property, plant, and equipment pledged as collateral.

(VIII) Leasing arrangements - lessee

1. The assets leased by the Group are land, buildings, machinery and equipment, transportation equipment, and other equipment, and the lease terms are usually 2–8 years. The lease contract is negotiated individually and contains various terms and conditions, and no other restrictions are imposed except that the assets leased shall not be used as collateral for loans.
2. The lease terms of offices, employee dormitories, car parking spaces and computer software leased by the Group are not more than 12 months, and the computer equipment leased is a low-value asset.
3. The information on the book values of the right-of-use assets and the depreciation expenses recognized is as follows:

	December 31, 2023 Carrying amount	December 31, 2022 Carrying amount
Land	\$ 1 8,217	\$ 18,800
Buildings	180,177	132,347
Machinery and equipment	8,210	16,344
Transportation equipment	4,515	5,851
Office equipment	1,433	-
Other equipment	9	126
	<u>\$ 212,561</u>	<u>\$ 173,468</u>

	2023 Depreciation expense	2022 Depreciation expense
Land	\$ 588	\$ 563
Buildings	42,826	24,393
Machinery and equipment	5,331	6,677
Transportation equipment (business car)	2,882	2,801
Office equipment	432	108
Other equipment	112	301
	<u>\$ 52,171</u>	<u>\$ 34,843</u>

4. The additions of the Group's right-of-use assets in 2023 and 2022 were \$105,031 and \$76,265, respectively.

5. Information on the profit or loss items related to lease contracts is as follows:

	2023	2022
Items that affect current profit or loss		
Interest expense on lease liabilities	\$ 5,704	\$ 3,086
Expenses on short-term lease contracts	4,540	1,473
Expenses on low-value assets leased	1,107	1,205
Lease modification gain	( 1,212)	( 8)

6. The Group's total cash outflows from leases in 2023 and 2022 were \$60,210 and \$38,101, respectively.

(IX) Intangible assets

	Computer software December 31,2023	Computer software December 31,2022
<u>Opening balance</u>	\$ 52,770	\$ 52,710
Costs	( 49,096)	( 47,787)
Accumulated amortization	<u>\$ 3,674</u>	<u>\$ 4,923</u>
Opening balance	\$ 3,674	\$ 4,923
Current purchase	176	280
Reclassification	-	421
Amortization expense	( 1,469)	( 1,920)
Net exchange difference	( 149)	( 30)
	<u>\$ 2,232</u>	<u>\$ 3,674</u>
<u>Ending balance</u>		
Costs	\$ 51,834	\$ 52,770
Accumulated amortization	( 49,602)	( 49,096)
	<u>\$ 2,232</u>	<u>\$ 3,674</u>

(X) Short-term loans

Category of loans	December 31,2023	December 31,2022
Bank loans		
Secured loans		
Bank syndicated loans (Note1)	\$ 120,003	\$ 128,401
Bank Guaranteed loans (Note2)	39,241	14,004
Unsecured loans		
Bank Syndicated loans (Note1)	55,386	59,262
Bank credit loans (Note2)	122,820	-
	<u>\$ 337,450</u>	<u>\$ 201,667</u>

Note 1: The interest rate range for Bank syndicated loans was 1.24% as of December 31, 2023, December 31, 2022, respectively, and the related guarantees are described in Note 8 for details. Under the terms of the loan contracts, for DaiichiKasei's loans, the following conditions should be maintained in the annual financial statements during the contract period:

A. No operating loss for two consecutive years.

B. Net assets should be maintained at 75% or more of the net assets for the two years prior to the signing of the contract or for the most recent year.

The above financial ratios and contracts are reviewed annually.

Note 2: The interest rate range for December 31, 2023, December 31, 2022 is 1.23%~6.44% and 0.85%, respectively.

(XI) Other payables

	December 31, 2023	December 31, 2022
Salary and year-end bonuses payable	\$ 105,489	\$ 90,353
Remuneration payable to employees and directors	18,434	17,654
Pensions Payable	17,553	18,544
Business tax payable	54,391	51,537
freight payable	9,555	9,703
Utilities payable	8,673	9,394
Insurance payable	11,596	10,373
Business facilities payable	15,699	9,495
Interest payable	2,292	2,352
service payment payable	20,467	10,718
Rent payable	203	191
Others	57,889	54,197
	<u>\$ 322,241</u>	<u>\$ 284,511</u>

(XII) Long-term loans

December 31, 2023			
Category of loans	Borrowing period	Interest rate range	Amount
Secured loans			
Bank syndicated loans (note1 )	2021/3/31~2030/3/29	0.61%~0.62%	\$ 139,351
Unsecured loans			
Bank Syndicated loans (note 1)	2021/3/31~2030/3/29	0.61%~0.62%	66,786
Bank credit loans	2020/10/23~2030/9/25	0% before 2024/10, thereafter 2%	21,022
Bank credit loans	2021/3/25~2031/3/20	1.14%	8,694
Bank credit loans	2022/11/22~2025/10/31	0.97%~1.09%	28,950
			<u>264,803</u>
Less:Long-term loans - current portion			<u>( 52,104)</u>
			<u>\$ 212,699</u>
Secured loans			
Bank syndicated loans (note1 )	2021/3/31~2030/3/29	0.61%	\$ 172,962
Bank guaranteed loans	2021//9/17~2024/9/17	1.07%	29,408

Bank guaranteed loans	2022/11/8~2025/11/8	0.65%	29,174
Unsecured loans			
Bank Syndicated loans (note 1)	2021/3/31~2030/3/29	0.62%	82,894
Bank credit loans	2020/10/23~2030/9/25	0% before 2024/10, thereafter 2%	23,340
Bank credit loans	2021/3/25~2031/3/20	1.14%	10,596
Bank credit loans	2022/11/22~2025/10/31	0.90%	34,624
			382,998
Less: Long-term loans - current portion			( 58,144)
			<u>\$ 324,854</u>

Note 1: For DaiichiKasei's loans, under the terms of the loan contracts, the following conditions should be maintained in the annual financial statements during the contract period:

- A. No operating loss for two consecutive years.
- B. Net assets should be maintained at 75% or more of the net assets for the two years prior to the signing of the contract or for the most recent year.

The above financial ratios and agreements are reviewed annually.

Note 2. Please refer to Note 8 for details of the collateral for the above long-term loans.

### (XIII) Pensions

1. (1) The pension costs related to the defined benefit obligations recognized by DaiichiKasei, a subsidiary of the Company, for the fiscal years 2023 and 2022 were based on the actuarially determined pension cost rates as of December 31, 2023, and December 31, 2022, respectively.
- (2) Amounts recognized in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 160,515	\$ 188,028
Fair value of plan asset	( 27,395)	( 30,107)
Net defined benefit liability	<u>\$ 133,120</u>	<u>\$ 157,921</u>

- (3) Amounts recognized in the balance sheet are as follows:

	2023		
	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Balance as at January 1	\$ 188,028	( \$30,107)	\$ 157,921
Current service cost	7,385	-	7,385
Interest (expense) income	<u>1,283</u>	<u>( 288)</u>	<u>995</u>
	<u>196,696</u>	<u>( 30,395)</u>	<u>166,301</u>
Reconsider: Effect of change in financial assumption:	<u>( 10,076)</u>	<u>463</u>	<u>( 9,613)</u>
	<u>( 10,076)</u>	<u>463</u>	<u>( 9,613)</u>
Contribution to pension fund	-	( 1,398)	( 1,398)
Pension paid	( 14,150)	1,965	( 12,185)
Exchange differece	<u>( 11,955)</u>	<u>1,952</u>	<u>( 10,003)</u>
Balance as at December 31	\$ <u>160,515</u>	\$ <u>27,395</u>	\$ <u>133,120</u>

	2022		
	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Balance as at January 1	\$ 211,580	( \$32,131)	\$ 179,449
Current service cost	8,263	-	8,263
Interest (expense) income	<u>734</u>	<u>( 304)</u>	<u>430</u>
	<u>220,577</u>	<u>( 32,435)</u>	<u>188,142</u>
Reconsider: Effect of change in financial assumption:	<u>( 7,119)</u>	<u>215</u>	<u>( 6,904)</u>
	<u>( 7,119)</u>	<u>215</u>	<u>( 6,904)</u>
Contribution to pension fund	-	( 1,398)	( 1,398)
Pension paid	( 18,118)	2,413	( 15,705)
Exchange	<u>7,312)</u>	<u>1,098</u>	<u>( 6,214)</u>



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Balance as at December 31	\$ <u>188,028</u>	\$ <u>30,107</u>	\$ <u>157,921</u>
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(4) The present value of defined benefit obligations of DaiichiKasei's was actuarially determined by a qualified actuary, and the actuarial assumptions related to pension are as follows:

	<u>2023</u>	<u>2022</u>
Discount rate	<u>1.103%</u>	<u>0.735%</u>

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

	<u>Discount rate</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2023	<u>(\$ 4,735)</u>	<u>\$ 149</u>
Effect on the present value of defined benefit obligations		
December 31, 2022	<u>(\$ 2,860)</u>	<u>\$ 2,946</u>
Effect on the present value of defined benefit obligations		

(6) As of December 31, 2023, the weighted average duration of the pension plan is 9.5 years.

2. (1) Sol-Plus Co., Ltd., a subsidiary of the Company, has a defined benefit pension plan under the "Small- and Medium-Sized Enterprise Pension System" The Company contributes monthly to the employees' individual accounts at the financial institutions entrusted by the Company, and each year, the Small and Medium-sized Enterprises Retirement Pension Fund Business Unit provides the Company with information on the status of the pension contributions of the Company's employees and the amount of the trial balance of the pensions, and employee pension payments are based on the employees' individual pension accounts and the amount of accumulated earnings, which are received in the form of a lump-sum pension.
- (2) For the years 2023 and 2022, the Group recognized pension costs of \$2,762 and \$2,484, respectively, under the abovementioned pension plan, and the net defined benefit liability was \$18,188 and \$17,747 as of December 31, 2023, December 31,

2022, respectively.

3. (1) The Company's sub-subsidiary, Hiraiseimitsu (Thailand)Co., Ltd, has formulated a defined benefit pension plan in accordance with the applicable Thailand laws and regulations and makes a monthly contribution equal to a certain percentage of the total salary to the pension fund.

(2) Amount recognized in the balance sheet is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 25,344	\$ 23,083
Fair value of plan asset	<u>-</u>	<u>-</u>
Net defined benefit liability	<u>\$ 25,344</u>	<u>\$ 23,083</u>

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

	2023		
	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
January 1	\$ 23,083	\$ -	\$ 23,083
Current service cost	2,784	-	2,784
Interest (expense) income	<u>699</u>	<u>-</u>	<u>699</u>
	26,566	-	26,566
Remeasurement:			
Effect of change in demographic assumptions	( 103)	-	( 103)
Effect of change on financial assumptions	( 134)	-	( 134)
Experience adjustments	( 1,164)	-	( 1,164)
	( 1,401)	-	( 1,401)
Pension paid	-	-	-
Exchange difference	<u>179</u>	<u>-</u>	<u>179</u>
December 31	<u>\$ 25,344</u>	<u>\$ -</u>	<u>\$ 25,344</u>

	2022		
	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
January 1	\$ 21,541	\$ -	\$ 21,541
Current service cost	2,168	-	2,168
Interest (expense) income	600	-	600
	<u>24,709</u>	<u>-</u>	<u>24,709</u>
Remeasurement:			
Effect of change in demographic assumptions	2,525	-	2,525
Effect of change on financial assumptions	( 2,879)	- (	2,879)
Experience adjustments	( 2,421)	- (	2,421)
	( 2,775)	- (	2,775)
Pension paid	-	-	-
Exchange difference	<u>1,149</u>	<u>-</u>	<u>1,149</u>
December 31	<u>\$ 23,083</u>	<u>\$ -</u>	<u>\$ 23,083</u>

(4) The actuarial assumptions related to pension are as follows:

	2023	2022
Discount rate	<u>3.19%</u>	<u>3.15%</u>
Future salary increases	<u>3.00%</u>	<u>3.00%</u>

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

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2023				
Effect on the present value of defined benefit obligations	<u>(\$ 3,081)</u>	<u>(\$ 3,609)</u>	<u>\$ 3,382</u>	<u>(\$ 2,940)</u>
December 31, 2022				
Effect on the present value of defined benefit obligations	<u>(\$ 3,003)</u>	<u>(\$ 3,547)</u>	<u>\$ 3,342</u>	<u>(\$ 2,882)</u>

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

(6) As of December 31, 2023, the weighted average duration of the pension plan is 21.69 years. An analysis of the maturity of pension payments is as follows:

Less than 1 year	\$	-
More than 1 year but less than 5 years		2,104
Over 5 years		156,030
	\$	<u>158,134</u>

4. In addition to the aforementioned subsidiary, all other overseas subsidiaries have made provisions for retirement benefits under local government regulations. The pension costs recognized for 2023 and 2022 amount to \$23,733 and \$30,506, respectively.

#### (XIV) Share-based payment

1. Share-based payment Agreements for 2023 and 2022 are as follows:

Agreement Type	Issue date	Amount (Unit: thousand shares)	Term	Vesting conditions
Employee stock options plan	2020/7/17	3,000	5 years	2~4 years employment (note)
Cash capital increase reserved for employee stock options	2020/6/22	124	-	Immediately vest
Cash capital increase reserved for employee stock options	2021/4/26	278	-	Immediately vest

Note: The stock option holder may exercise the right to subscribe to shares two years after being granted the employee stock option certificate, in accordance with this plan. The validity period of the stock option certificate shall be five years from the date of granting the employee stock option certificate. It shall not be transferable, pledged, gifted to others, or disposed of by any other means, except in cases of inheritance.

Timeframe	Cumulative proportion of exercisable stock options
After 2 years (starting from the third year).	50%
After 3 years (starting from the fourth year).	75%
After 4 years (starting from the fifth year)	100%

The aforementioned share-based payment agreement is closing by using equity as the consideration.

2. The details of the aforementioned share-based payment agreement are as follows:

	2023	
	Stock option amount (Unit: thousand shares)	Weighted average exercise price (NTD)
Outstanding stock options at the beginning of the period	939	\$ 37.9
Stock options executed in this period	( 223)	37.5
Outstanding stock options at the end of the period	716	36.3
Exercisable stock options of the end of the period	447	36.3
	2022	
	Stock option amount (Unit: thousand shares)	Weighted average exercise price (NTD)
Outstanding stock options at the beginning of the period	1,075	\$ 39.3
Stock options executed in this period	( 136)	37.9
Outstanding stock options at the end of the period	939	37.9
Exercisable stock options of the end of the period	402	37.9

The weighted average stock price of stock options at exercise dates for the years ended 31 December 2023 and 2022 were \$37.5 and \$37.9, respectively.

3. For the share-based payment transaction conducted on the paying date, the Group uses the Black-Scholes option pricing model to estimate the fair value of stock option. The relevant information is as follows:

Agreement Type	Paying date	Price of share	Exercise price	Expected volatility rate	Expected validity time	Expected dividends	Risk-free interest rate	Fair value per unit (NTD)
Employee stock options plan	2020/7/17	\$58	\$40	23.89%~ 25.91%	5 years	-	0.2371%~ 0.3222%	\$19.57~\$ 21.26
Cash capital increase reserved for employee stock options	2020/6/22	\$58	\$58	5.64%	0.17 year	-	0.2421%	\$0.5576
Cash capital increase reserved for employee stock options	2021/4/26	\$77.34	\$76	32.72%	0.04 year	-	0.1333%	\$2.7823

4. Cost for share-based payment transactions is as follows:

	2023	2022
Equity payment	\$ 1,692	\$ 4,275

#### (XV) Capital

1. As of December 31, 2022, the authorized capital of the Company is NT\$400,000 thousand, divided into 40,000 thousand shares, with a paid-up capital of \$292,414, at NT\$10 per share.

The adjustments for the outstanding common shares at the beginning and end of the period are as follows:

	2023	2022
January 1	29,241	27,000
Executed employees stock option	223	136
Treasury stock cancellation	( 12)	-
Issuance of new shares to acquire subsidiary equity	-	2,105
Repurchase of treasury shares	-	( 12)
December 31	29,452	29,229

2. On September 1, 2022, the Company increased its common shares by 2,105 thousand shares (with a par value of NT\$10 per share) through a share conversion to acquire 100% equity of its subsidiary, Sol-Plus (HK) Co., Limited. As a result, the company adjusted its capital surplus by \$107,600.

### 3. Treasury stocks

- (1) The reasons for repurchasing shares and repurchase amount:

The company holding the shares	Reason for repurchase	December 31, 2023	
		Amount (unit: 1,000shares)	Carrying Amount
The Company	Maintain company credit and shareholder Equity	-	\$ -

The company holding the shares	Reason for repurchase	December 31, 2022	
		Amount (unit: 1,000shares)	Carrying Amount
The Company	To transfer the shares to employees	12	\$ 846

- (2) As per the Securities and Exchange Act, the percentage of the issued shares to be repurchased by the Company shall not exceed 10% of its total issued shares, and the total amount of the purchased shares shall not exceed the retained earnings plus the issued shares at a premium and the realized capital surplus.
- (3) As per the Securities and Exchange Act, the treasury shares held by the Company shall not be pledged, nor shall they be entitled to shareholders' rights until they are transferred.
- (4) In accordance with the Securities and Exchange Act, treasury shares must be reissued to the employees within five years from the repurchase date. Shares not reissued within this period are to be retired. Shares repurchased to maintain the Company's credit and shareholders' equity shall be canceled through a change in registration within six months from the repurchase. On 16 February 2023, the Board of Directors approved the change in the purpose of repurchasing the Company's ordinary shares

from transferring to employees to maintain the Company's credit and shareholder equity. On 2 March 2023, the Board of Directors approved the cancellation of treasury shares by resolution. The record date was 3 March 2023, and the registration of the cancellation of paid-in capital for the 12,000 treasury shares was completed on 23 March 2023.

#### (XVI) Capital surplus

According to the provisions of the Company Act, the capital surplus including the income derived from issuing shares at a premium and from endowments, in addition to being used to compensate for deficit, where the Company has no accumulated losses, shall be used to issue new shares or cash in proportion to the shareholders' original shares. The Company shall not use the capital surplus to compensate the capital losses unless the surplus reserve is insufficient to compensate such losses.

#### (XVII) Retained earnings

1. As per the Articles of Incorporation, where the Company makes a profit for a fiscal year, the profit shall be first used for offsetting a cumulative deficit, the Company shall set aside an amount for or reversing a special reserve in accordance with the laws and regulations or the competent authority's regulations, and then any remaining profit, together with any undistributed retained earnings from the prior period, are shareholders' accumulated distributable earnings. The Board of Directors would propose an earnings distribution proposal, which would be submitted to the shareholders' meeting for approval.
2. The Company, being in a growth phase, needs of capital expenditure, business expansion, and sound financial planning to achieve sustainable development, the Company's dividend policy will be determined based on the future budget for capital expenditure and funding needs while considering economic and industry dynamics. Dividends may be distributed to shareholders in the form of cash dividends and/or stock dividends. If the Board of Directors decides to distribute earnings, it will formulate a plan and seek approval from the shareholders' meeting through an ordinary resolution. The total amount of dividends to shareholders should be at least 40% of the distributable earnings for the current year, with the total cash dividend payout not falling below 10% of the total dividend payout to shareholders.
3. Without violating any regulations, the Board of Directors may distribute dividends,



statutory surplus reserves, and/or all or part of the capital surplus arising from the issuance of shares at a premium or received from donations to the original shareholders in the form of cash. Such distribution shall be approved by a resolution with the attendance of two-thirds or more of the directors and the consent of the majority of attending directors, and it shall be reported to the shareholders' meeting.

4. In accordance with the regulations, the Company shall set aside special surplus reserves from the debit balance on other equity items at the balance sheet date before distributing earnings. When the debit balance on other equity items is reversed subsequently, the reversed amount may be included in the distributable earnings.
5. On June 30, 2023, and June 24, 2022, the Company's shareholders' meetings approved the distribution of earnings for the fiscal years 2022 and 2021, respectively.

	2022		2021	
	Amount	Dividends per share (NTD)	Amount	Dividends per share (NTD)
Special surplus reserves	(\$ 15,650)		\$ 61,590	
Cash dividends (note)	87,757	\$ 2.99	87,000	\$ 3.22
	<u>\$ 72,107</u>		<u>\$ 148,590</u>	

Note: The cash dividend of NT\$3 per share for 2022 was approved by the shareholders' meeting originally on June 30, 2023. Due to the exercise of employee stock options, the number of outstanding ordinary shares increased from 29,252,000 shares to 29,346,000 shares. Therefore, the Board of Directors approved the adjustment of the 2022 cash dividend per share to NT\$2.99 on 14 August 2023.

#### (XVIII) Non-controlling interests

	2022
Opening balance	\$ 54,621
Share attributable to non-controlling interests:	
Net income (loss) for this period	6,173
Organizational Reconstruction Effects	( 58,999)
Exchange differences on translation of the financial statements of foreign operations	( 1,795)
Ending balance	<u>\$ -</u>

(XIX) Operating revenue

1. Revenue from customer contracts

The Group's revenue is derived from the transfer of goods and services at a specific point in time. The revenue can be classified into the following main group of companies:

2023	Japan	Vietnam	China (including HK)	Thailand	Other Asia area	Total
Segment income	\$ 1,724,088	\$ 764,091	\$ 1,126,972	\$ 403,058	\$ 187,974	\$ 4,206,183
Income from internal segment transactions	( 148,340)	( 13,338)	( 394,021)	( 5,019)	( 51)	( 560,769)
Income from external customer transactions	<u>\$ 1,575,748</u>	<u>\$ 750,753</u>	<u>\$ 732,951</u>	<u>\$ 398,039</u>	<u>\$ 187,923</u>	<u>\$ 3,645,414</u>
Revenue recognized at a specific point in time	<u>\$ 1,575,748</u>	<u>\$ 750,753</u>	<u>\$ 732,951</u>	<u>\$ 398,039</u>	<u>\$ 187,923</u>	<u>\$ 3,645,414</u>
2022	Japan	Vietnam	China (including HK)	Thailand	Other Asia area	Total
Segment income	\$ 1,709,272	\$ 592,702	\$ 1,416,022	\$ 364,958	\$ 243,943	\$ 4,326,897
Income from internal segment transactions	( 160,181)	( 18,057)	( 523,601)	( 6,400)	( 25)	( 708,264)
Income from external customer transactions	<u>\$ 1,549,091</u>	<u>\$ 574,645</u>	<u>\$ 892,421</u>	<u>\$ 358,558</u>	<u>\$ 243,918</u>	<u>\$ 3,618,633</u>
Revenue recognized at a specific point in time	<u>\$ 1,549,091</u>	<u>\$ 574,645</u>	<u>\$ 892,421</u>	<u>\$ 358,558</u>	<u>\$ 243,918</u>	<u>\$ 3,618,633</u>

## 2. Contract liabilities

The contract liabilities related to the Group's recognized contract income are as follows:

	December 31, 2023	December 31, 2022
Contract liabilities - advance receipts		
(Recognized contract liabilities - current)	\$ <u>2,982</u>	\$ <u>2,164</u>

### (XX) Interest income

	2023	2022
Interest income from bank deposit interest	\$ 3,421	\$ 2,064
Interest income from financial assets measured at amortized cost	<u>2,178</u>	<u>1,018</u>
	<u>\$5,599</u>	<u>\$3,082</u>

### (XXI) Other income

	2023	2022
Rental income	\$ 2,935	\$ 3,004
Dividend income	<u>500</u>	<u>-</u>
	<u>\$ 3,435</u>	<u>\$ 3,004</u>

### (XXII) Other gains and losses

	2023	2022
Proceeds from the disposal of property, plant and equipment	(\$ 2,445)	\$ 1,262
Foreign exchange gain	22,069	51,995
Impairment loss on property, plant and equipment	( 4,351)	-
Others	14,335	22,018
	<u>29,608</u>	<u>\$ 75,295</u>

### (XXIII) Financial costs

	2023	2022
Financial costs		
Bank loans and others	\$ 7,530	\$ 5,499
Interest on lease liabilities	<u>5,704</u>	<u>3,086</u>
	<u>\$ 13,234</u>	<u>\$ 8,585</u>

(XXIV) Employee benefits and supplementary information

	2023	2022
Employee benefit expenses		
Salary and wages	\$ 726,132	\$ 749,641
Labor and health insurance costs (Note)	59,342	58,732
Pension	35,541	42,076
Other employment expenses	23,644	26,408
Depreciation expense	80,097	179,658
Amortization expense	1,469	1,920

Note: Including expenses related to medical insurance and work-related injuries incurred by subsidiaries in China.

1. As per the Company's Articles of Incorporation, after cumulative losses are deducted from the Company's profit for the year, if there is a balance, no less than 8% and not higher than 15% of the balance shall be set aside for employee remuneration and no higher than 5% for directors' remuneration.
2. The Company's estimated employee compensation in 2023 and 2022 amounted to NT\$11,001 and NT\$10,498, respectively. Directors' remuneration was accrued at \$6,876 and \$6,561 for the same years. The amounts were recognized in salary expenses.

Employee compensation and directors' and supervisors' remuneration were estimated and accrued based on 8% and 5% of distributable profit for the year ended December 31, 2023, respectively. The Board of Directors resolve to distribute actual of \$11,001 and \$6,876, respectively, with employee compensation to be paid in cash.

For the year ended December 31, 2022, employees compensation and directors' and supervisors' remuneration were consistent with the amounts recognized in the financial statements for the same period.

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

(XXV) Income tax

1. Income tax expense

(1) Components of income tax expenses:

	2023	2022
Current income tax:		
Income tax from the current income	\$ 83,018	\$ 71,801
Income tax underestimates for prior years	584	148
Deferred tax:		
The initial generation and reversal of temporary differences	794	2,794
Income tax expense	<u>\$ 84,396</u>	<u>\$ 74,743</u>

(2) The amount of income tax related to other comprehensive income:

	2023	2022
Changes in the fair values of financial assets at fair value through other comprehensive income.	<u>( \$ 1,022)</u>	<u>\$ 1,307</u>

2. Reconciliation between income tax expenses and accounting profits:

	2023	2022
Income tax calculated based on net income before tax at the statutory tax rate (note)	\$ 69,723	\$ 116,393
Items that should be adjusted according to laws	11,907	( 38,201)
Tax losses unrecognized as deferred tax assets	1,354	( 9,666)
Effect of tax losses of income tax	1,087	2,713
Changes in the assessment of realizability of deferred tax assets	( 259)	( 13,037)
Effect of deferred tax assets unrecognized	-	-
Income tax on the earnings	-	16,393
Income tax underestimates for prior years	584	148
Income tax expense	<u>\$ 84,396</u>	<u>\$ 74,743</u>

Note: The applicable tax rate is calculated based on the tax rate applicable to the income in the relevant country.

3. The amounts of deferred income tax assets or liabilities arising from temporary differences are as follows:

2023					
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	December 31
Deferred tax assets:					
Tax losses	\$ 26,758	\$ -	\$ -	(\$ 1,749)	\$ 25,009
Excessive provision for bad debts	15	( 4)	-	-	11
Impairment losses.	12,426	-	-	( 1)	12,425
Inventory valuation loss	4,734	( 69)	-	( 85)	4,580
	<u>\$ 43,933</u>	<u>(\$ 73)</u>	<u>\$ -</u>	<u>(\$ 1,835)</u>	<u>\$ 42,025</u>
Deferred tax liabilities:					
Financial assets at fair value through other comprehensive income	( 2,515)	-	( 1,022)	-	( 3,537)
Land use right	( 31)	( 2)	-	1	( 32)
Gain on increment of assets	( 16,362)	-	-	1	( 16,361)
	<u>(\$ 18,908)</u>	<u>(\$ 2)</u>	<u>(\$ 1,022)</u>	<u>2</u>	<u>(\$ 19,930)</u>
	<u>\$ 25,025</u>	<u>(\$ 75)</u>	<u>(\$ 1,022)</u>	<u>(\$ 1,833)</u>	<u>\$ 22,095</u>
2022					
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	December 31
Deferred tax assets:					
Tax losses	\$ 29,908	(\$ 2,092)	\$ -	(\$ 1,058)	\$ 26,758
Excessive provision for bad debts	13	( 2)	-	4	15
Impairment losses.	11,519	-	-	907	12,426
Inventory valuation loss	2,513	( 1,260)	-	3,481	4,734
	<u>\$ 43,953</u>	<u>(\$ 3,354)</u>	<u>\$ -</u>	<u>\$ 3,334</u>	<u>\$ 43,933</u>
Deferred tax liabilities:					
Financial assets at fair value through other comprehensive income	( 3,822)	-	1,307	-	( 2,515)
Land use right	( 26)	( 2)	-	( 3)	( 31)
Gain on increment of assets	( 15,066)	-	-	( 1,296)	( 16,362)
Gain from investment	( 23,180)	16,393	-	6,787	-
	<u>(\$ 42,094)</u>	<u>\$ 16,391</u>	<u>\$ 1,307</u>	<u>\$ 5,488</u>	<u>(\$ 18,908)</u>
	<u>\$ 1,859</u>	<u>\$ 13,037</u>	<u>\$ 1,307</u>	<u>\$ 8,822</u>	<u>\$ 25,025</u>

## (XXVI) Transactions with non-controlling interests

### Acquisition of additional equity in a subsidiary

On September 1, 2022, IKKA Holdings, a subsidiary of the Group, issued 388 thousand common shares (with a face value of NTD 10 per share) to acquire 30% of the issued shares of a subsidiary, Sol-Plus (HK) Co., Limited, for US\$1,800,000 and share transfer. The carrying value of the non-controlling interest on the acquisition date was \$58,999, the transaction reduced the non-controlling interest by \$58,999, and increased the equity attributable to the parent company by \$11,884 (adjusted the carrying additional paid in capital).

	September 1, 2022
Carrying amount of non-controlling interests acquired	\$ 58,999
Consideration paid to non-controlling interests	( 58,669)
Other equity	
Exchange difference-conversion of financial statements of foreign operating institutions	11,554
Capital surplus - differences between the price of the equity of subsidiary acquired or disposed of and the book value	<u>\$ 11,884</u>

## (XXVII) Business combinations

1. For the strategic layout responding to the industry's vertical integration and to strengthen the Company's competitiveness, based on the evaluation provided by an independent expert opinion in June 2022, on September 1, 2022, the Group issued 1,717 thousand ordinary shares (with a par value of NT\$10 per share) and US\$1,700,000 as consideration for acquiring Sol-Plus (HK) Co., Limited.
2. Assets and liabilities acquired on the restructuring date:

	2022
Acquisition consideration	<u>\$ 68,908</u>
Fair value of identifiable assets acquired and liabilities assumed	\$ 96,941
Investments in bonds without an active market – current assets	22,628
Receivable	86,848
Inventories	35,979
Other current assets	8,573
Investments in bonds without an active market – non-current assets	62,241
Property, plant and equipment	57,166
Right-of-use assets	1,090
Intangible assets	2,207
Other non-current assets	22,312
Short-term loan	( 8,805)
Accounts payable, trade accounts, and other payables	( 92,460)
Income tax	( 10,183)
Other current liabilities	( 44,016)
Other non-current liabilities	( 75,897)
Total of net identifiable assets	<u>164,624</u>
Transactions under common control - Capital surplus	<u>(\$ 95,716)</u>

The Group's purchase of Sol-Plus (HK) Co., Limited is considered an internal

reorganization with economic substance. Therefore, the transaction is recorded at its book value.

3. Difference between the net assets acquired and the consideration transferred

	2022
Consideration transferred	
Plus: Transactions under common control - Capital surplus	\$ 68,908
Deduct: Exchange differences on translation of the financial statements of foreign operations	95,716
Book value of identifiable net assets acquired	( 26,958)
	<u>\$ 137,666</u>

(XXVIII) Earnings per share

	Amount after tax	2023 Weighted average number of issued shares (unit: thousand shares)	Earnings per share (NTD)
<u>Basic earnings per share</u>			
Current net profit attributable to shareholders of the Company	<u>\$ 119,162</u>	<u>29,309</u>	<u>\$ 4.07</u>
<u>Diluted earnings per share</u>			
Current net profit attributable to shareholders of the Company	\$ 119,162	29,309	\$ 3.99
Effect of potential dilutive ordinary shares	-	382	-
Employee stock option	-	162	-
Employee remuneration	<u>\$ 119,162</u>	<u>29,853</u>	<u>\$ 3.99</u>

	Amount after tax	2022 Weighted average number of issued shares (unit: thousand shares)	Earnings per share (NTD)
<u>Basic earnings per share</u>			
Current net profit attributable to shareholders of the Company	\$ 97,767		\$ 3.35
Net profit attributable to non-controlling interests under joint control	14,403		0.49
	<u>\$ 112,170</u>	<u>29,144</u>	<u>\$ 3.84</u>
<u>Diluted earnings per share</u>			



Current net profit attributable to shareholders of the Company	\$	97,767	29,144	\$	3.28
Net profit attributable to non-controlling interests under joint control		14,403			0.48
Effect of potential dilutive ordinary shares					
Employee stock option		-	496		-
Employee remuneration		-	178		-
	\$	<u>112,170</u>	<u>29,818</u>	\$	<u>3.76</u>

#### (XXIX) Cash flow supplemental information

##### 1. Operating activities supported by partial cash payment:

	2023	2022
Expense for interest	\$ 13,234	\$ 8,585
Plus: Interest payable at the beginning of the period	2,352	3,508
Deduct: Interest payable at the end of the period	( 2,292)	( 2,352)
Current cash payable	<u>\$ 13,294</u>	<u>\$ 9,741</u>

##### 2. Investment activities supported by partial cash payment:

	2023	2022
Expense for property, plant and equipment	\$ 77,099	\$ 130,901
Plus: Interest payable at the beginning of the period	9,495	6,902
Deduct: Interest payable at the end of the period	( 15,699)	( 9,495)
Current cash payable	<u>\$ 70,895</u>	<u>\$ 128,308</u>

#### (XXX) Changes in liabilities from financing activities

	Short-term loan	Long-term loan (Including loans due within one year)	Liabilities from financing activities
January 1, 2023	\$ 201,667	\$ 382,998	\$ 584,665
Changes in financing cash flows	151,701	( 94,165)	57,536
Impact of exchange rate fluctuations	( 15,918)	( 24,030)	( 39,948)
December 31, 2023	<u>\$ 337,450</u>	<u>\$ 264,803</u>	<u>\$ 602,253</u>

	Short-term loan	Long-term loan (Including loans due within one year)	Liabilities from financing activities
January 1, 2022	\$ 208,653	\$ 465,457	\$ 674,110
Changes in financing cash flows	-	( 70,498)	( 70,498)
Impact of exchange rate fluctuations	( 69,986)	( 11,961)	( 18,947)
December 31, 2022	\$ 201,667	\$ 382,998	\$ 584,665

## VII. Stakeholder Transactions

### (I) Parent company and ultimate controller

The Group is controlled by Jabon International Co., Ltd. (registered in Taiwan), who holding 37 % of the shares of the Group. Abico Avy Co., Ltd. (formerly known as AVY PRECISION TECHNOLOGY INC.) holds 100% shares of Jabon International Co., Ltd. The ultimate parent company and ultimate controlling party of the Group are both Jabon International Co., Ltd.

### (II) Name of related party and relations with the Company:

Name of related party	Relations with the Group
Jabon International Co., Ltd. (parent company)	Parent company of the Group
Abico Avy Co., Ltd. (ABICO AVY)	Same ultimate parent company
Gold Market Investments Limited (Gold Market)	Same ultimate parent company
Ability I Venture Capital Corporation (Ability I)	Same ultimate parent company
Best Achieve Industries Limited (Best Achieve)	Fellow subsidiary
AVY Precision Metal Components (SuZhou) Co., Ltd. (AVY)	Fellow subsidiary
Best Select Industries (Suzhou) Co. Limited	Fellow subsidiary
Jcheng Software Inc. (Jcheng Software)	Fellow subsidiary
Ekeen Precision Co., Ltd. (Ekeen Precision)	Fellow subsidiary
Lixing Plastic (Shenzhen) Co., Ltd.	Fellow subsidiary
AVY Co., Ltd. (AVY)	Fellow subsidiary
Abico Asia Capital	Substantially related parties
Taishiba International Co., Ltd. (Taishiba)	Substantially related parties

### (III) Major transactions with related parties

#### 1. Operating revenue

	2023	2022
Sales of goods:		
Fellow subsidiary	\$ 17,701	\$ 11,640

The transaction prices and payment terms of sales do not significantly differ from those offered to regular customers.

## 2. Purchase

	<u>2023</u>	<u>2022</u>
Purchases:		
Parent company	\$ -	\$ 191
Fellow subsidiary		
-Best Achieve	48,374	78,821
-Best Select	3,114	5,103
Other related parties	1,713	2,608
	<u>\$ 53,201</u>	<u>\$ 86,723</u>

The transaction price and payment terms for the purchase of goods are not significantly different from those with other vendors.

## 3. Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Receivables		
Fellow subsidiary		
-AVY	<u>\$ 7,237</u>	<u>\$ 3,122</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other receivables		
Parent company	\$ 37	\$ -
Fellow subsidiary-AVY	-	391
	<u>\$ 37</u>	<u>\$ 391</u>

The receivables from related parties primarily arise from sales transactions with a credit term of 75 days for each month. These receivables from related parties are not secured by collateral and are not subject to any mortgages or interest charges.

## 4. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Payables		
Fellow subsidiary		
-Best Achieve	\$ 15,037	\$ 23,036
-Other	131	1,856
	<u>\$ 15,168</u>	<u>\$ 24,892</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other payables		
Gold Market	\$ -	\$ 235
Fellow subsidiary	1,835	2,477
Substantially related party	7	7
	<u>\$ 1,842</u>	<u>\$ 2,719</u>

The payables to related parties mainly arise from purchase transactions with credit terms ranging from 60 days to 90 days for each month. These payables to related parties are not secured by collateral and do not incur any interest charges."

#### 5. Prepayments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Parent company	\$ -	\$ 10
Fellow subsidiary	1,103	1,778
	<u>\$ 1,103</u>	<u>\$ 1,788</u>

The transaction price and payment terms for the purchase of goods are not significantly different from those with other vendors.

#### 6. Property transaction

Acquisition of real estate, plant and equipment

	<u>2023</u>	<u>2022</u>
Fellow subsidiary	\$ 169	\$ -

#### 7. Lease transactions - Lessee

(1) The Company leases office space from its parent company. The lease contract is from 2023 to 2027. Rent is paid semi-annually in January and July each year. The lease contract was terminated early on December 31, 2023.

(2) Acquisition of right-of-use assets

	2023	2022
Parent company	<u>\$ 1,726</u>	<u>\$ -</u>

(3) Leases Liabilities

A. Interest expenses

	2023	2022
Parent company	<u>\$ 24</u>	<u>\$ -</u>

(4) Disposal of right-of-use assets

	2023 Gain (loss) on disposal	2022 Gain (loss) on disposal
Parent company	<u>\$ 11</u>	<u>\$ -</u>

8. Financing Facility

A. Balance as at the end of the fiscal year

	December 31, 2023	December 31, 2022
Gold Market	<u>\$ -</u>	<u>\$ 30,710</u>

B. Financial costs

	2023	2022
Gold Market	<u>\$ 294</u>	<u>\$ 907</u>

The loan terms to related parties require payment of the principal and interest in full upon maturity. The interest for fiscal years 2023 and 2022 is charged at an annual rate of 3%.

9. On September 1, 2022, the Company acquired a 100% equity interest in its subsidiary, Sol-Plus (HK) Co., Limited, through a combination of cash amounting to US\$3,500,000 and the issuance of 2,105 thousand ordinary shares (with a par value of NTD 10 per share) to related parties, namely Gold Market Investments Limited, Ability I Venture Capital Corporation, and Abico Asia Capital Corporation.

10. Operating expenses

	2023	2022
ABICO AVY	\$ -	\$ 160
Parent Company	55	180
Fellow subsidiary	3,600	8,286
Substantially related party	38	44
	<u>\$ 3,693</u>	<u>\$ 8,670</u>

The main components of operating expenses are labor costs and system support fees

(IV) Information on remuneration to key management personnel

	2023	2023
Short-term employee benefits	\$ 30,799	\$ 31,806
Post-employment benefits	88	222
	<u>\$ 30,887</u>	<u>\$ 32,028</u>

VIII. Pledged Assets

The details of the Group's assets provided as collateral are as follows:

Assets	Book value		Purpose of collateral
	December 31, 2023	December 31, 2022	
Land	\$ 185,127	\$ 198,086	Short-term and long-term loans
Buildings and structures	29,538	34,013	Short-term and long-term loans
Time deposits-financial assets at amortized cost – current assets	590	585	
Time deposits-financial assets at amortized cost – non-current assets	-	61,420	Long-term loans
	<u>\$ 215,255</u>	<u>\$ 294,104</u>	

## IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

### (I) Contingencies

None.

### (II) Commitments

The Group has provided the following details of endorsed guarantee amounts to obtain bank borrowing facilities:

Creditor	Borrower	December 31, 2023	December 31, 2022	Note
Daiichi Kasei	IKKA HK	\$ 65,160	\$ 34,860	Note1
Sol-Plus HK	Sol-Plus JP	-	30,710	Note2

Note 1: As of December 31, 2023, and 2022, the endorsed guarantee amount in the original currency were JP¥300,000 thousand and JP¥150,000 thousand, respectively.

Note 2: As of December 31, 2022, the endorsed guaranteed amount in the original currency was US\$1,000 thousand.

## X. Major Disaster Losses

None.

## XI. Significant Events After the Balance Sheet Date

(I) On November 7, 2023, the Company's Board of Directors approved a cash capital increase to replay bank loans and enhance working capital. On January 4, 2024, the competent authority approved the effective declaration, and 1,820 million ordinary shares with a par value of NT\$10 per share were issued at a price of NT \$60 per share. The total raised amount was NT\$109,200. The Company fully raised NT\$109,200 on March 7, 2024.

(II) On November 7, 2023, the Company's Board of Directors resolved to issue the first unsecured convertible corporate in Taiwan. The competent authority approved the effective declaration on January 4, 2024. Each bond has a face value of NT\$100,000 and a maturity period of 5 years. The total issuance ceiling is NT \$250,000. The Company completed the issuance on March 4, 2024.

## XII. Others

### (I) Capital management

The objectives of the Group's capital management are to ensure that the Group can continue as a going concern, maintain the best capital structure to reduce the capital cost and provide dividends to shareholders. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts.

(II) Financial instruments

1. Types of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Selected designated equity instrument investment	\$ 86,460	\$ 64,810
Financial assets at amortized cost		
Cash and cash equivalents	1,003,988	741,453
Financial assets at amortized cost - fixed-term deposits with an original maturity of more than 3 months	59,085	120,596
Notes receivables	25,407	22,465
Account receivables (including related parties)	994,074	892,223
Other receivables	4,762	11,957
Guarantee deposits paid	16,306	14,075
	<u>\$ 2,190,082</u>	<u>\$ 1,867,579</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term loan	\$ 337,450	\$ 201,667
Notes payables	136,053	109,606
Account payables (including related parties)	439,984	414,211
Other payables (including related parties)	324,083	317,940
Long-term loan (including loans due within one year)	264,803	382,998
Security deposits received	483	485
	<u>\$ 1,502,856</u>	<u>\$ 1,426,907</u>
Liabilities from lease	<u>\$ 186,562</u>	<u>\$ 144,526</u>



## 2. Risk management policy

- (1) The Group's daily operations are affected by a number of financial risks, including market risks (including exchange rate risk, interest rate risk, and price risk), credit risks, and liquidity risks.
- (2) The risk management work is carried out by the Group's Finance Department under the policy approved by the Board of Directors. The Group's Finance Department is responsible for identifying, evaluating, and avoiding financial risks through close collaboration with the Group's operating units. The Board of Directors has formulated written principles for overall risk management and provided written policies about specific areas and matters, such as exchange rate risk, interest rate risk, credit risk, the use of non-derivative financial instruments, and the investment using remaining liquidity.

## 3. The nature and level of material financial risks

### (1) Market risks

#### Exchange rate risks

- A. The Group's business involves a number of non-functional currencies (the Company's and some subsidiaries' functional currency is NTD while other subsidiaries' functional currencies are Japanese Yen, Malaysian Ringgit, US Dollar, Chinese Yuan, and Thai Baht, etc.). Therefore, it is affected by exchange rate fluctuations. Information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

December 31, 2023			
(Foreign currency: functional currency)	Foreign currency (thousand)	Exchange rate	Carrying amount (NTD)
<u>Financial assets</u>			
<u>Monetary item</u>			
USD: JPY	\$ 5,041	141.82	\$ 155,286
USD: RMB	1,743	7.08	53,410
USD: MYR	848	4.59	24,926
JPY: USD	56,933	0.01	12,392
VND: USD	9,084,851	0.000041	11,439
<u>Financial liabilities</u>			
<u>Monetary item</u>			
USD: RMB	\$ 6,044	7.08	\$ 185,218
USD: NTD	4,092	30.72	125,708
JPY: THB	357,577	0.24	79,142

USD: JPY	998	141.82	30,728
JPY: USD	133,216	0.01	28,995
USD: MYR	632	4.59	18,615
VND: USD	12,944,511	0.000042	16,650

(Foreign currency: functional currency)	December 31, 2022		
	Foreign currency (thousand)	Exchange rate	Carrying amount (NTD)
<u>Financial assets</u>			
<u>Monetary item</u>			
USD: JPY	\$ 5,239	132.70	\$ 161,568
USD: NTD	510	30.71	15,653
USD: RMB	1,569	6.96	48,152
USD: MYR	976	4.38	28,684
<u>Financial liabilities</u>			
<u>Monetary item</u>			
USD: RMB	\$ 7,556	6.96	\$ 231,966
JPY: THB	350,828	0.26	82,820
USD: JPY	996	132.70	30,716
JPY: USD	275,513	0.01	63,915
USD: MYR	928	4.39	27,323
VND: USD	11,374,492	0.000043	14,922

- B. The aggregate amounts of (realized and unrealized) net exchange gain (losses) of the Group's monetary items recognized for 2023 and 2022 due to the material impact of exchange rate fluctuations were \$22,069 and \$51,995, respectively.
- C. The analysis of the Group's foreign currency market risk due to significant exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	2023		
	Sensitivity analysis		
	Movement (%)	Impact on profit or loss	Impact on comprehensive income
<u>Financial assets</u>			

<u>Monetary item</u>				
USD : JYP	1%	\$	1,553	\$ -
USD : RMB	1%		534	-
USD : MYR	1%		249	-
JPY: USD	1%		124	-
VND: USD	1%		114	-
<u>Financial liabilities</u>				
<u>Monetary item</u>				
USD : RMB	1%	\$	1,852	-
USD : NTD	1%		1,257	-
JYP : THB	1%		791	-
USD : JYP	1%		307	-
JYP : USD	1%		290	-
USD : MYR	1%		186	-
VND : USD	1%		167	-
2022				
<u>Sensitivity analysis</u>				
(Foreign currency: functional currency)	<u>Movement (%)</u>		<u>Impact on profit or loss</u>	<u>Impact on comprehensive income</u>
<u>Financial assets</u>				
<u>Monetary item</u>				
USD : JYP	1%	\$	1,616	\$ -
USD : NTD	1%		157	-
USD : RMB	1%		482	-
USD : MYR	1%		287	-
<u>Financial liabilities</u>				
<u>Monetary item</u>				
USD : RMB	1%	\$	2,320	-
JYP : THB	1%		828	-
USD : JYP	1%		307	-
JYP : USD	1%		639	-
USD : MYR	1%		273	-
VND : USD	1%		149	-

### Price risk

- A. The Group's equity instruments exposed to the price risk are financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage the price risk of equity instrument investment, the Group has diversified its investment portfolio, and the method of the diversification is based on the limits set by the Group.
- B. The Group mainly invests in equity instruments launched by companies at home and abroad, and the prices of those equity instruments will be affected by the uncertainty of the future values of said instruments. If the price of said equity instruments rose or fell by 1%, with all other factors remaining unchanged, the net income after tax would have increased or decreased by \$865 and \$648 for 2023 and 2022, respectively, because of the gains or losses on the equity instruments at fair value through profit or loss.

### Interest rate risk of cash flow and fair value

- A. The Group's interest rate risk mainly comes from short-term loans at floating rates, which exposes the Group to the cash flow interest rate risk. The Group's loans at floating rates during 2023 and 2022 were denominated in JYP, and USD.
- B. The Group's loans are measured at amortized cost, and interest rates are contractually repriced annually, which exposes the Group to future changes in market interest rates.
- C. When the borrowing rate increased or decreased by 1%, with all other factors remaining unchanged, the net income before tax for 2023 and 2022 would have decreased or increased by \$6,023 and \$5,847, respectively, mainly as interest expense changes with the floating-rate loans.

### (2) Credit risk

- A. The Group's credit risk is the risk of financial loss suffered by the Group arising from the failure of clients or counterparties of financial instruments to fulfill contractual obligations. It mainly comes from counterparties' inability to settle accounts receivable in accordance with the payment terms and the contractual cash flows at amortized cost.
- B. The Group has established credit risk management from the Group's perspective. In accordance with the internal credit policy, each operating entity within the Group must conduct a management and credit risk analysis of each new client before deciding payment and delivery terms and conditions. The internal risk control system evaluates the credit quality of customers by considering their financial positions, experience, and other factors. Individual risk limits are set by the board of directors based on internal or external ratings, and the drawdown of credit limits is regularly monitored.
- C. In accordance with the Group's credit risk management procedures, default is

considered to have occurred when contractual payments are overdue for more than 180 days according to the agreed payment terms.

- D. The Group adopts IFRS 9 to make an assumption as a basis for judging. When a contract payment is overdue for more than 30 days in accordance with the agreed payment terms, it is deemed that the credit risk of the financial asset has increased significantly since the initial recognition.
- E. The Group groups clients' accounts receivable according to client type and adopts a simplified approach to estimate expected credit losses with a provision matrix and loss rate method.
- F. After the recourse procedures, the Group writes off the amount of the financial asset that cannot be reasonably expected to be recovered. However, the Group will continue to carry out the legal recourse procedures to preserve the creditor's rights.
- G. The Group incorporates the forward-looking considerations and adjusts the loss ratio established based on historical and current information for a specific period, to estimate an allowance for losses on notes and accounts receivable. However, based on the above considerations and information, the Group does not anticipate incurring any material allowance for losses on accounts and notes receivable due to the loss ratio. The provision matrix for December 31, 2023, December 31, 2022 is as follows:

	Not past due	1-90 Days	91-180 Days	Over 181 days	Total
December 31, 2023					
Expected loss rate	0.04%	1.03%	0.00%	0.00%	
Total book value	<u>\$ 1,009,083</u>	<u>\$ 9,457</u>	<u>\$ 1,471</u>	<u>\$ -</u>	<u>\$ 1,020,011</u>
Loss allowance	<u>(\$ 433)</u>	<u>(\$ 97)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 530)</u>

	Not past due	1-90 Days	91-180 Days	Over 181 days	Total
December 31, 2022					
Expected loss rate	0.07%	0.98%	60.00%	0.00%	

Total book value	\$ 907,708	\$ 7,631	\$ 65	\$ -	\$ 915,404
Loss allowance	(\$ 602)	(\$ 75)	(\$ 39)	\$ -	(\$ 716)

H. The table of the changes in the Group's simplified allowance for losses on accounts receivable is as follows:

	2023	2022
	Accounts receivable	Accounts receivable
January 1	\$ 716	\$ 1,428
Impairment loss recognized (reversed)	( 173)	( 748)
Effect of exchange rates	( 13)	36
December 31	\$ 530	\$ 716

I. The Group's investments in debt instruments measured at amortized cost, credit risk assessment, etc. are as follows. The hierarchical information is as follows:

December 31, 2023				
Financial assets in the form of time deposits with original maturities exceeding 3 months measured at amortized cost	By duration			Total
	Based on 12 months	Significant credit risk	Impaired credit	
	\$ 59,085	\$ -	\$ -	
December 31, 2022				
Financial assets in the form of time deposits with an original maturity exceeding 3 months, measured at amortized cost	By duration			Total
	Based on 12 months	Significant credit risk	Impaired credit	
	\$ 120,596	\$ -	\$ -	

### (3) Liquidity risk

A. Cash flow forecasts are performed by each of the Group's operators and aggregated by the Group Finance Department. The Group Finance Department monitors forecasts of the Group's liquidity requirements to ensure that it has

sufficient funds to support its operations and maintains sufficient unutilized borrowing commitments at all times so that the Group is not in breach of the relevant borrowing limits or terms.

- B. The remaining cash held by each operating entity is transferred back to the Group Finance Department when it exceeds the operating capital management requirements. The Group Finance Department invests the surplus funds in interest-bearing demand deposits, time deposits and securities in instruments with proper maturities or sufficient liquidity to meet the above forecasts and to provide adequate liquidity.
- C. The Group's non-derivative financial liabilities are grouped as per due dates below and analyzed based on the remaining period from the balance sheet date to the contract maturity date. The contractual cash flows disclosed in the following table are undiscounted amounts.

	December 31, 2023		December 31, 2022	
Non-derivative financial liabilities:	Less than 1 year	Over 1 year	Less than 1 year	Over 1 year
Leases Liabilities	\$ 55,939	\$ 141,035	\$ 51,565	\$ 103,530
Long-term loans	54,027	217,051	60,843	331,759

Except as stated in the table above, the Group's non-derivative financial liabilities are due within one year in the future.

### (III) Fair value information

1. The fair value levels of the financial instruments and non-financial instruments measured using the valuation technique are defined as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date. An active market refers to a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair values of the TWSE/TPEX listed stocks held by the Group belong to this level.

Level 2: Inputs, other than quoted market prices within level 1 that are observable, either directly or indirectly for assets or liabilities.

Level 3: Unobservable inputs for assets or liabilities.

2. The carrying amounts of the financial instruments not measured at fair value

Cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, notes payable, accounts payable (including related parties), other payables, lease liabilities, short-term loans and long-term loans (including expiration within 1 year) are

reasonable approximations of the fair values.

3. Financial instruments measured at fair value are classified by the Group based on the nature, characteristics, risk, and the level of fair value of assets and liabilities. The relevant information is as follows:

- (1) The Group classified assets and liabilities by nature. The relevant information is as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through other comprehensive income				
- Investments in equity instruments	\$ 86,460	\$ -	\$ -	\$ 86,460
- Accounts receivable expected to be factored	-	107,239	-	107,239
	<u>\$ 86,460</u>	<u>\$ 107,239</u>	<u>\$ -</u>	<u>\$ 193,699</u>

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through other comprehensive income				
- Investments in equity instruments	\$ 64,810	\$ -	\$ -	\$ 64,810
- Accounts receivable expected to be factored	-	88,320	-	88,320
	<u>\$ 64,810</u>	<u>\$ 88,320</u>	<u>\$ -</u>	<u>\$ 153,130</u>

- (2) The methods and assumptions used by the Group to measure fair value are as follows:

- A. Where the Group uses market quoted prices as the fair value input (i.e. Level 1), the tools are classified based on the characteristics as follows:

	<u>TWSE/TPEX listed stocks</u>	<u>Stocks listed on the emerging stock market</u>
<u>Market quoted prices</u>	<u>Closing prices</u>	<u>Last transaction price</u>



- B. Except for the above-mentioned financial instruments with active markets, the fair value of other financial instruments is obtained through valuation techniques or with reference to the quoted prices of counterparties. For the fair value obtained through the valuation techniques, the Group refers to the present fair value of other financial instruments with similar conditions and characteristics or other valuation techniques, including calculations using models based on the market information available at the consolidated balance sheet date.
  - C. When evaluating non-standard and less complex financial instruments, such as debt instruments, interest rate swap contracts, foreign exchange swap contracts, and options, all without active markets, the Group adopts the valuation techniques widely used by market participants. The parameters used in the valuation models for such financial instruments are usually market observable information.
  - D. The output of the valuation models is an estimated value, and the valuation techniques may not reflect all the relevant factors of the financial instruments and non-financial instruments held by the Group. Therefore, the estimated value of the valuation models will be properly adjusted according to additional parameters, such as model risk or liquidity risk. According to the Group's fair value valuation model management policies and relevant control procedures, the management believes that to properly express the fair value of financial instruments and non-financial instruments in the consolidated balance sheet, valuation adjustments are proper and necessary. The price information and parameters used in the evaluation process are carefully evaluated and properly adjusted according to current market conditions.
  - E. The Group incorporates credit risk assessment adjustments into the fair value measurement considerations for financial instruments and non-financial instruments to reflect counterparty credit risk and the Group's credit quality, respectively.
4. There were no transfers between Level 1 and Level 2 fair value in 2023 and 2022.
  5. There were no transfers in and out from Level 3 fair value in 2023 and 2022.

(IV) Reorganizing under common control

On June 30, 2022, the board of directors resolved to purchase 70% of the shares of Sol-Plus (HK) Co., Limited from Gold Market Investments Limited and Ability I Venture Capital Corporation, both related parties, by issuing new shares and cash. The foregoing transaction was a reorganization of a jointly controlled organization, and the book value method should be used in accounting for the transaction. In preparing the consolidated financial statements, the Company should treat the transaction as a reorganization under common control and restate the consolidated financial statements retroactively to the earliest of the comparative dates, i.e., the first day of the period.

XIII. Note Disclosures

(I) Major Transactions

1. Loans to Others: Table 1
2. Endorsements/Guarantees Provided to Others: Table 2.
3. Securities Held at the End of the Period (Excluding Investment in Subsidiaries and Affiliates): Table 3.
4. Securities Acquired or Sold at Costs or Prices at Least NT\$300 million or 20% of the Paid-in Capital During this Period: None.
5. Acquisition of Individual Property at Costs of at Least NT\$300 million or 20% of the Paid-in Capital: None.
6. Disposal of Individual Property at Costs of at Least NT\$300 million or 20% of the Paid-in Capital: None.
7. Total Purchases from or Sales to Related Parties Amounting to at Least NT\$100 million or 20% of the Paid-in Capital: Table 4.
8. Receivables from Related Parties Amounting to at Least NT\$100 million or 20% of the Paid-in Capital: Table 5.
9. Derivatives Trading: None.
10. Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts: Table 6.

(II) Investees

Information on Name and Location of Investees (Excluding Investees in Mainland China): Table 7.

(III) Investment in China

1. Basic Information: Table 8.
2. Significant Transactions with Investees in Mainland China, Either Directly or Indirectly, Through a Business in a Third Region: None.

(IV) Major Shareholders

Table 9.

XIV. Department Information

(I) General information

The Group's management is classified based on business strategies, and the Group's operations and organization are also classified based on business strategies. The current business strategies of the Company are mainly categorized into Japan, Vietnam, the People's Republic of China (including Hong Kong), Malaysia and Thailand. The Group's management has identified

reportable departments based on the reporting information used by management in formulating its strategies.

(II) Departments information on profit and loss, assets and liabilities

The information on reportable departments provided to the chief decision maker is as follows:

2023							
	Japan	Vietnam	the People's Republic of China (including Hong Kong)	Thailand	Others in Asia	Adjustment and elimination	Total
Income:							
Income from outside clients	\$ 1,575,748	\$ 750,753	\$ 732,951	\$ 398,039	\$ 187,923	\$ -	\$ 3,645,414
Inter-segment income	148,340	13,338	394,021	5,019	51	( 560,769)	-
Total income	<u>\$ 1,724,088</u>	<u>\$ 764,091</u>	<u>\$ 1,126,972</u>	<u>\$ 403,058</u>	<u>\$ 187,974</u>	<u>(\$ 560,769)</u>	<u>\$ 3,645,414</u>
Segment income or loss	<u>\$ 236,494</u>	<u>\$ 82,516</u>	<u>\$ 70,362</u>	<u>(\$ 1,181)</u>	<u>\$ 102,098</u>	<u>(\$ 286,731)</u>	<u>\$ 203,558</u>
Segment income or loss includes:							
Depreciation and amortization	<u>\$ 45,846</u>	<u>\$ 26,556</u>	<u>\$ 66,349</u>	<u>\$ 34,155</u>	<u>\$ 8,660</u>	<u>\$ -</u>	<u>\$ 181,566</u>
Interest income	<u>\$ 89</u>	<u>\$ 17</u>	<u>\$ 4,116</u>	<u>\$ 40</u>	<u>\$ 1,421</u>	<u>(\$ 84)</u>	<u>\$ 5,599</u>
Income tax expense	<u>\$ 58,466</u>	<u>\$ 16,745</u>	<u>\$ 8,654</u>	<u>\$ -</u>	<u>\$ 531</u>	<u>\$ -</u>	<u>\$ 84,396</u>
Interest expense	<u>\$ 5,134</u>	<u>\$ -</u>	<u>\$ 2,469</u>	<u>\$ 3,049</u>	<u>\$ 2,665</u>	<u>(\$ 83)</u>	<u>\$ 13,234</u>

2022							
	Japan	Vietnam	the People's Republic of China (including Hong Kong)	Thailand	Others in Asia	Adjustment and elimination	Total
Income:							
Income from outside clients	\$ 1,549,091	\$ 574,645	\$ 892,421	\$ 358,558	\$ 243,918	\$ -	\$ 3,618,633
Inter-segment income	160,181	18,057	523,601	6,400	24	( 708,263)	-
Total income	<u>\$1,709,272</u>	<u>\$ 592,702</u>	<u>\$ 1,416,022</u>	<u>\$ 364,958</u>	<u>\$ 243,942</u>	<u>(\$ 708,263)</u>	<u>\$ 3,618,633</u>
Segment income or loss	<u>\$209,317</u>	<u>\$ 40,100</u>	<u>\$ 22,379</u>	<u>(\$ 6,668)</u>	<u>\$ 102,936</u>	<u>(\$ 174,978)</u>	<u>\$ 193,086</u>
Segment income or loss includes:							
Depreciation and amortization	<u>\$ 47,915</u>	<u>\$ 30,864</u>	<u>\$ 78,497</u>	<u>\$ 15,034</u>	<u>\$ 9,268</u>	<u>\$ -</u>	<u>\$ 181,578</u>
Interest income	<u>\$ 9</u>	<u>\$ 18</u>	<u>\$ 2,122</u>	<u>\$ 44</u>	<u>\$ 889</u>	<u>\$ -</u>	<u>\$ 3,082</u>
Income tax expense	<u>\$ 50,261</u>	<u>\$ 8,065</u>	<u>(\$ 63)</u>	<u>\$ -</u>	<u>\$ 16,480</u>	<u>\$ -</u>	<u>\$ 74,743</u>
Interest expense	<u>\$ 5,147</u>	<u>\$ -</u>	<u>\$ 3,175</u>	<u>\$ 84</u>	<u>\$ 179</u>	<u>\$ -</u>	<u>\$ 8,585</u>

(III) Region

Information by region for 2023 and 2022 is shown below:

	2023		2022	
	<u>Income</u>	<u>Non-current assets</u>	<u>Income</u>	<u>Non-current assets</u>
Japan	\$ 1,558,110	\$ 485,568	\$ 1,543,666	\$ 435,207
China	750,540	240,549	904,021	286,084
Vietnam	527,207	116,130	419,987	135,340
Thailand	400,533	89,508	360,827	120,578
Malaysia	165,816	42,619	215,204	48,717
Singapore	231,468	-	164,619	-
Other	11,740	4,122	10,309	5,817
	<u>\$ 3,645,414</u>	<u>\$ 978,496</u>	<u>\$ 3,618,633</u>	<u>\$ 1,031,743</u>

(IV) Main clients

Information on main clients for 2023 and 2022 is shown below:

	2023	2022
	<u>Income</u>	<u>Income</u>
Company A	\$ 1,008,038	\$ 859,008
Company B	699,894	731,664
Company C	495,139	451,122

IKKA Holdings (Cayman) Ltd. and Its Subsidiaries

Loans to Others

January 1, 2023- December 31, 2023

Table 1

Unit: NTD 1000

(Unless Otherwise Specified)

No.		General ledger account	Related Party	Maximum outstanding balance	Ending Balance	Amount Actually Drawn	Interest Rate	Nature of Loan	Amount of transactions with the borrower	Reason for short-term Loans	Collateral	Allowance for Impairment Loss	Item Value	Limit on Loans to a Single Party	Aggregate Loans Limit	Remark
(Note 1)	Creditor	Borrower	(Note 2)	(Note 3)	(Note 8)			(Note 4)	(Note 5)	(Note 6)				(Note 7)	(Note 7)	Remark
1	DaiichiKasei	IKKA Dongguan	Other receivables	Y	\$ 90,785	\$ 85,969	\$ 85,969	-	Short-term financing	- Operating support	-	-	-	\$ 1,507,855	\$ 1,507,855	Note 1
1	DaiichiKasei	IKKA Vietnam	Other receivables	Y	115,450	108,600	-	1.30	Short-term financing	- Operating support	-	-	-	1,507,855	1,507,855	Note 1
1	DaiichiKasei	IKKA HK	Other receivables	Y	10,022	-	-	-	Short-term financing	- Operating support	-	-	-	1,507,855	1,507,855	Note 1
2	IKKA HK	IKKA Technology Dongguan	Other receivables	Y	49,043	46,441	46,441	-	Short-term financing	- Operating support	-	-	-	478,948	478,948	Note 1
3	Sol-Plus JP	Hiraiseimitsu	Other receivables	Y	73,046	68,775	68,775	-	Short-term financing	- Operating support	-	-	-	145,717	145,717	Note 1
3	Sol-Plus JP	Hiraiseimitsu	Other receivables	Y	5,773	5,430	5,430	1.50	Short-term financing	- Operating support	-	-	-	145,717	145,717	Note 1

Note 1: The Companies are coded as follows:

1. The issuer is coded as "0"

2. The investees are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The following items related to accounts receivable from related parties, accounts receivable from related persons, shareholder transactions, prepaid payments, temporary payments, and any other items of a similar nature, if they belong to the category of fund advances, must be entered in this field.

Note 3: The maximum balance of financing amount to others during this year.

Note 4: The nature of the loan should be indicated as a business transaction or a short-term financing necessity.

Note 5: If the nature of the loan is a business transaction, the amount of business transaction should be indicated. The amount of business transaction refers to the amount of business transaction between the lending company and the loan recipient in the most recent year.

Note 6: If a loan is necessary for short-term financing, the reason for the necessary loan and the use of loans by the loan recipient should be specifically stated, such as: repayment of loans, purchase of equipment,

operating support, etc.

Note 7 The calculation of the limit of financing:

1. The loan amount to an individual borrower cannot exceed 100% of the lender's net worth.
2. The total amount of loans made cannot exceed 40% of the lender's net worth.

Note 8: If a public offering company submits a board of directors' resolution for a loan of funds on an individual basis pursuant to Article 14, Paragraph 1 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the amount of the board of directors' resolution should be included in the balance of the announcement even though the loans have not yet been prepared in order to disclose the risk it has assumed. However, the balance of the loan after repayment of the funds should be disclosed to reflect the adjustment of the risk. If a public company has a board of directors' resolution authorizing the chairman of the board of directors to make loans or recurring loans within a certain amount and a period of one year pursuant to paragraph 2 of Article 14 of the aforementioned Regulation, the amount of loans approved by the board of directors' meeting should still be included in the balance of the announcement, and even though the loans are repaid subsequently, the amount of the funds approved by the board of directors' meeting should be included in the balance of the announcement in order to reflect the adjustment of the risk.

IKKA Holdings (Cayman) Ltd. and Its Subsidiaries

Endorsements/Guarantees Provided

January 1, 2023- December 31, 2023

Table 2

Unit: NTD 1000  
(Unless Otherwise Specified)

No.	Endorsed/Guaranteed Party		Relationship	Limits on Endorsement Guarantee Amount Provided to a Party	Maximum Balance for the Year	Ending Balance	Amount Actually Drawn	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum/Endorsement Guarantee Amount Allowable	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by Subsidiary	Endorsement/ Guarantee to Subsidiary in the Mainland Area	Remark
(Note 1)	Endorsement Guarantee Provider	Name	(Note 2)		(Note 5)	(Note 6)	(Note 7)				(Note 8)	(Note 8)	(Note 8)	
1	DaiichiKasei	IKKA HK	2	\$ 603,142	\$ 68,640	\$ 65,160	\$ 32,580	\$ -	4.32	\$ 1,055,499	N	N	N	Note 2
2	Sol-Plus HK	Sol-Plus JP	2	82,713	31,140	-	-	-	-	144,748	N	N	N	Note 2

Note 1: The Companies are coded as follows:

1. The issuer is coded as "0".
2. The investees are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Seven types of relationship between a guarantor and the beneficiary of the guarantee, and the codes for each relationship are explained as follows:

1. Companies with which there is a business relationship.
2. Subsidiaries in which there is a direct holding of more than 50% of the ordinary shares.
3. An investee company in which the parent company and subsidiaries jointly hold more than 50% of common shares.
4. A parent company that directly or indirectly holds more than 50% of the common shares of the Company through its subsidiaries.
5. A company to which mutual guarantees are provided in accordance with a contract with a company in the same industry arising from a project.
6. A company to which a guarantee is provided by each of the joint shareholders in accordance with their shareholding ratio in a joint venture.
7. Joint and several performance guarantees for pre-sale housing sales contracts jointly with companies in the same industry in accordance with the Consumer Protection Act.

Note 3: DaiichiKasei's maximum endorsements/guarantees amount shall not exceed 70% of their net value based on the latest financial statement as audited and certified or reviewed by an accountant. The maximum amount of endorsements/guarantees to a single enterprise, for a subsidiary in which it directly holds more than 90% of the ordinary shares the maximum is 40% of the current net value based on the latest financial statement as reviewed or audited by an accountant, and for others the endorsements/guarantees cannot exceed 30% of the net value of the beneficiary of the guarantee.

Note 4: The maximum balance of endorsement/guarantee for others for the current year.

Note 5: The amount approved by the board of directors should be shown. However, if the board of directors authorizes the chairman of the board of directors to make a resolution in accordance with Article 12, Paragraph 8 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the amount resolved by the chairman of the board of directors shall be the amount resolved by the board of directors.

Note 6: Show the actual amount of the endorsed company's expenditures within the range of the endorsement/guarantee balance.

Note 7: Y is required for endorsement/guarantee by listed parent company to subsidiary company, endorsement/guarantee by subsidiary company to listed parent company, and endorsement/guarantee by Mainland China.

IKKA Holdings (Cayman) Ltd. and Its Subsidiaries  
Securities Held at the End of the Period (Excluding Investment in Subsidiaries and Affiliates)  
As of December 31, 2023

Table 3

Unit: NTD 1000  
(Unless Otherwise Specified)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Issuer (Note 2)	General Ledger Account	Shares (1000)	As of December 31, 2023			Remark
					Carrying Amount (Note 3)	Percentage of Ownership	Fair Value (Note 4)	
DaiichiKasei	Stock Sony Corporation	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non-Current	3	\$ 10,085	-	\$ 10,085	Unpledged
DaiichiKasei	Stock Sumitomo Electric Industries	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non-Current	15	6,006	-	6,006	Unpledged
DaiichiKasei	Stock Brother Industries, Ltd.	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non-Current	10	4,649	-	4,649	Unpledged
DaiichiKasei	Stock Panasonic Corporation	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non-Current	2	488	-	488	Unpledged
IKKA Holdings	Stock JET Optoelectronics Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non-Current	1,177	62,436	1.96%	62,436	Unpledged
IKKA Holdings	Partner Changneng Capital Limited ships Partnership	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non-Current	-	2,796	1.62%	2,796	Unpledged

Note 1: The term “securities” mentioned in this table refers to stocks, bonds, beneficiary certificates, and securities derived from the above-mentioned items within the scope of IFRS 9, “Financial Instruments”.

Note 2: If the issuer of securities is not a related party, the column is exempted.

Note 3: If the securities are measured at fair value, the carrying amount in the column should be the carrying amount after fair value adjustment and net of accumulated impairment; if the securities are not measured at fair value, the carrying amount in the column should be the carrying amount at acquisition cost or amortized cost, net of accumulated impairment.

Note 4: If any of the listed securities are subject to restrictions on use due to guarantees, pledged loans, or other agreements, the number of shares guaranteed or pledged, the amount of guarantee or pledge, and the circumstances under which the use is restricted should be stated in the Remark column.



## IKKA Holdings (Cayman) Ltd. and Its Subsidiaries

Total Purchases from or Sales to Related Parties Amounting to at Least NT\$100 million or 20% of the Paid-in Capital

January 1, 2023 - December 31, 2023

Table 4

Unit: NTD 1000  
(Unless Otherwise Specified)

Differences in transaction terms

compared to third-party transactions (Note 1)

Transaction

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Notes/accounts receivable (payable)			
									Balance	Percentage of total notes/accounts receivable (payable)	Remark (Note 2)	
IKKA HK	DaiichiKasei	Same parent company	(Sales)	\$ 119,854	3%	60 days	No material difference	No material difference	\$ 69,290	2%	-	
DaiichiKasei	IKKA Vietnam	Same parent company	(Sales)	63,360	2%	As agreed by the parties	No material difference	No material difference	16,445	0.45%	-	
IKKA HK	IKKA Dongguan	Subsidiary	(Sales)	67,918	2%	60 days	No material difference	No material difference	46,446	1%	-	
IKKA Dongguan	IKKA HK	Same parent company	(Sales)	189,283	5%	60 days	No material difference	No material difference	33,832	1%	-	

Note 1: If the terms and conditions of related party transactions are different from those of regular transactions, the differences should be disclosed in the columns of unit price and credit term and the reasons for the differences.

Note 2: If there are any advance receipts (payments), the reasons, contract terms, amounts, and differences from normal transactions should be stated in the Remark column.

Note 3: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's stock has no par value or the par value per share is not NTD 10, the transaction amount of 20% of the paid-in capital is calculated based on 10% of the owners' equity of the parent company in the balance sheet.

Note 4: The related transactions are no longer disclosed on the basis of revenue disclosure.

Table 5

IKKA Holdings (Cayman) Ltd. and Its Subsidiaries  
Receivables from Related Parties Amounting to at Least NTD 100 Million  
or 20% of the Paid-in Capital  
January 1, 2023 - December 31, 2023

Unit: NTD 1000  
(Unless Otherwise Specified)

Creditor	Counterparty	Relationship	Balance ( Note 1 )	Turnover rate	Overdue Receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action Taken		
IKKA HK	DaiichiKasei	2	\$ 69,290	2.30	\$ 36,981	-	\$ -	-
(Accounts Receivable)								

Note 1: Please list accounts receivable from related parties, notes, other receivables, etc. separately.

Note 2: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's stock has no par value or the par value per share is not NTD 10, the transaction amount of 20% of the paid-in capital is calculated based on 10% of the owners' equity of the parent company in the balance sheet.

IKKA Holdings (Cayman) Ltd. and Its Subsidiaries  
Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts  
January 1, 2023 - December 31, 2023

Table 6

Unit: NTD 1000  
(Unless Otherwise Specified)

					Transaction		
No							
(Note 1)	Company name	Counterparty	Relationship	General ledger account	Amount	Transaction Terms	Percentage of consolidated total operating revenues or total assets (Note 3)
2	IKKA HK	DaiichiKasei	3	Sales revenue	119,854	Net 60 days	3%
4	IKKA Dongguan	IKKA HK	3	Sales revenue	189,283	Net 60 days	5%

Note 1: The information on business transactions between the parent company and subsidiaries should be indicated in the number column separately, and the number should be filled in as follows:

1. The parent company is coded as "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Three types of relationship with the trader, explained as follows in accordance with the code (if it is the same transaction between the parent company and subsidiaries or between subsidiaries, it is not necessary to repeat the disclosure. For example, if the parent company has already disclosed the parent company's transactions with its subsidiaries, the subsidiaries' portion of the transaction does not need to be repeatedly disclosed; if one of the subsidiaries has already disclosed its transactions with its subsidiaries, the other subsidiary does not need to be repeatedly disclosed):

1. Parent company to subsidiary company
2. Subsidiary to parent company
3. Subsidiary to subsidiary

Note 3: The ratio of transaction amount to consolidated total revenues or total assets is calculated as the ending balance to consolidated total assets for balance sheet items and as the cumulative amount to consolidated total operating revenues for profit and loss items.

Note 4: The materiality principle of this statement is based on the ratio of the transaction amount to 3% of the consolidated total revenue or total assets. In addition, assets and revenues are disclosed on an asset and revenue basis, and the related transactions are not disclosed.

IKKA Holdings (Cayman) Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.) (Investees in the Mainland Area Excluded)  
January 1, 2023 - December 31, 2023

Table 7

Unit: NTD 1000  
(Unless Otherwise Specified)

Investor	Investee (Note 1, 2)	Location	Main business	Initial investment amount		Shares Held as of December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Remark
				Balance as of December 31, 2023	Balance as of December 31, 2022	Number of shares	Ownership (%)	Book value			
IKKA Holdings	DaiichiKasei	Japan	Precision plastic injection molded parts and module production, mold manufacturing, as well as machine and equipment production, precision ceramic injection molded parts.	\$627,091	\$627,091	64,081	100.00	\$ 1,507,855	\$ 173,220	\$ 173,220	Subsidiary
IKKA Holdings	Sol-Plus HK	Hong Kong	Investment	282,535	152,821	7,000,000	100.00	206,784	6,794	6,794	Subsidiary
DaiichiKasei	M.A.C. Technology	Malaysia	Manufacturing and packaging of CD and CD ROM, computer printers, electronic and industrial precision ceramics and molds, plastic injection components for the electronics and the camera industries	380,603	380,603	41,665,000	100.00	123,967 (	18,555) (	18,555)	Subsidiary
DaiichiKasei	IKKA Vietnam	Vietnam	Production, operation, and processing of plastic and metal parts commonly used in automobiles, scooters, and office equipment	58,346	58,346	2,500,000	100.00	420,593	65,514	65,514	Subsidiary
DaiichiKasei	IKKA HK	Hong Kong	Investment and trade	292,545	292,545	80,067,000	100.00	478,948	31,866	31,866	Subsidiary
Sol-Plus HK	Sol-Plus JP	Japan	Manufacturing and sales of plastic products and molds	191,587	191,587	3,404,019,254	100.00	145,717	4,891	4,891	Subsidiary
Sol-Plus JP	Hiraiseimitsu	Vietnam	Manufacturing and sales of plastic products and molds	250,708	250,708	2,500,000	100.00	47,105 (	1,650) (	1,650)	Subsidiary

Note 1: If a public company has a foreign holding company and, in accordance with local laws and regulations, uses consolidated financial statements as its primary financial report, the disclosure of information about the foreign investee company may be limited to the relevant information about the holding company.

Note 2: For cases other than those described in Note 1, the following rules apply:

1. The columns for “Investee,” “Location,” “Main business,” “Initial investment amount,” and “Shares Held as of December 31, 2022,” should be completed in accordance with the status of the (public) company's investment and the status of reinvestment in each investee company that is directly or indirectly controlled by the company, and the relationship between the investee company and the (public) company (such as subsidiaries or sub-subsidiaries) should also be stated in the Remark column.
2. The column, “Net profit (loss) of the investee for the year ended December,” should be filled in with the amount of each investee's profit or loss for the current period.
3. The column, “Investment income (loss) recognized by the Company for the year ended December 31, 2022” should be filled in only for the subsidiaries in which the (public) company has recognized direct investment and the equity-method investees, and the rest should be exempted. When filling in the column “Amount of profit or loss for the period of each subsidiary recognized as direct investment,” it should be confirmed that the amount of profit or loss for the period of each subsidiary has included the profit or loss of the investment that should be recognized in accordance with the regulations on the reinvestment of the subsidiary.

IKKA Holdings (Cayman) Ltd. and Its Subsidiaries

Investment in Mainland China—Basic Information

January 1, 2023 - December 31, 2023

Table 8

Unit: NTD 1000  
(Unless Otherwise Specified)

Investor Company in Mainland China	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulate d Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of Investee	Direct or Indirect Percentage of Ownership	Recognitio n of Investment Gains and Losses in the Current Period (Note 2)	Carrying Amount as of December 31, 2023	Accumulate d Repatriation of Investment Income as of December 31, 2023			
	Main Business	Paid-in Capital		Outward	Inward						Remark		
IKKA Dongguan	Production and sales of precision plastic parts, hardware parts, bearings, and molds	232,837	2	\$- \$	-	\$ -	\$-	\$22,223	100.00	\$22,223	\$ 351,195	\$-	Note 2(2)B and Note 5

Note 1: There are three types of investment:

1. Direct investment in the Mainland area.
2. Invest in the mainland via a third jurisdiction.
3. Other methods.

Note 2: The investment income (loss) recognized in current period was determined based on the following basis:

1. If there is no investment gain or loss in the preparatory stage, it should be noted.
2. The basis for recognized investment income or loss is categorized into the following three types, which should be noted.
  - A. The financial statements were audited by an internationally certified public accounting firm in cooperation with a Republic of China accounting firm.
  - B. The financial statements were audited by the auditors of the parent company.
  - C. Others.

Note 3: Relevant figures in this table should be presented in New Taiwan dollars.

Note 4: The company is not a corporation incorporated in the Republic of China, so it is not applicable.

Note 5: Invested in China through a third-party investment company (IKKA HK investment).

IKKA Holdings (Cayman) Ltd. and Its Subsidiaries

Information on Major Shareholders

As of December 31, 2023

Table 9

Name	<u>Shares</u>	
	Shares Held	Shareholding Ratio
Abico International Co., Ltd..	10,900,000	37.00%
Abico Avy Co., Ltd.	4,000,000	13.58%
Chinatrust Commercial Bank Co., Ltd. acting in its capacity as depositary and representative to Jinmai Investment Co.	1,706,718	5.79%