Stock Code: 3607

# Coxon Precise Industrial Co., Ltd. and subsidiaries

# Consolidated Financial Statements and Independent Auditors' Report

For the years ended 2023 and 2022

Address: No. 48, Ln. 1274, Zhongzheng Rd., Zhongli Dist.,

Taoyuan City, Taiwan (R.O.C.)

Tel: (03)4252153

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

# §Table of Contents§


| Item | | | Page | Notes to the Financial Statements |
|---|---|---|---|---|
| I. | Front Page | | 1 | - |
| II. | Table of Contents | | 2 | - |
| III. | Statement of Consolidated Financial Statements of Affiliated Enterprises | | 3 | - |
| IV. | Auditor's Report | | 4-7 | - |
| V. | Consolidated Balance Sheet | | 8 | - |
| VI. | Consolidated Statement of Comprehensive Income | | 9-10 | - |
| VII. | Consolidated Statement of Changes in Equity | | 11 | - |
| VIII. | Consolidated Cash Flow Statement | | 12-13 | - |
| IX. | Notes to the Consolidated Financial Statements | | | |
| | (I) | General Information | 14 | I. |
| | (II) | Approval of Dates and Procedures of Financial Statements | 14 | II. |
| | (III) | Application of New, Amended and Revised Standards and Interpretations | 14-15 | III |
| | (IV) | Summary of Significant Accounting Policies | 15-29 | IV |
| | (V) | Major sources of uncertainty in significant accounting judgments, estimates and assumptions | 29 | V |
| | (VI) | Description of major accounting items | 29-52 | VI-XXVIII |
| | (VII) | Transactions with Related Parties | 53～54 | XXIX |
| | (VIII) | Assets pledged as collateral | 54 | XXX |
| | (IX) | Significant Contingent Liabilities and Unrecognized Commitments | - | - |
| | (X) | Major Disaster Losses | - | - |
| | (XI) | Events after the Reporting Period | 55 | XXXI |
| | (XII) | Others | 55-56 | XXXII |
| | (XIII) | Separately Disclosed Items | | |
| | | 1. Information on significant transactions | 56-57，60-63，66 | XXXIII |
| | | 2. Information on investments | 57，64，66 | XXXIII |
| | | 3. Information on investments in mainland China | 57，62-66 | XXXIII |
| | | 4. Information of Major Shareholders | 57，67 | XXXIII |
| | (XIV) | Segment Information | 57-59 | XXXIV |

Statement of Consolidated Financial Statements of Affiliated Enterprises

The Company and its subsidiaries that are required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

We hereby present it to you

Company name: Coxon Precise Industrial Co., Ltd

Chairman: Hong Huan-Ching

March 14, 2024

## Auditor's Report

To: Coxon Precise Industrial Co., Ltd.

**Opinions**

We have audited the accompanying consolidated balance sheets of Coxon Precise Industrial Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") as of December 31, 2023 and 2022and the relevant consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the consolidated financial statements)".

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

**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 the Audit of the 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 of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and other auditor's reports, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the Group for the year ended December 31, 2023. The matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matters.

The key audit matters of the consolidated financial statements of the Group for the year ended December 31, 2022 are as follows:

Key Audit Matters: Revenue Recognition of Triangular Trade

The consolidated operating revenue of the Group for the year ended December 31, 2023, was NTD 2,637,304 thousand. Based on the consideration of the materiality of the financial statements and the auditing standard bulletin, the revenue recognition was preset as a significant risk. The revenue of Coxon Precise Industrial Co., Ltd. was generated from triangular trade occurred when production which manufactured in South China and shipped directly to customers. We considered the occurrence of revenue describes as above as a key audit matter. Please refer to Notes 4 and 23 to the consolidated financial statements.

Our key audit procedures performed in respect of the operating revenue recognition included the following:

1. We understood, evaluated and tested the effectiveness of the design and implementation of internal control system that is related to revenue recognition.
2. We obtained the details of triangular trade for the year ended December 31, 2023 and we sampled and tested the selected transactions with their original purchase orders and delivery orders, and we compared the amounts to their respective accounts; in addition, we also sampled and tested delivery orders and relative authentications in South China within to ensure the occurrence of the sales.
3. We obtained the sales returns details of triangular trade for the subsequent period, sampled and tested the related sales return supporting documents and reviewed the reasonableness of the occurrence of such sales returns.

**Other Items**

We have audited and issued an unqualified opinion on the parent company only financial statements of the Company as at and for the years ended December 31, 2023 and 2022.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements they free from material misstatement, whether 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, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group’s financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, If an individual or total amount misstated was reasonably expected to have an impact on the economic decision-making of users of the consolidated financial statements, the misstatement was deemed as material.

As part of an audit in accordance with the auditing standards in the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, and whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosure, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group, to express an opinion on the consolidated financial

statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with statements that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence (including related safeguards).

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ming-Chung Hsieh and Pan-Fa Wang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

## Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)**
**Coxon Precise Industrial Co., Ltd. and subsidiaries**
**Consolidated Balance Sheet**
**December 31, 2023 and 2022**

Units: NT$thousand

| Accounting code | Assets | December 31, 2023 Amount | % | December 31, 2022 Amount | % |
|---|---|---|---|---|---|
| | Current Asset | | | | |
| 1100 | Cash and Cash Equivalents (Notes 6 and 28) | $ 457,249 | 15 | $ 517,381 | 15 |
| 1110 | Financial assets at fair value through profit or loss - current (Notes 7 and 28) | 58,415 | 2 | 29,974 | 1 |
| 1120 | Financial assets at fair value through other comprehensive income - current (Notes 8 and 28) | 30,006 | 1 | 35,243 | 1 |
| 1136 | Financial assets at amortized cost - current (Notes 9 and 28) | 214,728 | 7 | 220,720 | 7 |
| 1150 | Notes receivable, net (Notes 10, 23, and 28) | 66,072 | 2 | - | - |
| 1170 | Trade receivable - non-related parties (Notes 10, 23, and 28) | 832,993 | 28 | 962,234 | 28 |
| 1180 | Trade receivable - Related parties (Notes 10, 23, 28, and 29) | 5 | - | 663 | - |
| 1200 | Other receivables (Notes 10, 28, and 29) | 27,376 | 1 | 60,033 | 2 |
| 1220 | Current income tax assets (Note 25) | 890 | - | 16 | - |
| 130X | Inventories (Note 11) | 253,178 | 8 | 353,179 | 10 |
| 1410 | Prepayments | 50,481 | 2 | 72,628 | 2 |
| 1476 | Other financial assets - current (Notes 28 and 30) | 354 | - | - | - |
| 1479 | Other Current Asset | 21 | - | - | - |
| 11XX | Total current assets | 1,991,768 | 66 | 2,252,071 | 66 |
| | Non-current assets | | | | |
| 1517 | Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 28) | 8,010 | - | 14,452 | 1 |
| 1550 | Investments accounted for using the equity method (Note 13) | - | - | 2,625 | - |
| 1600 | Property, plant and equipment (Notes 14 and 29) | 648,365 | 22 | 760,519 | 22 |
| 1755 | Right-of-use assets (Note 15) | 288,279 | 10 | 338,629 | 10 |
| 1780 | Intangible assets (Note 16) | 10,454 | - | 8,794 | - |
| 1915 | Prepaid equipment payment | 24,365 | 1 | 10,076 | - |
| 1990 | Other non-current assets - others (Notes 10 and 17) | 30,596 | 1 | 29,360 | 1 |
| 15XX | Total non-current assets | 1,010,069 | 34 | 1,164,455 | 34 |
| 1XXX | Total Assets | $ 3,001,837 | 100 | $ 3,416,526 | 100 |

| Accounting code | Liabilities and Equity | December 31, 2023 Amount | % | December 31, 2022 Amount | % |
|---|---|---|---|---|---|
| | Current liabilities | | | | |
| 2130 | Contract liabilities - current (Note 23) | $ 13,108 | - | $ 56,928 | 2 |
| 2150 | Notes payable (Notes 18 and 28) | - | - | 525 | - |
| 2170 | Accounts payable (Notes 18 and 28) | 489,710 | 16 | 557,353 | 16 |
| 2213 | Payables for equipment (Note 28) | 13,653 | 1 | 7,106 | - |
| 2219 | Other payables - Other (Notes 19 and 28) | 304,657 | 10 | 378,189 | 11 |
| 2250 | Provision - current (Note 20) | 12,669 | - | 12,343 | - |
| 2280 | Lease liabilities - current (Notes 15 and 28) | 85,044 | 3 | 84,840 | 3 |
| 2399 | Other current liabilities (Note 19) | - | - | 1,149 | - |
| 21XX | Total current liabilities | 918,841 | 30 | 1,098,433 | 32 |
| | Non-current bonds | | | | |
| 2570 | Deferred income tax liabilities (Note 25) | 5,945 | - | 5,805 | - |
| 2580 | Lease liabilities - non-current (Notes 15 and 28) | 203,312 | 7 | 243,950 | 7 |
| 2640 | Net defined benefit liabilities (Note 21) | 10,960 | 1 | 12,046 | 1 |
| 2670 | Other non-current liabilities - others (Note 19) | 8,564 | - | 7,357 | - |
| 25XX | Total non-current liabilities | 228,781 | 8 | 269,158 | 8 |
| 2XXX | Total liabilities | 1,147,622 | 38 | 1,367,591 | 40 |
| | Equity attributable to owners of the Company (Note 22) | | | | |
| | Share capital | | | | |
| 3110 | Ordinary shares | 1,216,622 | 41 | 1,216,622 | 36 |
| 3200 | Capital surplus | 1,424,762 | 47 | 1,806,253 | 53 |
| 3350 | Accumulated deficits | ( 43,642 ) | ( 1 ) | ( 259,881 ) | ( 8 ) |
| 3400 | Other equity | ( 768,745 ) | ( 26 ) | ( 736,178 ) | ( 22 ) |
| 31XX | Total owner's equity | 1,828,997 | 61 | 2,026,816 | 59 |
| 36XX | Non-controlling interests | 25,218 | 1 | 22,119 | 1 |
| 3XXX | Total equity | 1,854,215 | 62 | 2,048,935 | 60 |
| | Total liabilities and equity | $ 3,001,837 | 100 | $ 3,416,526 | 100 |

The accompanying notes are an integral part of the consolidated financial statements.

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)**
**Coxon Precise Industrial Co., Ltd. and subsidiaries**
**Consolidated Statement of Comprehensive Income**
**January 1 to December 31, 2023 and 2022**

Units: NT$ thousand, except losses per share

| Accounting code | | 2023 Amount | 2023 % | 2022 Amount | 2022 % |
|---|---|---|---|---|---|
| 4000 | Net operating revenue (Notes 23, 29, and 34) | $ 2,637,304 | 100 | $ 2,857,787 | 100 |
| 5000 | Operating cost (Notes 11, 24, and 29) | ( 2,408,912 ) | ( 91 ) | ( 2,862,422 ) | ( 100 ) |
| 5900 | Gross operating profit (loss) | 228,392 | 9 | ( 4,635 ) | - |
| | Operating expenses (Note 24) | | | | |
| 6100 | Selling and marketing expenses | ( 94,395 ) | ( 4 ) | ( 108,251 ) | ( 4 ) |
| 6200 | Administrative expenses | ( 275,875 ) | ( 10 ) | ( 315,637 ) | ( 11 ) |
| 6300 | Research and development expenses | ( 4,305 ) | - | ( 8,470 ) | - |
| 6450 | Expected credit reversal gain (loss) | 9,521 | - | ( 1,777 ) | - |
| 6000 | Total operating expenses | ( 365,054 ) | ( 14 ) | ( 434,135 ) | ( 15 ) |
| 6900 | Loss from operations | ( 136,662 ) | ( 5 ) | ( 438,770 ) | ( 15 ) |
| | Non-operating income and expenses (Notes 24 and 29) | | | | |
| 7100 | Interest income | 14,846 | 1 | 5,052 | - |
| 7020 | Other gains and losses | 91,114 | 3 | 122,315 | 4 |
| 7210 | Gains on disposal and scrapping of property, plant and equipment | 12,563 | - | 81,903 | 3 |
| 7050 | Finance costs | ( 22,145 ) | ( 1 ) | ( 23,331 ) | ( 1 ) |
| 7060 | Share of profit or loss of associates using the equity method | ( 134 ) | - | ( 203 ) | - |
| 7000 | Total non-operating income and expenses | 96,244 | 3 | 185,736 | 6 |

(continued)

(continued)

| Accounting code | | 2023 Amount | 2023 % | 2022 Amount | 2022 % |
|---|---|---|---|---|---|
| 7900 | Loss before income tax | ($ 40,418) | (2) | ($ 253,034) | (9) |
| 7950 | Income tax expense (Note 25) | (94) | - | (5,869) | - |
| 8200 | Net loss for the year | (40,512) | (2) | (258,903) | (9) |
| | Other comprehensive income (Note 21 and 22) | | | | |
| 8310 | Items that may not be reclassified subsequently to profit or loss: | | | | |
| 8311 | Exchange differences on translating foreign operations | 573 | - | 11,406 | - |
| 8316 | Unrealized Gain (Loss) on Equity Instruments at Fair Value Through Other Comprehensive Income | (11,679) | - | (27,761) | (1) |
| 8360 | Items that may be reclassified subsequently to profit or loss: | | | | |
| 8361 | Exchange differences on translating foreign operations | (21,492) | (1) | 56,939 | 2 |
| 8300 | Other comprehensive income/loss for the year, net of income tax | (32,598) | (1) | 40,584 | 1 |
| 8500 | Total Comprehensive Loss for the Year | ($ 73,110) | (3) | ($ 218,319) | (8) |
| | Net loss attributable to: | | | | |
| 8610 | Owners of the Company | ($ 44,215) | (2) | ($ 271,287) | (9) |
| 8620 | Non-controlling interests | 3,703 | - | 12,384 | - |
| 8600 | | ($ 40,512) | (2) | ($ 258,903) | (9) |
| | Total comprehensive income attributable to: | | | | |
| 8710 | Owners of the Company | ($ 76,209) | (3) | ($ 231,061) | (8) |
| 8720 | Non-controlling interests | 3,099 | - | 12,742 | - |
| 8700 | | ($ 73,110) | (3) | ($ 218,319) | (8) |
| | Loss per share (Note 26) | | | | |
| | From continuing operations | | | | |
| 9710 | Basic | ($ 0.36) | | ($ 2.23) | |

The accompanying notes are an integral part of the consolidated financial statements.

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)**
**Coxon Precise Industrial Co., Ltd. and subsidiaries**
**Consolidated Statement of Changes in Equity**
**January 1 to December 31, 2023 and 2022**

Units: NT$thousand

| | | Equity attributable to owners of the Company | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Share capital | | | Retained earnings | Other equity | | | | |
| Accounting code | | Number of shares (thousand shares) | Amount | Capital surplus | Undistributed earnings | Exchange differences on translating foreign operations | Unrealized gain (loss) on financial assets at fair value through other comprehensive income | Total | Non-controlling interests | Total equity |
| A1 | Balance at January 1, 2022 | 121,622 | $ 1,216,622 | $ 2,161,467 | ($ 233,552) | ($ 721,413) | ($ 75,011) | $ 2,348,113 | $ 9,377 | $ 2,357,490 |
| C11 | Capital surplus used to compensate deficit | - | - | (233,552) | 233,552 | - | - | - | - | - |
| C15 | Cash dividend distributed from capital surplus | - | - | (121,662) | - | - | - | (121,662) | - | (121,662) |
| M3 | Disposal of subsidiaries | - | - | - | - | 31,426 | - | 31,426 | - | 31,426 |
| D1 | Net loss for the year ended December 31, 2022 | - | - | - | (271,287) | - | - | (271,287) | 12,384 | (258,903) |
| D3 | Other comprehensive income (loss) for the year ended December 31, 2022 | - | - | - | 11,406 | 56,581 | (27,761) | 40,226 | 358 | 40,584 |
| D5 | Total comprehensive income (loss) for the year ended December 31, 2022 | - | - | - | (259,881) | 56,581 | (27,761) | (231,061) | 12,742 | (218,319) |
| Z1 | Balance at December 31, 2022 | 121,622 | 1,216,622 | 1,806,253 | (259,881) | (633,406) | (102,772) | 2,026,816 | 22,119 | 2,048,935 |
| C11 | Capital surplus used to compensate deficit | - | - | (259,881) | 259,881 | - | - | - | - | - |
| C15 | Cash dividend distributed from capital surplus | - | - | (121,662) | - | - | - | (121,662) | - | (121,662) |
| C17 | Profit from exercising the vesting rights | - | - | 52 | - | - | - | 52 | - | 52 |
| D1 | 2023 net loss | - | - | - | (44,215) | - | - | (44,215) | 3,703 | (40,512) |
| D3 | Other comprehensive income (loss) for the year ended December 31, 2023 | - | - | - | 573 | (20,888) | (11,679) | (31,994) | (604) | (32,598) |
| D5 | Total comprehensive income in 2023 | - | - | - | (43,642) | (20,888) | (11,679) | (76,209) | 3,099 | (73,110) |
| Z1 | Balance at December 31, 2023 | 121,622 | $ 1,216,622 | $ 1,424,762 | ($ 43,642) | ($ 654,294) | ($ 114,451) | $ 1,828,997 | $ 25,218 | $ 1,854,215 |

The accompanying notes are an integral part of the consolidated financial statements.

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)**
**Coxon Precise Industrial Co., Ltd. and subsidiaries**
**Consolidated Cash Flow Statement**
**January 1 to December 31, 2023 and 2022**

Units: NT$thousand

| Accounting code | | 2023 | 2022 |
|---|---|---|---|
| | Cash Flows from Operating Activities | | |
| A10000 | Loss before income tax | ($ 40,418 ) | ($ 253,034 ) |
| A20010 | Profit/loss | | |
| A20100 | Depreciation expenses | 207,905 | 232,079 |
| A20200 | Amortization expenses | 3,382 | 4,399 |
| A20300 | Expected credit reversal gain (loss) | ( 9,521 ) | 1,777 |
| A20900 | Finance costs | 22,145 | 23,331 |
| A21200 | Interest income | ( 14,846 ) | ( 5,052 ) |
| A21300 | Dividend income | ( 643 ) | ( 935 ) |
| A22300 | Share of losses on associates using the equity method | 134 | 203 |
| A22500 | Gains on disposal and scrapping of property, plant and equipment | ( 12,563 ) | ( 81,903 ) |
| A23200 | Gains on disposal of investment accounted for using the equity method | ( 154 ) | - |
| A23600 | Impairment loss of property, plant and equipment | - | 7,525 |
| A23700 | Loss for market price decline and obsolete (gain from price recovery of inventory) | ( 24,731 ) | 14,654 |
| A22900 | Gain on lease modification | - | ( 839 ) |
| A30000 | Changes in operating assets and liabilities | | |
| A31130 | Notes receivables | ( 66,072 ) | - |
| A31150 | Trade receivables | 139,639 | 328,740 |
| A31180 | Other receivables | 33,154 | ( 45,632 ) |
| A31200 | Inventory | 127,227 | 92,843 |
| A31230 | Prepayments | 22,147 | 33,281 |
| A31240 | Other Current Asset | ( 21 ) | 15 |
| A32125 | Contract liabilities | ( 43,820 ) | 25,436 |
| A32130 | Notes payable | ( 525 ) | 514 |
| A32150 | Trade payables | ( 67,643 ) | ( 315,828 ) |
| A32180 | Other payables | ( 73,532 ) | ( 26,190 ) |
| A32200 | Provisions | 326 | ( 2,606 ) |
| A32230 | Other current liabilities | ( 1,149 ) | 294 |
| A32990 | Deferred revenue | - | ( 707 ) |
| A32240 | Net defined benefit liabilities | ( 513 ) | ( 9,367 ) |
| A33000 | Cash generated from operations | 199,908 | 22,998 |

(continued)

(continued)

| Accounting code | | 2023 | 2022 |
|---|---|---|---|
| A33100 | Interest received | $ 14,349 | $ 4,987 |
| A33200 | Dividends received | 643 | 935 |
| A33300 | Interest paid | ( 22,145 ) | ( 23,331 ) |
| A33500 | Income tax paid | ( 828 ) | ( 403 ) |
| AAAA | Net cash inflow from operating activities | 191,927 | 5,186 |
| | Cash Flows from Investing Activities | | |
| B00040 | Purchase of financial assets at amortized cost | ( 99,844 ) | ( 183,220 ) |
| B00050 | Proceeds from disposal of financial assets at amortized cost | 105,836 | 2,500 |
| B00100 | Acquisition of financial assets at fair value through profit or loss | ( 29,333 ) | ( 45,367 ) |
| B00200 | Disposal of financial assets at fair value through profit or loss | - | 28,417 |
| B01900 | Net cash inflow from disposal of associates | 2,659 | - |
| B02300 | Net cash inflow on disposal of subsidiaries | - | 75,900 |
| B02700 | Payments for property, plant and equipment | ( 14,241 ) | ( 40,644 ) |
| B02800 | Disposal of property, plant and equipment | 20,787 | 156,651 |
| B03700 | Increase in refundable deposits | ( 1,236 ) | ( 12,456 ) |
| B06500 | Increase of other financial assets | ( 354 ) | - |
| B04500 | Payments for intangible assets | ( 5,198 ) | ( 1,474 ) |
| B07100 | Increase in prepayment of equipment | ( 14,289 ) | ( 3,484 ) |
| BBBB | Net cash outflow from investing activities | ( 35,213 ) | ( 23,177 ) |
| | Cash Flows from Financing Activities | | |
| C03000 | Increase in guarantee deposits received | 1,207 | 4,244 |
| C04020 | Repayment of principal of lease liabilities | ( 84,267 ) | ( 83,534 ) |
| C04500 | Cash distributions from capital surplus | ( 121,662 ) | ( 121,662 ) |
| C09900 | Exercise of vesting rights | 52 | - |
| CCCC | Net cash used in financing activities | ( 204,670 ) | ( 200,952 ) |
| DDDD | Effect of exchange rate changes on cash and cash equivalents | ( 12,176 ) | 78,568 |
| EEEE | Net decrease in cash and cash equivalents | ( 60,132 ) | ( 140,375 ) |
| E00100 | Cash and cash equivalents at the beginning of the year | 517,381 | 657,756 |
| E00200 | Cash and cash equivalents at the end of the year | $ 457,249 | $ 517,381 |

The accompanying notes are an integral part of the consolidated financial statements.

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)**
**Coxon Precise Industrial Co., Ltd. and subsidiaries**
**Notes to the Consolidated Financial Statements**
**January 1 to December 31, 2023 and 2022**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

I. General Information

Coxon Precise Industrial Co., Ltd. (the "Company") was incorporated in the Republic of China (ROC) in June 1989. The Company mainly manufactures, packages and sells all kinds of molds, metal and plastic components; develops, manufactures, and sells all kinds of electronics, motors and components, imports and exports the above mentioned products and raw materials, and makes relevant investments. The Company's shares were previously listed on the Taipei Exchange (formerly the Taiwan GreTai Securities Market) since January 2008 and has now been listed on the Taiwan Stock Exchange (TWSE) since October 28, 2009.

The consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency.

II. Approval of Dates and Procedures of Financial Statements

The consolidated financial statements were approved by the Board of Directors for release on March 14, 2024.

III. Application of New, Amended and Revised Standards and Interpretations

(I) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The application of the amendments to the IFRSs endorsed and issued into effect by the FSC will not have a material impact on the Group's accounting policies.

(II) The IFRSs endorsed by Financial Supervisory Commission (FSC) for application starting from 2024

| New, Amended and Revised Standards and Interpretations | Effective Date Announced by IASB (Note 1) |
|---|---|
| Amendments to IFRS 16 "Lease Liability in Sale and Leaseback" | January 1, 2024 (Note 2) |
| Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" | January 1, 2024 |
| Amendments to IAS 1 "Non-current Liabilities with Covenants" | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements" | January 1, 2024 (Note 3) |

Note 1: Unless stated otherwise, the above new, amended and revised standards and interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The seller-lessee shall apply the amendments retrospectively to the requirements for sale and leaseback transactions in IFRS 16 after the date of initial application of IFRS 16.

Note 3: Partial exemption from disclosure requirements upon first application of these amendments.

As of the publication date of this consolidated financial statement, the Group has assessed that the amendments to the above standards and interpretations will not have a significant impact on the financial position and financial performance.

(III) New IFRSs in issue by IASB but not yet endorsed and issued into effect by the FSC

| New, Amended and Revised Standards and Interpretations | Effective Date Announced by IASB (Note 1) |
|---|---|
| Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture" | To be determined |
| IFRS 17 "Insurance Contracts" | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information" | January 1, 2023 |
| Amendments to IAS 21 "Lack of Exchangeability" | January 1, 2025 (Note 2) |

Note 1: Unless stated otherwise, the above new, amended and revised standards and interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. When the amendment is applied for the first time, the effect is recognized in the retained earnings on the date of initial application. When the Group uses a non-functional currency as the presentation currency, it will affect the exchange differences of foreign operations under equity on the date of initial application.

As of the publication date of these consolidated financial statements, the Group continues to evaluate the impact of the amendments to the above standards and interpretations on the financial position and financial performance, and will disclose the relevant impact when the evaluation is completed.

## IV. Summary of Significant Accounting Policies

(I) Statement of compliance

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

(II) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments measured at fair value, and net defined benefit liabilities, which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3. Level 3 inputs are unobservable inputs for an asset or liability.

(III) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the reporting period; and
3. Cash and cash equivalents (unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the reporting period (even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the parent company only financial statements are authorized for issue); and
3. Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. 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.

Assets and liabilities that are not classified as current are classified as non-current.

(IV) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective dates of acquisition up to the effective dates of disposal. The financial statements of subsidiaries have been adjusted to ensure consistency between their accounting policies and the Group's. All intra-group transactions, balances, income, and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests have been adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the disposal gain or loss is the difference between (1) the sum of the fair value of the consideration received and the fair value of the remaining investment in the former subsidiary on the day it lost control; and (2) The assets (including goodwill), liabilities and non-controlling interests of the former subsidiary shall be added up according to the book value on the date when the control is lost. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group directly disposes of the relevant assets or liabilities.

The remaining investment in the former subsidiary is the initial recognized amount according to the fair value on the date when the control is lost.

Please refer to Note 12 and Tables 5 and 6 for details of subsidiaries, shareholding ratio and main business.

(V) Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity’s functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing on the transaction dates.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss. For items whose changes in fair value are recognized in other comprehensive income, the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction (i.e., not retranslated).

When the consolidated financial statements are prepared, the assets and liabilities of the Company's foreign operations (including subsidiaries or associates and joint ventures that operate in countries or adopt the functional currencies different from the Company) are translated into New Taiwan dollar at the rates of exchange prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency exchange differences are recognized in other comprehensive income and attributed to the owners of the Company and non-controlling interests.

Where the Group disposes of all the equity of a foreign operation, or disposes of part of the equity of the foreign operation's subsidiary and loses control over it, or the retained interests after disposal of the foreign operation's joint arrangements or associates are a financial asset and treated based on the accounting policies applicable to financial instruments, all accumulated exchange differences attributable to the owners of the Company and related to the foreign operation will be reclassified to profit or loss.

Where the partial disposal of a subsidiary of a foreign operation does not result in the loss of control, the accumulated exchange differences are re-attributed to the subsidiary's non-controlling interests in proportion, and are not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(VI) Inventory

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

(VII) Investment in associates

An associate is an entity on which the Group has significant influence and is not a subsidiary or a joint venture.

The Group adopts the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates based on the percentage of ownership.

The amount of the acquisition cost in excess of the Group's share of the net fair value of the identifiable assets and liabilities of an associate acquired at the date of acquisition is classified as goodwill, which is included in the carrying amount of the investment and cannot be amortized; the amount by which the Group's share of the net fair value of the identifiable assets and liabilities of the associate acquired at the acquisition date exceeds the acquisition cost is recognized in the current profit or loss.

Where an associate issues new shares, if the Group fails to subscribe in proportion to its percentage of ownership, which causes a change in the percentage of its ownership and thus the net equity value of the investment increases or decreases, the capital surplus—changes in the net value of equity of the associate under the equity method and investments accounted for using equity method shall be adjusted according to the increase or decrease. However, if the Group fails to subscribe for or acquire the shares in proportion to its percentage of ownership, which results in a decrease in its ownership interests of the associate, the amount recognized in other comprehensive income related to the associate is reclassified in proportion to the decrease, and the basis of the accounting treatment is the same as the basis that associate must adopt if it directly disposes of relevant assets or liabilities. If the adjustment in the preceding paragraph shall be debited to the capital surplus, and the balance of the capital surplus generated from the investment under the equity method is insufficient, the difference is debited to the retained earnings.

When the Group's share of losses on an associate equals or exceeds its interest in the associate (including any carrying amount of the investment accounted for using the equity method and other long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of said associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized only to the extent that the recoverable amount of the investment subsequently increases.

The Group ceases to adopt the equity method on the day its investment ceases to be an associate, and its retained interests in the original associate is measured at fair value. The difference between the fair value, the price of disposal, and the carrying amount of the investment on the day the equity method ceases to be adopted is recognized in the current profit or loss. In addition, the basis of accounting treatment for all amounts recognized in other comprehensive income related to the associate is the same as the one that the associate must follow if it directly disposes of the relevant assets or liabilities.

Profit or loss on upstream, downstream, or lateral transactions between the Group and its associates is recognized in the consolidated financial statements only to the extent that it does not affect the Group's interests in the associates.

(VIII) Property, plant and equipment

Property, plant and equipment including assets held under finance leases and bearer plants are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The Group conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and depreciation methods, and applies the effect of changes in applicable accounting estimates prospectively.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

(IX) Intangible assets

1. Intangible assets acquired separately

   Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized using straight-line method over the useful lives. The Group conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and amortization methods, while applying the effects of changes in accounting estimates prospectively. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2. Derecognition of intangible assets

   On derecognition of an intangible asset, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

(X) Impairment of assets related to property, plant and equipment, right-of-use assets, investment properties, intangible assets, and assets related to contract costs

The Group assesses if there are any signs of possible impairment in property, plant, and equipment as well as right-of-use, investment properties, and intangible assets at the end of each reporting period. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If it is not possible to determine the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

The inventory, property, plant and equipment, and intangible assets related to customer contracts are first recognized as impairment in accordance with the inventory impairment standards and the standards above. Then, the carrying amount of the assets related to contract cost in excess of the expected amount of consideration received for the provision of the relevant goods or services less the direct relevant costs is recognized as an impairment loss. Subsequently, the carrying amount of the assets related to contract cost is included in the CGU to which they belong to perform impairment assessment of the CGU.

When the impairment loss is subsequently reversed, the carrying amount of the asset, the CGU, or the asset related to contract cost is increased to the revised recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (less amortization or depreciation) of the asset, CGU, or the asset related to contract cost which was not recognized in impairment loss in prior years. A reversal of an impairment loss is recognized in profit or loss.

(XI) Financial instruments

Financial assets and financial liabilities shall be recognized in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

(1) Measurement categories

Financial assets held by the Group are those measured at fair value through profit or loss (FVTPL) and at amortized cost, as well as investments in equity instruments measured at fair value through other comprehensive income (FVTOCI).

A. Financial assets at FVTPL

Financial assets measured at FVTPL include those mandatorily measured at FVTPL and those designated as at FVTPL. Financial assets mandatorily measured at FVTPL include investments in equity instrument that the Group has not designated to measure at FVTOCI, and debt instruments that are not eligible to be classified as measured at amortized cost or at FVTOCI.

Financial assets measured at FVTPL are measured at fair value, and the gains or losses arising from remeasurement (excluding any dividends or interest arising from the financial assets) are recognized in profit or loss.

B. Financial assets at amortized cost

When the Group's investments in financial assets meet the following two conditions simultaneously, they are classified as financial assets measured at amortized cost:

a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, such assets (including cash and cash equivalents, receivables measured at amortized cost and other financial assets.) are measured at the amortized cost of the total carrying amount determined by the effective interest method less any impairment loss, and any foreign currency exchange gains or losses are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

a. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets.

b. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits and short-term bills that are highly liquid and readily convertible into a fixed amount of cash at any time within 3 months from the date of acquisition while featuring little risk of value changes, which are used to meet short-term cash commitments

C. Investments in Equity Instruments at Fair Value Through Other Comprehensive Income

The Group may, upon initial recognition, make an irrevocable election to designate as at FVTOCI the investments in equity instruments that are not held for trading and the ones that are not recognized by an acquirer in a business combination or with the contingent consideration.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends of investments in equity instruments measured at FVTOCI are recognized in profit or loss when the Group's right to receive dividends is established unless such dividends clearly represent the recovery of a part of the investment cost.

(2) Impairment of financial assets

The Group assesses the impairment loss of financial assets measured at amortized cost (including trade receivables), finance lease receivables, and contract assets based on the expected credit loss at the end of each reporting period.

Trade receivables and finance lease receivables are recognized in loss allowance based on the lifetime expected credit losses (ECLs). For all other financial instruments, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs, whereas the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

(3) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash inflow from the financial asset expire or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount is recognized in profit or loss. Upon derecognition of the entire investment in liability instruments measured at FVTOCI, the difference between its carrying amount, and the total amount of the consideration received plus any cumulative gain or loss recognized as other comprehensive profit or loss is recognized as profit or loss. On disposal of the investments in equity instruments at fair value through other comprehensive income, the cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

2. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(XII) Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are measured at the estimate of the discounted cash flows to settle the present obligation.

(XIII) Revenue recognition

After the Group identifies its performance obligations in contracts with customers, it allocates the transaction price to each performance obligation in the contracts and recognizes revenue when performance obligations are satisfied.

For contracts in which the transfer of goods or services and the receipt of consideration are within one year, the transaction price of the significant finance component will not be adjusted.

<u>Revenue from the sale of goods</u>

Revenue from the sale of goods comes from manufacturing, processing, and sales of molds, a parts and plastic molding fixtures. Sales of goods are recognized as revenue when the goods are shipped since it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. Receipts in advance are recognized as contract liabilities before the goods are shipped.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

(XIV) Leases

At the inception of a contract, the Group assesses whether the contract is (or contains) a lease.

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1. The Group as lessor

Where almost all the risks and rewards attached to the ownership of an asset are transferred to the lessee in lease terms, such leases are classified as finance leases. All other leases are classified as operating leases.

Under operating leases, lease payments less lease incentives are recognized in income on a straight-line basis over the relevant lease terms. The initial direct cost incurred in obtaining an operating lease is added to the carrying amount of the underlying asset and recognized as expenses on a straight-line basis over the lease term.

The variable rent in a lease arrangement that is not dependent on the index or rate is recognized in income in the period in which it is incurred.

When land and building are included as elements of a lease, the Group assesses if individual elements are classified as financial or operating lease based on whether almost all the risks and compensations attached to the ownership of these elements are transferred to the lessee. The lease payment is allocated to the land and building based on a relative proportion of the leasehold interest fair value of these land and building on the execution date of the contract. If the lease payment can be allocated to these two elements reliably, each of them is dealt with depending on the category it belongs. If the lease payment cannot be allocated to these two elements reliably, the overall lease is classified as financial lease; if these two elements obviously meet the criteria of operating lease, the overall lease is classified as operating lease.

2. The Group as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for low-value asset leases and short-term leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost (which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received). Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. If ownership of the underlying asset will be acquired by the end of the lease term, or if the cost of the right-of-use asset reflects the exercising of a purchase option, the right-of-use assets are depreciated from the commencement dates to the end of the useful lives of the right-of-use assets.

Lease liabilities are initially measured at the present value of the lease payments (which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable). The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

(XV) Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(XVI) Employee benefits

1. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost, including current service cost and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. The remeasurement (including actuarial gains and losses, effect of changes in assets limits, and the return on plan assets, net of interest) is recognized in other comprehensive income and listed in retained earnings when it occurs, and will not be reclassified to profit or loss subsequently.

The net defined benefit liabilities are the deficit of the defined benefit retirement benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

4. Termination benefits

When the Group can no longer revoke the offer of resignation benefit or recognize the related reorganization cost (whichever is earlier), resignation benefit liabilities shall be recognized.

(XVII) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1. Current tax

The Group determines the current revenue (loss) in accordance with the laws and regulations of the jurisdiction where the income tax returns are filed and, with this as a basis, calculates the income tax payable (receivable).

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences or loss deduction to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. If the current income tax or deferred income tax arises from a business combination, the income tax effect is included in the accounting treatment of the business combination.

## V. Major sources of uncertainty in significant accounting judgments, estimates and assumptions

In the application of the Group’s accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When the Group develops significant accounting estimates, it will be included in the consideration of cash flow estimates, growth rates, discount rates, profitability, and other relevant major estimates. Management will continue to review the estimates and basic assumptions.

VI. Cash and cash equivalents at the end of the year

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Cash and Cash Equivalents | $ 257 | $ 513 |
| Checking accounts and demand deposits | 326,956 | 373,316 |
| Cash equivalents (original maturity date within 3 months) | | |
| Time deposits | 130,036 | 143,552 |
| | $ 457,249 | $ 517,381 |

As of December 31, 2023 and 2022, the time deposit interest rates ranged from 3.05% to 5.5% and 0.91% to 3.75%, respectively.

VII. Financial instruments at fair value through profit or loss

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Financial assets mandatorily measured at fair value through profit or loss - current | | |
| Structured deposit | $ 58,415 | $ 29,974 |

The Group enters into a short-term structured time deposit contract with a bank. The structured time deposit includes an embedded derivative instruments not in a close relation to the main contract. Since the main contract included in the hybrid contract belongs to the assets within the scope of IFRS 9, the main contract is mandatorily classified as financial assets measured at fair value through profit or loss according to the overall assessment for the hybrid contract.

VIII. Financial assets measured at fair value through other comprehensive income

Equity instrument investment measured at fair value through other comprehensive income:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Current | | |
| Foreign investments | | |
| Listed shares and emerging market shares | | |
| Fuji Seiki Co., Ltd. | $ 30,006 | $ 35,243 |
| Unlisted shares | | |
| Halo Neuro Inc. | - | - |
| Unipassion Technology (Shanghai) Co., Ltd. | - | - |
| | $ 30,006 | $ 35,243 |

| | | |
|---|---|---|
| Non-current | | |
| Domestic investments | | |
| Unlisted shares | | |
| Simpla Biotech Co., Ltd. | $ - | $ 6,535 |
| Cimforce International Limited | - | - |
| Kin Tin Optotronic Co., Ltd. | - | - |
| Foreign investments | | |
| Unlisted shares | | |
| CGK International Co., Ltd. | 8,010 | 7,917 |
| Total | $ 8,010 | $ 14,452 |

These investments in equity instruments are held by the Group for medium to long-term strategic purposes. Accordingly, management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. These investments in equity instruments were classified as FVTOCI.

IX. Financial assets at amortized cost

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Current | | |
| Domestic investments | | |
| Time deposits with original maturities of more than three months | $ 214,728 | $ 220,720 |

As of December 31, 2023 and 2022, the interest rate ranges for time deposits with original maturities over 3 months were 1.31% to 5% and 0.795% to 3.63% per annum, respectively.

X. Notes Receivables, Trade Receivables and Other Receivables

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Notes receivables | | |
| Unrelated party | $ 66,072 | $ - |
| Less: Allowance for impairment loss | - | - |
| | $ 66,072 | $ - |
| Trade receivables | | |
| Unrelated party | $ 840,145 | $ 970,684 |
| Less: Allowance for impairment loss | ( 7,152 ) | ( 8,450 ) |
| | $ 832,993 | $ 962,234 |
| Trade receivables - related parties | $ 5 | $ 663 |
| Other receivables | | |
| Others | $ 27,376 | $ 24,865 |
| Other receivables - related parties | - | 35,168 |
| | $ 27,376 | $ 60,033 |

Trade receivables at amortized cost

In order to minimize credit risk, management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, management believes the Company's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The Group measures the allowance loss for notes and trade receivable based on the provision matrix as follows:

December 31, 2023

| | Notes and trade receivables | | | | | Overdue receivables |
|---|---|---|---|---|---|---|
| | Not past due | Overdue 0 to 30 days | Overdue 31 to 90 days | Overdue 91 to 180 days | Total | Overdue over 180 days |
| Gross carrying amount | $ 864,076 | $ 30,651 | $ 10,900 | $ 595 | $ 906,222 | $ 4,976 |
| Loss allowance (lifetime ECL) | ( 1,657 ) | ( 2,578 ) | ( 2,705 ) | ( 212 ) | ( 7,152 ) | ( 4,976 ) |
| Amortized cost | $ 862,419 | $ 28,073 | $ 8,195 | $ 383 | $ 899,070 | $ - |

December 31, 2022

| | Notes and trade receivables | | | | | Overdue receivables |
|---|---|---|---|---|---|---|
| | Not past due | Overdue 0 to 30 days | Overdue 31 to 90 days | Overdue 91 to 180 days | Total | Overdue over 180 days |
| Gross carrying amount | $ 917,487 | $ 34,866 | $ 16,077 | $ 2,917 | $ 971,347 | $ 15,102 |
| Loss allowance (lifetime ECL) | ( 3,849 ) | ( 1,769 ) | ( 2,202 ) | ( 630 ) | ( 8,450 ) | ( 15,102 ) |
| Amortized cost | $ 913,638 | $ 33,097 | $ 13,875 | $ 2,287 | $ 962,897 | $ - |

The movements of the loss allowance of trade receivables were as follows:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Trade receivables | Overdue receivables | Trade receivables | Overdue receivables |
| Opening balance | $ 8,450 | $ 15,102 | $ 19,165 | $ 1,451 |
| Add: Impairment loss recognized | - | - | - | 13,615 |
| Less: Actual write-offs | ( 695 ) | ( 989 ) | - | - |
| Less: Reversal impairment loss | ( 513 ) | ( 9,008 ) | ( 11,838 ) | - |
| Foreign exchange difference | ( 90 ) | ( 129 ) | 1,123 | 36 |
| Balance at December 31 | $ 7,152 | $ 4,976 | $ 8,450 | $ 15,102 |

XI. Inventory

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Raw materials | $ 22,939 | $ 32,695 |
| Materials | 10,988 | 14,385 |
| Work in progress (including molds) | 122,951 | 161,054 |
| Semi-finished product | 15,953 | 30,681 |
| Finished goods | 80,347 | 114,364 |
| | $ 253,178 | $ 353,179 |

In 2023 and 2022, the inventory-related cost of sales was NTD 2,408,912 thousand and NTD 2,862,422 thousand, respectively.

As of December 31, 2023 and 2022, the allowance for decline in value of inventories amounted to NTD 90,225 thousand and NTD 222,383 thousand, respectively.

The breakdown of the cost of goods sold, including the offset against inventories, is as follows:

| | 2023 | 2022 |
|---|---|---|
| Loss for market price decline and obsolete (gain from price recovery of inventory) | ( $ 24,731 ) | $ 14,654 |
| Unamortized manufacturing overhead | 159,239 | 209,491 |
| | $ 134,508 | $ 224,145 |

XII. Subsidiary

(I) Subsidiaries included in the consolidated financial statements

The entities in the consolidated financial statements are as follows:

| | | | Percentage of equity held | | |
|---|---|---|---|---|---|
| Investor Company | Name of Associate | Nature of business | December 31, 2023 | December 31, 2022 | Description |
| The Company | Coxon Industry Ltd. | Global investing activities | 100 | 100 | - |
| Coxon Industry Ltd. | Dong Guan Chensong Plastic Co., Ltd. | Manufacturing and sale of metal and nonmetal molding and automobile parts | - | 100 | 7 |
| Coxon Industry Ltd. | Sinxon Plastic (Dong Guan) Ltd. | Manufacturing and sale of metal and nonmetal molding and automobile parts | 81 | 100 | 5, 6 and 7 |
| The Company | Cheng Yee Enterprise Co. Ltd. | Global investing activities | 100 | 100 | - |
| The Company | Sun Can International Ltd. | Global investing activities | - | - | 4 |
| Sun Can International Ltd. | Sinxon Plastic (Dong Guan) Ltd. | Manufacturing and sale of metal and nonmetal molding and automobile parts | - | - | 3 |
| Cheng Yee Enterprise Co. Ltd. | Hang Yuan Enterprise Ltd. | Global investing activities | 100 | 100 | - |
| Hang Yuan Enterprise Ltd. | Coxon Industry (Changshu) Co., Ltd. | Manufacturing and sale of nonmetal molding, precision plastic injection parts and optical lens | 100 | 100 | - |
| Coxon Industry (Changshu) Co., Ltd. | Sinxon Plastic (Dong Guan) Ltd. | Manufacturing and sale of metal and nonmetal molding and automobile parts | 13 | - | 5 |
| Hang Yuan Enterprise Ltd. | Changshu Huaxon Industry Co., Ltd. | Leasehold estate | 100 | 100 | - |
| Changshu Huaxon Industry Co., Ltd. | Sinxon Plastic (Dong Guan) Ltd. | Manufacturing and sale of metal and nonmetal molding and automobile parts | 6 | - | 6 |
| The Company | Cheng Da Industry Co., Ltd. | Global investing activities | - | - | 2 |
| The Company | Plenty Link Technology Co., Ltd. | Global investing activities | 65 | 65 | - |
| Plenty Link Technology Co., Ltd. | Dong Guan Shuang-Ying Photoelectric Technology Co., Ltd. | Manufacturing of optical instrument and electronic components | 100 | 100 | 1 |
| Plenty Link Technology Co., Ltd. | Shuang Ying Science and Technology Ltd. | Manufacturing of optical instrument and electronic components | - | 100 | 8 |

Description:

1. On December 16, 2021, the Group's Board of Directors resolved to liquidate Dong Guan Shuang-Ying Photoelectric Technology Co., Ltd. As of December 31, 2023, the liquidation had not been completed.
2. The Group liquidated Cheng Da Industry Co., Ltd. on August 25, 2022.
3. The Group restructured the investment structure of Sinxon Plastic (Dong Guan) Ltd. on October 30, 2022, and the investor was changed from Sun Can International Ltd. to Coxon Industry Ltd.
4. The Group liquidated Sun Can International Ltd. on November 15, 2022.
5. Coxon Industry (Changshu) Co., Ltd. increased capital by converting the debt to Sinxon Plastic (Dong Guan) Ltd. and Dong Guan Chensong Plastic Co., Ltd. on April 24, 2023.
6. Changshu Huaxon Industry Co., Ltd. increased capital by converting the debt to Sinxon Plastic (Dong Guan) Ltd. on April 24, 2023.
7. Sinxon Plastic (Dong Guan) Ltd. had merged Dong Guan Chensong Plastic Co., Ltd. with the base date on October 1, 2023. As of December 31, 2023, the change process had not been completed.
8. The Group liquidated Shuang Ying Science and Technology Ltd. on May 31, 2023.

(II) Subsidiaries not included in the consolidated financial statements: None.

XIII. Investments accounted for using the equity method

Investment in associates

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Individual non-significant associates | | |
| Wuhan Resin-Hill Co., Ltd. | $ - | $ 2,625 |

| Company name | Percentage of shareholding and voting rights December 31, 2023 | December 31, 2022 |
|---|---|---|
| Wuhan Resin-Hill Co., Ltd. | - | 40% |

For information on the business nature, principal place of business, and country of incorporation of the above-mentioned affiliated companies, please refer to Table 6 "Information on investments in mainland China ".

Wuhan Resin-Hill Co., Ltd. was disposed of on March 17, 2023. The total sale price was NTD 2,659 thousand (RMB 600 thousand), which was fully received. The gain on the sale was NTD 154 thousand (RMB 35 thousand).

The aggregated financial information of the Group's associates is as follows:

| | December 31, 2022 |
|---|---|
| Total assets | $ 28,413 |
| Total liabilities | $ 21,851 |

| | 2022 |
|---|---|
| Operating revenue for the year | $ 25,901 |
| Profit (loss) for the year | ($ 506) |

The Groups shareholding in Wuhan Resin-Hill Co., Ltd. is less than 50%, but it is the single largest shareholder. The Company classifies Wuhan Resin-Hill Co., Ltd. as an associate as it does not own more than half of the seats on the Board of Directors. The Company has no control over Wuhan Resin-Hill Co., Ltd. but only significant influence.

From January 1 to March 17, 2023 (date of disposal) and from January 1 to December 31, 2022, investments accounted for under the equity method and the Group's share of its profit or loss and other comprehensive income or loss are based on financial reports that have not been audited by CPAs. However, the Group believes that the above-mentioned financial reports of the investee from January 1 to March 17, 2023 (date of disposal) and from January 1 to December 31, 2022 are of no significant impact.

## XIV. Property, plant and equipment

| | Freehold Land | Buildings | Machinery | Transportation Equipment | Office Equipment | Leasehold improvement | Other Equipment | Total |
|---|---|---|---|---|---|---|---|---|
| Cost | | | | | | | | |
| Balance on January 1, 2023 | $ 79,244 | $ 1,184,552 | $ 1,903,067 | $ 29,898 | $ 45,846 | $ 419,853 | $ 137,236 | $ 3,799,696 |
| Additions | - | - | 15,616 | 1,313 | 2,997 | - | 862 | 20,788 |
| Disposals | - | ( 140,500) | ( 128,331) | ( 11,805) | ( 12,417) | ( 250,321) | ( 35,434) | ( 578,808) |
| Net exchange difference | - | ( 15,383) | ( 30,392) | ( 215) | ( 290) | ( 1,653) | ( 1,918) | ( 49,851) |
| Balance at December 31, 2023 | $ 79,244 | $ 1,028,669 | $ 1,759,960 | $ 19,191 | $ 36,136 | $ 167,879 | $ 100,746 | $ 3,191,825 |
| Accumulated depreciation and impairment | | | | | | | | |
| Balance on January 1, 2023 | $ 18,812 | $ 752,956 | $ 1,660,637 | $ 27,142 | $ 43,285 | $ 419,158 | $ 117,187 | $ 3,039,177 |
| Depreciation expenses | - | 43,467 | 61,340 | 984 | 1,299 | 14 | 6,687 | 113,791 |
| Disposals | - | ( 140,500) | ( 120,392) | ( 11,550) | ( 12,417) | ( 250,321) | ( 35,404) | ( 570,584) |
| Exchange difference, net | - | ( 8,419) | ( 26,798) | ( 163) | ( 276) | ( 1,640) | ( 1,628) | ( 38,924) |
| Balance at December 31, 2023 | $ 18,812 | $ 647,504 | $ 1,574,787 | $ 16,413 | $ 31,891 | $ 167,211 | $ 86,842 | $ 2,543,460 |
| Net as of December 31, 2023 | $ 60,432 | $ 381,165 | $ 185,173 | $ 2,778 | $ 4,245 | $ 668 | $ 13,904 | $ 648,365 |
| Cost | | | | | | | | |
| Balance at January 1, 2022 | $ 79,244 | $ 1,156,630 | $ 2,536,084 | $ 34,094 | $ 44,456 | $ 410,055 | $ 154,565 | $ 4,415,128 |
| Additions | - | - | 13,792 | 393 | 104 | - | 12,305 | 26,594 |
| Disposals | - | - | ( 685,697) | ( 4,850) | ( 442) | ( 9,328) | ( 31,916) | ( 732,233) |
| Reclassification | - | - | - | - | 1,481 | - | - | 1,481 |
| Net exchange difference | - | 27,922 | 38,888 | 261 | 247 | 19,126 | 2,282 | 88,726 |
| Balance at December 31, 2022 | $ 79,244 | $ 1,184,552 | $ 1,903,067 | $ 29,898 | $ 45,846 | $ 419,853 | $ 137,236 | $ 3,799,696 |
| Accumulated depreciation and impairment | | | | | | | | |
| Balance at January 1, 2022 | $ 18,812 | $ 688,044 | $ 2,149,371 | $ 30,535 | $ 41,804 | $ 408,809 | $ 137,348 | $ 3,474,723 |
| Depreciation expenses | - | 43,884 | 82,845 | 1,246 | 1,171 | 936 | 8,864 | 138,946 |
| Impairment loss | - | - | 7,447 | - | - | - | 78 | 7,525 |
| Disposals | - | - | ( 611,888) | ( 4,850) | ( 409) | ( 9,193) | ( 31,145) | ( 657,485) |
| Reclassification | - | - | - | - | 494 | - | - | 494 |
| Exchange difference, net | - | 21,028 | 32,862 | 211 | 225 | 18,606 | 2,042 | 74,974 |
| Balance at December 31, 2022 | $ 18,812 | $ 752,956 | $ 1,660,637 | $ 27,142 | $ 43,285 | $ 419,158 | $ 117,187 | $ 3,039,177 |
| Net value at December 31, 2022 | $ 60,432 | $ 431,596 | $ 242,430 | $ 2,756 | $ 2,561 | $ 695 | $ 20,049 | $ 760,519 |

Due to the poor sales of the plastic parts and components in the market in Southern China, the Group expects that the future economic benefits of the equipment and plant used in the production of this product in Southern China will decrease, and the recoverable amount is less than the carrying amount. In 2022, the impairment loss was recognized as NTD 7,525 thousand. The impairment loss has been included in the consolidated statements of comprehensive income under other gains and losses.

The depreciated expenses are based on a straight-line basis over the estimated useful life of the asset:

| | |
|---|---|
| Buildings | |
| Main buildings | 10-50 years |
| Engineering systems | 5-20 years |
| Machinery | 1-10 years |
| Transportation Equipment | 1-10 years |
| Office Equipment | 1-10 years |
| Leasehold improvement | 2-20 years |
| Other Equipment | 2-20 years |

XV. Lease Agreements

(I) Rights-of-use assets

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Carrying amounts of rights-of-use assets | | |
| Land | $ 20,729 | $ 21,741 |
| Buildings | 267,550 | 316,888 |
| Total | $ 288,279 | $ 338,629 |

| | 2023 | 2022 |
|---|---|---|
| Additions to right-of-use assets | $ 49,267 | $ 389,722 |
| Reclassification of right-of-use assets | $ - | ( $ 987 ) |
| Derecognition of right-of-use assets | $ - | ( $ 125,341 ) |
| Right-of-use assets - net exchange difference | ( $ 5,503 ) | $ 2,023 |
| Depreciation charge for right-of-use assets | | |
| Land | $ 619 | $ 624 |
| Buildings | 93,495 | 92,365 |
| Other Equipment | - | 144 |
| Total | $ 94,114 | $ 93,133 |

Except for the additions and depreciation expenses recognized listed above, there was no significant sublease or impairment of the Group's right-of-use assets in 2023 and 2022.

(II) Lease liabilities

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Carrying amounts of lease liabilities | | |
| Current | $ 85,044 | $ 84,840 |
| Non-current | $ 203,312 | $ 243,950 |

Range of discount rate for lease liabilities:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Land | 7.13% | 7.13% |
| Buildings | 5.938% | 1.35%-7.13% |

(III) Important lease activities and terms and conditions

The Group also leases certain land and buildings for plant and dormitory use with a lease term of 3 to 7 years. The prepaid lease payments made by the Group for acquiring the right to use land in the PRC are recognized in the right-of-use assets - land. The Group does not have preferential right to acquire the land and buildings leased at the end of the lease term, and it is agreed that the Group shall not sublease or transfer all or part of the subject of the lease without the consent of the lessor.

(IV) Other lease information

| | 2023 | 2022 |
|---|---|---|
| Short-term and low-value asset lease expenses | $ 543 | $ 813 |
| Total cash (outflow) for leases | ( $ 106,955 ) | ( $ 107,678 ) |

The Group has leased certain office equipment which qualifies for short-term leases and certain equipment which qualifies for low-value asset leases. The Group has elected to apply the recognition exemption for said equipment and, thus, did not recognize the right-of-use assets and lease liabilities of said leases.

XVI. Intangible assets

| | 2023 | 2022 |
|---|---|---|
| Cost of computer software | | |
| Balance at January 1 | $ 75,825 | $ 141,490 |
| Intangible assets acquired separately | 5,198 | 1,474 |
| Disposals | ( 18,220 ) | ( 71,346 ) |
| Exchange difference, net | ( 361 ) | 4,207 |
| Balance at December 31 | $ 62,442 | $ 75,825 |

(continued)

(continued)

| | 2023 | 2022 |
|---|---|---|
| Accumulated amortization of computer software | | |
| Balance at January 1 | $ 67,031 | $ 129,939 |
| Amortization expenses | 3,382 | 4,399 |
| Disposals | ( 18,220 ) | ( 71,346 ) |
| Exchange difference, net | ( 205 ) | 4,039 |
| Balance at December 31 | $ 51,988 | $ 67,031 |
| | | |
| Balance at January 1 | $ 8,794 | $ 11,551 |
| Closing net amount | $ 10,454 | $ 8,794 |

Amortization expenses are accrued on a straight-line basis over the following useful lives:

| | |
|---|---|
| Computer software | 1-10 years |

XVII. Other assets

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Other non-current assets | | |
| Refundable deposits | $ 30,596 | $ 29,360 |
| Non-performing loans | 4,976 | 15,102 |
| Less: Allowance for impairment loss | ( 4,976 ) | ( 15,102 ) |
| | $ 30,596 | $ 29,360 |

XVIII. Notes and trade payables

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Notes payables - unrelated parties | | |
| From operation | $ - | $ 525 |
| | | |
| Trade payables - operating | | |
| Unrelated party | $ 489,710 | $ 557,353 |

Trade payables were paid according to the condition of contract or billings from the suppliers. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

XIX. Other liabilities

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Current | | |
| Other payables | | |
| Salaries or bonuses | $ 34,859 | $ 48,523 |
| Payable for processing fees | 169,265 | 189,477 |
| Payables for maintenance and materials | 36,791 | 33,312 |
| Others | 63,742 | 106,877 |
| | $ 304,657 | $ 378,189 |
| Other liabilities | | |
| Others | $ - | $ 1,149 |
| Non-current | | |
| Guarantee deposits received | $ 8,564 | $ 7,357 |

XX. Provisions

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Employee benefits | $ 12,669 | $ 12,343 |

The provision for employee benefits represents annual vacations taken by employees.

XXI. Retirement benefit plans

(I) Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, a group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

(II) Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the R.O.C. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The special account is managed by the Bureau of Labor Funds, Ministry of Labor. The Group has no right to affect the investment management strategy.

The amount of the defined benefit plan recognized in the consolidated balance sheet is as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Present value of defined benefit obligation | $ 51,747 | $ 51,196 |
| Fair value of plan assets | ( 40,787 ) | ( 39,150 ) |
| Deficit | 10,960 | 12,046 |
| Net defined benefit liabilities | $ 10,960 | $ 12,046 |

Movements in net defined benefit liabilities were as follows:

| | Present value of defined benefit obligation | Fair value of plan assets | Net defined benefit liabilities |
|---|---|---|---|
| January 1, 2023 | $ 51,196 | ( $ 39,150 ) | $ 12,046 |
| Current service cost | 112 | - | 112 |
| Net interest expense (income) | 768 | ( 594 ) | 174 |
| Recognized in profit or loss | 880 | ( 594 ) | 286 |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | ( 244 ) | ( 244 ) |
| Actuarial losses - Changes in financial assumptions | 1,294 | - | 1,294 |
| Actuarial gains - experience adjustment | ( 1,623 ) | - | ( 1,623 ) |
| Recognized in other comprehensive income | ( 329 ) | ( 244 ) | ( 573 ) |
| Contributions from the employer | - | ( 799 ) | ( 799 ) |
| December 31, 2023 | $ 51,747 | ( $ 40,787 ) | $ 10,960 |
| | | | |
| January 1, 2022 | $ 67,266 | ( $ 34,447 ) | $ 32,819 |
| Current service cost | 129 | - | 129 |
| Net interest expense (income) | 420 | ( 219 ) | 201 |
| Recognized in profit or loss | 549 | ( 219 ) | 330 |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | ( 2,963 ) | ( 2,963 ) |
| Actuarial gain - changes in financial assumptions | ( 5,081 ) | - | ( 5,081 ) |
| Actuarial gains - experience adjustment | ( 3,362 ) | - | ( 3,362 ) |
| Recognized in other comprehensive income | ( 8,443 ) | ( 2,963 ) | ( 11,406 ) |
| Contributions from the employer | - | ( 9,697 ) | ( 9,697 ) |
| Benefits paid | ( 8,176 ) | 8,176 | - |
| December 31, 2022 | $ 51,196 | ( $ 39,150 ) | $ 12,046 |

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

1. Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
2. Interest risk: A decrease in the interest rate on the government bonds or corporate bonds will increase the present value of the defined benefit obligation; however, the return on the debt investment of the plan assets will also increase, which will partially offset the effect of the net defined benefit liability.
3. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The present value of the Group's defined benefit obligation was actuarially determined by a qualified actuary. The significant assumptions at the measurement date are as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Discount rate | 1.250% | 1.500% |
| Expected rate of salary increase | 2.000% | 2.000% |

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Discount rate | | |
| 0.25% increase | ($ 1,294) | ($ 1,337) |
| 0.25% decrease | $ 1,340 | $ 1,386 |
| Expected rate of salary increase | | |
| 0.25% increase | $ 1,306 | $ 1,353 |
| 0.25% decrease | ($ 1,268) | ($ 1,312) |

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Expected contributions to the plans for the next year | $ 805 | $ 851 |
| Average duration of the defined benefit obligation | 10.2 years | 10.7 years |

## XXII. Equity

### (I) Ordinary shares

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Number of shares authorized (in thousands) | 210,000 | 210,000 |
| Shares authorized | $ 2,100,000 | $ 2,100,000 |
| Number of shares issued and fully paid (in thousands) | 121,662 | 121,662 |
| Shares issued | $ 1,216,622 | $ 1,216,622 |

Fully paid ordinary shares, which have a par value of $10, carry one vote and one dividend per share.

There were 12,000 thousand shares of the Company's shares authorized which were reserved for the issuance of employee share options.

### (II) Capital surplus

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note) | | |
| Issuance of ordinary shares | $ 1,016,466 | $ 1,398,009 |
| Conversion of bonds | 408,244 | 408,244 |
| May be used to offset a deficit only | | |
| Profit from exercising the vesting rights | 52 | - |
| | $ 1,424,762 | $ 1,806,253 |

Note: Such capital surplus may be used to offset a deficit; in addition when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, but is limited to a certain percentage of the Company's capital surplus and to once a year.

### (III) Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. In accordance with Paragraph 5, Article 240 of the Company Act, the Company may authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; or distribute its legal reserve and the following capital reserve, in whole or in part by cash according to Paragraph 1, Article 241 of the Company Act; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. For the policy on the remuneration of employees and directors as stipulated in the Articles of Incorporation, please refer to Note 24(5) Employees' compensation and remuneration of directors and supervisors.

To ensure that the Company has funds for its present and future expansion plans, the Company prefers to distribute mixed share dividends and cash dividends as shareholders' bonus among which share dividend is distributed from 0% to 50% and cash dividends from 100% to 50%. The distribution policy would be adjusted depending on the operating conditions, industry developments, capital requirement and so forth.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When the Company set aside special reserve for the cumulative amount of other equity net ductions in the preceding period, the Company shall set aside corresponding amount of special reserve from the past undistributed retained earnings.

The shareholders' meeting of the Company resolved to offset its deficit from capital surplus of NTD 259,881 thousand on June 27, 2023, and NTD 233,552 thousand on June 14, 2022.

The appropriation of capital surplus to compensate deficit of NTD 43,642 thousand was proposed by the Company's board of directors on March 14, 2024.

The Company's Board of Directors resolved on March 24, 2023 and April 29, 2022 to distribute cash dividends of NTD 121,662 thousand and NTD 121,662 thousand from capital reserves, which were reported at the shareholders meeting on June 27, 2023 and June 14, 2022.

The Company's Board of Directors resolved on March 14, 2024 to distribute cash dividends of NTD 85,164 thousand from capital reserves, which shall be reported at the shareholders meeting on June 27, 2024.

The appropriation of deficit offsetting proposal for 2023 are subject to resolution in the shareholders' meeting to be held on June 27, 2024.

(IV) Other equity

1. Exchange differences on translating foreign operations

| | 2023 | 2022 |
|---|---|---|
| Opening balance | ($ 633,406) | ($ 721,413) |
| In respect of the current year | | |
| — Exchange differences on foreign operations | ( 20,888) | 56,581 |
| Reclassification adjustments | | |
| — Disposal of foreign operations | - | 31,426 |
| Balance at December 31 | ($ 654,294) | ($ 633,406) |

2. Unrealized gain (loss) on financial assets at fair value through other comprehensive income

| | 2023 | 2022 |
|---|---|---|
| Opening balance | ($ 102,772 ) | ($ 75,011 ) |
| Unrealized gains or losses on equity instruments | ( 11,679 ) | ( 27,761 ) |
| Balance at December 31 | ($ 114,451 ) | ($ 102,772 ) |

(V) Non-controlling interests

| | 2023 | 2022 |
|---|---|---|
| Opening balance | $ 22,119 | $ 9,377 |
| Share attributable to non-controlling equity | | |
| Net income for the year | 3,703 | 12,384 |
| Exchange differences on translating foreign operations | ( 604 ) | 358 |
| Balance at December 31 | $ 25,218 | $ 22,119 |

XXIII. Revenue

| | 2023 | 2022 |
|---|---|---|
| Revenue from contracts with customers | | |
| Plastic components | $ 2,130,690 | $ 2,388,445 |
| Molds | 150,796 | 169,118 |
| Others | 355,818 | 300,224 |
| | $ 2,637,304 | $ 2,857,787 |

Contact Balances

| | December 31, 2023 | December 31, 2022 | January 1, 2022 |
|---|---|---|---|
| Notes receivables | $ 66,072 | $ - | $ - |
| Trade receivables - unrelated parties | $ 832,993 | $ 962,234 | $ 1,290,646 |
| Trade receivables - related parties | $ 5 | $ 663 | $ 3,927 |
| Contract liabilities | | | |
| Receipts in advance | $ 13,108 | $ 56,928 | $ 31,492 |

In 2023 and 2022, the revenue from contracts with customers transferred from contract liabilities at the beginning of the period were NTD 56,928 thousand and NTD 31,492 thousand, respectively.

## XXIV. Net profit from continuing operations

### (I) Interest income

| | 2023 | 2022 |
|---|---|---|
| Bank deposits | $ 14,846 | $ 5,052 |

### (II) Other gains and losses

| | 2023 | 2022 |
|---|---|---|
| Net gain (loss) on foreign currency exchange | $ 512 | ($ 1,685 ) |
| Dividend income | 643 | 935 |
| Income from reduction of value-added tax and tax refund | 9,671 | 45,567 |
| Compensation income | - | 26,721 |
| Compensation expenses | - | ( 10,823 ) |
| Miscellaneous income | 54,066 | 76,034 |
| Miscellaneous expenses | ( 12,235 ) | ( 33,144 ) |
| Gains on disposal of investment accounted for using the equity method | 154 | - |
| Gain on lease modification | - | 839 |
| Rental income | 38,303 | 25,396 |
| Impairment loss of property, plant and equipment | - | ( 7,525 ) |
| | $ 91,114 | $ 122,315 |

### (III) Finance costs

| | 2023 | 2022 |
|---|---|---|
| Interest on lease liabilities | $ 22,145 | $ 23,331 |

### (IV) Depreciation, amortization, and employee benefits expense

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Attributable to Operating Costs | Attributable to Operating Expenses | Total | Attributable to Operating Costs | Attributable to Operating Expenses | Total |
| Short-term employee benefits | $ 306,056 | $ 118,600 | $ 425,656 | $ 450,688 | $ 147,948 | $ 598,636 |
| Retirement benefits | | | | | | |
| Defined contribution plans | 1,150 | 7,029 | 8,179 | 1,367 | 3,364 | 4,731 |
| Defined benefit plans (Note 18) | 51 | 235 | 286 | 73 | 257 | 330 |
| Total employee benefits expense | $ 307,257 | $ 125,864 | $ 433,121 | $ 452,128 | $ 151,569 | $ 603,697 |
| Depreciation expenses | $ 114,587 | $ 93,318 | $ 207,905 | $ 138,137 | $ 93,942 | $ 232,079 |
| Amortization expenses | $ 1,893 | $ 1,489 | $ 3,382 | $ 2,534 | $ 1,865 | $ 4,399 |

### (V) Employees' compensation and remuneration of directors and supervisors

According to the Company's Articles of Incorporation, the Company accrued employees' compensation and remuneration of directors and supervisors at the rates of between 3% and 12% and no higher than 3%, respectively, of net profit before income tax, employees' compensation and remuneration of directors and supervisors. In 2023 and 2022, losses were incurred; therefore, the estimated remuneration to employees and directors and supervisors were both NTD 0.

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of remuneration to employees and directors and supervisors for 2022 and 2021 and the amounts recognized in the 2022 and 2021 consolidated financial statements.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors is available at the Market Observation Post System website of Taiwan Stock Exchange.

## XXV. Income Tax Relating to Continuing Operations

### (I) Income tax recognized in profit or loss

The major components of tax expense were as follows:

| | 2023 | 2022 |
|---|---|---|
| Current tax | | |
| In respect of the current year | $ - | $ - |
| Adjustments for prior years' tax | ( 46 ) | 413 |
| Deferred tax | | |
| In respect of the current year | 140 | 5,456 |
| Income tax expense recognized in profit or loss | $ 94 | $ 5,869 |

A reconciliation of accounting income and current income tax expense is as follows:

| | 2023 | 2022 |
|---|---|---|
| Loss before income tax relating to continuing operations | ( $ 40,418 ) | ( $ 253,034 ) |
| Income tax benefit at the statutory rate | ( $ 21,027 ) | ( $ 115,370 ) |
| Nondeductible expenses and losses | - | 35 |
| Investment losses | ( 2,871 ) | - |
| Unrecognized loss carryforwards/deductible temporary differences | 24,018 | 120,791 |
| Adjustments for prior years' tax | ( 46 ) | 413 |
| Others | 20 | - |
| Income tax expense recognized in profit or loss | $ 94 | $ 5,869 |

### (II) Current income tax assets and liabilities

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Current tax assets | | |
| Tax refund receivable | $ 890 | $ 16 |

(III) Deferred tax assets and liabilities

The changes in deferred tax assets and deferred tax liabilities were as follows:

2023

| Deferred income tax liabilities | Balance at January 1 | Recognized in profit or loss | Recognized in other comprehensive income | Balance at December 31 |
|---|---|---|---|---|
| Temporary differences | | | | |
| Others | $ 5,805 | $ 140 | $ - | $ 5,945 |

2022

| Deferred tax liabilities | Balance at January 1 | Recognized in profit or loss | Recognized in other comprehensive income | Balance at December 31 |
|---|---|---|---|---|
| Temporary differences | | | | |
| Others | $ 349 | $ 5,456 | $ - | $ 5,805 |

(IV) Deductible temporary differences, unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Loss carryforwards | | |
| Expires in 2023 | $ - | $ 202,507 |
| Expires in 2024 | 109,596 | 369,065 |
| Expires in 2025 | 280,500 | 384,194 |
| Expires in 2026 | 171,001 | 168,780 |
| Expires in 2027 | 111,394 | 461,624 |
| Expires in 2028 | 138,408 | 637 |
| Expiry in 2029 | 21,387 | 34,179 |
| Expiry in 2030 | 36,428 | 42,146 |
| Expiry in 2031 | 20,316 | 20,316 |
| Expires in 2033 | 24,019 | - |
| | $ 913,049 | $ 1,683,448 |
| Loss carryforwards/ deductible temporary differences | $ 3,505,951 | $ 2,528,644 |

(V) Income tax assessments

The profit-seeking enterprise income tax returns for 2021 and 2022 of the Group and Taiwan Shuang Ying Science and Technology have been certified by the tax authorities, respectively.

XXVI. Losses per share

Units: NT$ per share

| | 2023 | 2022 |
|---|---|---|
| Basic loss per share | | |
| From continuing operations | ( $ 0.36 ) | ( $ 2.23 ) |

The weighted average number of ordinary shares outstanding in the calculation of losses per share:

Net loss for the year

| | 2023 | 2022 |
|---|---|---|
| Losses used in the calculation of basic losses per share | ( $ 44,215 ) | ( $ 271,287 ) |

Number of shares

Units: Thousand shares

| | 2023 | 2022 |
|---|---|---|
| The weighted average number of ordinary shares outstanding in the computation of basic losses per share: | 121,662 | 121,662 |

XXVII. Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Group adopts prudent risk management strategy and performs audit on a regular basis. The capital structure of the Group is determined according to the business development strategies and operational requirements, future growth, development blueprint and capital expenditures required, with subsequent planning for working capital and cash flow.

XXVIII. Financial instruments

(I) Fair value of financial instruments that are not measured at fair value: None.

(II) Fair value - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets measured at fair value through other comprehensive income | | | | |
| Invest in equity instruments | | | | |
| Domestic and foreign listed stocks | $ 30,006 | $ - | $ - | $ 30,006 |
| Unlisted shares | - | - | 8,010 | 8,010 |
| | $ 30,006 | $ - | $ 8,010 | $ 38,016 |

December 31, 2022

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets measured at fair value through other comprehensive income | | | | |
| Invest in equity instruments | | | | |
| Listed shares and emerging market shares | $ 35,243 | $ - | $ - | $ 35,243 |
| Unlisted shares | - | - | 14,452 | 14,452 |
| | $ 35,243 | $ - | $ 14,452 | $ 49,695 |

There were no transfers between Level 1 and 2 fair value measurements in 2023 and 2022.

2. Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

| Financial Instrument | Valuation Technique and Inputs |
|---|---|
| Domestic and foreign unlisted common shares | Method of comparables: Measured based on the financial information of comparables at the end of the period. |

3. Reconciliation of Level 3 fair value measurements of financial instruments

2023

| | Financial assets measured at fair value through other comprehensive income |
|---|---|
| Balance at January 1 | $ 14,452 |
| Recognized in other comprehensive income | ( 6,442 ) |
| Balance at December 31 | $ 8,010 |

2022

| | Financial assets measured at fair value through other comprehensive income |
|---|---|
| Balance at January 1 | $ 24,101 |
| Recognized in other comprehensive income | ( 9,649 ) |
| Balance at December 31 | $ 14,452 |

(III) Categories of financial instruments

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| <u>Financial assets</u> | | |
| Financial assets measured at fair value through profit or loss | | |
| Mandatory measurement at fair value through profit or loss | $ 58,415 | $ 29,974 |
| Financial assets at amortized cost | | |
| Cash and cash equivalents at the end of the year | 457,249 | 517,381 |
| Financial assets at amortized cost - current | 214,728 | 220,720 |
| Notes receivables | 66,072 | - |
| Trade receivables - unrelated parties | 832,993 | 962,234 |
| Trade receivables - related parties | 5 | 663 |
| Other receivables | 27,376 | 60,033 |
| Other financial assets - current | 354 | - |
| Financial assets measured at fair value through other comprehensive income | | |
| Equity instrument investment - current | 30,006 | 35,243 |
| Invest in equity instruments - non-current | 8,010 | 14,452 |
| <u>Financial liabilities</u> | | |
| Financial liabilities at amortized cost | | |
| Notes payable | - | 525 |
| Trade payables | 489,710 | 557,353 |
| Payables on equipment | 13,653 | 7,106 |
| Other payables - others | 304,657 | 378,189 |

(IV) Financial risk management objectives and policies

The Group's major financial instruments include investments in equity and debt instruments, trade receivable, accounts payable, and lease liabilities. The Group’s Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. Such risks include market risk (including exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk.

1. Market risk

(1) Foreign currency risk

The main market risk borne by the Group is the exchange rate risk arising from the receipt of foreign currency assets due to export.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges. When there was a 1% unfavorable change in NTD against foreign currency, the Group’s net income would decrease by NTD 3,705 thousand and NTD 3,967 thousand for 2023 and 2022, respectively.

(2) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments. The Group manages this exposure by maintaining a portfolio of investments with different risks.

Assuming the price of equity instruments on the balance sheet date fell by 5%, the Group's net income after tax for 2023 and 2022 would not be affected as they were classified as financial assets at fair value through other comprehensive income. The Group's other comprehensive income for 2023 and 2022 would decrease by NTD 1,901 thousand and NTD 2,485 thousand, respectively.

2. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group’s credit risk mainly come from accounts receivables generated from operating activities. As at the end of the reporting period, the Group’s maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to minimize credit risk, management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, management believes the Group’s credit risk was significantly reduced. In addition, the credit risk is limited since the counterparties of liquid funds are all financial institutions and companies with good business credit, and there may be no significant credit risk impacts.

3. Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents to fund its operations and mitigate the impact of cash flow fluctuations. The Group pays its contractual obligations by maintaining appropriate capital and bank lines. Therefore, the Group's working capital is sufficient to meet its contractual obligations, and there is no liquidity risk due to its inability to raise funds.

For the years ended December 31, 2023 and 2022, the unused bank borrowings were NTD 0 thousand and NTD 250,000 thousand, respectively.

The following table details the Group’s remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. Therefore, the Group may be required to immediately repay the bank borrowings within the earliest period in the table below, regardless of the probability that the bank may immediately exercise the right; the maturity analysis of other non-derivative financial liabilities is prepared based on the agreed repayment dates.

December 31, 2023

| | Less than 1 year | 1-2 years | 2-3 years | Over 3 years | Total |
|---|---|---|---|---|---|
| Non-derivative financial liabilities | | | | | |
| Trade payable | $ 489,710 | $ - | $ - | $ - | $ 489,710 |
| Payables on equipment | 13,653 | - | - | - | 13,653 |
| Other payables - others | 304,613 | - | - | - | 304,613 |
| Lease liabilities | 85,044 | 59,052 | 65,222 | 79,038 | 288,356 |

December 31, 2022

| | Less than 1 year | 1-2 years | 2-3 years | Over 3 years | Total |
|---|---|---|---|---|---|
| Non-derivative financial liabilities | | | | | |
| Notes payable | $ 525 | $ - | $ - | $ - | $ 525 |
| Trade payables | 557,375 | | | | 557,375 |
| Payables on equipment | 7,106 | - | - | - | 7,106 |
| Other payables - others | 378,189 | - | - | - | 378,189 |
| Lease liabilities | 84,840 | 82,885 | 46,396 | 114,669 | 328,790 |

XXIX. Transactions with Related Parties

Transactions, account balances, income, and expenses between the Company and its subsidiaries (related parties of the Company) have been eliminated on consolidation and are not disclosed in this note. Except for those already disclosed in the note, details of transactions between the Group and other related parties are disclosed below:

(I) Related party name and categories

| Related Party Name | Relationship with the Group |
|---|---|
| Wuhan Resin-Hill Co., Ltd. | Associates - equity-method investments through Coxon Industry (Changshu) Co., Ltd. (Note 1) |
| Quanta Computer Inc | Other - the third joint venture party of Plenty Link Technology Co., Ltd. |
| Dong Guan Shuang-Ying Photoelectric Technology Co., Ltd. | Other related party - this company is a subsidiary 100% held by Quanta Computer Inc. |
| Daqun (Shanghai) Computer Co., Ltd. | Other related party - this company is a subsidiary 100% held by Quanta Computer Inc. |

(Note 1) Disposal on March 17, 2023.

(II) Operating revenue

| Line Item | Category/Name of related party | 2023 | 2022 |
|---|---|---|---|
| Sales revenue | Other related parties | | |
| | Quanta Computer Inc | $ 991 | $ 4,060 |
| | Dong Guan Shuang-Ying Photoelectric Technology Co., Ltd. | 795 | - |
| | | $ 1,786 | $ 4,060 |

For the sales with related parties above, the trading terms and payment policies are not materially different from those of general customers.

(III) Purchases

| Line Item | Category/Name of related party | 2023 | 2022 |
|---|---|---|---|
| Purchases | Other related parties | | |
| | Dong Guan Shuang-Ying Photoelectric Technology Co., Ltd. | $ 299 | $ 663 |

(IV) Receivables from related parties

| Line Item | Category/Name of related party | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| Trade receivables | Other related parties | | |
| | Quanta Computer Inc | $ 5 | $ 663 |
| Other receivables | Other related parties | | |
| | Quanta Computer Inc | $ - | $ 11,174 |
| | Dong Guan Shuang-Ying Photoelectric Technology Co., Ltd. | - | 23,994 |
| | | $ - | $ 35,168 |

For the years ended December 31, 2023 and 2022, no impairment loss was recognized for trade receivables from related parties.

The other receivables from Dong Guan Shuang-Ying Photoelectric Technology Co., Ltd. above are advances on behalf of others.

(V) Disposal of property, plant and equipment

| | Disposal price | | Disposal gains (losses) | |
|---|---|---|---|---|
| Category/Name of related party | 2023 | 2022 | 2023 | 2022 |
| Other related parties | | | | |
| Daqun (Shanghai) Computer Co., Ltd. | $ - | $ 74,312 | $ - | $ 33,887 |

The selling price is determined in accordance with the appraisal information. As of December 31, 2022, the proceeds from the disposal were fully received.

(VI) Other transactions with related parties

| Line Item | Category/Name of related party | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| Other revenue | Other related parties | | |
| | Quanta Computer Inc | $ - | $ 10,714 |
| | Dong Guan Shuang-Ying Photoelectric Technology Co., Ltd. | 2,590 | - |
| | | $ 2,590 | $ 10,714 |

(VII) Compensation of key management personnel

The total remuneration to directors and other key management for 2023 and 2022 is as follows:

| | 2023 | 2022 |
|---|---|---|
| Short-term employee benefits | $ 15,005 | $ 15,023 |
| Retirement benefits | 533 | 632 |
| | $ 15,538 | $ 15,655 |

The remuneration of directors and other key management personnel is determined by the Remuneration Committee in accordance with individual performance and market trends.

XXX. Pledged assets

The following assets of the Group have been provided as collateral:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Other financial assets - current | $ 354 | $ - |

Other financial assets - current: Sinxon Plastic (Dong Guan) Ltd. had a quality dispute with a supplier withheld from making payment for goods of RMB 83 thousand, and frozen bank deposit of RMB 82 thousand due to a civil court ruling.

XXXI. Events after the Reporting Period

In order to supplement the working capital, improve the financial structure, and meet the capital requirements of the Company's future development, the Board of Directors resolved on March 14, 2024 to issue ordinary shares for cash capital increase through a private placement within a limit of 20,000 thousand shares, at NTD 10 per share.

XXXII. Exchange rate of the company's significant financial assets and liabilities denominated in foreign currencies

The information below is aggregated and expressed in foreign currencies other than the functional currencies of each entity of the Group. The exchange rates disclosed refer to the exchange rates at which these foreign currencies are converted into the functional currency. and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2023

| | Foreign Currencies | Exchange Rate | Carrying Amount |
|---|---|---|---|
| Financial assets | | | |
| Monetary items | | | |
| USD | $ 3,086 | 7.1 (USD: RMB) | $ 94,750 |
| USD | 17,503 | 30.705 (USD:NTD) | 537,435 |
| RMB | 4,250 | 0.14 (RMB: USD) | 18,389 |
| | | | $ 650,574 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD | 542 | 7.1 (USD: RMB) | $ 16,648 |
| USD | 5,563 | 30.705 (USD:NTD) | 170,799 |
| | | | $ 187,447 |

December 31, 2022

| | Foreign Currencies | Exchange Rate | Carrying Amount |
|---|---|---|---|
| Financial assets | | | |
| Monetary items | | | |
| USD | $ 11,687 | 6.97 (USD: RMB) | $ 358,800 |
| USD | 11,177 | 30.71 (USD:NTD) | 343,261 |
| RMB | 3,750 | 0.14 (RMB: USD) | 16,536 |
| | | | $ 718,597 |
| Non-monetary items | | | |
| Investments accounted for using the equity method | | | |
| RMB | 596 | 4.4080 (RMB: NTD) | $ 2,625 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD | 2,289 | 6.97 (USD: RMB) | $ 70,264 |
| USD | 4,964 | 30.71 (USD:NTD) | 152,430 |
| | | | $ 222,694 |

For the years ended December 31, 2023 and 2022, (realized and unrealized) net foreign exchange loss and gains were a gain of NTD 512 thousand and loss of NTD 1,685 thousand, respectively. It is impractical to disclose net foreign exchange gain or losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group.

XXXIII. Separately Disclosed Items

(I) Information on significant transactions:

1. Loaning of funds to others: Table 1.
2. Endorsements/guarantees to others: None
3. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 2.
4. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate at prices 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 3.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.
9. Engagement in derivative transactions: Notes 7 and 28.
10. Others: Business relationships and significant transactions between the parent company and subsidiaries and among subsidiaries: Table 7.

(II) Information on investees: Table 5.

(III) Information on investments in mainland China:

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6.
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 3.
   (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

(2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

(3) The amount of property transactions and the amount of the resultant gains or losses.

(4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

(5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

(6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

(IV) Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 8.

## XXXIV. Segment Information

The information used by the Group's chief operating decision makers to allocate resources and evaluate segment performance is primarily based on financial information in each operating area. The segments of the Group that should be reported can be divided into the following according to their main operating areas:

1. Taiwan and Southern China
2. Southern China (Main business scope is domestic sales in Mainland China)
3. Changshu, Central China
4. Others

### (I) Segment revenues and operating results

The following is an analysis of the Group's revenue and operating results by the reporting segment:

| | 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Taiwan and Southern China | Southern China | Changshu, Central China | Other | Adjustments and write-offs | Total |
| Segment revenues and operating results | | | | | | |
| Revenue from external customers | $ 839,032 | $ 1,144,288 | $ 653,984 | $ - | $ - | $ 2,637,304 |
| Inter-segment revenue | 347,228 | 387,274 | 842 | - | ( 735,344 ) | - |
| Total revenue | $ 1,186,260 | $ 1,531,562 | $ 654,826 | $ - | ( $ 735,344 ) | $ 2,637,304 |
| Segment income | ( $ 7,141 ) | ( $ 60,527 ) | ( $ 99,466 ) | $ - | $ 30,472 | ( $ 136,662 ) |
| Interest income | | | | | | 14,846 |
| General other income of the Company | | | | | | 115,912 |
| Finance costs | | | | | | ( 22,145 ) |
| General expenses and losses of the Company | | | | | | ( 12,369 ) |
| Loss before income tax relating to continuing operations | | | | | | ( $ 40,418 ) |
| Segment assets | | | | | | |
| Segment assets | $ 1,005,604 | $ 1,241,537 | $ 1,088,276 | $ - | ( $ 430,901 ) | $ 2,904,516 |
| Investment | | | | | | 96,431 |
| Current tax assets | | | | | | 890 |
| Total assets | | | | | | $ 3,001,837 |
| Depreciation and amortization | $ 11,079 | $ 135,204 | $ 65,004 | $ - | | $ 211,287 |
| Capital expenditure (increase in property, plant and equipment) | $ 4,202 | $ 9,041 | $ 7,545 | $ - | | $ 20,788 |

| | 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Taiwan and Southern China | Southern China | Changshu, Central China | Other | Adjustments and write-offs | Total |
| Segment revenues and operating results | | | | | | |
| Revenue from external customers | $ 680,787 | $ 1,201,063 | $ 975,937 | $ - | $ - | $ 2,857,787 |
| Inter-segment revenue | 202,202 | 369,701 | 3,404 | - | ( 575,307 ) | - |
| Total revenue | $ 882,989 | $ 1,570,764 | $ 979,341 | $ - | ( $ 575,307 ) | $ 2,857,787 |
| Segment income | ( $ 62,527 ) | ( $ 331,061 ) | ( $ 100,903 ) | $ - | $ 55,721 | ( $ 438,770 ) |
| Interest income | | | | | | 5,052 |
| General other income of the Company | | | | | | 257,395 |
| Finance costs | | | | | | ( 23,331 ) |
| General expenses and losses of the Company | | | | | | ( 53,380 ) |
| Loss before income tax relating to continuing operations | | | | | | ( $ 253,034 ) |
| Segment assets | | | | | | |
| Segment assets | $ 975,058 | $ 1,436,295 | $ 1,351,100 | $ 1,102 | ( $ 429,339 ) | $ 3,334,216 |
| Investment | | | | | | 82,294 |
| Current tax assets | | | | | | 16 |
| Total assets | | | | | | $ 3,416,526 |
| Depreciation and amortization | $ 15,055 | $ 151,427 | $ 69,996 | $ - | | $ 236,478 |
| Capital expenditure (increase in property, plant and equipment) | $ 1,733 | $ 14,497 | $ 10,364 | $ - | | $ 26,594 |

Segment profit or loss refers to the profit earned by each segment, excluding share of profit or loss of affiliates and joint ventures recognized under the equity method, interest revenue, gain or loss on disposal of property, plant and equipment, exchange gain or loss, financial product evaluation gain or loss, finance cost and income tax. expenses. This measured amount is provided to the chief operating decision-maker for allocating resources to segments and evaluating their performance.

(II) Revenue from main products and services

The analysis of the income of the Group's continuing operating units' main products and services is as follows:

| | 2023 | 2022 |
|---|---|---|
| Plastic components | $ 2,130,690 | $ 2,388,445 |
| Molds | 150,796 | 169,118 |
| Others | 355,818 | 300,224 |
| | $ 2,637,304 | $ 2,857,787 |

(III) Information by region

The Group mainly operates in Taiwan and the Mainland China.

The Group's continuing operating revenue from external customers is divided by operating locations

Information on non-current assets classified by asset location is shown below:

| | Revenue from external customers | | Non-current assets | |
|---|---|---|---|---|
| | 2023 | 2022 | December 31, 2023 | December 31, 2022 |
| Taiwan | $ 198,357 | $ 591,434 | $ 101,258 | $ 107,596 |
| China | 2,378,270 | 2,119,364 | 870,205 | 1,010,422 |
| USA | 17,138 | 26,722 | - | - |
| Japan | 631 | 3,548 | - | - |
| Others | 42,908 | 116,719 | - | - |
| | $ 2,637,304 | $ 2,857,787 | $ 971,463 | $ 1,118,018 |

Non-current assets exclude financial instruments and deferred income tax assets.

(IV) Information on major customers

The customers whose operating revenues accounted for more than 10% of the operating revenues on the consolidated statement of comprehensive income of the Group for 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|---|---|
| Customer Name | Amount | Amount |
| Customer A | $ 368,833 | $ 334,857 |
| Customer B (Note) | 347,127 | 147,979 |
| | $ 715,960 | $ 482,836 |

Note: The amount of revenue in 2022 did not reach 10% of the Group's total revenue.

Coxon Precise Industrial Co., Ltd.

Loaning of funds to others

2023

Table 1

Units: NT$thousand / US$thousand / RMB$thousand

| No. | Lender | Borrower | Financial Statement Account | Related party | Highest Balance for the Year (line of credit) | Ending Balance (line of credit) | Actual Borrowing Amount | Interest rate % | Nature of Financing | Business Transaction Account and Amounts | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrower (Note 1) | Aggregate Financing Limits (Note 1) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Name | Value | | | |
| 1 | Changshu Huaxon Industry Co., Ltd. | Coxon Industry (Changshu) Co., Ltd. | Other receivables | Yes | $ 122,238 | $ 118,993 | $ 118,993 | - | Financing | $ - | Working capital needs | $ - | - | $ - | $ 594,766 | $ 594,766 | |
| 2 | Dong Guan Chensong Plastic Co., Ltd. | Sinxon Plastic (Dong Guan) Ltd. | 〃 | 〃 | 70,820 | - | - | - | 〃 | - | 〃 | - | - | - | - | - | Note 2 |

Note 1:

Our company:

I. The total amount of capital loan shall not exceed 40% of the net value of the Company's latest financial statement.

II. If an inter-company or inter-firm short-term financing facility is necessary, the total loan amount shall not exceed 20% of the net value of the Company's latest financial statement; the individual loan amount shall not exceed 10% of the net value of the Company's latest financial statement.

Subsidiaries:

I. The total amount of capital loans shall not exceed 40% of the net value of the Company's latest financial statement.

II. If an inter-company or inter-firm short-term financing facility is necessary, the total loan amount shall not exceed 40% of the net value of the Company's latest financial statement; the individual loan amount shall not exceed 30% of the net value of the Company's latest financial statement.; however, if the borrower is the overseas subsidiary 100%-owned ultimately by the parent company, Coxon Precise Industrial Co., Ltd., the total loan amount could not be limited by 40% of the net value of the Company's latest financial statement mentioned above. However, the individual and the total loan amount cannot exceed 100% of the net value of the Company's latest financial statement.

Note 2: Dong Guan Chensong Plastic Co., Ltd. was merged with Sinxon Plastic (Dong Guan) Ltd. on October 1, 2023.

Coxon Precise Industrial Co., Ltd. and subsidiaries

Marketable Securities Held

December 31, 2023

Table 2

Units: NT$thousand

| Holding Company Name | Type and Issuer of Marketable Securities (Note 1) | Relationship with the Holding Company | Financial Statement Account | December 31, 2021 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Unit | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| Changshu Huaxon Industry Co., Ltd. | Financial commodities | | | | | | | |
| | Fixed term structured deposit | None | Financial assets measured at fair value through comprehensive income - current | - | $ 58,415 | - | $ 58,415 | |
| Coxon Precise Industrial Co., Ltd. | Shares | | | | | | | |
| | Halo Neuro Inc. | None | Financial assets at FVTOCI - current | 306,720 | $ - | - | $ - | |
| | Fuji Seiki Co., Ltd. | 〃 | 〃 | 450,000 | 30,006 | - | 30,006 | |
| Coxon Industry (Changshu) Co., Ltd. | Unipassion Technology (Shanghai) Co., Ltd. | 〃 | 〃 | (Note 3) | - | 5 | - | |
| | | | | | $ 30,006 | | $ 30,006 | |
| Coxon Precise Industrial Co., Ltd. | CGK International Co., Ltd. | None | Financial assets at FVTOCI - non-current | 1,800,000 | $ 8,010 | - | $ 8,010 | |
| | Kin Tin Optotronic Co., Ltd. | 〃 | 〃 | 2,255,193 | - | 6 | - | |
| | Simpla Biotech Co., Ltd. | 〃 | 〃 | 782,143 | - | 11 | - | |
| | Cimforce International Limited | Other related parties | 〃 | 2,273,172 | - | 7 | - | |
| | | | | | $ 8,010 | | $ 8,010 | |

Note 1: The Marketable Securities in this table is referred to as shares, bonds, beneficiary certificates, and derivatives related to items mentioned above in scope of IFRS 9 “financial instruments”.

Note 2: Please refer to Tables 5 and 6 for information on investments in subsidiaries, associates and joint ventures.

Note 3: As it is a limited company, the shareholding ratio is calculated based on the capital contribution.

Coxon Precise Industrial Co., Ltd. and subsidiaries

Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital

2023

Table 3

Units: NT$thousand

| Buyer (Seller) | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction and Reasons | | Notes/Trade Receivables (Payables) | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase/Sale | Amount | Percentage of Purchase (Sale) | Payment Terms | Unit Price | Payment Terms | Ending Balance | % of Total Notes/Trade Receivables (Payables) | |
| Coxon Precise Industrial Co., Ltd. | Coxon Industry Ltd. | Parent and subsidiary | Purchases | $ 347,228 | 48% | 120 days | In accordance with mutual agreements | 120 days | Trade payables $ 177,955 | 50% | |
| Coxon Industry Ltd. | Sinxon Plastic (Dong Guan) Ltd. | 〃 | Purchases | 336,525 | 100% | 120 days | In accordance with mutual agreements | 120 days | Trade payables 125,465 | 100% | |
| Coxon Industry Ltd. | Coxon Precise Industrial Co., Ltd. | 〃 | Sales revenue | 347,228 | 100% | 120 days | In accordance with mutual agreements | 120 days | Trade receivables 177,955 | 100% | |
| Sinxon Plastic (Dong Guan) Ltd. | Coxon Industry Ltd. | 〃 | Sales revenue | 336,525 | 23% | 120 days | In accordance with mutual agreements | 120 days | Trade receivables 125,465 | 25% | |

Note: Related party transactions between the entities of the Group have been adjusted and eliminated.

Coxon Precise Industrial Co., Ltd. and subsidiaries

Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital

2023

Table 4

Units: In Thousands of New Taiwan Dollars or Foreign Currencies

| Company Name | Related Party | Relationship | Ending Balance | Turnover Rate | Overdue | | Amounts Received in Subsequent Period | Allowance for Impairment Loss |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Actions Taken | | |
| Coxon Industry Ltd. | Coxon Precise Industrial Co., Ltd. | Parent and subsidiary | $ 177,955 | - | $ - | - | $ - | $ - |
| Changshu Huaxon Industry Co., Ltd. | Coxon Industry (Changshu) Co., Ltd. | Associate | 118,993 (Note 1) | - | - | - | - | - |
| Sinxon Plastic (Dong Guan) Ltd. | Coxon Industry Ltd. | Parent and subsidiary | 125,465 | - | - | - | - | - |

Note 1: Recognized on other receivables.

Note 2: Related party transactions between the entities of the Group have been adjusted and eliminated.

Coxon Precise Industrial Co., Ltd. and subsidiaries

Information on Investees and Location

2023

Table 5

Units: NT$thousand

| Investor Company | Investee Company | Location | Main Businesses and Products | Investment Amount | | As of December 31, 2021 | | | Net Income (Loss ) of the Investee | Share of Profits (Loss) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2021 | December 31, 2020 | Number of Shares | % | Carrying Amount | | | |
| Coxon Precise Industrial Co., Ltd. | Coxon Industry Ltd. | Samoa | Global investing activities | $ 1,596,759 | $ 1,630,397 | 49,731,054 | 100 | $ 493,812 | ( $ 46,061 ) | ( $ 46,061 ) | |
| | Cheng Yee Enterprise Co. Ltd. | Samoa | Global investing activities | 629,586 | 590,371 | 9,400,000 | 100 | 913,427 | ( 17,067 ) | ( 17,067 ) | |
| | Plenty Link Technology Co., Ltd. | Cayman Islands | Global investing activities | 368,107 | 368,107 | 11,700,000 | 65 | 46,831 | 10,577 | 6,875 | |
| | | | | | | | | $ 1,454,070 | | ( $ 56,253 ) | |
| Cheng Yee Enterprise Co. Ltd. | Hang Yuan Enterprise Ltd. | Samoa | Global investing activities | 618,105 | 714,760 | 19,000,000 | 100 | $ 912,378 | ( 17,013 ) | ( $ 17,013 ) | |
| Plenty Link Technology Co., Ltd. | Shuan Yin Technology Co., Ltd. | Taiwan | Manufacturing of optical instrument and electronic components | - | 19,500 | - | - (Note 2) | - | ( 23 ) | ( 15 ) | |

Note 1: The share of profits and losses of subsidiaries and associates recognized by the equity method of the subsidiaries included in the consolidated financial report, the investment by the equity method in the account of the investing company and the net equity value of the invested company have been fully offset.

Note 2: Liquidated on May 31, 2023.

Coxon Precise Industrial Co., Ltd. and subsidiaries

Information on investments in mainland China

2023

Table 6

Units: In Thousands of New Taiwan Dollars or Foreign Currencies

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment and repatriations of investment income:

| Investee Company in Mainland China | Main Businesses and Products | Paid-in Capital | Method of Investment | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) | Carrying Amount as of December 31, 2021 | Accumulated Repatriation of Investment Income as of December 31, 2021 | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outward | Inward | | | | | | | |
| Changshu Huaxon Industry Co., Ltd. (Note 1) | Leasehold estate | $ 1,002,998 | Investment through third party | $ 64,270 | $ - | $ - | $ 64,270 | $ 292 | 100 | $ 292 | $ 594,766 | $ - | |
| Sinxon Plastic (Dong Guan) Ltd. (Note 2) | Manufacturing and sale of nonmetal molding and automobile parts | 3,330,854 | 〃 | 792,138 | - | - | 792,138 | 433 | 100 | 433 | 515,068 | - | |
| Coxon Industry (Changshu) Co., Ltd. (Note 1) | Manufacturing and sale of nonmetal molding, precision plastic injection parts, related semi-finished goods and components | 605,500 | 〃 | 863,138 | - | - | 863,138 | ( 37,152 ) | 100 | ( 37,152 ) | 287,531 | - | |
| Dong Guan Chensong Plastic Co., Ltd. (Note 2) | Manufacturing and sale of metal and nonmetal molding and automobile parts | - | 〃 | - | - | - | - | ( 22,210 ) | 100 | ( 22,210 ) | - | - | |
| Dong Guan Shuang-Ying Photoelectric Technology Co., Ltd. (Note 3) | Manufacturing of optical instrument and electronic components | 469,129 | 〃 | 279,595 | - | - | 279,595 | 9,826 | 65 | 6,387 | 36,229 | - | |
| Wuhan Resin-Hill Co., Ltd. | Manufacturing of automotive hardware | - | Note 4 | - | - | - | - | ( 335 ) | - | ( 134 ) | - | - | |

2. Upper Limit on the Amount of Investment in Mainland China:

Units: In Thousands of New Taiwan Dollars and U.S. Dollars

| Accumulated Investment in Mainland China as of December 31, 2021 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA |
|---|---|---|
| $ 1,999,141 | $ 5,516,602 | (Note 5) |

Note 1: The Company invested 100% of the ownership of Hang Yuan Enterprise Ltd. through Cheng Yee Enterprise Co. Ltd. in the third region; Hang Yuan Enterprise Ltd. reinvested 100% of ownership of Coxon Industry (Changshu) Co., Ltd. and Changshu Huaxon Industry Co., Ltd..

Note 2: The Company invested in Dong Guan Chensong Plastic Co., Ltd. and Sinxon Plastic (Dong Guan) Ltd. through self-owned funds of Coxon Industry Ltd. and subsidiaries in mainland China. Sinxon Plastic (Dong Guan) Ltd. was merged with Sinxon Plastic (Dong Guan) Ltd on October 1, 2023.

Note 3: The Company invested in Dong Guan Shuang-Ying Photoelectric Technology Co., Ltd. through Plenty Link Technology Co., Ltd. in the third region.

Note 4: Coxon Industry (Changshu) Co., Ltd. invested 40% ownership of Wuhan Resin-hill Co., Ltd. with its own funds. The investment was fully disposed of on March 17, 2023.

Note 5: According to the newly revised "Principles for the Review of Investments or Technical Cooperation in the Mainland Area" on August 29, 2008, since the Company has obtained the certification documents issued by the Industrial Bureau of the Ministry of Economic Affairs that conform to the operation scope of the operating headquarters, there is no need to calculate the investment limit.

3. Significant transactions with investee companies in mainland China, either directly or indirectly through a third party: See Table 3.
4. Endorsements/guarantees provided with investee companies in mainland China, either directly or indirectly through a third party: None.
5. Financing provided with investee companies in mainland China, either directly or indirectly through a third party: Table 1.
6. Other transactions that have a material effect on the profit or loss for the year or on the financial position: None.

Coxon Precise Industrial Co., Ltd. and subsidiaries

The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them.

2023

Table 7

Unit: NTD thousand

| No. (Note 1) | Counterparty name | Trading counterpart | Relationship with the counterparty (Note 2) | Transaction details | | | |
|---|---|---|---|---|---|---|---|
| | | | | Account | Amount | Payment terms (Note 3) | % of consolidated revenue or total assets (Note 4) |
| 0 | Coxon Precise Industrial Co., Ltd. | Coxon Industry Ltd. | 2 | Purchases | $ 347,228 | Note | 13% |
| 0 | Coxon Precise Industrial Co., Ltd. | Coxon Industry Ltd. | 2 | Trade payables | 177,955 | Note | 6% |
| 1 | Changshu Huaxon Industry Co., Ltd. | Coxon Industry (Changshu) Co., Ltd. | 3 | Other receivables | 118,993 | Note | 4% |
| 2 | Coxon Industry Ltd. | Sinxon Plastic (Dong Guan) Ltd. | 2 | Purchases | 336,525 | Note | 13% |
| 2 | Coxon Industry Ltd. | Sinxon Plastic (Dong Guan) Ltd. | 2 | Trade payables | 125,465 | Note | 4% |

Note 1: Information on business transactions between the parent company and its subsidiaries should be indicated in the numbered column. The number should be filled in as follows:

1. The parent company is coded "0".
2. The subsidiaries are coded sequentially beginning from "1" by each individual company.

Note 2: There are three types of relations with the transaction company, just enter the code:

1. Parent to subsidiary.
2. Subsidiary to parent.
3. Between subsidiaries.

Note 3: The terms of sales and purchases with the related parties above have no significant difference from the general customers.

Note 4: Regarding the proportion of transaction amount to the total consolidated revenue or assets, if it is recognized in the balance sheet account, it is shown with the closing balance as a percentage of the total consolidated assets; if it is in the profit or loss account, it is shown with the cumulative amount throughout the period as a percentage of the consolidated total revenue.

Note 5: The standard for disclosure of information on business transactions between the parent company and its subsidiaries above is the amount of income (expenses), sales, and accounts receivable (payable) to related parties that reach NTD 100 million or 20% of the paid-in capital; in addition, transactions with related parties are not disclosed.

Coxon Precise Industrial Co., Ltd. and subsidiaries

Information of Major Shareholders

December 31, 2023

Table 8

| Name of Major Shareholder | Shares | |
|---|---|---|
| | Number of Shares | Percentage of Ownership (%) |
| No shareholders with ownership of 5% or greater | | |

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.