

Stock Sode : 5392

Search the annual on the below website:

(Website : [http : /newmops.tse.com.tw/](http://newmops.tse.com.tw/))

# ABICO AVY CO., LTD.

(formerly known as AVY PRECISION TECHNOLOGY INC.)

## 2023 General Shareholders' Meeting Annual Report

Date of publication: May 24<sup>th</sup>, 2024

**SPOKESPERSON**

Name: Chun-Yi Tong

Title: Vice Chairman

Tel: (02)2547-2089 Ext.1801

E-mail: alan.tong@abico.com.tw

**DEPUTY SPOKESPERSON**

Name: Che-Yi Chou

Title: Finance Assistant Vice Presidents

Tel: (02)2547-2089 Ext.1511

E-mail: jacky.chou@avy.com.tw

**CORPORATE HEADQUARTERS**

Address: 10 F., No. 101, Fuxing N. Rd., Songshan Dist., Taipei City 105403,  
Taiwan

Tel: (02)2547-2089

Fax: (02)2547-2909

**COMMON SHARES TRANSFER AGENT**

Company: Capital Securities Corporation

Address: B2, No.97, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 10601,  
Taiwan

Tel: (02)2702-3999

Website: www.capital.com.tw

**AUDITORS**

Name of CPA: Ya-Hui Lin; Min-Chuan Feng

CPA Firm: PricewaterhouseCoopers Taiwan

Address: 27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 11012, Taiwan

Tel: (02)2729-6666

Website: www.pwc.tw

**Overseas Securities Exchange:** N/A

**Corporate Website:** www.avy.com.tw

**The first (foreign) counter company should publish:** Not applicable

## Table of Contents

One.	Letter to Shareholders	
	I. Letter to Shareholders	01
Two.	Company Profile	
	I. Company Profile	03
Three.	Corporate Governance Report	
	I. Organizational Structure	04
	II. Directors, supervisors, general manager, vice general managers, assistant vice presidents, and the heads of various departments and branches	05
	III. Implementation of corporate governance	17
	IV. Information on the Company's audit fees	65
	V. Replacement of CPAs of CPAs	65
	VI. Where Chairman, general manager, Chief Financial Officer, or Accounting Manager has been employed by the CPA firm or its affiliates in the most recent year	65
	VII. The changes in the transfer or pledge of equity shares by directors, supervisors, managers, or shareholders holding more than 10% of the shares issued by the Company in the most recent year up to the publication date of this annual report	66
	VIII. Information on the top ten shareholders who are related parties to each other or spouses or relatives within the second degree of kinship of another	67
	IX. The total number of shares held and the consolidated shareholdings in any single investee by the Company's directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company	68
Four.	Fundraising situation	
	I. Capital and Shares	69
	II. Issuance of corporate bonds	75
	III. Issuance of preference shares	75
	IV. Issuance of depository receipts	75
	V. Issuance of employee stock warrants	75
	VI. Issuance of restricted stock awards	75
	VII. Mergers or acquisitions or demergers	75
	VIII. Fund Application Plan Execution	75
Five.	Overview of Operations	
	I. Information on business	76
	II. Overview of the market and production and sales	94
	III. Information on employees	108
	IV. Environment protection expenditure	109

V.	Labor-management relations .....	110
VI.	Cyber security management .....	113
VII.	Important contracts .....	115
Six.	Overview of Financial Information	
I.	Condensed balance sheet and statement of comprehensive income, as well as names and audit opinions of the CPAs for the most recent five years .....	116
II.	Financial analysis for the most recent five years .....	120
III.	Audit Committee’s review report in the most recent year financial report .....	123
IV.	Financial statements for the most recent year .....	125
V.	Parent company only financial statements for the most recent year audited by a CPA .....	260
VI.	Financial difficulties experienced by the Company and its affiliated companies in the most recent year or during the current year up to the date of publication of the annual report .....	352
Seven.	Financial Position and Operating Performance Review Analysis and Risk Management	
I.	Financial position .....	352
II.	Financial performance .....	353
III.	Cash flow .....	354
IV.	Influence of major capital expenditures on financial business in the most recent year .....	354
V.	Investment policy for the most recent year, the main reasons for profit or loss, an improvement plan, and an investment plan for the following year .....	354
VI.	Any risk events in the most recent year and up to the publication date of this annual report .....	355
VII.	Other important matters .....	361
Eight.	Special Matters	
I.	Relevant information on affiliates .....	362
II.	Private placement of securities in the most recent year up to the publication date of this annual report .....	387
III.	Subsidiaries holding or disposing of the Company’s shares in the most recent year up to the publication date of this annual report .....	387
IV.	Other necessary supplementary information .....	387
Nine.	Any event specified in Article 36, paragraph 2, subparagraph 2 of the Securities and Exchange Act with a material impact on shareholders’ rights and interests or securities prices in the most recent year up to the publication date of this annual report .....	387

## One. Letter to Shareholders

First of all, thank you for attending this year's shareholders' meeting despite your busy schedule. I, on behalf of the Company, would like to express my greatest gratitude to all shareholders for your strong support and encouragement.

The 2023 operating performance and the 2024 business outlook are hereby reported as follows:

### I. The 2023 operating performance:

2023		Unit: NT\$ thousand	
Item	Consolidated	Standalone	
Net operating revenue	9,420,948	39,365	
Gross profit	1,528,632	34,446	
Operating expenses	1,516,670	51,522	
Operating income (loss)	11,962	(17,076)	
Non-operating income and expenses, net	219,258	75,019	
Income tax income (expense)	(113,439)	(1,991)	
Net of tax	117,781	55,952	

Note: All the data for the years above has been audited by CPAs.

### II. Budget implementation: N/A.

### III. Analysis of financial income and expenditure and profitability:

2023		Unit: NT\$ thousand	
Item		Consolidated	Standalone
Financial income and expenditure	Operating revenue	9,420,948	39,365
	Gross profit	1,528,632	34,446
	Net income for this period	117,781	55,952
Profitability	Return on assets (%)	1.33	1.15
	Return on equity (%)	1.58	1.02
	Operating income to paid-in capital (%)	0.71	(1.01)
	Pre-tax income to paid-in capital (%)	13.68	3.43
	Profit margin	1.25	142.14
	Earnings per share - owners of parent company (NT\$)	0.33	0.33

Note: All the data for the years above has been audited by CPAs.

IV. Research and development:

In the component manufacturing industry, ABICO AVY will continue to apply the existing metal stamping and CNC, powder metallurgy, plastic injection and other production processes, reduce manpower requirements and improve production efficiency through automated production, and continue to expand the product scale and items in the automotive component market, providing customers with a one-stop integrated product content in the automotive electric market. In addition, with the global trend of net zero emissions by 2050, the Company has also invested resources in carbon reduction.

V. The 2024 business outlook:

Since the second half of 2023, the impact of the COVID-19 epidemic has gradually reduced, people's lives have returned to normal, supply chain problems have eased, and automotive product shipments have increased greatly. However, the economic situation in mainland China is still in a downturn. Therefore, the operating bases of the Group in various regions around the world have increased or decreased in response to the economic situation in various regions, but are still optimistic about the operation of 2024. At present, automotive components are still the main axis of the company's manufacturing business development. In response to the rise of automotive electrification, AI has become a rising star, and the development of self-driving functions is new Moon. Therefore, the company will continue to increase the company's profits in this direction, and strive for the maximum benefits for all shareholders. We hope that all shareholders and Cambodia will continue to benefit and support.

I wish you good health and all the best!

Chairman: Chun-Jen Tong

General Manager: Shiang-Chi Hu

Chief Accounting Officer: Hui-Chu Lee

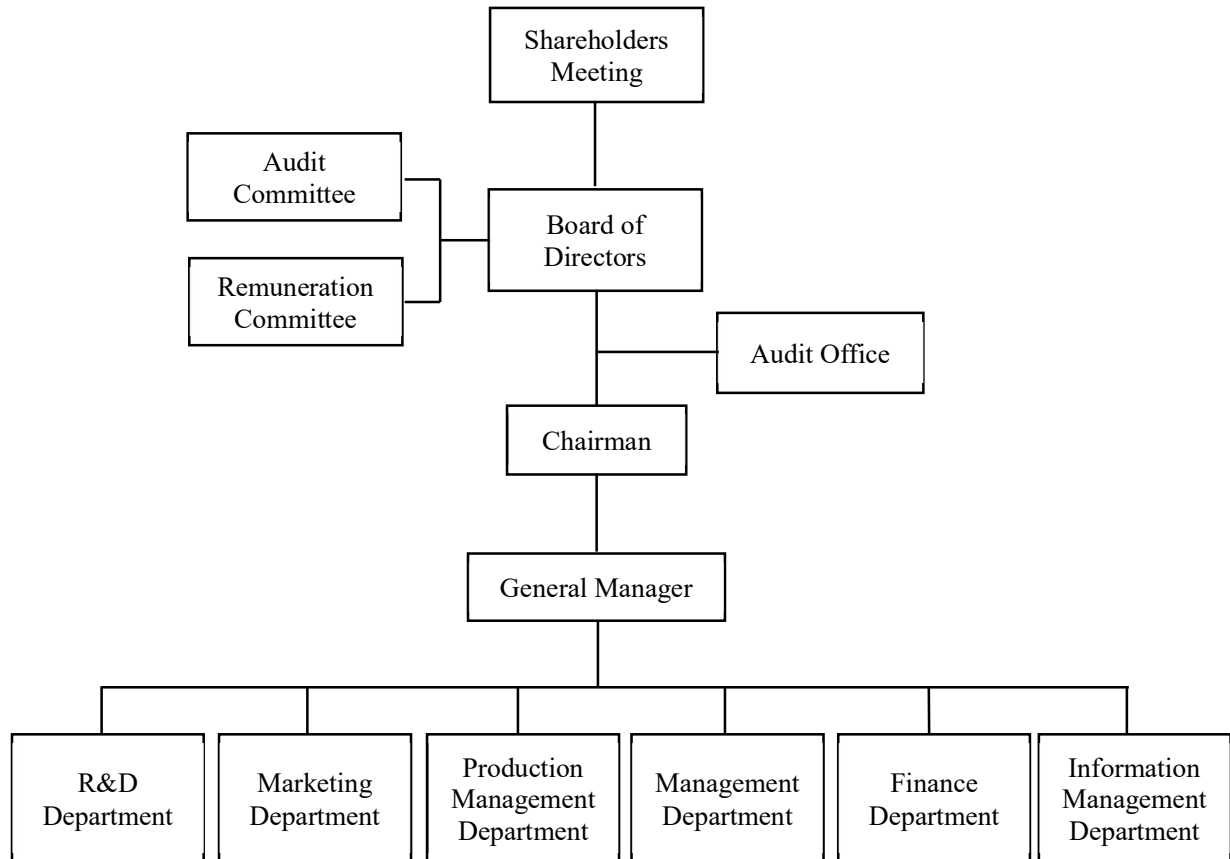
## Two. Company Profile

- I. Date of incorporation: December 29, 1994
- II. Company History
  - 1994/12 Set up the Yi-An Technology Preparatory Office in Tainan.
  - 1995/07 Yi-An Technology was approved to set up in the Hsinchu Science Park, with a focus on the R&D, manufacturing, and marketing of networking systems in Asia, Europe, Australia, South America, and other regions.
  - 1999/06 The Company's stock was listed on Taipei Exchange.
  - 2004/06 ABICO AVY became one of the largest suppliers of digital camera casings in the world by incorporating Yi-An technology.
  - 2011/10 In order to develop the promotion and resource introduction and integration of cooperation investment projects in Taiwan and Japan, Ability I was established as an investment platform for group resource integration.
  - 2012/06 Acquired ABICO AVY from Yi-Jin Industrial Co., Ltd., and renamed Yi-Jin Industrial Co., Ltd. to Jabon International. The company engages in the manufacturing of powder metallurgy components and motor drive gearboxes, and is currently one of the world's largest suppliers of transmissions.
  - 2012/09 The Company merged with its subsidiary Yaxin Precision Co., Ltd..
  - 2014/07 ABICO Group acquired 100% equity of IKKA Japan through ABICO AVY and Jabon International. The main products of IKKA Japan are high-end plastic injection assembly parts, and the Japanese brand car manufacturers are the main sales targets
  - 2015/03 Focusing on the Japanese technology market and utilizing Greater China's resources in the venture capital business, the Company established ABICO Asia Capital and ABICO Asia Capital II Excellent Transformation and Growth Funds and other diversified platforms.
  - 2017/11 Company acquired Honlynn Co., Ltd. and Ability Int'l, and gradually transformed from a manufacturing company to a channel company, and changed its name to ABICO NetCom .
  - 2019/03 ABICO AVY and Jabon International were merged to develop into a Japanese electric vehicle component supplier
  - 2019/08 Acquired 100% equity of Sol-Plus Co.,Ltd. in Japan.
  - 2021/05 The Company's subsidiary, IKKA-KY (2250), was officially listed for trading on May 31 after the Taiwan Stock Exchange approved its application for listing.
  - 2021/08 Renamed ABICO AVY Co., Ltd.
  - 2024/03 The subsidiary IKKA-KY's new plant in Nagoya, Japan was completed, expanding its production to build a new energy vehicle R & D center.

### Three. Corporate Governance Report

#### I. Organization

##### 1. Organizational structure



##### 2. Main business of each department:

Department	Functions
Audit Office	Is responsible for the audit of the Company's internal rules and regulations and putting forth suggestions for improvement.
R&D Department	Is responsible for product design and development.
Marketing Department	Is responsible for sales, market development, and after-sales service.
Production Management Department	Is responsible for product manufacturing and quality management.
Management Department	Is responsible for property and equipment management, human resources management, education and training, and general tasks.
Finance Department	Is responsible for the operation and implementation of the financial and accounting systems and provide relevant data.
Information Management Department	Is responsible for the development, maintenance, and integration of management systems.



II. Directors, supervisors, general manager, vice general managers, assistant vice presidents, and the heads of various departments and branches  
(I) Information on directors

April 23, 2024

Title	Nationality or place of registration	Name	Gender/ Age	Date elected/ appointed	Term of office	Date first elected	Shareholding when elected		Number of shares currently held		Current shareholding of spouse or minor children		Shareholding by nominee arrangement		Major education and experience	Concurrent positions at the Company or other companies	Spouse or relatives within second degree of kinship who are managers or directors or supervisors of the Company			Remarks	
							Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relations		
Chairman	R.O.C.	Abico International Co., Ltd.	-	2021.07.15	3	2021.07.15	12,000,000	7.06%	22,095,328	13.08%	0	0	0	0	-	-	-	-	-	Note 2	
	R.O.C.	Representative: Chun-Jen Tong	Male 50-60 years old	2021.07.15	3	2021.10.12	0	0	0	0	0	0	0	0	Chairman, ABICO AVY CO., LTD. Master of Information, New Jersey Institute of Technology	Vice Chairman, ABICO NetCom Co., Ltd. Director, IKKA HOLDINGS (CAYMAN) LIMITED. Director, Dong Gua Cheng Guang Trading Co., Ltd. Director, Ability Enterprise Co., Ltd.	Vice Chairman	Chun-Yi Tong	Brothers	Note 2	
Vice Chairman	R.O.C.		Representative: Chun-Yi Tong	Male 50-60 years old	2021.07.15	3	2012.06.12	0	0	35,825	0.02%	0	0	0	0	Vice Chairman, ABICO AVY CO., LTD. Bachelor of Economics, University of Southern California Master of LSI, Faculty of Science and Technology, Waseda University, Japan	Director, Dong Guan Cheng Guang Trading Co., Ltd. Chairman, Ability Venture Management Co., Ltd. Director, IKKA HOLDINGS (CAYMAN) LIMITED. Director, Ability Enterprise Co., Ltd.	Chairman	Chun-Jen Tong	Brothers	Note 2
Director	R.O.C.	Abico International Co., Ltd.	Representative: Shiang-Chi Hu	Male 60-70 years old	2021.07.15	3	2015.07.22	0	0	217,567	0.13%	0	0	0	0	General Manager, ABICO AVY CO., LTD. Chairman, Jabon International Co., Ltd. Master of International Business, National Taiwan University	Chairman, ABICO NetCom Co., Ltd. Director, ABICO Asia Capital Corporation Chairman, Empower Technology Corporation. Director, Ability Enterprise Co., Ltd. Independent Director, Impact Power Inc. Director, IKKA HOLDINGS (CAYMAN) LIMITED.	None	None	None	Note 2
	R.O.C.		Representative: Ching-Hsi Tong	Male 80-90 years old	2021.07.15	3	2015.04.09	0	0%	0	0	0	0	0	0	CEO, ABICO Group Waseda University, Japan	CEO, ABICO Group Director, Ability Investment Co., Ltd.	Director	Li-An Huang	Father-in-law and son-in-law	Note 2
	R.O.C.		Representative: Li-An Huang	Male 40-50 years old	2021.07.15	3	2019.02.01	0	0	0	0	0	0	0	0	Partner, Infinity Ventures, IESE Business School, Spain	Director, ABICO NetCom Co., Ltd.	Director	Ching-Hsi Tong	Father-in-law and son-in-law	Note 2

Director	R.O.C.	Yunchen Investment Co., Ltd.	-	2021.07.15	3	2021.07.15	620,740	0.37%	606,740	0.36%	0	0	0	0	-	-	-	-	Note 2	
	R.O.C.	Yunchen Investment Co., Ltd.	Representative: Chao-Yu Yang	Male 60-70 years old	2021.07.15	3	2021.07.15	0		101,750	0.06%	0	0	0	0	Chairman, SuperAlloy Industrial Co., Ltd. Department of Management, National Defense University	Chairman, Dong Guan Qunsheng Powder Metallurgy Ltd. / DongGuan Best Achieve Industrial Ltd. / Best Select Industrial (SuZhou) Co., Ltd. Director, Jabon International Co., Ltd. / Jabon Precision Co., Ltd. / EKEEN PRECISION CO., LTD. / JieCheng Co., Ltd.	None	None	None
Independent Director	R.O.C.	Jieh-Chen Wang		Male 70-80 years old	2021.07.15	3	2018.06.12	0	0	0	0	0	0	0	Public Administration, National Chengchi University Deputy General-Director of the National Taxation Bureau of Taipei, Ministry of Finance	Independent Director, ABICO NetCom Co., Ltd. Independent Director, Chong Hong Construction Co., Ltd	None	None	None	Note 2
	R.O.C.	Wei-Chyun Yen		Male 60-70 years old	2021.07.15	3	2015.06.18	0	0	0	0	0	0	0	Chairman, Asian Power Devices Inc. Department of Accountancy, National Cheng Kung University Master of Business Administration, the City University of New York	Chairman, Asian Power Devices Inc. Director, AAEON Technology Inc. (SuZhou)	None	None	None	Note 2
	R.O.C.	Loung-Ching Cheng		Male 30-40 years old	2021.07.15	3	2015.06.18	0	0	0	0	0	0	0	Chairman, Long Way Plastic Industrial Co., Ltd. California State University	Chairman, Long Way Plastic Industrial Co., Ltd.	None	None	None	Note 2

Note 1: The names of institutional shareholders and their representatives shall be listed separately (those who are institutional shareholders, the names of their representatives shall be indicated), and table 1 below shall be filled out.

Note 2: The Chairman and the general manager or person in an equivalent position are not the same person, spouses, or relatives within the first degree of kinship.

Table 1: Major shareholders of institutional shareholders

April 23, 2024

Name of institutional shareholders (Note 1)	Major shareholders of institutional shareholders (Note 2)	Shareholding
Abico International Co., Ltd.	CHIA MEI INVESTMENT CO., LTD.	100%
Yunchen Investment Co., Ltd.	Shu-Li Hu	99.80%
	Chen-Wei Hu	0.10%
	Li-Yun Hu	0.10%

Note 1: Where the director or supervisor acts as an institutional shareholder's representative, please specify the institutional shareholder's name.

Note 2: Please specify the names of major shareholders of the institutional shareholder (with shareholding ranking Top 10), and the shareholding thereof. Where the major shareholder is a juridical person, please also complete the following Table 2.

Table 2: Major shareholders of major institutional shareholders in Table 1

April 23, 2024

Name of Major shareholders of institutional shareholders (Note 1)	Major Shareholders (Note 2)	Shareholding
CHIA MEI INVESTMENT CO., LTD.	Yi-Chun Tong	20.00%
	Chun-Jen Tong	20.00%
	Chun-Yi Tong	20.00%
	Jie-Shi-En Investment Co., Ltd.	8.33%
	Trump Elegant Investment Co., Ltd.	8.33%
	Sky Century Corp.	8.33%
	Pai-Yu Chen	5.00%
	Hsiao-Chi Chang	5.00%
	Hsin-I Chou	5.00%

Note 1: If a major shareholder in Table 1 above is a juridical person, the name of the juridical person shall be entered.

Note 2: Please specify the names of major shareholders of the institutional shareholders (with shareholding ranking Top 10), and the shareholding thereof.

(II) Information on directors

I. Disclosure of information on directors' professional qualifications and the independence of independent directors:

Criteria Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of other public companies where the individual serves as an independent director concurrently
Director Chun-Jen Tong	<ol style="list-style-type: none"> <li>Has five years or more of business experience related to the Company's industry, strategic management skills, leadership, as well as a wealth of knowledge, skills, and competencies required to perform duties and experience in business management, so as to contribute his corporate governance and management expertise to the Company.</li> <li>Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>Does not and spouse and relatives within the second degree of kinship thereof do not hold the Company's shares (or by nominee arrangement).</li> <li>Did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years.</li> </ol>	0
Director Chun-Yi Tong	<ol style="list-style-type: none"> <li>Has five years or more of business experience related to the Company's industry, strategic management skills, leadership, as well as a wealth of knowledge, skills, and competencies required to perform duties and experience in business management, so as to contribute his corporate governance and management expertise to the Company.</li> <li>Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>Did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years.</li> </ol>	1
Director Shiang-Chi Hu	<ol style="list-style-type: none"> <li>Has five years or more of business experience related to the Company's industry, strategic management skills, leadership, as well as a wealth of knowledge, skills, and competencies required to perform duties and experience in business management, so as to contribute his corporate governance and management expertise to the Company.</li> <li>Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>Did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years.</li> </ol>	2
Director Ching-Hsi Tong	<ol style="list-style-type: none"> <li>Has 30 years or more of business experience related to the Company's industry, strategic management skills, leadership, as well as a wealth of knowledge, skills, and competencies required to perform duties and experience in business management; contributes his corporate governance and management expertise to the Company.</li> <li>Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>Does not and spouse and relatives within the second degree of kinship thereof do not hold the Company's shares (or by nominee arrangement).</li> <li>Did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years.</li> </ol>	0

Name	Criteria Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of other public companies where the individual serves as an independent director concurrently
Director Li-An Huang	<ol style="list-style-type: none"> <li>Has five years or more of business experience related to the Company's industry, strategic management skills, as well as extensive knowledge, skills, and competencies required to perform duties.</li> <li>Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>Does not and spouse and relatives within the second degree of kinship thereof do not hold the Company's shares (or by nominee arrangement).</li> <li>Did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years.</li> </ol>	0
Director Chao-Yu Yang	<ol style="list-style-type: none"> <li>Has five years or more of business experience related to the Company's industry as well as a wealth of knowledge, skills, and competencies required to perform duties and experience in business management.</li> <li>Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>Did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years.</li> </ol>	0
Independent Director Jieh-Chen Wang	<ol style="list-style-type: none"> <li>Has five years or more of experience in business, finance, and taxation related to the Company's business and provides his expertise in taxation theories and practical management through his experience as a former Deputy General-Director of the National Taxation Bureau of Taipei, Ministry of Finance.</li> <li>Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>Is not and spouse and relatives within the second degree of kinship thereof are not serving as directors, supervisors, or employees of the Company or its affiliates.</li> <li>Does not and spouse and relatives within the second degree of kinship thereof do not hold the Company's shares (or by nominee arrangement).</li> <li>Did not serving as a director, supervisor, or employee at a company with specific relations with the Company.</li> <li>Did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years.</li> </ol>	2
Independent Director Wei-Chyun Yen	<ol style="list-style-type: none"> <li>Has five years or more of experience in business, finance, accounting related to the Company's industry as well as a wealth of knowledge, skills, and competencies required to perform duties and experience in business management.</li> <li>Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>Is not and spouse and relatives within the second degree of kinship thereof are not serving as directors, supervisors, or employees of the Company or its affiliates.</li> <li>Does not and spouse and relatives within the second degree of kinship thereof do not hold the Company's shares (or by nominee arrangement).</li> <li>Did not serving as a director, supervisor, or employee at a company with specific relations with the Company.</li> <li>Did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years.</li> </ol>	1
Independent Director Loung-Ching Cheng	<ol style="list-style-type: none"> <li>Has five years or more of business experience related to the Company's industry as well as a wealth of knowledge, skills, and competencies required to perform duties and experience in business management.</li> <li>Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>Is not and spouse and relatives within the second degree of kinship thereof are not serving as directors, supervisors, or employees of the Company or its affiliates.</li> <li>Does not and spouse and relatives within the second degree of kinship thereof do not hold the Company's shares (or by nominee arrangement).</li> <li>Did not serving as a director, supervisor, or employee at a company with specific relations with the Company.</li> <li>Did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years.</li> </ol>	0

## II. Board diversity and independence:

### (I) Board diversity:

To elect directors in a fair, impartial, and open manner, we have formulated the procedures for electing directors in accordance with Articles 21 and 41 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

We shall elect directors based on the board structure as a whole. We shall take into account the diversity principle for the board structure and formulate an appropriate diversity policy based on its operation, operating model, and development needs, including but not limited to the two criteria below:

- I. Basic criteria and values: Gender, age, nationality, and culture.
- II. Professional knowledge and skills: Professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Board members should possess the knowledge, skills, and qualities needed to perform their duties. The Board of Directors as a whole should possess the capabilities and skills below:

- I. Business judgment.
- II. Accounting and financial analysis.
- III. Business management.
- IV. Crisis management.
- V. Industry knowledge.
- VI. International market perspective.
- VII. Leadership.
- VIII. Decision-making.

More than half of the board members shall not be spouses or relatives within the second degree of kinship of other members.

The Board of Directors shall consider and adjust the board structure based on the performance evaluation results.

Name		Basic component			Professional backgrounds, knowledge, and skills							
		Nationality	Gender	Age	Accounting and financial analysis	Business judgment	Business management	Crisis management	Industry knowledge	International market perspective	Leadership	Decision-making
Director	Chun-Jen Tong	R.O.C.	Male	50-60 years old		v	v	v	v	v	v	v
	Chun-Yi Tong		Male	50-60 years old		v	v	v	v	v	v	v
	Shiang-Chi Hu		Male	60-70 years old		v	v	v	v	v	v	v
	Ching-Hsi Tong		Male	80-90 years old		v	v	v	v	v	v	v
	Li-An Huang		Male	40-50 years old		v	v	v	v	v	v	v
	Chao-Yu Yang		Male	60-70 years old		v	v	v	v	v	v	v
Independent Director	Jieh-Chen Wang		Male	70-80 years old	v	v	v	v	v	v	v	v
	Wei-Chyun Yen		Male	60-70 years old	v	v	v	v	v	v	v	v
	Loung-Ching Cheng		Male	30-40 years old		v	v	v	v	v	v	v

**Specific management objectives:**

How the specific management objectives of the diversity policy are achieved is as follows:

Management objectives:	Achievement status
More than half of the board members shall not be spouses or relatives within the second degree of kinship of other members	Achieved
The number of independent directors shall account for one third of all directors	Achieved

(II) Independence of the Board of Directors:

The Company has a total of nine directors on the board, of which three are independent directors, accounting for about 33% of all directors. None of the board members is under any circumstances under Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act. All directors are not spouses or relatives within second degree of kinship of another except directors Chun-Jen Tong, Chun-Yi Tong, Ching-Hsi Tong, and Li-An Huang.

(II) General manager, vice general managers, assistant vice presidents, and the heads of various departments and branches

April 23, 2024

Title	Nationality	Name	Gender	Date elected / appointed	Shareholding		Shareholding of spouse or minor children		Shareholding by nominee arrangement		Major education and experience	Concurrent positions at other companies	Spouse or relatives within second degree of kinship who are managers of the Company			Remarks
					Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relations	
General Manager	R.O.C.	Shiang-Chi Hu	Male	2018.02.01	217,567	0.13%	0	0	0	0	Chairman, Jabon International Co., Ltd. Master of International Business, National Taiwan University	Chairman, ABICO NetCom Co., Ltd. Director, ABICO Asia Capital Corporation Chairman, Empower Technology Corporation. Director, Ability Enterprise Co., Ltd. Independent Director, Impact Power, Inc. Director, IKKA HOLDINGS (CAYMAN) LIMITED.	None	None	None	Note 1
Vice General Manager of the Investment Department	R.O.C.	Chu-Chen Chiang	Female	2016.04.01	0	0	0	0	0	0	Vice general manager, Ability Investment Co., Ltd.	Supervisor, AVY Co., Ltd Supervisor, Seinoh Optical Co., Ltd. Supervisor, Ability 1 Venture Capital Corporation Supervisor, Taishiba International Co., Ltd.	None	None	None	Note 1
Assistant Vice Presidents	R.O.C.	Che-Yi Chou	Male	2017.11.16	0	0	0	0	0	0	Assistant Vice Presidents, PwC Taiwan Master of Accounting, National Taipei University	Director, AVY Co., Ltd. Director, Seinoh Optical Co., Ltd. Supervisor, Jabon International Co., Ltd. HONESTY-CONFIDENCE & CO., CPAs. Independent Director, Hotron Precision Electronic Industrial Co., Ltd. Independent Director, Nan Yang Dyeing & Finishing Co., Ltd. Chairman, 1 Production Film Co. Director, G-YEN HUTONG Co., Ltd.	None	None	None	Note 1
Manager	R.O.C.	Hui-Chu Lee	Female	2016.04.01	0	0	0	0	0	0	Finance Manager, Ability Enterprise Co., Ltd. Department of Accounting, Shin Chien University	None	None	None	None	Note 1

Note 1: The Chairman and the President or person in an equivalent position (top-level manager) in an equivalent position are not the same person, spouses, or relatives within the first degree of kinship.



(III) Remuneration paid to directors, general manager, and vice general managers for the most recent year.

1. Remuneration to general directors and independent directors

2023; Unit: NT\$ thousand; %

Title	Name	Remuneration to directors								Sum of A, B, C, and D as a % of the net income after tax (%)		Remuneration received for serving as employees concurrently								Sum of A, B, C, D, E, F, and G as a % of the net income after tax (%)		Remuneration from investors other than subsidiaries or from the parent company	
		Base remuneration (A)		Severance and pension (B)		Remuneration to directors (C)		Business execution expenses (D)				Remuneration, bonus, allowance (E)		Severance and pension (F)		Employee remuneration (G)							
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements				
Chairman	Abico International Co., Ltd. Representative: Chun-Jen Tong	-	-	-	-	-	1,396	12	139	0.0%	2.7%	-	-	-	-	-	-	-	-	-	-	-	-
Vice Chairman	Abico International Co., Ltd. Representative: Chun-Yi Tong	-	-	-	-	-	1,396	12	105	0.0%	2.7%	-	-	-	-	-	-	-	-	-	-	-	-
Director	Abico International Co., Ltd. Representative: Ching-Hsi Tong	-	-	-	-	-	-	10	10	0.0%	0.0%	-	-	-	-	-	-	-	-	-	-	-	-
Director	Abico International Co., Ltd. Representative: Shiang-Chi Hu	-	-	-	-	-	2,632	12	235	0.0%	5.1%	-	-	-	-	-	-	-	-	-	-	-	-
Director	Abico International Co., Ltd. Representative: Li-An Huang	-	-	-	-	-	-	12	46	0.0%	0.1%	-	-	-	-	-	-	-	-	-	-	-	-
Director	Yunchen Investment Co., Ltd. Representative: Chao-Yu Yang	-	-	-	-	-	-	12	120	0.0%	0.2%	-	-	-	-	-	-	-	-	-	-	-	-
Independent Director	Jieh-Chen Wang	-	-	-	-	-	-	384	604	0.7%	1.1%	-	-	-	-	-	-	-	-	-	-	-	-
Independent Director	Wei-Chyun Yen	-	-	-	-	-	-	388	388	0.7%	0.7%	-	-	-	-	-	-	-	-	-	-	-	-
Independent Director	Loung-Ching Cheng	-	-	-	-	-	-	386	386	0.7%	0.7%	-	-	-	-	-	-	-	-	-	-	-	-
Total remuneration		0	0	0	0	0	5,424	1,228	2,033	1,228 2.19%	7,457 13.33%	8,895	32,986	108	108	2,600	0	10,562	0	12,831 22.93%	51,113 91.35%	None	

1. Please specify the policy, system, standard, and structure of remuneration to independent directors, and the association between the amount of remuneration and the responsibilities and risks assumed, time spent, and other factors:  
The Company's independent directors did not participate in the distribution of directors' remuneration as per the resolution adopted by the board meeting on 2021.7.23. Their business execution expenses are honoraria and various functional committee allowances.

2. Except as disclosed in the above table, the remuneration received by the Company's directors for providing services to all companies in the financial statements (such as serving as a consultant in a non-employee capacity) in the most recent year: None.

Remuneration Range Table

Ranges of remuneration paid to each director of the Company	Name of director			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company	All companies in the financial statements H	The Company	All companies in the financial statements I
Below NT\$1,000,000	Chun-Jen Tong, Chun-Yi Tong, Shiang-Chi Hu, Ching-Hsi Tong, Li-An Huang, Chao-Yu Yang, Jieh-Chen Wang, Wei-Chyun Yen, Loung-Ching Cheng	Ching-Hsi Tong, Li-An Huang, Chao-Yu Yang, Jieh-Chen Wang, Wei-Chyun Yen, Loung-Ching Cheng	Shiang-Chi Hu, Ching-Hsi Tong, Li-An Huang, Chao-Yu Yang, Jieh-Chen Wang, Wei-Chyun Yen, Loung-Ching Cheng	Ching-Hsi Tong, Li-An Huang, Jieh-Chen Wang, Wei-Chyun Yen, Loung-Ching Cheng
NT\$1,000,000 (inclusive)–NT\$2,000,000 (exclusive)		Chun-Jen Tong, Chun-Yi Tong		
NT\$2,000,000 (inclusive)–NT\$3,500,000 (exclusive)		Shiang-Chi Hu		
NT\$3,500,000 (inclusive)–NT\$5,000,000 (exclusive)				
NT\$5,000,000 (inclusive)–NT\$10,000,000 (exclusive)			Chun-Jen Tong, Chun-Yi Tong	Chun-Jen Tong, Chun-Yi Tong, Chao-Yu Yang
NT\$10,000,000 (inclusive)–NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive)–NT\$30,000,000 (exclusive)				Shiang-Chi Hu
NT\$30,000,000 (inclusive)–NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive)–NT\$100,000,000 (exclusive)				
NT\$100,000,000 or more				
Total	9	9	9	9

## 2. Remuneration to the general manager and vice general managers

2023; Unit: NT\$ thousand; %

Title	Name	Salary (A)		Severance and pension (B) (Note 1)		Bonus and allowance (C)		Employee remuneration (D) (Note 2)				Sum of A, B, C, and D as a % of the net income after tax (%)		Remuneration from investees other than subsidiaries or from the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Shiang-Chi Hu	2,792	12,370	105	105	0	5,332	440	0	6,492	0	3,337	24,299	None
Vice General Manager	Chu-Chen Chiang											5.96%	43.43%	

Note 1: The new scheme of the pension system under the Labor Pension Act applies; we make a monthly contribution, equal to 6% of employees' monthly salary and wages, to their individual pension accounts with the Bureau of Labor Insurance.

Note 2: The amount of employee compensation is based on the proportion of the previous actual distribution amount to calculate the proposed distribution amount for this year.

### Remuneration Range Table

Ranges of remuneration to the general manager and vice general managers of the Company	Names of the general manager and vice general managers	
	The Company	All companies in the financial statements E
Below NT\$1,000,000	Shiang-Chi Hu	
NT\$1,000,000 (inclusive)–NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive)–NT\$3,500,000 (exclusive)	Chu-Chen Chiang	Chu-Chen Chiang
NT\$3,500,000 (inclusive)–NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive)–NT\$10,000,000 (exclusive)		
NT\$10,000,000 (inclusive)–NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive)–NT\$30,000,000 (exclusive)		Shiang-Chi Hu
NT\$30,000,000 (inclusive)–NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive)–NT\$100,000,000 (exclusive)		
NT\$100,000,000 or more		
Total	2	2

## 3. Name of the manager who receives employee remuneration and distribution

2023; Unit: NT\$ thousand; %

Manager	Title	Name	Stock amount	Cash amount	Total	Total amount as a percentage of net income after tax (%)
	General Manager	Shiang-Chi Hu	-	1,100	1,100	1.97%
	Vice General Manager	Chu-Chen Chiang				
	Assistant Vice Presidents	Che-Yi Chou				
	Financial Accounting Manager	Hui-Chu Lee				

Note: The amount of employee remuneration of the Company's 2023 Manager is based on the proportion of the previous actual distribution amount to calculate the proposed distribution amount for this year.

(IV) An analysis of the total remuneration paid to the Company's directors, supervisors, the general manager, and vice general managers as a percentage of the net income after tax in the most recent two years, and a description of the association between the remuneration policy, standard, and package/the procedure for determining the remuneration and business performance:

1. An analysis of the total remuneration paid to the Company's directors, the general manager, and vice general managers as a percentage of the net income after tax in the parent company only or individual statements for the most recent two years:

Unit: NT\$ thousand

Title \ Item	2022				2023			
	The Company		All companies in the consolidated financial statements		The Company		All companies in the consolidated financial statements	
	Total remuneration	As a % of net income after tax	Total remuneration	As a % of net income after tax	Total remuneration	As a % of net income after tax	Total remuneration	As a % of net income after tax
Director	16,224	16.73	58,302	60.14	12,831	22.93%	51,113	91.35
General manager and vice general managers	5,389	5.56	33,066	34.11	3,337	5.96	24,299	43.43

Note: Total remuneration for 2022 represents the actual amount distributed after the approval of the Shareholders' Meeting.

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance:
  - (1) The remuneration of the Company's Director is in accordance with Article 17 of this Articles of Incorporation, which authorizes Director to be determined in accordance with the degree of participation and contribution value of Director to the Company's operations, and in accordance with industry standards; In addition, according to Article 20 of Director, if the Company makes a profit in a year and the Company still has accumulated losses, it shall reserve the compensation amount in advance and then distribute no more than 1.5% of the remuneration of Director. The Company uses the "Director Performance Evaluation Method" as the evaluation basis. In addition to considering the Company's overall operating performance, future business risks and development trends of the industry, reasonable remuneration is given. Relevant performance evaluations and remuneration reasonableness are reviewed by Remuneration Committee and submitted to the Director meeting for discussion and approval.
  - (2) The Company has Remuneration Committee, and Manager remuneration (including salary and bonus, etc.) must be discussed by Remuneration Committee and submitted to the Director meeting for discussion and approval. The Company pays remuneration in accordance with the relevant regulations of the Company, in addition to taking into account personal performance (annual target achievement rate, revenue management and operational management capabilities, etc.) and contribution to the Company, and taking into account the Company's overall operating performance, future risks and development trends of the industry, and the actual operating conditions at any time to give reasonable remuneration, so as to balance the Company's sustainable operation and risk control.
  - (3) The payment standards related to the Company's remuneration policy are mainly based on the Company's overall operating conditions, and the payment standards are approved based on the performance achievement rate and contribution to enhance the overall organizational team effectiveness of the Director and Presidents departments.

### III. Implementation of corporate governance

#### (I) Operations of the Board of Directors

##### Information on the operations of the Board of Directors

The Board of Directors held 6 meetings [A] during 2023, and directors' attendance is as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance (%) (B/A)	Remarks
Chairman	Representative of Abico International Co., Ltd.: Chun-Jen Tong	6	0	100.00%	Re-elected on 2021/07/15
Director	Representative of Abico International Co., Ltd.: Chun-Yi Tong	6	0	100.00%	Re-elected on 2021/07/15
Director	Representative of Abico International Co., Ltd.: Shiang-Chi Hu	6	0	100.00%	Re-elected on 2021/07/15
Director	Representative of Abico International Co., Ltd.: Ching-Hsi Tong	5	1	83.33%	Re-elected on 2021/07/15
Director	Representative of Abico International Co., Ltd.: Li-An Huang	7	0	100.00%	Re-elected on 2021/07/15
Director	Representative of Yunchen Investment Co., Ltd.: Chao-Yu Yang	7	0	100.00%	New, re-elected on July 15, 2021
Independent Director	Wei-Chyun Yen	7	0	100.00%	Re-elected on 2021/07/15
Independent Director	Loung-Ching Cheng	5	0	83.33%	Re-elected on 2021/07/15
Independent Director	Jieh-Chen Wang	5	1	83.33%	Re-elected on 2021/07/15

#### Additional information:

- I. If the operations of the Board of Directors are under any of the circumstances below, the date of the board meeting, the session, the content of the proposal, all independent directors' opinions, and the Company's response to said opinions shall be specified:

#### (I) The matters under Article 14-3 of the Securities and Exchange Act.:

Session/Date of board meeting	Contents of proposal	Matters under Article 14-3 of the Securities and Exchange Act.	Objection or reservation by independent directors and response to any opinions	Resolution result
The 16 <sup>th</sup> meeting of the 10th term 2023/10/04	1. Jabon International, a major subsidiary of the Company, proposed to transfer the main business of electric hand tools and powder metallurgy to EKEEN PRECISION CO., LTD., which is wholly owned by Jabon International, due to the adjustment of the group organization.	V	None	All directors present unanimously approved the proposals as proposed without objection after consulted by the chair.
The 17 <sup>th</sup> meeting of the 10th term 2023/08/12	1. Formulation of the Company's "Measures for the Management of Information Security" and its "Internal Control Operations". 2. Distribution of the Group's Director representative remuneration in 2022.	V	None	All directors present unanimously approved the proposals as proposed without objection after consulted by the chair.
The 18 <sup>th</sup> meeting of the 10th term 2024/01/24	1. The Company's "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles", "Measures for Handling Cases of Illegal and Unethical or Dishonest Conduct" and its "Internal Control Operations". 2. The Company's 2023 Manager year-end bonus distribution proposal.	V	None	All directors present unanimously approved the proposals as proposed without objection after consulted by the chair.
The 19 <sup>th</sup> meeting of the 10th term 2024/03/14	1. To cooperate with the internal work adjustment of PwC Taiwan, it is proposed to change the visa accountant. 2. Amendments to the "Articles of Incorporation" of the Company.	V	None	All directors present unanimously approved the proposals as proposed without objection after consulted by the chair.

Session/Date of board meeting	Contents of proposal	Matters under Article 14-3 of the Securities and Exchange Act.	Objection or reservation by independent directors and response to any opinions	Resolution result
The 20 <sup>th</sup> meeting of the 10th term 2024/03/27	1. Director (including Independent Director) for election and nomination in 2024. 2. The Company's 2023 employee remuneration and Director remuneration. 3. Proposal to release the restriction on the Company's newly appointed 11th Director non-competition	V	None	All directors present unanimously approved the proposals as proposed without objection after consulted by the chair.
The 21 <sup>st</sup> meeting of the 10th term 2024/05/10	1. The 11th Director this year proposes a motion for election in accordance with the law and nominates the candidate list of Director (including Independent Director) to be elected by the Company in 2024. 2. The Company's 2023 employee remuneration and Director remuneration.	V	None	All directors present unanimously approved the proposals as proposed without objection after consulted by the chair.

- (II) Except for the above matters, other matters resolved by the Board of Directors with objection or reservation made by any independent directors, with records or a written statement: None.
- II. In the event of directors' recusal from proposals, the name of director, the content of proposal, the reasons for recusal, and the participation in voting shall be specified: None.
- III. Information on the cycle, period, scope, method, and content of the Board of Directors' self-evaluation (or peer evaluation) and the implementation of the evaluation:

**The implementation of board performance evaluation**

Cycle	Period	Scope	Method	Content of evaluation
Once per year	From January 1, 2023 through December 31, 2023	Including the performance evaluation of the Board of Directors, individual board members, and functional committees	The performance evaluation of the board as a whole, individual board members, and functional committees	Note

Note: The evaluation covers at least the following items within the scope of evaluation:

- (1) Board performance evaluation: It includes at least the degree of involvement in the Company's operations, the quality of the Board of Directors' decision-making, the composition and structure of the Board of Directors, the election and continuing education of directors, and internal control.
  - (2) Individual board member performance evaluation: It includes at least the management of the Company's goals and mission, the directors' awareness of their responsibilities, the degree of involvement in the Company's operations, the management and communication of internal relations, directors' professional and continuing education, and internal control.
  - (3) Functional committee performance evaluation: It includes at least the degree of involvement in the Company's operations, awareness of the functional committee's responsibilities, the functional committee's decision-making quality, composition of the functional committee and appointment of members, and internal control.
- IV. Reinforcement of the competency of the Board of Directors for the year and the most recent year (such as the establishment of an audit committee or improvement to information transparency) and evaluation of the implementation:
- (I) The board functions should be sound and complete and be able to meet the needs of corporate governance.
  - (II) In addition to having set up a Remuneration Committee, we have established an Audit Committee to implement corporate governance to enhance our monitoring and management.
  - (III) To strengthen directors' training, we proactively provide relevant courses and request each director to complete the training hours within a year.
  - (IV) We have disclosed information on our finance on the Company's website, have personnel responsible for collecting and disclosing company information, and implement a spokesperson system as a bridge for communication with external parties to provide shareholders and stakeholders with information as a reference.

Note 1: If a director or supervisor is a juridical person, the name of the institutional shareholder and its representative shall be disclosed.

Note 2:

- (1) If a director or supervisor resigns before the end of the year, the date of resignation shall be indicated in the remarks column, and the attendance (%) is calculated with the number of board meetings attended by each director or supervisor divided by the number of board meetings held during the term of office.
- (2) Before the end of the year, if there is an election of directors and supervisors, the new and old directors and supervisors shall be entered, and the old, new or re-elected status and the election date of each director and supervisor shall be indicated in the remarks column. The attendance (%) is calculated with the number of board meetings attended by each director or supervisor divided by the number of board meetings held during the term of office.

(II) The operation of the Audit Committee or supervisors' participation in the operations of the Board of Directors:

1. The operation of the Audit Committee:

We established the Audit Committee on June 18, 2015, formed by three independent directors. The committee aims to assist the Board of Directors in fulfilling its oversight on the quality and integrity of the accounting, auditing, and financial reporting processes and financial control. The Audit Committee held eight (A) meetings during 2021, and the main matters it reviewed include:

- I. Formulate or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- II. Assess the effectiveness of the internal control system.
- III. Formulate or amend the procedures for major financial and business transactions, including acquiring or disposing of assets, engaging in derivatives trading, loans to others, or providing endorsements/guarantees to others in accordance with Article 36-1 of the Securities and Exchange Act.
- IV. Handle matters involving directors' personal interests.
- V. Handle major asset transactions or derivatives trading.
- VI. Handle major loans to others or endorsements/guarantees to others.
- VII. Handle the raising, issuance, or private placement of equity securities.
- VIII. Handle appointment, dismissal, and remuneration of CPAs.
- IX. Handle appointment and dismissal of chief financial or accounting officer or the chief internal auditor.
- X. Reviewed annual financial reports and semi-annual financial reports.
- XI. Reviewed an annual business report and a statement of earnings distribution or deficit compensation.
- XII. Handle other major matters required by the Company or competent authorities.
- XIII. Completed the Audit Committee performance self-evaluation questionnaire

● Reviewed financial reports

The Board of Directors prepared the Company's 2023 Business Report, financial statements, and a statement of earnings distribution, among which the financial statements have been audited by PwC Taiwan, by which an audit report has been issued. We have reviewed the above Business Report, financial statements, and the statement of earnings distribution, to which we have found no misstatement.

● Assessed the effectiveness of the internal control system.

The Audit Committee evaluated the effectiveness of the Company's internal control system policy and procedures (including financial, business, risk management, and compliance control measures), and reviewed the Company's audit department and CPAs, as well as the management team's regular reports on risk management and compliance. It believed that the Company's internal control system was effective and that the Company has adopted the necessary control mechanisms to monitor and rectify violations.

● Appointed CPAs.

The Audit Committee is responsible for monitoring the independence of the CPAs to ensure the impartiality of the financial statements.

Generally speaking, the accounting firm should not provide other services to the Company except for taxation services or projects approved. All services provided by CPAs should be approved by the Audit Committee.

To ensure the independence of the accounting firm, the Audit Committee has formulated



an independence evaluation form with reference to Article 47 of the Certified Public Accountant Act and the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10, to assess the independence, professionalism, and suitability of CPAs, whether they are related parties or involved in business or financial benefits with the Company. The 11th meeting of the 3rd Audit Committee on April 19, 2023, and the 13th meeting of the 10th Director on April 19, 2023 reviewed and approved that PwC Taiwan Ya-Hui Lin and Min-Chuan Feng meet the independence assessment criteria and are qualified to serve as the Company's financial and tax CPAs.

### Information on the operations of the Audit Committee

The Audit Committee held 6 meetings [A] during 2023, and the attendance of the three independent directors of the Audit Committee is as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance (%) (B/A)	Remarks
Independent Director (Convener)	Jieh-Chen Wang	5	1	83.33%	Reelected at the election of directors on 2021.07.15
Independent Director	Wei-Chyun Yen	6	0	100%	Reelected at the election of directors on 2021.07.15
Independent Director	Loung-Ching Cheng	6	0	100%	Reelected at the election of directors on 2021.07.15

#### Additional information:

I. If the operations of the Audit Committee is under any of the circumstances below, the date of the board meeting, the session, the content of the proposal, the committee's resolution results, and the Company's response to said opinions shall be specified:

(I) The matters under Article 14-5 of the Securities and Exchange Act.:

Session/Date of meeting	Contents of proposal	Matters under Article 14-5 of the Securities and Exchange Act.	The result of resolution by the Audit Committee and the Company's response to the committee's opinions
The 13 <sup>th</sup> meeting of the 3 <sup>rd</sup> term 2023/08/14	1. The Company's consolidated financial report for the second quarter of 2023.	V	All members present unanimously approved the proposals as proposed without objection after consulted by the chair.
The 14 <sup>th</sup> meeting of the 3 <sup>rd</sup> term 2023/10/14	1. Jabon International, a major subsidiary of the Company, proposed to transfer the main business of electric hand tools and powder metallurgy to EKEEN PRECISION CO., LTD., which is wholly owned by Jabon International, due to the adjustment of the group organization.	V	All members present unanimously approved the proposals as proposed without objection after consulted by the chair.
The 15 <sup>th</sup> meeting of the 3 <sup>rd</sup> term 2023/11/13	1. Formulation of the Company's "Measures for the Management of Information Security" and its "Internal Control Operations".	V	All members present unanimously approved the proposals as proposed without objection after consulted by the chair.
The 16 <sup>th</sup> meeting of the 3 <sup>rd</sup> term 2024/01/24	1. The Company's "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles", "Measures for Handling Cases of Illegal and Unethical or Dishonest Conduct" and its "Internal Control Operations".	V	All members present unanimously approved the proposals as proposed without objection after consulted by the chair.
The 17 <sup>th</sup> meeting of the 3 <sup>rd</sup> term 2024/03/14	1. To cooperate with the internal work adjustment of PwC Taiwan, it is proposed to change the certified accountant. 2. The appointment of the Company's CPAs and their independence assessment. 3. Amendments to the "Articles of Incorporation" of the Company.	V	All members present unanimously approved the proposals as proposed without objection after consulted by the chair.

Session/Date of meeting	Contents of proposal	Matters under Article 14-5 of the Securities and Exchange Act.	The result of resolution by the Audit Committee and the Company's response to the committee's opinions
The 18 <sup>th</sup> meeting of the 3 <sup>rd</sup> term 2024/03/27	1. The Company's 2023 final accounts.	V	All members present unanimously approved the proposals as proposed without objection after consulted by the chair.

(II) Except for the above matters, matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors: None.

II. In the event of independent directors' recusal from proposals, the name of independent director, the content of proposal, the reasons for recusal, and the participation in voting shall be specified: None.

III. Communication between independent directors and the chief internal auditor/CPAs (including material financial and business matters communicated and communication methods and results):

1. The chief auditor submitted an audit report to the independent directors in the month following the completion of an audit project.
2. The chief auditor attended the board meetings in a non-voting capacity to report on the audit business.
3. Independent directors might communicate with CPAs on the financial position when they deemed it necessary.

Note:

- (1) If an independent director resigned before the end of the year, the date of resignation shall be indicated in the remarks column, and the attendance (%) is calculated with the number of Audit Committee meetings attended by the independent director divided by the number of the meetings held during their term of office.
  - (2) Before the end of the year, if there is an election of independent directors, the new and old independent directors shall be entered, and the old, new, or re-elected status and the election date of each independent director shall be indicated in the remarks column. The attendance (%) is calculated with the number of Audit Committee meetings attended by the independent director divided by the number of the Audit Committee meetings during their term of office.
2. Supervisors' participation in the operations of the Board of Directors: As the Company has established an Audit Committee to replace supervisors' duties, such situation does not apply.

(III) The operations of corporate governance and the deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
I. Has the company formulated and disclosed the Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has established the “Corporate Governance Best Practice Principles” and disclosed it on the Market Observation Post System and the Company’s website.	No difference.
II. The Company’s shareholding structure and shareholders’ equity				
(I) Has the company formulated internal operating procedures for handling shareholders’ suggestions or questions or disputes and litigation with them and complied with the procedures?	V		(I) We have a spokesperson system in place and have appointed a shareholder service agency to handle shareholders’ suggestions or disputes with them. If any legal issue is involved, our legal adviser will take care of it.	No difference.
(II) Does the company have a list of the major shareholders with ultimate control over the company and a list of the ultimate controllers of the major shareholders?	V		(II) We pay attention to changes in the shareholdings of directors, managers, and shareholders each holding more than 10% of the Company’s issued shares at any time and discloses the information on the website designated by the competent securities authority per month.	No difference.
(III) Has the company established and implemented a risk control and a firewall mechanisms between itself and affiliates?	V		(III) We have established relevant risk control mechanisms in accordance with the Subsidiary Monitoring Regulations.	No difference.
(IV) Has the company formulated internal regulations to prohibit insiders from using information undisclosed in the market to buy and sell securities?	V		(IV) We have raised insiders’ awareness that they should comply with the laws and regulations on insider trading of securities.	No difference.

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
III. Composition and responsibilities of the Board of Directors (I) Has the board of directors formulated a diversity policy and specific management objectives and implemented them accordingly?	V		(I) The composition of the Board of Directors is in line with the diversity policy. In addition to the basic criteria of gender, age, nationality and culture, the board members have different core competencies, knowledge and skills required to perform their duties (Note 2). The Company's legal person corporate Directors representatives with employee status accounted for 44% of the seats of Directors, and Independent Directors accounted for 33% of the seats of Directors; two of the Independent Directors have not served more than nine years, and one of the Independent Directors has not served more than six years. The Company's Directors have implemented a diversity policy based on their academic experience, professional knowledge and related fields. In addition, the Company pays attention to gender equality in the composition of Director members, and the target ratio of female Director is more than 10%. It is expected to add a female Director in the 11th Director meeting to achieve the goal, and specifically implement the diversity policy of Director members.	No difference.

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
(II) Has the company voluntarily established other functional committees in addition to the remuneration and the audit committees established in accordance with the law?		V	(II) We will voluntarily establish other functional committees depending on business needs in the future in addition to the Remuneration and the Audit Committees established in accordance with the law.	No difference.
(III) Has the company formulated board performance evaluation regulations and evaluation methods, conducted performance evaluations annually and regularly, reported the results of performance evaluations to the board of directors, and adopted such results as a reference for deciding the remuneration of and nominating candidates for individual directors?	V		(III) The Board of Directors approved the “Board Performance Evaluation Regulations” on November 12, 2020, and the performance evaluation of the internal committee is carried out at least once a year, and it shall be completed no later than the end of the first quarter of the following year. The results of the 2023 performance evaluation (Note 3) were reported to the Director on March 14, 2024.	No difference.

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
(IV) Does the company regularly assess the independence of the CPAs?	V		(IV) The Company's Audit Committee evaluates the independence and competence of its certified public accountant every year. In addition to requesting the certified public accountant to provide the "Statement of Independence" and "Audit Quality Indicator (AQI)", it also evaluates the accountant's independent evaluation standard (Note 4) and 13 AQI indicators. It is confirmed that the accountant and the company have no financial interests and business relationships with Other in addition to the fees for visa and fiscal and taxation cases, and the family members of the accountant do not violate the independence requirements, and with reference to the AQI index information, it is confirmed that the accountant and the firm have a better audit experience than the average level of the industry. The evaluation results of the most recent year were discussed and approved by Audit Committee on March 14, 2024, and submitted to Director and resolution on March 14, 2024 to approve the evaluation of the independence of accountants.	No difference.

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
IV. Has the TWSE/TPEX listed companies appointed an appropriate number of competent corporate governance personnel and designated a corporate governance officer to be responsible for corporate governance affairs (including but not limited to providing directors and supervisors with the materials required for performance of their duties, assisting directors and supervisors with compliance, handling matters related to board meetings and the shareholders' meetings, and preparing minutes of board meetings and shareholders' meetings)?	V		The Board of Directors resolved on May 10, 2023 to appoint senior manager Che-Yi Chou as the corporate governance officer to protect shareholders' rights and interests and strengthen the functions of the Board of Directors. Che-Yi Chou has reached the qualification of having more than three years of experience as a financial officer of a public company. The main responsibilities for the corporate governance officer are to handle matters related to the Board of Directors and Shareholders' Meetings, prepare minutes of the Board of Directors and Shareholders' Meetings, assist directors and supervisors in their appointment and continuing education, provide information necessary for directors and supervisors to perform their duties, and assist directors and supervisors in complying with laws and regulations. The status of continuing education of 2023 is shown in Note 5.	No difference.

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
V. Has the company has established communication channels with stakeholders (including but not limited to shareholders, employees, clients, and suppliers) and set up a section dedicated to stakeholders on the company's website to properly respond to stakeholders' major CSR issues of concern?	V		We have established transparent and effective multi-way communication channels with all stakeholders to learn about their concerns and needs and responds in real-time, and their concerns and needs are an important reference for us to formulate corporate social responsibility policies and relevant plans. We have set up an Investor Relations section on the Company's website to maintain smooth communication with stakeholders. They can also contact our spokesperson by phone, mail, fax, or email if necessary.	No difference.
VI. Does the company appoint a professional stock affairs agency to handle the affairs related to shareholders' meetings?	V		We have appointed Capital Securities Corporation, a professional shareholder service agency, to handle the affairs related to the shareholders' meetings.	No difference.
VII. Information disclosure				
(I) Has the company set up a website to disclose information on financial business and corporate governance?	V		(I) We have disclosed our various financial data and other information on the Company's website: <a href="http://www.avy.com.tw">http://www.avy.com.tw</a> .	No difference.
(II) Does the company adopt other methods to disclose information (such as setting up an English website, designating personnel to collect and disclose company information, implementing a spokesperson system, or placing the proceeding of investor conferences on the company website)?	V		(II) We have personnel responsible for collecting and disclosing the Company's information and implement a spokesperson system as a bridge for communication with external parties. If we hold a briefing session, we will disclose the information on the Company's website.	No difference.



Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
(III) Does the company announce and submit an annual financial report to the competent authority within two months after the end of each fiscal year and announce and submit the financial reports for the first, second, and third quarters and the operations of each month to the competent authority before a specified deadline?	V		(III) We announce and report the annual financial report in accordance with relevant laws and regulations within three months after the end of a fiscal year and complete the announcement and reporting of the financial reports for Q1, Q2, and Q3 and the operating performance of each month prior to a deadline as required. Please visit the Market Observation Post System (MOPS) (website: <a href="https://mops.twse.com.tw/">https://mops.twse.com.tw/</a> ).	No difference.
VIII. Does the Company have other important information that facilitates the understanding of the operations of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, directors' and supervisors' continuing education, the implementation of risk management policies and risk measurement standards, the implementation of client policies, and the company's purchase of directors and supervisors liability insurance)?	V		<p>(I) Investor relations: The spokesperson copes with issues, such as shareholders' proposals or disputes with them.</p> <p>(II) Supplier relations: We have maintained positive relations with suppliers.</p> <p>(III) Directors' continuing education: Please visit the MOPS for directors' participation in training courses.</p> <p>(IV) Implementation of the risk management policies and risk measurement standards: We formulated internal rules in accordance with the law and conduct risk management and assessment procedures.</p> <p>(V) Implementation of the client policy: We have a unit dedicated to this aspect, and the implementation is positive.</p> <p>(VI) Purchase of directors liability insurance: We have purchased directors liability insurance within the scope of their legal liabilities</p>	No difference.

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
			during the performance of their duties when they are in office to reduce and diversify the risk of significant damage to shareholders' equity caused by directors' mistakes or negligence.	
IX. Please specify any improvements made as per the results of the corporate governance evaluation announced by the Corporate Governance Center, Taiwan Stock Exchange Corporation, in the most recent year and put forth prioritized measures to improve those that have not yet improved: <ul style="list-style-type: none"> <li>(I) The Company expects to record the important contents of shareholders' questions and company responses in the 2024 annual shareholders' meeting minutes.</li> <li>(II) The Company's 2024 re-election is expected to include one female Director in the Director members.</li> </ul>				

Note 1: Please refer to the annual reports of subsidiaries, ABICO NetCom and IKKA-KY, for the operations of corporate governance and the deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.

Note 2: The composition of the Board of Directors and the professional background and knowledge skills.

Name		Core Diverse element	Basic component			Professional backgrounds, knowledge, and skills						
			Nationality	Gender	Age	Accounting and financial analysis	Business judgment	Business management	Crisis management	Industry knowledge	International market perspective	Leadership
Director	Chun-Jen Tong	R.O.C.	Male	50-60 years old		v	v	v	v	v	v	v
	Chun-Yi Tong		Male	50-60 years old		v	v	v	v	v	v	v
	Shiang-Chi Hu		Male	60-70 years old		v	v	v	v	v	v	v
	Ching-Hsi Tong		Male	80-90 years old		v	v	v	v	v	v	v

Name		Core Diverse element	Basic component			Professional backgrounds, knowledge, and skills						
			Nationality	Gender	Age	Accounting and financial analysis	Business judgment	Business management	Crisis management	Industry knowledge	International market perspective	Leadership
Director	Li-An Huang	R.O.C.	Male	40-50 years old		v	v	v	v	v	v	v
	Chao-Yu Yang		Male	60-70 years old		v	v	v	v	v	v	v
Independent Director	Jieh-Chen Wang		Male	70-80 years old	v	v	v	v	v	v	v	v
	Wei-Chyun Yen		Male	60-70 years old	v	v	v	v	v	v	v	v
	Loung-Ching Cheng		Male	30-40 years old		v	v	v	v	v	v	v

Note3: Results of the Board of Directors performance evaluation

Scope of Evaluation	Evaluation Items	Average Score of Evaluation Result
Overall Performance Evaluation of the Board of Directors	1. Involvement in the operation of the Company 2. Improve the quality of Board decisions 3. Composition and structure of the Board of Directors 4. Election and continuing education of Directors 5. Internal Control	4.8 4.8 4.8 4.8 4.8
Overall Performance Evaluation of Board Members	1. Mastery of Company goals and tasks 2. Acknowledgement of the responsibilities of directors 3. Involvement in the operation of the Company 4. Internal relationship management and communication 5. Professional and continuing education of directors 6. Internal Control	4.6 4.8 4.7 4.8 4.6 4.8
Functional Committee Audit Committee Overall Performance Evaluation	1. Involvement in the operation of the Company 2. Acknowledgement of the responsibilities of the functional committee 3. Improve the quality of the functional committee decisions 4. Composition of the functional committee and election of the members 5. Internal Control	4.7 4.6 4.6 4.3 4.6

Scope of Evaluation	Evaluation Items	Average Score of Evaluation Result
Functional Members Remuneration Committee Overall Performance Evaluation	1. Involvement in the operation of the Company	4.6
	2. Acknowledgement of the responsibilities of the functional committee	4.6
	3. Improve the quality of the functional committee decisions	4.6
	4. Composition of the functional committee and election of the members	4.3

Note4: CPA Independence Evaluation Standards

Evaluation Items	Evaluation Result	Independency
1. Whether the CPA engaged by the Company has been employed by the Company during the two years prior to the commencement of the engagement or within one year of resigning from the engagement.	No	Yes
2. Whether the CPA holds shares in the Company.	No	Yes
3. Whether the CPA has a lending relationship with the Company.	No	Yes
4. Whether the CPA has jointly invested with or profits from its relationship with the Company.	No	Yes
5. Whether the CPA has served a director, supervisor, manager of the Company or has other conflicts of interest that would affect its ability to perform its duties.	No	Yes
6. Whether the CPA has served in a managerial capacity that affects decisions made by the Company.	No	Yes
7. Whether the CPA is related to a member of the Company's management as a spouse, directly by blood, directly by marriage, or by blood within four degrees.	No	Yes
8. Whether the CPA directly or indirectly obtained the engagement by directly or indirectly suggesting a certain relationship or other benefits would result.	No	Yes
9. Whether the CPA separately receives any commission related to any of the Company's businesses.	No	Yes
10. Whether the CPA is the subject of litigious or competent authority disputes.	No	Yes

Evaluation Items	Evaluation Result	Independency
11. Whether the CPA has not acted as an auditing CPA for seven consecutive years.	No	Yes
12. Obtain the independent statement issued by the CPA annually.	Yes	Yes

Note5: Continuing education of the corporate governance supervisors in 2023 is as follows: (Newly appointed in 2023)

Duration	Organizer	Course Name	Hours	Total hours of the year
2023/4/27 ~ 2023/4/27	Taiwan Stock Exchange (TWSE)	Promotion Meeting of the Action Plan for Sustainable Development of Listed Counter Companies	3	15
2023/7/21 ~ 2023/7/21	Taiwan Investor Relations Institute	How Companies Respond to EGS Challenges and Create Transformation Opportunities	3	
2023/8/7 ~ 2023/8/7	CPA Association National Federation	IFRS2 Share-based payments, IFRS9, IFRS15, IFRS16 Material Issues	3	
2023/8/10 ~ 2023/8/10	CPA Association National Federation	Analysis of Cases of Money Laundering and Insider Trading	3	
2023/11/8 ~ 2023/11/8	CPA Association National Federation	Analysis of Practical Operation of Independent Director and Audit Committee	3	

(IV) The composition, responsibilities, and operations of the Remuneration Committee:

- In order to assist the Director Association to improve the performance-based remuneration system of Director and Manager, and implement corporate governance, Remuneration Committee has been established, and professional qualified persons have been selected as members of the current Remuneration Committee in accordance with the Remuneration Committee Organizational Rules.

**Information on members of the Remuneration Committee**

April 23, 2024

Title (Note)	Name	Criteria	Professional qualifications and experience (Note 2)	Independence (Note 3)	Number of other public companies where the individual serves as a member of the remuneration committee concurrently
Convener Independent Director	Jieh-Chen Wang		<ol style="list-style-type: none"> <li>Has five years or more of experience in business, finance, accounting related to the Company's industry as well as a wealth of knowledge, skills, and competencies required to perform duties and experience in business management.</li> <li>Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>Is not and spouse and relatives within the second degree of kinship thereof are not serving as directors, supervisors, or employees of the Company or its affiliates.</li> <li>Does not and spouse and relatives within the second degree of kinship thereof do not hold the Company's shares (or by nominee arrangement).</li> <li>Did not serving as a director, supervisor, or employee at a company with specific relations with the Company.</li> <li>Did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years.</li> </ol>	1
Independent Director	Wei-Chyun Yen		<ol style="list-style-type: none"> <li>Has five years or more of business experience related to the Company's industry as well as a wealth of knowledge, skills, and competencies required to perform duties and experience in business management.</li> <li>Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>Is not and spouse and relatives within the second degree of kinship thereof are not serving as directors, supervisors, or employees of the Company or its affiliates.</li> <li>Does not and spouse and relatives within the second degree of kinship thereof do not hold the Company's shares (or by nominee arrangement).</li> <li>Did not serving as a director, supervisor, or employee at a company with specific relations with the Company.</li> <li>Did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years.</li> </ol>	0
Independent Director	Loung-Ching Cheng		<ol style="list-style-type: none"> <li>Has five years or more of experience in business, finance, accounting related to the Company's industry as well as a wealth of knowledge, skills, and competencies required to perform duties and experience in business management.</li> <li>Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>Is not and spouse and relatives within the second degree of kinship thereof are not serving as directors, supervisors, or employees of the Company or its affiliates.</li> <li>Does not and spouse and relatives within the second degree of kinship thereof do not hold the Company's shares (or by nominee arrangement).</li> <li>Did not serving as a director, supervisor, or employee at a company with specific relations with the Company.</li> <li>Did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years.</li> </ol>	0

Note 1: Please specify in the form the relevant working years, professional qualifications and experience, and independence of each Remuneration Committee member. For those who are Independent Director, please refer to Table 1 Director Information (1) on page 8 for related content. Please fill in “Independent director” or “Others” in the Title column (please indicate “Convener” if applicable).

Note 2: Professional qualifications and experience: Specify the professional qualifications and experience of individual members of the Remuneration Committee.

Note 3: Independence status: Specify if the members of the Remuneration Committee meet the criteria for independence, including but not limited to whether the individual and spouse or relatives within the second degree of kinship thereof are serving as directors, supervisors, or employees of the Company or its affiliates; the number of the Company’s shares held by the individual or spouse or relatives within the second degree of kinship thereof (or by nominee arrangement) and percentage; whether the individual is serving as a director, supervisor, or employee of a company with specific relations with the Company (refer to Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount of remuneration received for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years.

2. The Remuneration Committee is responsible for evaluating the remuneration policy and system for our directors and managers in a professional and objective manner and making suggestions to the Board of Directors as a reference when it makes decisions. It is functioning normally.

### 3. Operations

(1) There are three members in the Remuneration Committee.

(2) The term of office of the is from July 15, 2021 through July 14, 2024. The Remuneration Committee held two (A) meetings during 2023; the committee members’ qualifications and attendance are as follows:

#### Information on the operations of the Remuneration Committee

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance (%) (B/A) (Note)	Remarks
Independent Director (Convener)	Jieh-Chen Wang	2	0	100%	Reelected at the election of directors on 2021.07.15
Independent Director	Wei-Chyun Yen	2	0	100%	Reelected at the election of directors on 2021.07.15
Independent Director	Loung-Ching Cheng	2	0	100%	Reelected at the election of directors on 2021.07.15
Additional information:					
I. If the Board of Directors did not adopt or amend the Remuneration Committee’s suggestions, the date of the board meeting, the session, the content of the proposal, the results of the resolutions by the Board of Directors, and the Company’s response to said opinions shall be specified (if the remuneration approved by the Board of Directors is better than the Remuneration Committee’s suggestions, the difference and the reasons therefor shall be specified): None.					
II. For proposals resolved by the and Remuneration Committee, if any members expressed objection or reservation with a record or written statement, the date of the Remuneration Committee meeting, the session, the content of the proposal, all members’ opinions, and the response to the members’ opinions shall be specified: None.					

Note:

(1) If a member of the Remuneration Committee resigned before the end of the year, the date of resignation shall be indicated in the remarks column, and the attendance (%) is calculated with the number of Remuneration Committee meetings attended by the independent director divided by the number of the meetings held during their term of office.

- (2) Before the end of the year, if there is an election of Remuneration Committee members, the new and old members shall be entered, and the old, new, or re-elected status and the election date of each member shall be indicated in the remarks column. The attendance (%) is calculated with the number of Remuneration Committee meetings attended by the independent director divided by the number of the Audit Committee meetings during their term of office.

#### 4. Information on the meetings of the Remuneration Committee

The information on the meetings by the Remuneration Committee and its review and evaluation on remuneration in the most recent year is as follows:

Remuneration Committee	Proposal and subsequent processing	Resolution result	The Company's response to the Remuneration Committee's opinions:
2023/03/22	1. The Company's 2022 employee remuneration and Director remuneration case 2. The Company's 2023 annual salary adjustment	All members of the committee approved all proposals	Submitted to the Board of Directors and approved by all directors present
2023/11/13	2022 Group Director representative remuneration Distribution	All members of the committee approved all proposals	Submitted to the Board of Directors and approved by all directors present



(V) The promotion of sustainable development and the deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

Items implemented	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
I. Has the company established a governance structure to promote sustainable development and set up a dedicated (concurrent) unit to promote sustainable development, governed by the senior management as authorized by the board of directors, which supervises the implementation?	V		In order to improve the management principles of ESG Sustainable Development Best-Practice Principles, the Company set up a "Sustainable Development Team" on May 10, 2024, which is composed of the top executives of various departments (including subsidiaries) of the Group convened by General Manager, and serves as a part-time unit for the Company to promote sustainable development. Promote the Company's sustainable development in terms of management (G), sustainable environment (E), and social care (S). The "Sustainable Development Team" reports to the Director at least once a year on the implementation results of sustainable development and future work plans. Director judges the likelihood of executing Item successfully and also reviews its progress and urges the management team to make adjustments when necessary.	No difference.
II. Does the company conduct risk assessments of environmental, social, and corporate governance issues related to company operations as per the principle of materiality? Has the company formulated relevant risk management policies or strategies?	V		In order to prevent losses caused by risks, the Company has established relevant management policies in accordance with the business philosophy and the principle of materiality, covering the fulfillment of corporate social responsibility, paying attention to the Equity of stakeholders, focusing on environmental, social	No difference.

Items implemented	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
			<p>and corporate governance issues, identifying, evaluating, handling and monitoring potential risks that may cause the Company, and regularly tracking.</p> <p>The Corporate Sustainability Team of the Company conducts analysis based on the principle of materiality, measures the risk management policies of assessment, supervision and control, and takes specific action plans to reduce the impact of related risks, as described below:</p> <p>(I) Environmental issues: Promote ISO14064-1 to inventory greenhouse gas emissions to review the company's greenhouse gas emissions and the impact of its operations. In the future, we will continue to plan carbon reduction measures based on the results of carbon inventory to effectively reduce indirect greenhouse gas emissions. Collect and evaluate sufficient and timely information on the impact of business activities on the natural environment.</p> <p>(II) Social issues: The Company employs employees without any gender, belief, age, gender, experience, background, or race. The Company adopts a diversified and suitable approach to provide fair employment opportunities for individuals in consideration of their expertise and</p>	

Items implemented	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
			<p>skills.</p> <p>(III) Corporate governance issues: Through the establishment of a governance organization and the implementation of internal control mechanisms, ensure that all personnel and operations of the company truly comply with relevant laws and regulations. Plan Director related training topics and provide Director with the latest regulations, system development and policies every year. In addition, various communication channels are established to actively communicate and reduce confrontation and misinterpretation. For example, an investor mailbox is set up, which is handled and responded by the spokesperson.</p>	

Items implemented	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
III. Environmental issues (I) Has the company set up an appropriate environmental management system as per its industrial characteristics?	V		(I) The Company has obtained and passed the certification of the environmental management system ISO 14001, and the latest certificate is valid from February 28, 2024 to February 27, 2027. According to the environmental management policy, prevent global warming, protect natural resources, reduce the risk of harmful substances are the three main axis to pursue environmental sustainable management, and set the limit of CO2 emissions, reduce the amount of waste, and green procurement are the short-term and mid-term performance indicators for environmental management. We review the implementation results at any time and continuously improve it.	No difference.

Items implemented	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
(II) Is the company committed to improving energy efficiency and adopting recycled materials with low environmental impact?	V		(II) The Company formulates the “Greenhouse Gas Management Plan” and designates the safety and health management unit as the dedicated promotion department; The Company also purchases sintering furnaces to replace old equipment, which not only improves production efficiency, but also reduces gas emissions and energy conservation benefits. To respond to the environmental protection cause and promote sustainability, we have been continuously digitalizing our operations to reduce paper consumption and reminded people to sort and recycle waste to reduce the impact on the environment, while continuing to improve the resource use efficiency; for example, we encourage employees to use their own cups, tableware, and eco-friendly chopsticks to reduce the use of disposable tableware and motivate them to reuse envelopes and kraft paper bags for internal document delivery. To avoid environmental pollution and resource waste caused by discarding toner cartridges, we hand the used toner cartridges of photocopiers or printers over to the original provider for recycling, while using eco-friendly toner cartridges.	No difference.

Items implemented	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
(III) Has the company assessed its current and future potential risks and opportunities of climate change and taken countermeasures?	V		(III) The Company attaches great importance to issues related to climate change. In addition to encouraging the reuse of resources in the daily office environment, such as the introduction of the government's official document electronic exchange mechanism, which makes the receiving and sending of documents more convenient, and saves the time of document delivery, paper operations and postage costs. We use both sides of paper as much as possible and have resource recycling racks next to the photocopiers to recycle paper for reuse, thereby significantly reducing the consumption of paper and other resources. In addition, in the office, the air-conditioning temperature is set at 26 degrees in the summer, and the lighting is equipped with energy-saving LED T8 lamps to set the mechanism of turning off the lights during lunch break and after work, so as to reduce energy consumption and reduce global warming.	No difference.

Items implemented	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
(IV) Has the company counted the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and formulated policies on greenhouse gas reduction, water consumption reduction, or other waste management?	V		<p>(IV) The Company is committed to energy saving and carbon reduction, water saving, and carbon reduction policies, such as: adopting energy saving and environmental protection lamps in office lighting fixtures, installing two-stage flush accessories in water consumption toilets, and pressing different water according to needs to save water consumption and waste recycling and classification management.</p> <p>The Company's carbon emissions totaled 10,847.40 kg in 2022 and 12,707.60 kg in 2023; In addition, the total water consumption was 294.37 in 2022 and 279.99 in 2023; In addition, the waste management was 4,624 kg in 2022 and 5,458 kg in 2023. In the future, we will continue to promote energy saving and carbon reduction and greenhouse gas reduction policies as targets. In 2023, the Company introduced the ISO14064-1 greenhouse gas inventory standard to align with the government's net zero carbon emission target as the basis for reducing carbon emissions.</p>	No difference.

Items implemented	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
IV. Social issues (I) Does the company formulate relevant management policies and procedures in accordance with applicable laws and the International Bill of Human Rights?	V		(I) The Company has established various internal management measures and procedures in accordance with the “Labor Standards Act” and relevant laws and regulations, and has also established the “Corporate Social Responsibility Best Practice Principles” to protect the basic human rights of employees, customers and stakeholders, and safeguard social welfare.	No difference.



Items implemented	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
(II) Has the company formulated and implemented reasonable employee benefit measures (including remuneration, leave, and other benefits) and reflected business performance or achievements in employee remuneration appropriately?	V		<p>(II) The Company has established the Employee benefits/welfare Committee to provide employees with various benefits such as three festivals, birthdays, travel, marriage, and childbirth, and set working hours and vacations in accordance with the “Labor Standards Act”. Employee salary and remuneration is determined based on their personal abilities, contribution to the Company, performance, competitiveness, and the Company’s future operational risks. As per Article 20 of the Articles of Incorporation, if the Company makes a profit for a year, it shall distribute remuneration to directors and employees. No higher than 1.5% of the balance shall be allocated for directors’ remuneration, while not lower than 8% and not higher than 12% for employee remuneration.</p> <p>When the employee remuneration is paid out in cash or stock, the recipients may include employees of the controlling company or subsidiaries who meet certain criteria, in addition to the Company’s employees. The applicable rules are formulated by the Board of Directors as delegated.</p>	No difference.

Items implemented	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
(III) Does the company provide employees with a safe and healthy work environment and offer safety and health education to employees regularly?	V		(III) In view of the importance of the working environment and personal safety protection measures for employees, the Company has established a sound ISO14001 management system, and the latest certificate of ISO14001 is valid from February 28, 2024 to February 27, 2027. In order to prevent the occurrence of industrial safety accidents, provide a friendly working environment, and ensure the safety of employees, the company implements fire public safety inspections every year and environmental disinfection every two months. In 2023, there is no industrial safety accident and fire. In addition, for employees to work with peace of mind, the Company has set up an access control system in the daytime and nighttime, and has signed a contract with the security company to maintain the safety of the premises and the employees purchase group insurance, and organize employee health checkups, health lectures, and activities that facilitate physical and mental development from time to time to create a high-quality working environment.	No difference.

Items implemented	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
(IV) Has the company established an effective career development training program for employees?	V		(IV) We arrange for on-the-job training for employees from time to time. We also provide complete and diverse resources to help employees continue to enhance and increase their professional knowledge. Building complete and diverse career development roadmaps is what we are striving to achieve.	No difference.
(V) Does the company comply with applicable laws and international standards regarding issues, such as customer health and safety, customer privacy, as well as marketing and labelling of products and services? Has it formulated relevant policies and complaint procedures to protect consumers' or customers' rights and interests?	V		(V) To ensure clients' health and safety, our products and services are handled in accordance with regulations. When performing duties, our personnel should comply with intellectual property laws and adopt applicable laws and regulations and international standards to regulate business activities and protect consumers' rights and grievance procedures, thereby ensuring ethical management.	No difference.
(VI) Has the company formulated a supplier management policy, required suppliers to follow applicable regulations on issues, such as environmental protection, occupational safety and health, or labor rights? The implementation thereof?	V		(VI) At present, we have adopted the concept and indicators of sustainable development management and included the requirements of social responsibility, environmental responsibility, and occupational health and safety in the Company's supplier system to establish a high-quality supply chain management system.	No difference.

Items implemented	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
V. Has the company referred to the internationally accepted reporting standards or guidelines to prepare reports, such as ESG reports that discloses the company's non-financial information? Has a third-party verification entity provided assurance or assurance opinion for said report?		V	We have not yet prepared such a report and will do it as appropriate in the future based on international trends and market changes.	Sustainability report has not been prepared.
<p>VI. Where the company has formulated its own sustainable development code in accordance with the Sustainable Development Best Practice Principles, please specified the differences between the implementation and the principles:  We have formulated the Corporate Social Responsibility Best Practice Principles. As per the current situation and laws and regulations, we implement the principles step by step by enhancing business ethics education, training, and awareness-raising to promote sustainable development and fulfill our corporate social responsibility.</p> <p>(I) We attach great importance to occupational safety, environmental protection, and personnel safety and health, and have obtained the ISO14001 certificate. We also regularly monitor the air quality, noise pollution, and energy consumption in the plants. If any value exceeds the standard value, we will launch an improvement project immediately.</p> <p>(II) We create job opportunities and have already established an Employee Welfare Committee, implemented a pension system, offered various employee training courses, and purchased employee group insurance, and arranged for health examination from time to time. We put great emphasis on harmonious labor relations.</p>				

- VII. Other important information that facilitates the understanding of the promotion of sustainable development:
- (I) Human rights: The protection of employees' human rights is handled in accordance with the Labor Standards Act.
  - (II) Other social responsibilities: The Company makes donations from time to time, participates in charity activities, and values the good neighbor and provides appropriate assistance when needed to promote the harmony and development of the Company and the community. In response to the government's Green Finance Action Plan 2.0 and 3.0, we have implemented the "Green Time Deposit Project" with Cathay United Bank. The relevant green deposit funds are currently used to invest in the development of renewable energy industries, including solar power plant financing, wind power generation, fishery and electricity symbiosis and other projects to actively implement corporate responsibility and sustainable development.
  - (III) Regarding social charity: After more than three years of the global epidemic, we finally ushered in an official lifting of lockdown. Taiwan has shown the spirit of mutual assistance during the epidemic, and there is a good international speech. However, in the remote areas of Taiwan's urban and rural areas, many elderly people living alone, people with physical and mental disabilities and disadvantaged children are still waiting for care and assistance. The Company is committed to fulfilling its corporate social responsibility by sponsoring the 2023 Juxiang Love Project to join hands with local communities after the epidemic to embrace the silver lining. The Company mainly focuses on the needs of care and resources for the disadvantaged groups in rural areas, especially the elderly living alone, people with physical and mental disabilities and disadvantaged children. The main recipients of care are Yilan County Love and Double Care Association, Hualien County Elderly and Family Care Association, Nantou County Confucius Little Angel Association, and Taitung County Private Catholic Shengshijia Marin Social Welfare Funds Association. With the increasingly serious problem of aging population, the elderly population has grown rapidly. These associations serve the disadvantaged elderly who live alone, poor families, long-term care, disabled family care, senior citizen LOHAS services, etc., and provide food delivery, medical treatment, economic subsidies, home-based birthday celebrations and other total services. The social workers will visit the home to understand the needs of the elderly. In addition to the serious aging problem, the proportion of "old and old" families has gradually increased. Many of their children have been in close contact with their families for many years, until they return to home to become caregivers after illness, financial difficulties, and being unable to live independently, and to live with their elders. The association will also provide related services. Through charitable sponsorship, we hope to contribute to the disadvantaged groups in rural areas when the lockdown is lifted, accompany the disadvantaged groups in rural areas to embrace the silver lining, and convey the warmth and love to every corner.
  - (IV) In terms of environmental protection: In response to the concept of environmental protection and reuse of resources, we pay attention to the connection between human beings and the environment and reach a consensus that "we only have a earth" and "human beings and the environment are an inseparable community". We have set up classification trash bins within the company, recycling resources to reduce waste, continuing the reuse of physical properties, and promoting water and electricity saving, turning off lights at noon to save energy and reduce carbon, so as to reduce the "carbon footprint" and reduce the greenhouse effect. We hope that the earth can be destroyed and cooled down to a small extent, and small actions can play a role in protecting the earth. As a part of Taiwan's environment, we should also shoulder our corporate responsibility to protect Taiwan's environment together.
  - (V) The Company has joined the "electronic notification platform for stock affairs" of the Taiwan Depository and Clearing Corporation to

Items implemented	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
cooperate with the government to promote the 2050 net zero emission policy, echo the global trend of carbon reduction, and show the determination of enterprise digitalization.				

Note: Please refer to the annual reports of subsidiaries, ABICO NetCom and IKKA-KY, for the promotion of sustainable development and the deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.

(VI) Climate-related information of listed and OTC companies:

Item	Implementation
<p>I. Implementation of climate-related information:</p> <p>(I) Describe Director and the management's supervision and governance of climate-related risks and opportunities.</p>	<p>In order to improve the management principles of ESG Sustainable Development Best-Practice Principles, the Company set up a "Sustainable Development Team" on May 10, 2024, which is composed of the top executives of various departments (including subsidiaries) of the Group convened by General Manager, and serves as a part-time unit for the Company to promote sustainable development. Promote the Company's sustainable development in terms of management (G), sustainable environment (E), and social care (S).</p> <p>In the Sustainable Development Team, the Sustainable Environment discusses energy conservation and carbon reduction policies on climate change-related issues, and reports to the Director at least once a year on the progress of sustainable development, including climate-related issues and plans. Director will judge the possibility of successful implementation of Item, and review its progress, and urge the management team to make adjustments when necessary.</p>
<p>(II) Describe how the climate risks and opportunities identified affect the business, strategy, and finance (short, medium, and long-term).</p>	<p>The Company collects climate-related risks and opportunities, further analyzes and evaluates their impact on the Company's operations and business, and develops relevant countermeasures to control climate-related risks and grasp business opportunities of climate-related opportunities.</p> <p>In the short term, the climate risks faced by the Company are mainly current policies and regulations, including risks such as extreme weather events or natural disasters. Climate risks may lead to reduced production capacity, which in turn affects the Company's operating costs, the increase of administrative expenses and insufficient power supply to respond to unexpected situations.</p>

Item	Implementation
	<p>In the interim period, the Company needs to consider the introduction of green product design or innovative technologies in response to climate change to improve product efficiency and reduce carbon emissions. This may require mid-term funding and time investment, which may exert certain pressure on the financial position of the Company.</p> <p>In the long run, as investors and financial institutions pay more attention to the environmental, social and governance standards, the Company's performance has an important factor in considering investors' and banks' willingness to invest. If the Company fails to effectively respond to climate change issues, investors and banks may become less willing to invest, which in turn affects the Company's funding sources and costs. Therefore, the Company formulates sustainable development strategies and improves ESG performance to ensure the Company's long-term business stability and sustainable development.</p>
<p>(III) Describe the impact of extreme climate events and transformation actions on finance.</p>	<p>Extreme weather events, such as power outages, typhoons, earthquakes, etc., may have a significant financial impact on the Company. Extreme weather may lead to production interruption, inventory shortage, which in turn requires increased maintenance, restoration costs and insurance claims. Due to production interruption and supply chain problems, the Company may not be able to deliver customer orders on time, damage revenue and reputation, and in turn affect the Company's cash flow and capital structure. The Company's transformation activities will increase expenses due to the introduction of adaptation and mitigation measures, the impact or retirement of the original Assets, the increase of Liabilities, capital reduction, etc., and may also face risks such as financial setbacks. However, the successful transformation can bring long-term profitability and corporate sustainable development. In response to climate change and transformation actions to reduce carbon emissions, the Company incorporates climate change risks into operational decisions and identifies and manages risks. The Company may need to invest in environmentally friendly measures, adopt green energy, reduce waste and improve energy efficiency, which may change the Company's operating cost structure, resulting in an increase in fixed costs and capital expenditures.</p>
<p>(IV) Describe how the identification, evaluation, and management processes of climate risks are integrated into the overall risk management system.</p>	<p>Climate-related risks have been discussed by the Company's sustainable development team. Through climate risk identification, assessment, integration of management strategies, supervision and communication, climate change risks have been incorporated into the overall risk management system, and the awareness of climate change issues has been improved, and climate change has been gradually incorporated into corporate sustainable policies and risk management policies.</p>

Item	Implementation
(V) If the resilience in the face of climate change risks is evaluated using scenario analysis, the use of scenarios, parameters, assumptions, analysis factors and major financial impacts should be explained.	The Company has not yet adopted scenario analysis and assessment, and is still in the process of planning.
(VI) If there is a transformation plan to manage climate-related risks, the content of the plan, and the indicators and goals used to identify and manage physical risks and transformation risks.	The Company's transformation plan to manage climate-related risks has yet to be developed.
(VII) If internal carbon pricing is used as a planning tool, the basis for price setting should be stated.	The Company has not used internal carbon pricing.
(VIII) If there is a climate-related target, it should explain the activities covered, the scope of greenhouse gas emissions, the planning period, and the annual progress of the progress; If the Carbon Offset or Renewable Energy Certificate (RECs) are used to achieve the relevant goals, the source and quantity of the carbon reduction quota offset or the quantity of the Renewable Energy Certificate (RECs) should be stated.	At this stage, the Company conducts greenhouse gas inventory and verification to facilitate the subsequent development of climate-related goals.



Item	Implementation															
(IX) Greenhouse gas inventory and assurance situation, reduction targets, strategies and specific action plans (please also fill in 1-1 and 1-2).	Parent entity of a OTC company with a paid-in capital of less than NT \$5 billion should complete the inventory information disclosure from 2026, and complete the verification information disclosure from 2028. At this stage, the Company has completed the greenhouse gas inventory of the Taipei headquarters in advance (as explained below), and the subsequent reduction targets, strategies and concrete action plans are yet to be discussed.															
<p>II. Company's greenhouse gas inventory and assurance in the last two years:</p> <p>(I) Describe the greenhouse gas emissions (metric tons CO<sub>2</sub>e), intensity (metric tons CO<sub>2</sub>e/million) and data coverage for the last two years.</p>	<p>The Company's greenhouse gas inventory data for the last two years is as follows:</p> <table border="1" data-bbox="730 639 1871 943"> <thead> <tr> <th data-bbox="730 639 1115 693">GHG Category</th> <th data-bbox="1115 639 1493 693">111 kWh</th> <th data-bbox="1493 639 1871 693">Year 2023</th> </tr> </thead> <tbody> <tr> <td data-bbox="730 693 1115 745">Scope 1</td> <td data-bbox="1115 693 1493 745">-</td> <td data-bbox="1493 693 1871 745">1.9855</td> </tr> <tr> <td data-bbox="730 745 1115 797">Scope 2</td> <td data-bbox="1115 745 1493 797">10.8474</td> <td data-bbox="1493 745 1871 797">10.7221</td> </tr> <tr> <td data-bbox="730 797 1115 849">Total CO<sub>2</sub>e emissions</td> <td data-bbox="1115 797 1493 849">10.8474</td> <td data-bbox="1493 797 1871 849">12.7076</td> </tr> <tr> <td data-bbox="730 849 1115 943">GHG emission intensity (Tons CO<sub>2</sub>e/Million)</td> <td data-bbox="1115 849 1493 943">-</td> <td data-bbox="1493 849 1871 943">-</td> </tr> </tbody> </table> <p>Note: The data covers the headquarters and does not include consolidated subsidiaries.</p>	GHG Category	111 kWh	Year 2023	Scope 1	-	1.9855	Scope 2	10.8474	10.7221	Total CO <sub>2</sub> e emissions	10.8474	12.7076	GHG emission intensity (Tons CO <sub>2</sub> e/Million)	-	-
GHG Category	111 kWh	Year 2023														
Scope 1	-	1.9855														
Scope 2	10.8474	10.7221														
Total CO <sub>2</sub> e emissions	10.8474	12.7076														
GHG emission intensity (Tons CO <sub>2</sub> e/Million)	-	-														
(II) Greenhouse gas assurance information Describe the assurance situation for the most recent two years as of the publication date of the annual report, including the assurance scope, assurance agency, assurance standards and assurance opinions.	Parent entity of a OTC company with a paid-in capital of less than NT \$5 billion should complete the inventory information disclosure from 2026, and complete the verification information disclosure from 2028.															

Item	Implementation
III. Greenhouse gas reduction targets, strategies and concrete action plans (I) Describe the base year of greenhouse gas reduction and its data, reduction targets, strategies and specific action plans, and the achievement of reduction targets.	Parent entity of an OTC company with a paid-in capital of less than NT \$5 billion should complete the inventory information disclosure starting from 2026, and complete the verification information disclosure starting from 2028; At this stage, the greenhouse gas reduction targets, strategies and specific action plans are yet to be discussed.

(VII) The Company's implementation of ethical management and any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons therefor

Item	Operations			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor
	Yes	No	Brief description	
I. Formulation of ethical management policies and plans (I) Has the company formulated an ethical management policy approved by the board of directors and disclosed the policy and practice of ethical management in its regulations and public documents? Are the board of directors and the senior management committed to actively implementing the policy?	V		(I) The Company has formulated the "Ethical Corporate Management Best Practice Principles", which has been approved by the Director Committee resolution, and disclosed on the official website and the Market Observation Post System. The Director and the management have also supervised the implementation.	No difference.

Item	Operations			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor
	Yes	No	Brief description	
(II) Has the company established an assessment mechanism for the risk of unethical conduct to regularly analyze and evaluate the business activities with high risk of unethical conduct within the business scope and formulated a prevention plan accordingly, at least covering the prevention measures for the acts under each subparagraph under Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	V		(II) In order to prevent the occurrence of unethical behavior, the Company has formulated the "Measures for Handling Cases of Illegal and Unethical or Dishonest Behavior", established a clear and effective system and strictly prohibited the acceptance of any improper benefits. In order to ensure the implementation of ethical management, the Company adheres to the principle of good faith, does not engage in business activities with a high risk of unethical behavior in the business scope, and strengthens relevant preventive measures.	No difference.
(III) Has the company clearly specified operating procedures, guidelines for conduct, and a violation punishment and complaint system in the unethical conduct prevention plan and duly implemented them? Does the company regularly review and revise said plan?	V		(III) The Company complies with the “Ethical Corporate Management Best Practice Principles” and promotes the Director, Manager and employees in a timely manner; In addition, the Company has formulated and implemented the "Measures for Handling Cases of Illegal and Unethical or Dishonest Conduct".	No difference.

Item	Operations			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor
	Yes	No	Brief description	
<b>II. Implementation of ethical management</b> (I) Does the company evaluate each counterparty's records for ethics? Has the company specified the terms of ethical conduct in each contract signed with each counterparty?	V		(I) The Company's business activities are reviewed and evaluated by the business department of the Company, and when necessary, the legal counsel shall review the terms of the contract to avoid transactions with persons with a record of dishonest behavior.	No difference.
(II) Has the company established a dedicated unit under the board of directors to conduct ethical corporate management, regularly (at least once a year) report to the board of directors on its ethical management policies and prevention plans for unethical conduct, and supervise the implementation?	V		(II) The Finance and Administration Department of the Company is responsible for formulating the "Ethical Corporate Management Best Practice Principles" to ensure the implementation of corporate integrity policies and plans. It is supervised by Audit Office and regularly reports to Director.	No difference.
(III) Has the company formulated policies to prevent conflicts of interest, provided appropriate methods for stating one's conflicts of interest, and implemented them appropriately?	V		(III) Director shall state its opinions and answer questions for those who have an interest in itself and representative, which may harm the interests of the Company, and shall not participate in discussions and voting.	No difference.

Item	Operations			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor
	Yes	No	Brief description	
(IV) Has the company has established an effective accounting system and an internal control system for the implementation of ethical management and assigned the internal audit unit to formulate relevant audit plans based on the assessment results of the risk of unethical conduct and audit the compliance with the unethical conduct prevention plan accordingly or commissioned a CPA to perform such audits?	V		(IV) The accounting system and internal control system established by the Company are regularly checked by internal auditors.	No difference.
(V) Does the company regularly hold internal and external education and training on ethical management?	V		(V) The Company promotes the concept of ethical management and operating guidelines when employees report to work, and implements them in the daily life of each employee. The chief financial and accounting officers participate in external education and training per year and take relevant courses to enhance their competencies.	No difference.
III. Operation of the Company's whistleblowing system (I) Has the company formulated a specific whistleblowing and reward system, established a convenient whistleblowing method, and assigned appropriate personnel to handle the party accused?	V		The Company has established the "Measures for Handling Reporting Illegal and Unethical or Dishonest Behavior" and has a complaint reporting channel. The spokesperson or acting spokesperson, the chief financial officer, the audit supervisor and the personnel unit are responsible for handling the reported matters for different accused parties.	No difference.

Item	Operations			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor
	Yes	No	Brief description	
(II) Has the company formulated standard operating procedures for investigation of reported cases, the follow-up measures to be taken after the investigation is completed, and a confidentiality mechanism?	V		The Company has formulated the “Procedures for Handling Illegal and Unethical or Dishonest Behavior”, and specifically regulates the acceptance procedures and relevant confidentiality mechanisms.	No difference.
(III) Does the company take measures to protect whistleblowers from being mistreated due to their whistleblowing behavior?	V		The Company’s accepting unit shall keep confidential the identity of the whistleblower and the content of the report, and protect the whistleblower from improper treatment due to the report.	No difference.
IV. Enhanced information disclosure Has the company disclosed the content of its Corporate Governance Best Practice Principles and the effectiveness of the implementation of the principles on its website and the MOPS?	V		Relevant information has been disclosed on the Company's website and Market Observation Post System.	No difference.
V. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: No discrepancy.				
VI. Other helps to understand the important information of the Company's integrity management operations: (such as the Company's review and revision of its Code of Integrity Management, etc.)				
(I) We abide by applicable regulations and the internal control system to prohibits acts of dishonesty or violations of laws and regulations, while hiring legal advisors to provide consultation services.				
(II) The Company has specified a director recusal mechanism in the Rules of the Procedure for Board of Directors Meetings, requiring directors, who or the juridical persons they represent have personal interests involved in a proposal on the agenda of the board meeting, they shall explain the important contents of their interests at the board meeting. If such interests may cause damage to the Company’s interests, they shall recuse themselves from discussion and voting and shall not exercise their voting rights on behalf of other directors.				

Note: Please refer to the annual reports of subsidiaries, ABICO NetCom and IKKA-KY, for the implementation of ethical management and the deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.

(VIII) Other helps to understand the important information of the Company's integrity management operations: (such as the Company's review and revision of its Code of Integrity Management, etc.)

(XIV) Important information of other that is sufficient to enhance the understanding of the operation of corporate governance must be disclosed together:

1. Continuing education of Director and Independent Director on corporate governance this year:

Title	Name	Date of training		Organizer	Course title	Training hours	Total training hours during the year
		From	to				
Representative of corporate director	Ching-Hsi Tong	2023/11/24	2023/11/24	Taiwan Investor Relations Institute	How to use Excel for enterprise valuation and IR work management	3	6.0
		2023/07/21	2023/07/21	Taiwan Investor Relations Institute	How Companies Can Create Transformation Opportunities in Response to ESG Challenges Ching-Hsi Tong	3	
Representative of corporate director	Chun-Jen Tong	2023/07/21	2023/07/21	Taiwan Investor Relations Institute	How Companies Can Create Transformation Opportunities in Response to ESG Challenges	3	6.0
		2023/06/30	2023/06/30	Taiwan Investor Relations Institute	Media Management and Crisis Management – Corporate Management and News Crisis Management Strategies	3	
Representative of corporate director	Chun-Yi Tong	2023/10/20	2023/10/20	Taiwan Investor Relations Institute	How to use the intellectual property management system to improve corporate governance	3	6.0
		2023/07/21	2023/07/21	Taiwan Investor Relations Institute	How Companies Can Create Transformation Opportunities in Response to ESG Challenges	3	
Representative of corporate director	Shiang-Chi Hu	2023/08/17	2023/08/17	Taiwan Investor Relations Institute	Controlled Foreign Corporation (CFC) & Global Anti-Tax Avoidance	3	9.0
		2023/07/31	2023/07/31	Taiwan Investor Relations Institute	How to Innovate and Break through Profitability in the Era of Digital Economy	3	
		2023/07/21	2023/07/21	Taiwan Investor Relations Institute	How Companies Can Create Transformation Opportunities in Response to ESG Challenges	3	
Representative of corporate director	Li-An Huang	2023/10/18	2023/10/18	Taiwan Corporate Governance Association (TCGA)	Corporate Sustainability and ESG Value Management Trends and Strategies	3	6.0
		2023/10/18	2023/10/18	Taiwan Corporate Governance Association (TCGA)	Seminar on M & A Practices	3	
Independent Director	Wei-Chyun, Yan	2023/06/02	2023/06/02	Chinese National Association of Industry and Commerce	The Company's Director and Supervisor Seminar-"2023 Taishin Net Zero Power Summit"	3	6.0
		2023/03/27	2023/03/27	Chinese National Association of Industry and Commerce	Study on the Company's Director and Supervisors – "Enterprise Resilience and Taiwan Competitiveness"	3	

Title	Name	Date of training		Organizer	Course title	Training hours	Total training hours during the year
		From	to				
Independent Director	Loung-Ching Cheng	2023/12/21	2023/12/21	Taiwan Institute of Project Management	Courses for Directors and Supervisors of Listed Companies-ESG Investment and Corporate Social Responsibility	3	6.0
		2023/11/24	2023/11/24	Taiwan Investor Relations Institute	How to use Excel for enterprise valuation and IR work management	3	
Independent Director	Chao-Yu Yang	2023/07/21	2023/07/21	Taiwan Investor Relations Institute	How Companies Can Create Transformation Opportunities in Response to ESG Challenges	3	9.0
		2023/06/02	2023/06/02	Securities and Futures Institute (SFI)	2023 Insider Trading Prevention Promotion Conference	3	
		2023/05/22	2023/05/22	Taiwan Stock Exchange (TWSE)	Promotion Meeting of the Action Plan for Sustainable Development of Listed Counter Companies	3	
Independent Director	Jieh-Chen Wang	2023/11/10	2023/11/10	The Funds of the Business Development of the Chinese Straits	Business nature-based solutions, carbon trading system and ESG corporate governance	3	6.0
		2023/07/21	2023/07/21	Taiwan Investor Relations Institute	How Companies Can Create Transformation Opportunities in Response to ESG Challenges	3	

## 2. Managers' training on corporate governance:

Title	Name	Date of training	Organizer	Course title	Training hours
Manager of the Financial Accounting Department	Hui-Chu Lee	2023/10/16-2023/10/17	Accounting Research and Development Foundation	Continuing Education Course for Issuer Securities Firms and Stock Exchanges Chief Accounting Officer	12
Audit Manager	Pao-Chu Chin	2023/08/10	The Institute of Internal Auditors-Chinese Taiwan	Director and functional committee (audit, compensation) regulation analysis and audit focus	6
		2023/10/12	The Institute of Internal Auditors-Chinese Taiwan	Deciphering Financial Statements and Analysis of Corporate Fraud and Fraud	6



3. The Company's employee training situation:

Item	Course/Number of classes	Total number of people	Total hours	Total cost
Professional competency	5	3	64	55,000
Managerial competency	4	2	24	14,000
Total	9	5	88	69,000

4. Relevant certificates and licenses obtained by the Company's personnel related to financial information transparency as designated by competent authorities:

Certificate/License	Number of people
Certified Public Accountant License	Financial accounting
	1
International Certified Internal Auditor Certificate	Financial accounting
	1
Certificate of Enterprise Internal Control Basic Ability Test	Audit
	1
Corporate Sustainability Manager Certificate	Chairman
	1

5. Other important information that may facilitate the understanding of the operation of corporate governance of the subsidiary, Jabon International, may be disclosed together:

The Company's directors, supervisors, managers, and employees should follow the guidelines. You may visit the Investor section on the Company's website and click on the corporate governance option (website: <http://www.jbon.com.tw>).

6. The content and principles of the Employee Code Of Conduct are as follows:

- (1) All people's behavior should in compliance with the Company's rules and regulations and various rules of their duties.
- (2) They should bear in mind the Company's business philosophy of sharing honor and facing difficulty together and never speak or act that may tarnish the Company's reputation.
- (3) Anyone who is aware of or holds any plans, materials, or information of the Company shall keep it strictly confidential and shall not disclose it or inform a third party in any way, and shall not publish it nor use it for themselves or a third party.
- (4) Do not accept improper property, nor request or accept entertainment.
- (5) Do not install or use software or hardware without permission. Do not use information equipment for non-work purposes.
- (6) Be fully and jointly liable for damages if there is a risk of violation of the work rules, embezzlement, unpaid receivables, or other illegal acts.

7. The content of the work rules are as follows:

- i. Recruitment and employment
- ii. Salary and benefits
- iii. Training and development
- iv. Employee Welfare Committee's services
- v. Communication channels
- vi. Employment, layoff, and resignation
- vii. Salary and bonuses
- viii. Working hours, rest, and days off
- ix. Evaluation and reward and punishment

(X) The disclosure of the internal control system should cover the matters below:

1. Statement of Internal Control:

<p>ABICO AVY Co., Ltd. Statement of Internal Control System</p> <p style="text-align: right;">Date: March 14, 2024</p> <p>The Company's internal control system for 2023 as per the results of our self-assessment is hereby declared as follows:</p> <ol style="list-style-type: none"><li>1. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibilities of the Company's Director and Manager, and that the Company has established such a system. It aims to provide reasonable assurance for the achievement of the objectives, namely the effectiveness and efficiency of operations (including profitability, performance, and asset security protection), the reliability, timeliness, and transparency of financial reporting, and compliance with applicable laws and regulations.</li><li>2. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three Item standards; In addition, the effectiveness of the internal control system may change due to changes in the environment and circumstances. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take action to rectify it.</li><li>3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in "Rules for Handling the Establishment of Internal Control Systems by Public Offering Company" (hereinafter referred to as "Rules for Handling") in Item. Said criteria under the Regulations are divided into five constituent elements as per the management and control process: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each constituent element includes several items. For said items, please refer to the Regulations.</li><li>4. The Company has adopted the above-mentioned internal control system judgment Item to evaluate the effectiveness of the design and implementation of the internal control system.</li><li>5. Based on the findings of such evaluation, the Company believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.</li><li>6. This statement is an integral part of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, thirty-two, one hundred and seventy-one, and one hundred and seventy-four of the Securities and Exchange Act.</li><li>7. This statement has been approved by the Company's Board of Directors on March 14, 2024, with none of the eight attending Director expressing dissenting opinions, and the remainder all affirming the content of this Statement..</li></ol> <p style="text-align: center;">ABICO AVY Co., Ltd.</p> <p style="text-align: right;">Chairman: Chun-Jen Tong (signature) General Manager: Shiang-Chi Hu (signature)</p>
---

2. For those who appointed a CPA to review the internal control system, the CPA's review report shall be disclosed: None.

(XI) Any legal penalty against the Company and its internal personnel, or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, during the most recent fiscal year or up to the publication date of this annual report, the main defects, and the improvements made: None.

(XII) Important resolutions by the shareholders' meeting and the Board of Directors in the most recent year and up to the publication date of the annual report:

Shareholders' meeting / Board of Directors	Date	Important matters discussed (excerpts)	Implementation of adopted resolutions
Shareholders' meeting	2023/06/13 Convened	1. Passed the Company's 2022 business report and financial statements.	The Company's 2022 parent company only financial statements and Consolidated Financial Statements have been audited by PwC Taiwan Ya-Hui Lin and Yung-Chien Hsu accountants, and Audit Committee has been reviewed, and no discrepancies have been found, and the review report is being issued.
		2. Passed the 2022 Business Report.	The Company's 2022 business report has been completed, approved by the Director, and submitted to the Audit Committee for review.
		3. Passed the Company's 2022 statement of earnings distribution.	The 2022 earnings distribution of cash dividends of NT \$0.3 per share to shareholders, totaling NT \$50,989,197, and the cash dividend distribution operation was completed on September 27, 2023.  In addition, due to the company's pre-tax loss in 2022, no employee and Director compensation has been estimated and issued.
Board of Directors	2023/08/14	1. The Company's consolidated financial report for the second quarter of 2023. 2. Set the ex-dividend base date for the Company.	Approved by all directors present and released material information.
Board of Directors	2023/10/04	1. Jabon International, a major subsidiary of the Company, proposed to transfer the main business of electric hand tools and powder metallurgy to EKEEN PRECISION CO., LTD., which is wholly owned by Jabon International, due to the adjustment of the group organization.	Approved by all directors present and released material information.
Board of Directors	2023/11/13	1. Formulate the Company's 2024 audit plan. 2. The Company's consolidated financial report for the third quarter of 2023. 3. Establishment of the Company's "Cyber Security Management Operation Regulations" and its "Internal Control Operation." 4. Establishment of the Company's information security supervisor and information security personnel.	Approved by all directors present and released material information.
Board of Directors	2024/01/24	1. The Company's "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles", "Measures for Handling Cases of Illegal and Unethical or Dishonest Conduct" and its "Internal Control Operations".	Approved by all attending Director and uploaded to the MOPS

Shareholders' meeting / Board of Directors	Date	Important matters discussed (excerpts)	Implementation of adopted resolutions
Board of Directors	2024/03/14	<ol style="list-style-type: none"> <li>The Company's 2023 "Internal Control System Statement"</li> <li>The Company's 2023 self-concluded financial information.</li> </ol>	Approved by all directors present and released material information.
Board of Directors	2024/03/27	<ol style="list-style-type: none"> <li>2024 Business Plan.</li> <li>The Company's 2023 final accounts.</li> <li>The Company's 2023 employee remuneration and Director remuneration.</li> <li>The 11th Director this year is proposed for election in accordance with the law and the nomination of the Company's 2024 elected Director (including Independent Director) candidate list.</li> <li>Proposal to lift the restriction on the Company's newly appointed 11th Director non-competition.</li> <li>To determine the time, place, form and relevant agenda for the Company's 2024 general shareholders' meeting.</li> <li>Matters related to accepting more than one percent of shareholders' proposals and nominating Director (including Independent Director).</li> </ol>	Approved by all directors present and released material information.
Board of Directors	2024/05/10	<ol style="list-style-type: none"> <li>The Company's consolidated financial report for the first quarter of 2024.</li> <li>The Company's 2023 earnings distribution.</li> <li>The 11th Director this year is proposed for election in accordance with the law and the nomination of the Company's 2024 elected Director (including Independent Director) candidate list.</li> <li>To formulate the time, place, form and relevant agenda of the Company's 2024 general shareholders' meeting (additional proposals).</li> </ol>	Approved by all directors present and released material information.

(XIII) During the most recent year and up to the date publication of this annual report, if a director or independent director had a different opinion on important resolutions approved by the Board of Directors with records or written statements: During the most recent year and up to the date publication of this annual report, no director nor independent director had a different opinion on the important resolutions adopted by the Board of Directors.

(XIV) During the most recent year and up to the date publication of this annual report, a summary of the resignation and dismissal of the Company's personnel related to financial reporting (e.g., Chairman, general manager, chief accounting officer, chief financial officer, chief internal auditor, or R&D officer): None.

IV. Information on the Company's audit fees:

Range of CPA's audit fees

December 31, 2023

CPA firm	Name of CPA		Audit period	Remarks
PwC Taiwan	Ya-Hui Lin	Min-Chuan Feng	2023	

Unit: NT\$ thousand

Range of amount		Item	Audit fees	Non-audit fees	Total
1	Below NT\$2,000,000			V	
2	NT\$2,000,000 (inclusive)–NT\$4,000,000		V		V
3	NT\$4,000,000 (inclusive)–NT\$6,000,000				
4	NT\$6,000,000 (inclusive)–NT\$8,000,000				
5	NT\$8,000,000 (inclusive)–NT\$10,000,000				
6	Over NT\$10,000,000 (inclusive)				

Unit: NT\$ thousand

CPA firm	CPA:	Audit period	Audit fees	Non-audit fees					Remarks
				System design	Business registration	Human resources	Tax compliance audit	Subtotal	
PwC Taiwan	Ya-Hui Lin Min-Chuan Feng	2023/01/01 ~ 2023/12/31	3,120	0	0	0	400	400	-

1. Where the non-audit fees paid to the CPAs, the accounting firm at which the CPAs work, and the accounting firm's affiliates account for 25% or more of the audit fees, the amount of audit and non-audit fees and the content of non-audit services shall be disclosed: As specified in the remarks above.
2. Where the accounting firm is replaced and the audit fees paid during the year in which the replacement occurs are less than those paid in the prior year, the amount of the decrease in the audit fees and the reason thereof shall be disclosed: N/A.
3. Where the audit fees paid for the year are lower than those paid for the prior year by 10% or more, the amount and percentage of the decrease and the reason therefor shall be disclosed: N/A.

V. Replacement of CPAs: In order to cooperate with the internal work adjustment of PwC Taiwan, the original Ya-Hui Lin accountants and Yung-Chien Hsu accountants will be replaced by Ya-Hui Lin accountants and Feng Min Juan accountants starting from 2023.

VI. Where Chairman, general manager, Chief Financial Officer, or Accounting Manager has been employed by the CPA firm or its affiliates in the most recent year: None.

VII. The changes in the transfer or pledge of equity shares by directors, supervisors, managers, or shareholders holding more than 10% of the shares issued by the Company in the most recent year up to the publication date of this annual report:

(I) Movements in shareholdings of directors, supervisors, managers, and major shareholders

Title	Name	2023		up to April 23 2024	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Corporate director and major shareholder	Abico International Co., Ltd.	0	0	0	0
Corporate director	Yunchen Investment Co., Ltd.	0	0	0	0
Major shareholders	Ability Enterprise Co., Ltd.	0	0	0	0
Chairman	Chun-Jen Tong	0	0	0	0
Vice Chairman	Chun-Yi Tong	0	0	0	0
Director and General Manager	Shiang-Chi Hu	0	0	0	0
Director	Ching-Hsi Tong	0	0	0	0
Director	Li-An Huang	0	0	0	0
Director	Chao-Yu Yang	0	0	0	0
Independent Director	Wei-Chyun Yen	0	0	0	0
Independent Director	Jieh-Chen Wang	0	0	0	0
Independent Director	Loung-Ching Cheng	0	0	0	0
Vice general manager of the Investment Department	Chu-Chen Chiang	0	0	0	0
Assistant Vice Presidents of the Financial Accounting Department	Che-Yi Chou	0	0	0	0
Manager of the Financial Accounting Department	Hui-Chu Lee	0	0	0	0

(II) Information on transfer of shares: None.

(III) Information on shares pledged: None.

VIII. Information on the top ten shareholders who are related parties to each other or spouses or relatives within the second degree of kinship of another:

**Information on the relationship among the top 10 shareholders**

Name	Shareholding		Shareholding of spouse or minor children		Total shareholding by nominee arrangement		Information the relationship among the top 10 shareholders if anyone is a related party, a spouse, or a relative within second degree of kinship of another and their names.		Remarks
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding (%)	Name	Relations	
Representative of Abico International Co., Ltd.: Chun-Yi Tong	22,095,328	13.08%	0	0	0	0	Taishiba International Co., Ltd.	The chairman of ABICO International and the chairman of Taishiba International are relatives within the second degree of kinship.	None
	35,825	0.02%	0	0	0	0			
Representative of Ability Enterprise Co., Ltd.: Ming-Jen Tseng	17,264,223	10.22%	0	0	0	0	None	None	None
	0	0	0	0	0	0			
Representative of Heng Neng Investment Co., Ltd.: Yi-Nai Tong	7,889,996	4.67%	0	0	0	0	None	None	None
	300,000	0.18%	0	0	0	0			
Representative of Taishiba International Co., Ltd.: Ching-Hsiung Tong	1,689,739	1.00%	0	0	0	0	Abico International Co., Ltd.	The chairman of Taishiba International and the chairman of ABICO International are relatives within the second degree of kinship.	None
	0	0	0	0	0	0			
Representative of Scuderia Integrated Marketing Co., Ltd.: Ching-Yi Chen	1,664,999	0.99%	0	0	0	0	None	None	None
	0	0	0	0	0	0			
Lai-Cheng Lin	1,351,000	0.80%	0	0	0	0	None	None	None
Hsiu-Yun Lin	1,206,803	0.71%	0	0	0	0	None	None	None
JP Morgan Chase Bank Taipei Branch as custodian of JP Morgan Asset Management (Taiwan) Limited Investment Account	1,124,270	0.67%	0	0	0	0	None	None	None
Yung-Hsiung Yeh	1,064,814	0.63%	0	0	0	0	None	None	None
Wan-Ting Tseng	1,084,849	0.64%	0	0	0	0	None	None	None

- IX. The total number of shares held and the consolidated shareholdings in any single investee by the Company's directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company:

Consolidated shareholding

December 31, 2023 Unit: Shares/%

Investment in other businesses (Note)	Investment by the Company		Investment by directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company		Combined investments	
	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)
AVY Co., Ltd.	59,597,571	100.00	0	0.00	59,597,571	100.00
Gold Market Investment LTD.	3,917,053	68.52	1,799,688	31.48	5,716,741	100.00
Avy High Tech LTD.	6,776,000	100.00	0	0.00	6,776,000	100.00
Jabon International Co., Ltd.	28,479,278	100.00	0	0.00	28,479,278	100.00
VIEWQUEST Investment Co., Ltd.	836,000	100.00	0	0	836,000	100.00
NENG DING INVESTMENT CO., LTD.	10,000	100.00	10,000	100.00	10,000	100.00
Ability I Venture Capital Corporation	24,169,052	85.30	567,000	2.00	24,736,052	87.30
ABICO NetCom Co., Ltd.	7,075,413	13.88	0	0	7,075,413	13.88
ABICO Asia Capital Corporation	28,000,000	18.16	3,360,000	2.18	31,360,000	20.34
Ability Enterprise Co., Ltd.	28,821,000	10.02	2,100,000	0.73	30,921,000	10.75
G-YEN HUTONG CO., LTD.	956,526	6.79	796,203	5.65	1,752,729	12.44
Abico Plus Entertainment Limited.	0	0.00	350,000	35.00	350,000	35.00
ILENS	0	0.00	1,800,000	40.00	1,800,000	40.00
ENERTEC	0	0.00	124,000	27.19	124,000	27.19

Note: It is the long-term investment made by the Company using the equity method.



## Four. Capital and Shares

### I. Capital and Shares

#### (I) Source of share capital

Unit: 1000 shares; NT\$ thousand

Year / Month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Capital increased by assets other than cash	Others
1994.12	10	19,820	198,200	19,820	198,200	Incorporation	None	
1995.09	10	60,020	600,200	60,020	600,200	Cash capital increase	None	
1998.04	10	120,020	1,200,200	120,020	1,200,200	Cash capital increase	None	(Note 1)
2000.01	10	170,020	1,700,200	170,020	1,700,200	Cash capital increase	None	(Note 2)
2001.09	-	170,020	1,700,200	96,910	969,100		None	Capital reduction
2002.12	-	170,020	1,700,200	67,837	678,370		None	Capital reduction (Note 3)
2003.01	4	170,020	1,700,200	68,337	683,370	Private placement	None	(Note 6)
2003.07	5	170,020	1,700,200	69,937	699,370	Private placement	None	(Note 7)
2003.12	-	120,000	1,200,000	40,137	401,370		None	Capital reduction (Note 4)
2004.02	6	120,000	1,200,000	41,137	411,370	Private placement	None	(Note 7)
2004.10	-	120,000	1,200,000	25,300	253,000		None	Capital reduction (Note 5)
2004.11	10	120,000	1,200,000	54,300	543,000	Private placement	None	(Note 8)
2007.09	10	120,000	1,200,000	58,596	585,960	Capitalization of earnings	None	(Note 9)
2008.09	10	120,000	1,200,000	63,206	632,058	Capitalization of earnings	None	(Note 10)
2009.09	10	120,000	1,200,000	69,774	697,737	Capitalization of earnings	None	(Note 11)
2009.10	10	120,000	1,200,000	73,609	736,093	Conversion of convertible bonds Conversion of ordinary shares	None	(Note 12)
2010.01	10	120,000	1,200,000	74,139	741,387	Conversion of convertible bonds Conversion of ordinary shares	None	(Note 13)
2011.09	10	120,000	1,200,000	77,846	778,457	Capitalization of earnings	None	(Note 14)
2013.08	10	120,000	1,200,000	78,121	781,214	Conversion of convertible bonds Conversion of ordinary shares	None	(Note 15)

Year / Month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Capital increased by assets other than cash	Others
2013.11	10	120,000	1,200,000	78,503	785,033	Conversion of convertible bonds Conversion of ordinary shares	None	(Note 16)
2014.02	10	120,000	1,200,000	81,348	813,483	Conversion of convertible bonds Conversion of ordinary shares	None	(Note 17)
2014.05	10	120,000	1,200,000	83,608	836,082	Conversion of convertible bonds Conversion of ordinary shares	None	(Note 18)
2014.07	10	120,000	1,200,000	83,617	836,171	Conversion of convertible bonds Conversion of ordinary shares	None	(Note 19)
2014.12	10	120,000	1,200,000	91,361	913,610	Conversion of convertible bonds Conversion of ordinary shares	None	(Note 20)
2015.09	10	120,000	1,200,000	99,583	995,834	Capitalization of earnings	None	(Note 21)
2016.11	10	120,000	1,200,000	102,786	1,027,864	Conversion of convertible bonds Conversion of ordinary shares	None	(Note 22)
2017.09	10	120,000	1,200,000	108,560	1,085,597	Conversion of convertible bonds Conversion of ordinary shares	None	(Note 23)
2018.03	10	120,000	1,200,000	113,042	1,130,418	Conversion of convertible bonds Conversion of ordinary shares	None	(Note 24)
2018.08	10	150,000	1,500,000	125,476	1,254,763	Capitalization of earnings	None	(Note 25)
2019.09	10	200,000	2,000,000	159,102	1,591,027	Issuance of new shares through share swap with Jabon International	None	(Note 26)
	10	200,000	2,000,000	166,631	1,666,313	Issuance of new shares for capitalization of capital surplus	None	
2020.08	10	300,000	3,000,000	169,963	1,699,639	Capitalization of earnings	None	(Note 27)
2024.06	10	300,000	3,000,000	168,958	1,689,589	Treasury stock retired	None	(Note 28)

Note 1: Per Letter (1998)-Tai-Cai-Zeng-(I) No. 00134 dated 1998.01.12 from the Securities and Futures Commission, Ministry of Finance.

Note 2: Per Letter (2000)-Tai-Cai-Zeng-(I) No. 75545 dated 2000.10.09 from the Securities and Futures Commission, Ministry of Finance.

- Note 3: Per Letter (2002)-Tai-Cai-Zeng-(I) No. 165807 dated 2002.12.31 from the Securities and Futures Commission, Ministry of Finance.
- Note 4: Per Letter (2003)-Tai-Cai-Zeng-(I) No. 0920162661 dated 2003.12.31 from the Securities and Futures Commission, Ministry of Finance.
- Note 5: Per Letter (2004)-Jin-Guan-Zheng-I No. 0930146474 dated 2004.10.11 from the FSC, Executive Yuan.
- Note 6: Retroactive handling of the public issuance procedures as approved per Letter Jin-Guan-Zheng-I No. 0950130388 dated 2006.07.13 from the FSC, Executive Yuan.
- Note 7: Retroactive handling of the public issuance procedures as approved per Letter Jin-Guan-Zheng-I No. 0960032905 dated 2007.06.28 from the FSC, Executive Yuan.
- Note 8: Retroactive handling of the public issuance procedures as approved per Letter Jin-Guan-Zheng-I No. 0960066596 dated 2007.11.27 from the FSC, Executive Yuan.
- Note 9: Per Letter Jin-Guan-Zheng-I No. 0960037463 dated 2007.07.18 from the FSC, Executive Yuan.
- Note 10: Per Letter Jin-Guan-Zheng-I No. 0970031742 dated 2008.06.25 from the FSC, Executive Yuan.
- Note 11: Per Letter Jin-Guan-Zheng-Fa No. 0980032250 dated 2009.06.29 from the FSC, Executive Yuan.
- Note 12: Per Letter Jing-Shou-Shang No. 09801238400 dated 2009.10.19 from the Ministry of Economic Affairs.
- Note 13: Per Letter Jing-Shou-Shang No. 09901009200 dated 2010.01.18 from the Ministry of Economic Affairs.
- Note 14: Per Letter Jing-Shou-Shang No. 10001202340 dated 2011.09.02 from the Ministry of Economic Affairs.
- Note 15: Per Letter Jing-Shou-Shang No. 10201169450 dated 2013.08.19 from the Ministry of Economic Affairs.
- Note 16: Per Letter Jing-Shou-Shang No. 10201237870 dated 2013.11.21 from the Ministry of Economic Affairs.
- Note 17: Per Letter Jing-Shou-Shang No. 10301019540 dated 2014.02.07 from the Ministry of Economic Affairs.
- Note 18: Per Letter Jing-Shou-Shang No. 10301085130 dated 2014.05.12 from the Ministry of Economic Affairs.
- Note 19: Per Letter Jing-Shou-Shang No. 10301146720 dated 2014.07.17 from the Ministry of Economic Affairs.
- Note 20: Per Letter Jing-Shou-Shang No. 10301247430 dated 2014.12.01 from the Ministry of Economic Affairs.
- Note 21: Per Letter Jing-Shou-Shang No. 10401202060 dated 2015.09.22 from the Ministry of Economic Affairs.
- Note 22: Per Letter Jing-Shou-Shang No. 10501276770 dated 2016.11.30 from the Ministry of Economic Affairs.
- Note 23: Per Letter Jing-Shou-Shang No. 10601127400 dated 2017.09.24 from the Ministry of Economic Affairs.
- Note 24: Per Letter Jing-Shou-Shang No. 10701019980 dated 2018.03.02 from the Ministry of Economic Affairs.
- Note 25: Per Letter Jing-Shou-Shang No. 10701108940 dated 2018.08.29 from the Ministry of Economic Affairs.
- Note 26: Per Letter Jing-Shou-Shang No. 10801114990 dated 2019.09.11 from the Ministry of Economic Affairs.
- Note 27: Per Letter Jing-Shou-Shang No. 10901152610 dated 2020.08.18 from the Ministry of Economic Affairs.
- Note 28: Per Letter Jing-Shou-Shang No. 11230092860 dated 2023.06.12 from the Ministry of Economic Affairs.

The Company did not hold private placement during the most recent year and up to the publication date of the prospectus.

Share type	Authorized capital			Remarks
	Number of shares issued	Number of shares unissued	Total	
Ordinary shares	168,959 thousand shares	131,041 thousand shares	300,000 thousand shares	TPEX listed stocks

Information on shelf registration: N/A.

## (II) Shareholder structure

April 23, 2024

Shareholder structure Number	Government agencies	Financial institutions	Other juridical persons	Natural persons	Foreign institutions and individuals	China's investors (Note)	Total
Number of people	0	0	213	45,442	68	1	45,724
Number of shares held	0	0	56,725,714	103,664,461	8,568,814	1	168,958,990
Shareholding	0.00%	0.00%	33.57%	61.36%	5.07%	0.00%	100%

Note: The primary TWSE (TPEX) listed and emerging market listed companies should disclose the shareholding of its mainland China investors. The mainland China investors refer to the people, juridical persons, organizations, other institutions or their investees in third regions as stipulated by Article 3 of the Regulations on the Permission for People from Mainland China to Invest in Taiwan.

## (III) Equity dispersion

### 1. Dispersion of ordinary shares: (NT\$10 per share)

April 23, 2024

Shareholding range	Number of shareholders	Number of shares held	Shareholding
1-999	33,423	2,847,102	1.69%
1,000-5,000	8,897	18,460,619	10.93%
5,001-10,000	1,660	12,037,577	7.12%
10,001-15,000	582	7,149,997	4.23%
15,001-20,000	291	5,147,129	3.05%
20,001-30,000	287	7,119,266	4.21%
30,001-40,000	145	5,113,676	3.03%
40,001-50,000	94	4,301,861	2.55%
50,001-100,000	190	13,441,064	7.96%
100,001-200,000	84	11,438,196	6.77%
200,001-400,000	41	11,749,010	6.95%
400,001-600,000	8	3,962,335	2.35%
600,001-800,000	5	3,349,856	1.98%
800,001-1,000,000	6	5,373,915	3.18%
1,000,001 or more	11	57,467,387	34.01%
Total:	45,724	168,958,990	100%

### 2. Dispersion of preference shares: The Company did not issue any preference shares.

(IV) List of major shareholders

Name of major shareholder	Shares	Number of shares held	Shareholding (%)
Abico International Co., Ltd.		22,095,328	13.08%
Ability Enterprise Co., Ltd.		17,264,223	10.22%
Heng Neng Investment co., Ltd.		7,889,996	4.67%
Taishiba International Co., Ltd.		1,689,739	1.00%
Scuderia Integrated Marketing Co., Ltd.		1,664,999	0.99%
Lai-Cheng Lin		1,351,000	0.80%
Hsiu-Yun Lin		1,206,803	0.71%
JPMorgan Chase Bank N.A., Taipei Branch in custody JP Morgan Securities Limited Investment Account		1,124,270	0.67%
Wan-Ting Tzeng		1,084,849	0.64%
Yung-Hsiung Yeh		1,064,814	0.63%

(V) Price, net worth, earnings, and dividends per share and relevant information in the most recent two years

Unit: 1000 shares; NT\$

Item	Year		As of April 23, 2024 (Financial statements for 2024 Q1 were reviewed by a CPA)	
	2022	2023		
Market price per share	Highest	29.20	26.90	28.60
	Lowest	18.35	19.85	22.70
	Average	21.82	23.00	24.09
Net worth per share	Before distribution (Note 1)	32.09	33.17	33.80
	After distribution	30.52	32.87	
Earnings per share	Weighted average number of shares (Note 1, 2)	167,975	167,975	167,975
	Earnings per share	(0.58)	0.33	(0.04)
Dividend per share	Cash dividends (Note 3)	0.30	0.30	
	Stock dividend	0.00	0.00	N/A
		0.00	0.00	N/A
	Cumulative unpaid dividends	0.00	0.00	
Return on investment analysis	Price to earnings ratio	(37.62)	69.70	
	Price to dividend ratio	72.73	76.67	
	Cash dividend yield	1.37%	1.30%	

Note 1: Book value per share and earnings per share are based on the data for the most recent quarter audited (reviewed) by a CPA.

Note 2: Earnings per share were calculated on the basis of the investment in the Company's shares by the subsidiary, AVY Co., Ltd., and the shares repurchased by the Company for transfer of shares to employees as treasury shares.

Note 3: The 2023 cash dividends was submitted to the shareholders' meeting by the resolution of the Board of Directors.

(VI) The Company's dividend policy and implementation

1. Dividend policy

If the Company makes a profit in a fiscal year, it shall allocate employee remuneration and directors remuneration as follows. However, when the Company still has a cumulative deficit, it shall reserve an amount to offset it first.

(1) Not higher than 1.5% for directors remuneration;

(2) Not lower than 8% and not higher than 12% for employee remuneration.

When the employee remuneration in the preceding paragraph is paid out in cash or stock, the recipients may include employees of the controlling company or subsidiaries who meet certain criteria, in addition to the Company's employees. The applicable rules are formulated by the Board of Directors as delegated.

Where the Company makes a profit for a fiscal year, the profit shall be first used for offsetting a cumulative deficit, setting aside 10% of the remaining profit as a legal reserve unless it has reached the total amount of the Company's paid-in capital, setting aside an amount for or reversing a special reserve in accordance with the laws and regulations or the competent authority's regulations, the Board of Directors shall, after considering the remaining profit, together with any undistributed retained earnings from the prior period, shall be set aside at least 50% of the distributable earnings for the current year and submit a dividend distribution proposal. The proposal shall then be resolved at the shareholders' meeting for the distribution of shareholder dividends.

All or part of the dividends and bonuses payable, capital surplus, or legal reserve shall be paid out in cash with majority approval at a board meeting attended by over two-thirds of the directors, which shall be reported to the shareholders' meeting, while the provisions in the preceding paragraph that a resolution by the shareholders meeting shall be required do not apply. The Company's dividend policy shall be implemented based on its business plan, future capital expenditure plans, budget, and capital needs, to meet shareholders' needs for cash inflows and ensure market competitiveness, of which cash dividends to be paid out shall not be lower than 10% of the total dividends to be paid out to shareholders.

2. The Company's statement of 2023 earnings distribution has been drawn up by the resolution of the Board of Directors: It has been passed by the resolution of the Board of Directors on May 10, 2024.

(1) Cash dividends: In accordance with Article 20 of the Company's Articles of Incorporation, the Company proposed to authorize the Board of Directors to allocate a cash dividend of NT\$50,687,697 from the retained earnings of the previous fiscal year to be distributed to the shareholders, with about NT\$0.30 paid out per share in cash. It will be reported to this general shareholders' meeting, and the Board of Directors will determine the dividend distribution record date and the payout date separately.

(2) Stock dividends: The Board of Directors resolved a decision not to pay out stock dividends.

(VII) The influence of the stock dividend proposed at the shareholders' meeting on the Company's operating performance and earnings per share

As the Board of Directors resolved a decision not to pay out stock dividends, there is no influence on the earnings per share.

- (VIII) Employees' compensation and directors' remuneration
1. If the Company makes a profit in a fiscal year, it shall allocate employee remuneration and directors remuneration as follows. However, when the Company still has a cumulative deficit, it shall reserve an amount to offset it first.
    - (1) Not higher than 1.5% for directors remuneration;
    - (2) Not lower than 8% and not higher than 12% for employee remuneration.
  2. Information on the Board of Directors' approval of the employee remuneration proposal:
    - (1) Amounts of employee remuneration and directors' remuneration proposed to be distributed:

The Company's 2023 earnings distribution proposal was approved in the Director meeting on May 10, 2024, with the proposed employee compensation of NT \$5,122,032 and Director compensation of NT \$ NT \$960,381.
    - (2) The proposed distribution of employee stock compensation is NT \$0, accounting for 0% of the net profit after tax and the total employee compensation in the individual or individual financial report for the current period. total.
    - (3) The EPS after the proposed distribution of employee remuneration and Director remuneration is NT \$-0.58
    - (4) If there is any discrepancy between the actual distribution and the recognized amount, the discrepancy, its cause and the status of treatment: There is no discrepancy between the actual distribution and the recognized amount of the company.
  3. The earnings for the prior year are used for the distribution of employee remuneration and directors' remuneration:
    - (1) The Company's 2022 earnings distribution proposal was approved by the shareholders' meeting on June 13, 2023 with the employee compensation of NT \$0 and the Director compensation of NT \$0.
    - (2) Where there is a difference between the estimated amount and the recognized amount, the amount of difference, reason, and accounting treatment: There was no difference between the estimated amount and the recognized amount.
- (IX) Repurchase of the Company's shares by the Company: None.
- II. Issuance of corporate bonds:
1. Issuance of corporate bonds: None.
  2. Information on convertible corporate bonds: None.
  3. Information on swap of corporate bonds: None.
  4. Shelf registration of the issuance of corporate bonds: None.
  5. Information on corporate bonds with equity warrants: None.
- III. Issuance of preference shares: None.
- IV. Issuance of depository receipts: None.
- V. Issuance of employee stock warrants: None.
- VI. Issuance of restricted stock awards: None.
- VII. Mergers or acquisitions or demergers: None.
- VIII. Fund Application Plan Execution: None.

## Five. Overview of Operations

### I. Information on business

#### 1. Scope of business

##### (1) Main business of the Company and subsidiaries

The Group's main business scope includes the manufacturing of various aluminum alloys, plastic die-casted products, relevant molds, power and pneumatic hand tool parts, precision plastic components, as well as trading of electronic components, computer peripherals, and consumer goods.

##### (2) Proportion of each business in 2023

Unit: NT\$ thousand

Main product	Revenue	Proportion to total sales:
Processed metal products and plastic products	273,023	2.9%
Electronic product manufacturing and distribution	3,842,881	40.79%
Power hand tools and powder metallurgy	1,681,999	17.85%
Precision plastic components	3,623,045	38.46%
Total	9,420,948	100.00%

##### (3) The Company's products (services)

- A. Metal and plastic case and mechanical parts.
- B. 3C product manufacturing mold design and sales.
- C. Electric and pneumatic hand tool parts processing and manufacturing.
- D. Manufacture and sale of plastic and metal parts commonly used in automobiles.
- E. Manufacturing and trading of computer peripheral products and related components.
- F. Trading of consumer goods.

##### (4) New products planned to be developed

- A. 3C and automotive electronics metal casing and surface special treatment technology.
- B. Transmission device for 3C home appliances.
- C. Drive for automobile rearview mirrors.
- D. Application of "soft magnetic material" technology in motor rotor.
- E. Startup motors for automobiles.
- F. Toilet cover switch module, pump-related parts for Washlet.
- G. 3C and automotive precision plastic high-performance functional parts.



## 2. Overview of the industry

### (1) Current status and development of the industry

#### A. Metal processed products

Metal stamping is an important basic technology for manufacturing, and the products produced are widely used. Take electronic products as an example, include 3C products such as communication, information and consumer electronics, such as smart phones, cameras, digital cameras, projectors, desktop computers and laptops. At present, 3C products not only emphasize light, thin and short and appearance texture, but also pay more attention to environmental protection issues. Because of high plasticity, metal materials have become the main material of 3C products.

The metal exterior and internal components products produced by the Company are mainly used in smart phones and digital camera lens modules. According to the research report of International Data Corporation (IDC), the global shipments of smart phones in 2023 will be about 1.167 billion units, an annual decrease of 3.2%. The smartphone market is becoming saturated year by year, the terminal consumer demand is declining, the replacement cycle is prolonged, and the growth of 5G mobile phones is lower than expected, resulting in a downturn in the overall mobile phone industry sales.

Company	2023 Shipments	2023 Market Share	2022 Shipments	2022 Market Share	2023/2022 Growth
1. Apple	234.6	20.1%	226.3	18.8%	3.7%
2. Samsung	226.6	19.4%	262.2	21.7%	-13.6%
3. Xiaomi	145.9	12.5%	153.2	12.7%	-4.7%
4. OPPO	103.1	8.8%	114.4	9.5%	-9.9%
5. Transsion	94.9	8.1%	72.6	6.0%	30.8%
Others	361.8	31.0%	377.2	31.3%	-4.1%
<b>TOTAL</b>	<b>1,166.9</b>	<b>100.0%</b>	<b>1,205.9</b>	<b>100.0%</b>	<b>-3.2%</b>

Source: IDC Worldwide Quarterly Mobile Phone Tracker, January 15, 2024

#### Ranking of global smart phone market shipments in 2023

#### B. Electric Hand Tools

Power hand tool products can be divided into power hand tools (such as power drills and power screwdrivers), pneumatic hand tools (such as pneumatic screwdrivers and pneumatic wrenches, etc), and other power hand tools (combustion engine driven, hydraulically driven, and other power-driven power hand tools). Since the hand tools have the characteristics of lightweight structure, portable user, high production efficiency, and low energy consumption, they have been widely used in the industry and gradually developed to the general consumer level. They have become the operation tools that can be lacking in family life. It is

a large-scale mechanical tool.

The competition in the onshore mobile tool market has increased. From the perspective of Taiwan, Hong Kong and China, international well-known power tool brands such as Bosch, Stanley Black & Decker (hereinafter referred to as SBD) and Makita, etc., under the trend of cost, competition and global division of labor, have moved the original self-produced power tool machine manufacturing factory to find OEM or ODM manufacturers. Taiwan has a high-quality, low-cost and more complete supply chain, which is mainly engaged in the production of high-value medium-and high-value automated hand tools, and is one of the main exporting countries of beauty power tools, creating a competitive power tool OEM industry in Taiwan.

According to the report of Taiwan Industry Economics Services, the export market will decline in 2023 due to the Fed's interest rate hike, which will affect the housing market, and the public's demand for housing repair will decline. In addition, since the end of 2021, China's real estate companies have experienced a financial crisis, and the China's housing market has been in a downturn; The demand for electric hand tool products has weakened in the domestic market due to inflationary pressure and a decline in real wages, as well as a low buying atmosphere in the housing market, resulting in an annual decrease in the production and sales value of power hand tools 19.37% and 22.96%, respectively.

Unit: million, %					
	2019	2020	2021	2022	2023
Production value	23,193	23,905	28,553	23,662	19,078
Annual increase	-1.51	3.07	19.44	-17.13	-19.37
Sales	23,646	24,294	29,104	25,269	19,467
Annual increase	-1.21	2.74	19.8	-13.18	-22.96

Source: Department of Statistics, Ministry of Economic Affairs, and the Taiwan Industry Report, Taiwan Institute of Economic Research (March 2024)

Production, sales value and annual growth rate of the power hand tools manufacturing industry in the past five years

C. Powder metallurgy

Powder metallurgy has unique chemical composition, mechanical and physical properties, which can easily achieve various types of compounding and give full play to the respective characteristics of each group of materials. It is a process technology for low-cost production, high-performance metal foundations and ceramic composite materials. Its products are widely used, from the sintering products produced by the traditional powder metallurgy process to the complex shaped products produced by injection molding. It is verified that the powder metallurgy industry is in a rigorous state and amazing speed to penetrate into various industries.

Powder metallurgy products have many high-precision and complex characteristics, which can replace some cutting parts, handle large and multi-

volume non-melt metals and their compounds, false alloys, and multi-hole materials. In addition, powder metallurgy is suitable to produce products of the same shape and large quantity, especially products with high processing costs such as gears and bearings. The manufacturing using powder metallurgy method can effectively save materials and processing energy and reduce production costs.

Mining	Machining	Automobile manufacturing	Scooter manufacturing	Machinery equipment	Shipbuilding	Electrical manufacturing	Precision instrument	Electronic industry
<ul style="list-style-type: none"> <li>• Hard alloy</li> <li>• Diamond-metal composite materials</li> </ul>	<ul style="list-style-type: none"> <li>• Hard alloy</li> <li>• Ceramic tools</li> <li>• Powder high-speed steel</li> </ul>	<ul style="list-style-type: none"> <li>• Machine parts</li> <li>• Friction material</li> <li>• Porous bearing</li> <li>• Filter</li> </ul>	<ul style="list-style-type: none"> <li>• Machine parts</li> <li>• Porous bearing</li> </ul>	<ul style="list-style-type: none"> <li>• Machine parts</li> <li>• Porous bearing</li> </ul>	<ul style="list-style-type: none"> <li>• Friction material</li> <li>• Aluminum powder for paint</li> </ul>	<ul style="list-style-type: none"> <li>• Porous bearings</li> <li>• Copper - graphite brush</li> </ul>	<ul style="list-style-type: none"> <li>• Instrument parts</li> <li>• Soft magnetic material</li> <li>• Hard magnetic material</li> </ul>	<ul style="list-style-type: none"> <li>• Electrical contact materials</li> <li>• Vacuum electrode materials</li> </ul>
Radio television	Computer industry	Chemical industry	Petroleum industry	Military industry	Aviation	Space rocket	Atomic energy engineering	
<ul style="list-style-type: none"> <li>• Magnetic material</li> </ul>	<ul style="list-style-type: none"> <li>• Memory element</li> </ul>	<ul style="list-style-type: none"> <li>• Filter</li> <li>• Anticorrosion parts</li> <li>• Catalyst</li> </ul>	<ul style="list-style-type: none"> <li>• Filter</li> </ul>	<ul style="list-style-type: none"> <li>• Armor-piercing munition</li> <li>• Arms parts</li> </ul>	<ul style="list-style-type: none"> <li>• Friction liner</li> <li>• Filter</li> <li>• Porous material</li> <li>• Powder superalloy</li> </ul>	<ul style="list-style-type: none"> <li>• Transpiring material</li> <li>• Refractory metals and alloys</li> <li>• Fiber-reinforced material</li> </ul>	<ul style="list-style-type: none"> <li>• Nuclear fuel element</li> <li>• Reactor structural materials</li> <li>• Control materials</li> </ul>	

Source: New materials online classified and sorted by category

#### Powder metallurgy applications

Powder metallurgy mechanical materials (sinter mechanical components and sintered oil bearing) have a high degree of dependence on the transportation industry. At present, powder metallurgy components have been widely used in automotive engines, gearboxes and chassis. According to a report by the Taiwan Institute of Economic Research, due to the improvement of the shortage of key components in the automotive industry, the demand for automotive production has steadily expanded. From January to September 2023, the sales value of powder metallurgy as a percentage of the sales value of the metal processing industry has increased to 2.54%, which is stable compared with previous years.

#### D. Precision plastic injection products

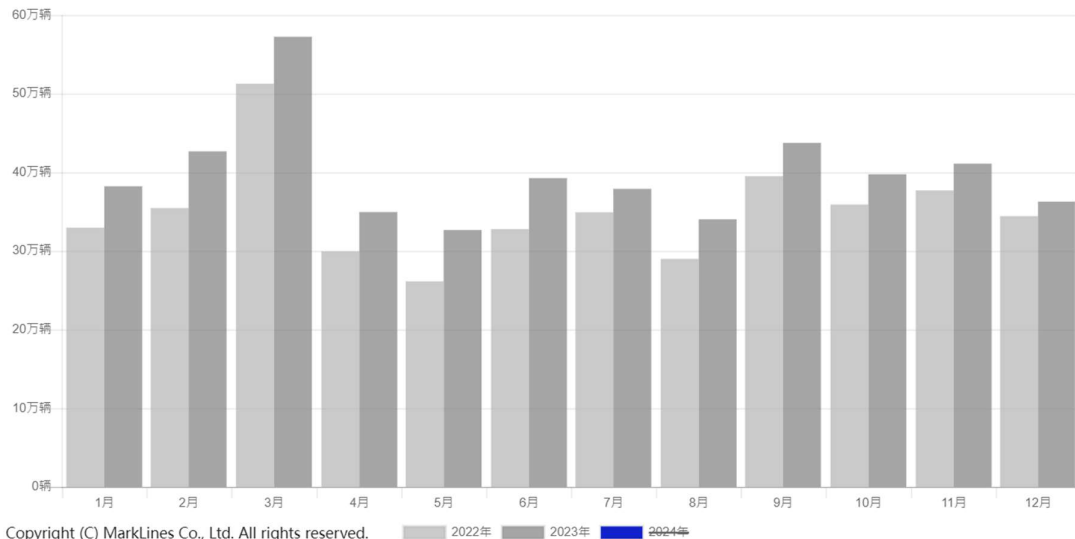
Engineering plastics in the industry refer to high-performance plastics with heat resistance above 100°C and used in industrial structures and mechanical parts. (2) Mechanical properties such as high strength, high mechanical mold number, low potential variability, and other characteristics such as good chemical drug resistance, good electric resistance, and good dimensional stability, so it is suitable for application in industrial parts or becoming enclosure materials. Injection molded plastics are flexibility in design. Due to the advantages of low cost for mass production and the demand for lightweight parts in recent years, plastic injection molded products are currently adopted for a wide range of applications, including automotive industry, residential applications, consumer electronics, medical devices, information industry, and optical components industry.

The precision plastic injection products produced by the Group are mainly used in auto, home appliance, and office equipment parts. The business model of

the Group's automotive parts and components is mainly OEM manufacturing and processing. The customer base is mainly Tier-1 (Tier-1) automotive parts and components suppliers in Japan, providing various plastic molding parts and modules required by them, which is part of the original manufacturing supply chain. Therefore, the development of the Group is affected by the development of the global automotive sales market.

In 2023, the global shortage of chips will be alleviated, automobile production will be on track, and the epidemic will be slowing down, and the local automobile sales in Japan will grow significantly. According to statistics from Japan Automobile Dealers Association and Japan Light Vehicle Association, the sales of automobiles in Japan will reach 4.7791 million units in 2023, an annual increase of 13.8%, and the first positive growth in recent five years. Japanese automobile brands sold 5.53 million units in the United States in 2023, an increase of 16% over 2022. In response to countries' efforts to promote zero carbon emissions, the trend of replacing fuel vehicles with electric vehicles is increasing, which is expected to

■ 汽车销量 日本 2024年



Copyright (C) MarkLines Co., Ltd. All rights reserved.

drive vehicle purchase demand.

Source: MARKLINES Global Automotive Information Platform

### Japan Car sales in 2022 and 2023

The Group's residential home appliances are mainly used in the parts and components of high-end Washlet, robot vacuum cleaners, bathroom dryers, air conditioners, and hand dryers. In recent years, the quality of life has improved and people's demand for epidemic prevention and anti-bacterial products has gradually increased. Through smart home appliances, users can easily understand their own health conditions and prevent diseases early to achieve health management. It is expected that the public's demand for Washlet will increase and the market for smart home appliances will be expanded. According to the Business Research INSIGHTS report, the global Washlet market will reach US \$8.6738 billion in 2031, with a compound annual growth rate of 9%. In addition to Japan, which has a mature market, the demand for Washlet in the U.S. and China has increased

significantly in recent years. In 2021, the popularity rate of Washlet in China was 4%, compared to 90% and 60% in Japan and South Korea, respectively, which clearly shows a huge consumer market.



Data source: Organized by the Data Center

#### China 2017-2023 Annual sales of Washlet

#### E. Electronic product manufacturing and distribution

Electronic products manufactured by the Company are mainly used in the mechanical parts of office machines, while the general sales business covers the agency of office machines, leasing business, consumer goods, etc. Benefiting from the significant recovery of the global economy since 2021 and the gradual lifting of the epidemic restrictions, employees began to return to work in the Company, driving the office's demand for this industry to rebound, resulting in an increase in the sales value of this industry from 2021 to 2022; However, in 2023, due to the slowdown of global economic growth, the operating performance of enterprises will be affected, which will in turn weaken the demand for this industry. According to the report of Taiwan Institute of Economic Research, the sales value of office machinery and equipment manufacturing industry will only reach NT \$7.699 billion, an annual decrease of 12.80%.

#### (2) Correlation between the upstream, midstream and downstream of the industry

##### A. Processed metal and plastic products

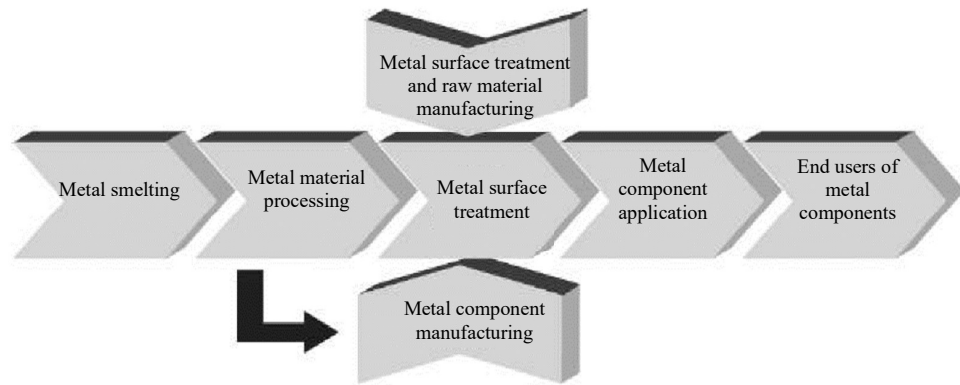
The main industrial structure of metal exterior parts can be divided into the refining of pure materials and the refining of alloys in the front-end process, the molding industry in the middle-end process (the Group is in the midstream industry for the development and manufacturing of molds, processing and molding, and surface treatment), and the component application in the back-end process.

Upstream: It includes the extraction of magnesium, aluminum, and iron; the main crude ores come from mainland China and Australia.

Midstream: It includes mold development and manufacturing, molding, as well as secondary treatment and surface treatment, in which the Group is. The main manufacturing process is as follows:

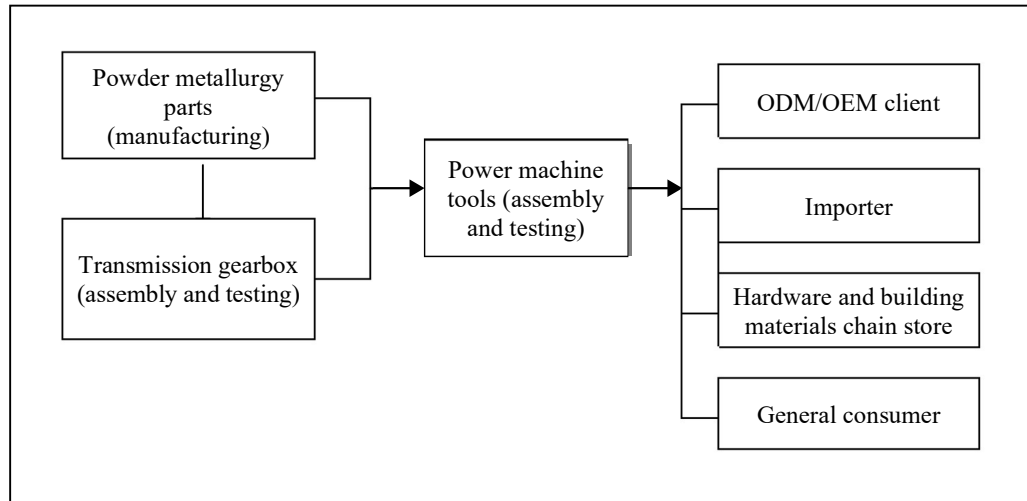
Development and design → mold making → CNC processing (stamping processing) → plastic molding → surface treatment → secondary processing → laser processing → assembly

Downstream: Metal products are used extensively, such as 3C products, automotive components and sporting goods. Applications related to the Group are mainly based on metal mechanical parts of 3C products.



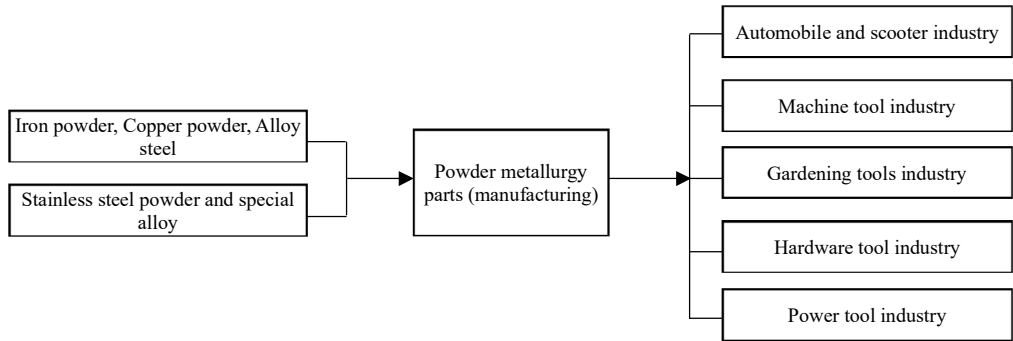
Source: Metal Industries Research & Development Center's ITIS Program (March 2014)

## B. Electric Hand Tools



The relations between the up-, mid-, and downstream industries of power machine tools

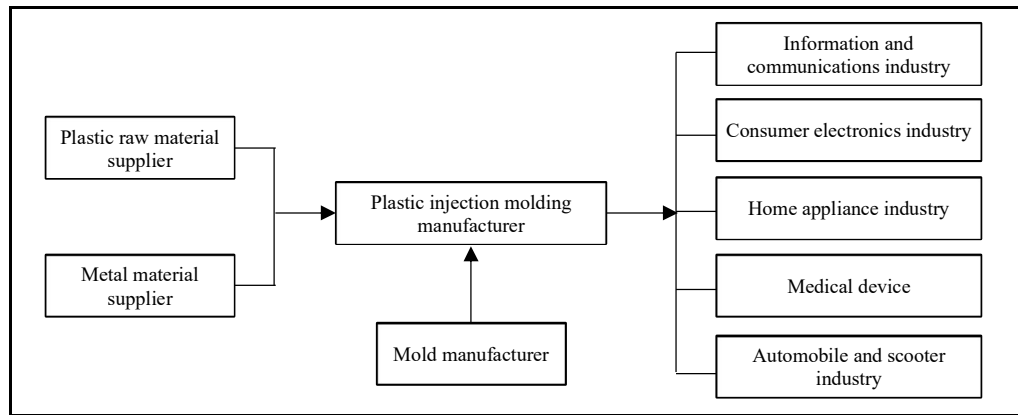
## C. Powder metallurgy



Source: Metal Industries Research & Development Center's ITIS Program

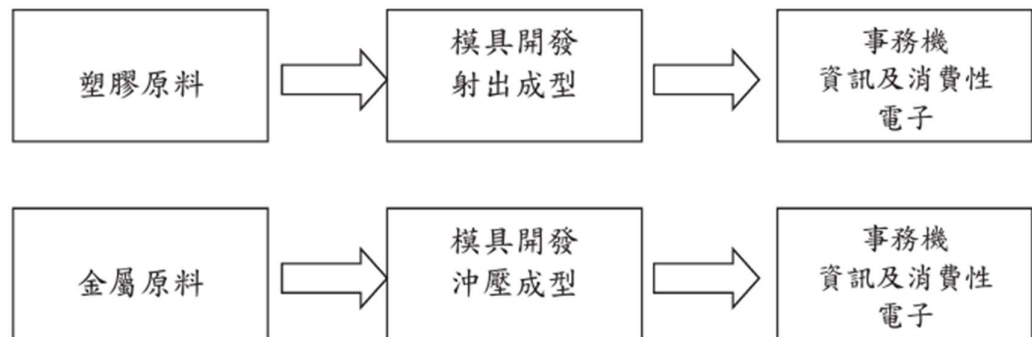
The relations between the up-, mid-, and downstream industries of powder metallurgy

D. Precision plastic injection



The relations between the up-, mid-, and downstream industries of plastic precision injection

E. Manufacturing and distribution of electronic products



Some distributors and distributors for upstream product designers, they can make up for the shortage of original factory services, focus on product design, research and development, and manufacturing, and they can build economical marketing channels and quickly enter the market through the distribution network of the covered market to increase market share. For downstream customers, they can quickly provide the necessary components and technologies to reduce related costs and reduce operational risks. Midstream channel distributors can integrate

downstream needs, purchase from upstream manufacturers, and distribute products to downstream customers with flexible Inventories management and diversified distribution agency brands.

### (3) Product development trends and competition

#### A. Future product development trends

##### (A) Processed metal products

In recent years, with the evolution of technology and market demand, 3C products, portable and wearable devices have become thinner and lighter. With this development, the internal space of machine elements is compressed, so the machine elements have become thinner and lighter, making the protection and support strength critical. It is used as the main component to protect the internal parts of electronic products, and is used in 3C and portable devices such as laptops, tablet devices, smart phones, digital cameras, etc.; In addition, the demand for wearable smart devices has grown rapidly in the near future, such as smart watches, which has a strong demand for thin and high-strength casings. To ensure lightweight and thinness, high strength, reasonable cost, easiness to be processed, excellent waterproof and dustproof functions, and high quality, aluminum alloys are mainly adopted

#### **Aluminum alloy application for common portable electronic products**

Application products	What it is applied to
Digital Video Camera	Framework
Digital Still Camera	Framework and outer case
Camera	Framework, top cover, bottom cover, outer case, and lens mount
Digital Projector	Framework, case, and mount
Cell Phone	Case
Note-Book PC	Top cover, LCD bezel, keyboard frame, bottom cover, internals, heat sink, and hard drive case
Desktop computer	Case and internals
Tablet device	Frame and internals

Source: ITIS Program, Industrial Economics & Knowledge Center, Industrial Technology Research Institute

##### (B) Power hand tools

The overall hand tool market is about a hundred billion US dollar, which is mainly based on the needs of Europe and the United States. The power tool market is expected to grow at a compound rate of 6.2% and 5% from 2022 to 2026, respectively, and the market space will reach US \$60.7 billion in 2026.



In terms of regions, North America and Europe are the largest regional markets for power tools, accounting for 41% and 36% in 2020, respectively. Since 2023, the absolute value of the inventory of electric hand tools has begun to decline, but since 2024, it has been disturbed by the red and sea situation again, which has led to a longer time for the transformation of export commodities into inventory, affecting customers to increase the reduction of orders. With the start of the interest rate cut cycle in the second half of the United States, driven by the demand in the real estate market, the power tool industry is expected to usher in a new round of replenishment cycle.

(C) Precision plastic injection products

IKKA Holdings (Cayman) Limited. (hereinafter referred to as "IKKA Holdings") and Sol-Plus(HK) Co., Limited (hereinafter referred to as "Sol Plus"), subsidiaries of the Company, are mainly engaged in the manufacturing, processing and trading of high-end precision plastic injection molding products, and terminal applications are mainly in the automotive, office machine market, residential home appliances and automotive audio-visual plastic components. Among them, the automotive market accounts for the highest proportion of sales, so the prosperity of the automotive market has a great impact on the company's performance.

a. Automobile industry

IKKA Holdings' main products are auto engines and components, car steering systems, brake systems and parts, and other car parts. Its main business model is OEM manufacturing and processing and main client base is Japan's Tier 1 auto parts suppliers. It provides various plastic molded parts and modules they need, so it is part of the original automobile manufacturing supply chain, making it susceptible to the development of the global automobile sales market.

The main products of Sol-plus were mainly the production of automotive audio-visual plastic components. The main customers are Japan's first-line automotive audio-visual and electronic manufacturers, such as Sony, Denso-ten, etc. In recent years, it has successfully developed plastic components related to electric vehicle motors, and has entered the supply chain of Japanese brand electric vehicles. The production base is located in Japan and Thailand. Through the production base, it is close to the Japanese automobile factory in Thailand, and has the advantage of nearby supply. With the development of electric vehicle motors and the resources of IKKA-KY, the focus will be on the development of automotive lightweight mechanical parts, automotive electronics and electrical equipment.

b. Residential home appliances industry

IKKA Holdings' products are mainly used in washlets. The sales of contactless products have grown significantly due to the pandemic, and the fully automatic washlets have become more popular with consumers. In addition, with the advancement of technology, smart home appliances and energy-saving and eco-friendly products will be the main development trends.

(D) Electronic product manufacturing and distribution

The barriers to entry into this industry, either in terms of technology or capital, are not high for new payers. Most plastic cases can be produced work with simple and low-tech machinery and equipment. The Company's main advantages can be summarized as follows:

- a. Provide product development and design services required by customers, and long-term cooperative relationships with downstream manufacturers, which can effectively expand market share, intangible constituting barriers to entry for competitors.
- b. Mainly produce precision plastic gears and mechanical parts, with a high technical level and a certain technical and experience threshold.
- c. We have reached a scale of economies in terms of cost and quality so enjoy certain advantages in the low-price competition; thus, it is not easy for us to be replaced by new players.

## B. Market competition

### (A) Processed metal products and stamped parts

At present, the Group is an OEM for world-renowned brands and has formed long-term partnerships with them, while actively enhancing our independent R&D capabilities to surpass competitors with technology, quality, and cost. In the future, we will continue to research and develop metal products and reinforce the production of metal stamped parts in addition to producing mobile phone metal cases to strengthen our global competitiveness.

### (B) Power tools and powder metallurgy

Regarding power tools and powder metallurgy, we mainly engage in the manufacturing, processing, and trading of various powder metallurgy components, such as gears and bearings, as well as transmission gearboxes. They are mainly used in power machine tools, auto parts, and gardening tools. Our clients include Bosch, SBD, METABO, and Makita, all of which are world-renowned power machine tool brands. SBD is a joint venture formed by Stanley Black & Decker in the U.S. and Jet Well Holdings Limited in Hong Kong. SBD is Stanley Black & Decker's main power machine tool manufacturer; METABO is a German power machine tool manufacturer. The Group mainly supplies transmission gearboxes, and the Company is also one of SBD and Bosch's main suppliers of transmission gearboxes. The monetary amount of powder metallurgy components sold to Makita has increased year by year. It is clear that the Group's power tool transmission gearboxes are recognized and adopted by major international brands; thus, our market share is in a leading position. Building on this foundation, we will develop other specific professional high-priced product markets. To sum up, it indicates that the Group's products are competitive in the market.

### (C) Precision plastic injection products

Regarding precision plastic injection products, the Group's products mainly serve Japanese customers, such as Sumitomo Electric, NSK and MOS, etc. The end customers of its products are TOYOTA, HONDA, MAZDA and Nissan and other car manufacturers, all of which are global auto brands The top companies in terms of market share; in addition, in the residential and office equipment related businesses, the main customers are Canon and PANASONIC, which have leading market shares. This shows that the Group's mold design, manufacturing, and plastic molding technologies have been widely recognized in the market.

### 3. Technology and R&D

#### (1) The technologies and R&D within the business scope

The Group mainly engages in the manufacturing of various aluminum alloys, plastic die-casted products, relevant molds, power and pneumatic hand tool parts, and precision plastic components, as well as the trading of electronic components, computer peripherals, and consumer goods. Regarding our main business of metal product processing and plastic injection molding, we are a professional metal stamping and plastic injection supplier. We mainly develop and provide stamped dies and plastic injection molding service in mechanical processing. The use environment, lifespan, and repair or maintenance requirements should be considered for the materials selected and heat treatment for the precision parts provided, and environmental factors need to be considered during processing. The flow production process from mold design and manufacturing to metal stamping and molding, as well as the mobile phone case molding and surface treatment for top brands are all the Group's important technological assets.

As for power hand tools and powder metallurgy, with clients' increasing demand for the mechanical properties and wear resistance of powder metallurgy steel in recent years, we are committed to developing a surface densification process to increase the surface density of powder metallurgy parts, to increase the added value of our products.

Regarding precision plastic injection products, the market demand for compound molding has surged as the costs of parts decrease. To meet this demand, the demand for vertical molding machines to replace horizontal molding ones is also increasing. To build a production system that can respond to the market demand, we have gradually adopted vertical molding machines. To continue to supply a wider range of higher precision injection molded products, in the fields of automobile-related business and housing-related business, we will continue to carry out research and development in accordance with the technical capabilities retained by the Group to meet the needs of customers.

(2) R&D personnel and their education (experience)

Unit: number of people

Item		Year	
		2022	2023
Distribution of educational	Doctoral	0	0
	Master's	15	9
	College	123	100
	Senior high school	67	22
Total		205	131
Average length of service (year)		8.30	9.59

(3) Estimated R&D expense for the past two years and the current year

Unit: NT\$ thousand

Item	Year	
	2022	2023
Research and development expenses	93,562	104,130
Operating revenue	10,518,257	9,420,948
R&D expenses as a percentage of revenue	0.89%	1.11%

(4) Technologies or products successfully developed in the most recent five years

Product	Year	Technologies or products successfully developed
Power hand tools and powder metallurgy	2019	Obtained the patent of "a new shock structure"
	2022	Obtained the patent of "Single-ring Impact Switch Structure"
Precision plastic components	2019	Designed and developed an airflow control module for air conditioners
		Completed the development of key components of the automotive electrical system for two car models and the design
		Completed the development of key components of an automobile fuel system
		Completed the development of key components of a car power steering system and the development of automated assembly
		Completed the development of key components of an electronic brake system for a car manufacturer and the
		Completed the development of key components of a residential fuel cell system
	2020	Completed the development of key parts of an electronic brake system for a car manufacturer
		Completed the development of key parts of an electronic gear system for two models of cars
		Completed the development of key parts of an electrical system for one model of car

Product	Year	Technologies or products successfully developed
Precision plastic components	2021	Completed the development of key parts of an electronic brake system for a car manufacturer
		Completed the development of key parts of an electrical system for one model of car
		Completed the development of key parts of an electrical equipment system for one model of car
		Completed the development of key parts of car mechanism for one model of car
		Completed the design and development of automatic lid lift modules for two models of washlets
		Completed the evaluation on the design and development of nozzle modules for one model of washlets
	2022	Completed the development of key parts of an electrical system for one model of car
		Completed the development of key parts of an electrical equipment system for one model of motorcycle
		Completed the design and development of an automatic lid lift module for a Washlet
		Completed the design and development of water valve module for one model of washlets
		Obtained the patent of "a forming mold for auto parts with a plug-in sealing cork"
		Obtained the patent of "an automatic screwing mechanism with double loading stations"
		Obtained the patent of "a mold for forming the bottom shell of a car fuse box"
		Obtained the patent of "a assembly mechanism for a double-press stroke auto parts "
		Obtained the patent of "a assembly mechanism for a pressing stroke auto parts"
		Obtained the patent of "a product ejection device for the production mold of vehicle-mounted surface shells"
		Obtained the patent of "an automatic assembly mechanism for auto Parts"
		Obtained the patent of "a mold with guide and limit functions"
		Obtained the patent of "a double-station automatic assembly mechanism for automobile hardware workpieces"
	2023	Completed the design and development of a mobile module for a washlet seat.
Completed the design and development of an automatic lid lift module for a washlet		

(5) Future R&D plan and estimated R&D expenses

Regarding processed metal products and plastic products, our R&D team has followed the principle of adopting advanced technology and creating competitive advantages and continued to improve the process technology and increase production efficiency and added values of products. We will actively adopt Japanese technology patents and apply the technology of plastic molding and metallic bonding to the metal CNC process. With metal appearance, plus plastic internal structure, along with more diversified 3D surface treatment processes for high brightness, we can meet clients' needs for the increasingly complex design needs, accentuate the uniqueness of our products, and enhance our price and market competitiveness. Regarding power tools and powder metallurgy, we will further enhance our R&D capabilities and the vertical integration of upstream and downstream suppliers for the existing motor transmission gearbox production line, to provide clients with a more complete power machine tool product line and one-stop services, thereby increasing the added values of our products, improving our international professional image, while expanding into emerging markets and strengthening our business development capabilities.

As for precision plastic injection products, we will develop toward auto parts products and gradually increase the proportion of revenue from auto and scooter components, and provide a variety of products and services. In response to the autonomous driving trend, we will aim to develop high value-added parts for electronic control in the field of auto parts.

4. Long-term and short-term business development plan

Processed metal products

In response to the rapid changes in the 3C product market, the Company has expanded from the previous digital camera and smart phone exterior and component suppliers to the exterior and component suppliers of consumer products such as automobiles and drones. In addition to actively striving for market orders, we will continue to reinforce our management system, improve production technology, and update manufacturing equipment. Through the combination of various production processes and technologies within the Group, we can provide clients with one-stop services to strive for more orders, thereby increasing our overall profitability. With the rise of new energy-powered car manufacturers, the supply chains of traditional car components are facing tremendous changes. With the continuous integration of electronic products, such as AI, information technology, and network into automotive applications, we also see more opportunities. The Company will take advantage of its well-developed processing technology for metal mechanical parts and enter the auto components market, to generate new opportunities for increased purchase orders.

Power hand tools and powder metallurgy

	Short-term development plan	Long-term development plan
1. Marketing strategy	(1) In line with the production strategy of international power tool machine manufacturers, provide supply chain service bases.	(1) Become a world-renowned manufacturer of power machine tools. (2) Develop a part of the world's

	Short-term development plan	Long-term development plan
	(2) Enable the Company's manufacturing technology and R&D capabilities to be recognized through certification by various international quality systems, to ensure the competitiveness of our products.	<p>automobile manufacturers, strive for more business opportunities, and improve the company's international reputation.</p> <p>(3) Actively participate in domestic and overseas trade fairs and continue to increase business opportunities.</p>
2. Production strategy	<p>(1) Actively purchase new models of machines and strengthen technicians' on-the-job training to increase added values and reduce costs.</p> <p>(2) Utilize the Group's factory resources in various regions of Asia to expand overseas factories, so as to maximize the benefits of customer supply and enhance market competitiveness.</p>	<p>(1) Utilize the advantages of the Group's factory resources in various regions of Asia to expand and pursue high added value and market share.</p> <p>(2) Strengthen cost strategy management</p>
3. Product development strategies	Accelerate the R&D of existing product lines, and provide clients with one-stop services with more complete product lines, to shorten the gap with our competitors.	<p>(1) Move toward the development of auto components, gradually increase the proportion of revenue from auto components, and provide a variety of products and services.</p> <p>(2) Enhance R&amp;D capabilities and the vertical integration of upstream and downstream suppliers for the existing motor transmission gearbox production line, to provide clients with a more complete power machine tool product line and one-stop services.</p> <p>(3) Taking advantage of the existing customers of major international manufacturers, cut into high-margin industrial power tools, provide higher-quality products, and get rid of competitors.</p>
4. Scale of operations	Pass the ISO14001 and T/S16949 product certification to enable the Company's manufacturing technologies and R&D capabilities to be recognized internationally; duly	(1) Based on the concept of corporate sustainable management, expand the powder metallurgy and transmission wheel container

	Short-term development plan	Long-term development plan
	implement R&D process management and improve and implement quality policies to ensure product competitiveness; continue to develop domestic and overseas markets to expand the scale of operations with high-quality products.	business. (2) Fulfill social responsibility driven by the promotion of the spirit of corporate governance, to seek shareholders, customers, employees, strategic partners, the public, and the management team's shared benefits, thereby accelerating the enhancement of the overall competitiveness in the industry and maximizing values for shareholders.
5. Financial management	Strengthen the partnerships with financial institutions, to ensure the stability and security of our financial operation and make it easier for us to access funds when needed.	Reinforce the financial structure by maximizing shareholders' equity.

#### Precision plastic injection products

	Short-term development plan	Long-term development plan
1. Marketing strategy	(1) Accelerate the replacement of metal parts with plastic ones to enhance the growth of the plastic molding business. (2) Accelerate the mass production of Japanese Nagoya plant and utilize our geographical advantages to closely connect with our customers.	(1) Make the most of the Group's resources to provide products with higher added values. (2) Aim to achieve one-stop supply service. Take Japan at the center and further improve product quality to improve client satisfaction.
2. Production strategy	(1) Invest in production equipment for new models to meet customer needs. (2) Actively promote production automation and build smart factories.	(1) Establish a production system to supply goods to the main markets of each industry in proximity. (2) Ensure consistent quality for all sites around the world.
3. Product development strategies	Reinforce our development system to meet market demand and provide products in alignment with market needs.	(1) Provide products in alignment with market needs. (2) Develop standard products.
4. Scale of operations	With IKKA and Sol-plus Japanese plants as the core factories, product development in Japan and overseas production.	(1) Standardize global production methods for business operations. (2) Obtain orders for products in alignment with the local needs and expand production sites.



	Short-term development plan	Long-term development plan
		(3) Change into a market-oriented production system.
5. Financial management	Work with financial institutions to raise funds in a timely manner depending on operational needs.	Strengthen the financial foundation, thereby improving the values of the enterprise.

#### Distribution of electronic components and finished goods

Regarding our short-term and mid-term development plans, we will reinforce the deep ties between plants and between plants and distributors, while improve product lines to provide existing clients with a more stable and sufficient supply of goods. In addition, we provide complete total solutions, including product packaging design and logistics. We will implement total quality management (TQM), maintain the ISO9001 (2000) quality system, prevent and solve quality system problems in production and service, improve product yield, and at the same time pursue profits and maintain an optimal market share.

Regarding our long-term business development plan, we will form strategic alliances with world-class businesses and distributors and set up factories overseas to build an business network with Taiwan as the center, to expand our market share and become a world-class market leader. We will further integrate the Group's resources, seek collaboration with brands in other regions, and use the advantages of complete product licenses and services and production flexibility to help clients expand the market.

## II. Overview of the market and production and sales

### 1. Market analysis

#### (1) Regions where the Company's main products (services) are sold (provided)

Unit: NT\$ thousand

Region \ Year		2022		2023	
		Amount	%	Amount	%
Domestic sales		2,197,262	20.89	2,191,483	23.26
Export	Asia	6,939,207	65.97	6,146,938	65.25
	Americas	962,957	9.16	676,067	7.18
	Europe	389,014	3.70	405,282	4.30
	Others	29,817	0.28	1,178	0.01
Total export		8,320,995	79.11	7,229,465	76.74
Total		10,518,257	100.00	9,420,948	100.00

#### (2) Market share

Regarding processed metal products, the Group is an OEM for world-renowned brands and has formed long-term partnerships with them, while actively enhancing our independent R&D capabilities to surpass competitors with technology, quality, and cost. In the future, in response to the rise of the electric vehicles and the trend of lightweight vehicles, we plan to enter the market of automotive electronics and auto components. With our well-developed processing technology for metal mechanical parts, we will continue to research and develop stamped metal products to enhance our global competitiveness.

In terms of electric hand tools and powder metallurgy, the Company is mainly engaged in the manufacturing, processing and trading of a variety of powder metallurgy components such as teeth and bearings and transmission gears. The products are mainly used in power tool machines, automotive parts and components, garden tools and metal casing products, etc. The sales of the transmission gears and teeth box segment accounts for the highest proportion, and the main customers are Bosch, SBD, METABO and MAKITA, which are among the world's top power tool manufacturers. The Group's power tool transmission gearboxes have been recognized and adopted by major international brands; we, building on the foundation, have developed the market for other specific professional high-priced products. It is clear that the Group's products are competitive.

In terms of precision plastic injection products, IKKA mainly serves Japanese customers, such as Sumitomo Electric, NSK and MOS, and the end customers of its products are TOYOTA, HONDA, MAZDA and Nissan, which are all the companies with the largest market share in the global automobile industry. Solplus mainly serves Japanese first-tier automotive audio and electronics manufacturers, such as Sony, Denso-ten, etc. In terms of residential-related business, major customers are Canon and PANASONIC, which have leading market share. This indicates that the Group's precision plastic injection products, from mold design, manufacturing to plastic molding technologies, are recognized and adopted by international brands, and our market share is in a leading position ahead of our competitors.

Regarding electronic product manufacturing and distribution, the Group focuses on precision business mechanism components to obtain certification and orders from major international manufacturers, and the final products are quite different from those in the industry and have certain market competitiveness.

(3) Supply and demand and growth potential of the market in the future

A. Supply and demand of the market in the future

Product	Demand	Supply
Processed metal products and plastic products	Mainly used in 3C products such as smart phones. As for the demand for smart phone casings, after lightweight metals: aluminum and magnesium are made into workpieces, their weight can be lighter than plastic products and strength and rigidity are at an advantage, and they feature great heat dissipation, electrical conductivity, and corrosion resistance, making them an excellent choice for structural materials.	The application fields of stamped metal parts include information, communications, consumer electronics, automobile, and aerospace industries, covering a wide range of fields, and they are not affected by the business cycle of a single industry. However, there are certain technical thresholds for products used in different industries, and the certification of suppliers' raw materials by major clients is time-consuming, and it is not often to change suppliers, so the supply side is relatively stable.
Powder metallurgy products	Powder metallurgy goods are important raw materials for automobile and scooter manufacturing and processing, aircraft parts, and various basic industries, and the long-term demand is stable.	There are certain technical thresholds for powder metallurgy molding and cutting tools; the barriers to pass clients' quality certification are very high, and it is not easy to change suppliers, so the supply side is stable.

Product	Demand	Supply
Power hand tools	<p>Most of the houses in the U.S. are made of wood, and the interior decoration and furnishings are mostly wooden products. With the low interest rate policy, the housing market is booming, the construction cost is low, the construction time is short, the replacement rate is high. Also, the natural disasters are frequent every spring and summer, they need to often repair their houses by themselves, so the U.S. has become the largest consumer of power hand tools in the world.</p> <p>In recent years, the thriving development of the domestic construction industry in mainland China, such as the real estate industry and the interior design industries, has led to an increase in the demand for power tools. Also, with the improved quality of life in mainland China, its power tool market will grow.</p>	<p>The world's most important power tool brands are SBD, Bosch, METABO, and Makita, and they have long maintained a leading position in the power tool industry. To maintain product quality, those companies' supplier certification is rigorous and is not easily affected by changes, so the supply is stable.</p>
Precision plastic injection products	<p>In response to the development of the electric vehicle industry and the difficulty of reducing the weight of batteries, automotive structural parts and interior parts need to be lightweight without affecting safety, so the demand for high-hardness and lightweight plastic molded parts continues to increase.</p>	<p>In addition to the innovative electric vehicle manufacturers, major European, U.S., and Japanese electric vehicle manufacturers have very strict requirements for product quality. Suppliers' products should be of high precision and meet the quality requirements, and suppliers should have high-end plastic molding and mold technologies and be able to provide vertically integrated services. Thus, the supply is stable.</p>

## B. Future market growth

### Processed metal products and plastic products

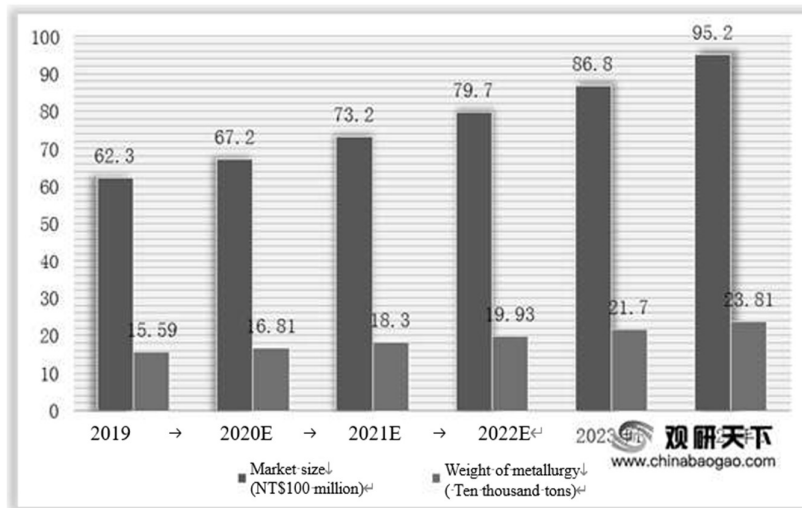
The Group is a professional manufacturer of metal casings for 3C products. With the original metal casing mold design and production technology, coupled with mature and stable surface treatment technology, the Group has stepped into the production and manufacturing of mobile phone metal casings and has become the main product of the Group. At present, the global mobile phone market is becoming saturated, and the terminal demand is declining. If the development of

AI mobile phones is hot, it is expected to drive a new wave of mobile phone purchases. In addition, benefiting from the rise of the electric vehicle market, the current demand for fuel vehicles is gradually replaced. The metal stamping parts have opened up a new market under the wave of automotive lightweight, and attracted the transformation investment of casing factories with metal stamping technology

### Power hand tools and powder metallurgy

Power hand tools have been widely adopted in the industry and developed into indispensable tools in households because of their lightweight structure, portability, high output efficiency, and low energy consumption. Affected by the Federal Reserve's interest rate increase and inflation, the U.S. housing market is sluggish, and the sales volume has grown significantly in the past three years, it is estimated that the terminal demand for power hand tools will drop slightly. However, The Chinese government's implementation of relevant policies aimed at the revitalization of the housing market is expected to increase the demand in the Chinese market and drive the recovery of the power hand tool market.

The automobile and scooter manufacturing industry is the largest market for powder metallurgy parts. At present, powder metallurgy parts have been widely adopted in car engines, gearboxes, and chassis. As per the report by China Powder Metallurgy Business Network, the Asia-Pacific region will be the fastest growing market for metal powder in the future, mainly because China is actively developing industries of automobile, machinery manufacturing, metals, aerospace, and high-tech. The powder metallurgy industry is prioritized by China for development and foreign investment, so its development prospects are promising. Take China's automobile manufacturing industry as an example, a report released by Insight and Info stated that the scale of powder metallurgy used in automobiles in China continues to expand, showing that the future of the powder metallurgy industry witnesses a positive growth trend.



Source: Open data (WYD)

### Forecast of the major market size of powder metallurgy used in automobiles in

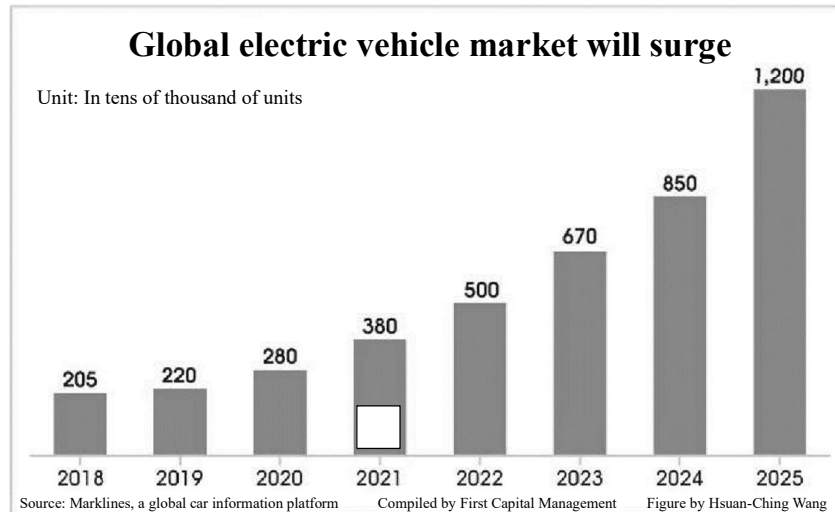
China between 2019 and 2024

Precision plastic injection products

The Group’s precision plastic injection products are mainly used in auto parts and home appliance components. Therefore, the two areas are analyzed below:

a. Automobile parts

Since automotive batteries cannot effectively reduce the weight of batteries at present, automotive structural components and parts are the top priorities. In addition, under the policies of various countries to strive for carbon neutrality goals, the development and sales of electric vehicles are stimulated. According to the research of mark lines, the global electric vehicle market will enter an explosive period, and it is estimated that the number of electric vehicles will reach 12 million by 2025, which will maintain the growth trend of the automotive industry. The demand for automotive parts is also developing positively, bringing a new wave of business opportunities.



Global electric vehicle market scale

b. Parts and components for home appliances

In recent years, the demand for Washlet in the United States and China has increased significantly. In recent years, the sales of Washlet in the United States and China have grown significantly. In addition to the stable development of the Japanese market, the current penetration rate of Washlet in the United States and China is low, so there is still great room for development and the possibility of rapid growth. According to the research of Global Info Research, the revenue of the global fully automatic smart toilet in 2022 is approximately US \$2,158.7 million, and is expected to reach US \$2,956.2 million in 2029, with a compound annual growth rate of 4.6% from 2023 to 2029. In the future, the Washlet will be combined with AI to provide users with personalized experience and information, which will further enhance consumers' demand for Washlet and stimulate the

development of the industry.

(4) Competitive niche

A. Processed metal products and plastic products:

The Group has a professional aluminum alloy die-casting management team in place and stepped into the mobile phone industry in 2014 and obtained orders from world-renowned mobile phone brands. Moreover, the Group has stepped into the automotive parts market with our well-developed metal stamping technology to seize the business opportunities in automotive electronics and auto parts created by the rise of electric vehicles. In the future, we will expand our production capacity depending on the order demand. The main competitive niches are as follows:

(A) Strong R&D and technological capabilities

The aluminum alloy industry's mass production and product quality stability have been proven by the market. More businesses are more willing to purchase it. Our R&D technicians have identified the future application and development of metal alloy materials, such as aluminum alloys, and continued to test and gain technical experience to maintain production quality above the certain level.

(B) Flow production and mass production capacity

The Group is highly experienced in the application of aluminum alloy materials and integrates flow production and manufacturing technologies to ensure efficient and effective management and breakthroughs of each process. We continue to invest manpower and time to improve machinery and tools to break through the bottleneck of mold design and manufacturing, to shorten the manufacturing time and provide clients with one-stop production services, from mold design, mold making, CNC machining, anodizing to assembly.

(C) Strict quality requirements

With all employees' participation and the Quality Control Department's efforts, the Group's management team has passed ISO9001, ISO14001, and QC080000 certification and launched stricter standards as the basis for internal control, which has been recognized by world-renowned businesses.

(D) Proactive and motivated R&D team

The Group has a R&D and design team, consisting of dozens of talents, who continuously conduct research on process improvement and mold design improvement, so our production efficiency is better than the industry standard.

B. Power tools and powder metallurgy and precision plastic injection products:

With the continuous launch of product technologies and specifications by major international power tool businesses in recent years and the diversification of product functions and appearances, the Group has continued to invest in the development of new products and technologies and quickly developed product styles and functions that clients' needs in alignment with the product development trends and the needs for a wide range of lightweight, multifunctional, and multipurpose power tool products, to seize opportunities in a highly competitive environment and maintain our product competitiveness. The main competitive

niches are as follows:

(A) Establishment of vertically integrated production processes

The Company invested in DongGuan Qunsheng in China in 91 years, which is engaged in the manufacturing of powder metallurgy components for gearboxes of transmissions, and invested in the establishment of DongGuan Best Achieve in 95 years, which is responsible for the production and assembly of gearboxes of transmissions, the production and manufacturing of powder metallurgy components, and transferred to DongGuan Best Achieve for the assembly of gearboxes of transmissions, which not only can provide raw materials for self-use, but also greatly help to reduce costs; In addition, IKKA, an important subsidiary of the Company, has extensive experience in mold design, production and maintenance, and can stably produce the highest level 0 level products, strengthening and expanding the supply field in the automotive market. With a vertically integrated system, we have powder metallurgy and precision plastic injection components available for sale and self-use, with a wide range of customized specifications, allowing us to meet clients' needs for development.

(B) Adoption of automated production equipment

The transmission gearbox assembly production line is located in Dongguan, mainland China. The assembly process requires a great deal of manpower. As the Law of the Peoples Republic of China on Employment Contracts was adopted in mainland China in recent years, the labor cost has increased year by year; we needed to strengthen the implementation of product line automation, reduce employees, and reinforce process management to improve production yield. Meanwhile, we will flexibly allocate production lines, reinforce employee education and training, and improve employee quality to reduce overtime hours and cut production costs, thereby making our products more competitive. Furthermore, we will indirectly invest in IKKA to upgrade its automated production with the Group's integrated resources.

(C) Nearby supply strategy, strengthen customer relationship and develop new clients

Considering that potential customers in Central China include Bosch and Mutian (Kunshan) Co., Ltd., etc., setting up a plant in Suzhou to provide services nearby, so in 95 years, Director will approve resolution to invest USD 3,000 thousand in Best Select Industrial Ltd., a company invested by Phoenix Place Holdings Ltd., to invest indirectly in Best Select Industrial (SuZhou) in China, and SBD for customers in South China can also be supplied by indirect re-invested DongGuan Best Achieve nearby. In addition to the headquarters in Japan, IKKA also has factories in Malaysia, Dongguan and Vietnam, which are combined with the Group's overseas bases in China and Southeast Asia, making the customer layout more complete.

(D) Professional skills and stable quality

Since December 2006, the Company has invested in the production and sales of related products. In addition to the experience of multiple manufacturing processes, it has led to the advancement of production



technology and the transformation of production process. It has passed ISO9001, ISO14001, ISO/TS16949 and green partner certification quality certification systems and has obtained much expertise. It not only enhances the Company's product image, but also helps to obtain customers' recognition of product quality and continues to strengthen the quality of OEM products by taking the opportunity of long-term cooperation with international manufacturers, and then strive for orders from Other international manufacturers to increase market share.

Moreover, with the continuous launch of product technologies and specifications by major international power tool businesses in recent years and the diversification of product functions and appearances, the Company, specializing in OEM and ODM in the power tool industry, has continued to invest in the development of new products and technologies and quickly developed product styles and functions that clients' needs in alignment with the product development trends and the needs for a wide range of lightweight, multifunctional, and multipurpose power tool products, to seize opportunities in a highly competitive environment and maintain our product competitiveness. Therefore, there must be professionals in the industry to continue to develop new technologies to improve the added value of products and process yield.

C. Distribution of electronic components and finished goods:

We are committed to becoming major Japanese manufacturers' professional partner to design products in alignment with their needs. Also, we adopt stricter standards than general ones as the basis for internal control, so we receive a large number of orders for mechanical parts with strict quality requirements, and even major Japanese manufacturers have also recognized our management team's processing and manufacturing capabilities.

(5) Favorable and unfavorable factors of development prospects and countermeasures

A. Processed metal products:

a. Favorable factors

- The use of aluminum alloy in IT products is becoming more and more popular.
- Stamped metals are adopted in emerging electric vehicle market.
- The environmental awareness is rising.

b. Unfavorable factors

- Labor force at the grassroots level is insufficient.
- Professionals are insufficient.
- There is a risk of exchange rate fluctuation.
- Domestic manufacturers have joined to share the pie as competitors.

c. Countermeasures

- Expanding production sites with sufficient workers at the grassroots level

- Enhancing R&D and the sales team
- Improving financial personnel's financial expertise and working with professional financial institutions to keep abreast of the future exchange rates and reduce the risk of exchange rate fluctuation
- Actively entering the mainstream market and forming alliances with international businesses
- Leveraging the Group's resources for co-marketing

B. Electric hand tools and powder metallurgy:

a. Favorable factors

- Market demand is gradually recovering.

In recent years, the market demand for power hand tools has increased, and the Group estimates to have continuous revenue due to our high quality and excellent distribution of sales.

- We supply goods to clients in proximity.

We have set up sales and production sites in Suzhou and Dongguan in mainland China to provide services in proximity based on our experience of long-term collaboration with major international brands. We aim to strengthen our product competitiveness by reducing production costs and shortening delivery time, to increase clients' confidence in our product quality and delivery.

- A professional and stable marketing team

The Group's marketing team, consisting of professionals and experienced talents, who are sensitive to market needs and product development trends and can lead the Business and the Development Departments to develop new products in alignment market trends and create new products with innovative values.

- Strong development, design, and production technologies and capabilities

To improve the process technologies, we adopt and update the automated production equipment, allowing our development, design, mold making, and production to be completed in the plants, to effectively control our product quality, improve the production efficiency, and cut production costs, while enabling our products to be more competitive.

b. Unfavorable factors and countermeasures

- Important raw materials of iron powder should be imported from abroad

An important raw material used in the Group's products: iron powder is imported from overseas suppliers. If the suppliers' supply is out of balance, it will easily result in drastic changes in prices or exchange rates and insufficient supply. The countermeasures are as follows: In addition to maintaining a positive and long-term partnerships with our existing main suppliers, we actively seek sources of procurement with stable quality to diversify the sources, while making planned purchases to keep a safety stock to avoid supplier concentration so as to reduce operational risks.

- The supply and demand in China's labor market is unbalanced, and labor

costs are rising year by year, thereby resulting in an increase in our operating costs.

In recent years, labor shortages in mainland China and the adoption of the Law of the Peoples Republic of China on Employment Contracts have resulted in pressure from rising labor costs. In order to reduce the demand for labor, the Group has actively introduced automation equipment and computerized management and strengthened the pre-employment and on-the-job training of employees to improve the quality and productivity of personnel, and actively strengthen various employee benefits to reduce the turnover rate of employees.

#### C. Plastic injection products:

##### a. Favorable factors

- Technology is widely used, and the impact of the economic cycle in specific industries is not significant.

The Group's main customers are scattered in the automotive industry, residential home appliances industry and office equipment industry, etc. The Group can produce the key components and modules required by its various industries. Due to the dispersion of industrial applications, it has a good ability to respond to the fluctuations of the economic cycle of specific industries, which is less susceptible to the economic cycle of a single industry, which is conducive to the stable development of the Group.

- High-level technology and stable quality products

With its accumulated molding technology, the Group can provide customers with high-precision, high-strength and stable quality plastic molding and injection products, and then provide high value-added products, which are trusted by customers.

- Maintain a good relationship with customers and achieve mutual assistance mode

Based on the product requirements provided by customers, the design of related components and mechanism modules can also provide opinions on market development trends and product development to jointly expand the market. Therefore, for a long time, we have maintained good partnerships with customers and reached a model of cooperation. Through years of efforts, the Group has become an important supplier in the supply chain of automobile manufacturers. Due to the complexity of the procurement and certification system of automobile manufacturers, the long preparation time, high quality, stable supply, and R & D efficiency, etc., which have become its focus, automobile manufacturers are less likely to change suppliers.

##### b. Unfavorable factors and countermeasures

- Risk of generational changes in the automotive industry

With the signing of the Paris Agreement in 2015, countries are gradually promoting the ban on the sale of fuel vehicles. According to UBS, electric vehicles will account for 40% of global sales by 2030. Therefore, the

generational reform of the automotive industry will affect changes in the overall automotive component industry. The Group's main products are plastic components such as relays that apply electronic wiring harnesses, electronic brake systems, and steering systems, which are not affected by the generational changes of fuel vehicles and new energy vehicles. These products will become more popular in the application of new energy vehicles. Combined with the concept of electric vehicles and self-driving vehicles, the central control computer integrates automotive-related components. To achieve the goal of energy saving, lightweight automotive body is the development focus, and the application of compound plastic components will be more extensive. Therefore, the products of the Group will not be affected by the generational changes of the industry.

## 2. Important functions and production processes of main products:

### (1) Functions of main products

Main product	Important functions
Processed metal products	Mainly supplying components for mobile phones to protect their internal mechanical components, heat dissipation and electromagnetic waves prevention functions
Molds	Mold development
Powder metallurgy products	Automobile and scooter components, gardening products, business equipment, transmission gear components, and hardware parts
Transmission gearboxes	Power tools, vending machines, and automobiles
Precision plastic injection	Important security parts for automobiles, washlet seat mechanical parts, and parts for business equipment
Plastic/Metal molding	Mechanical parts for business equipment and electronic product components

### (2) Production process

#### A. Processed metal products and plastic injection molding:

##### ① Processed metal products

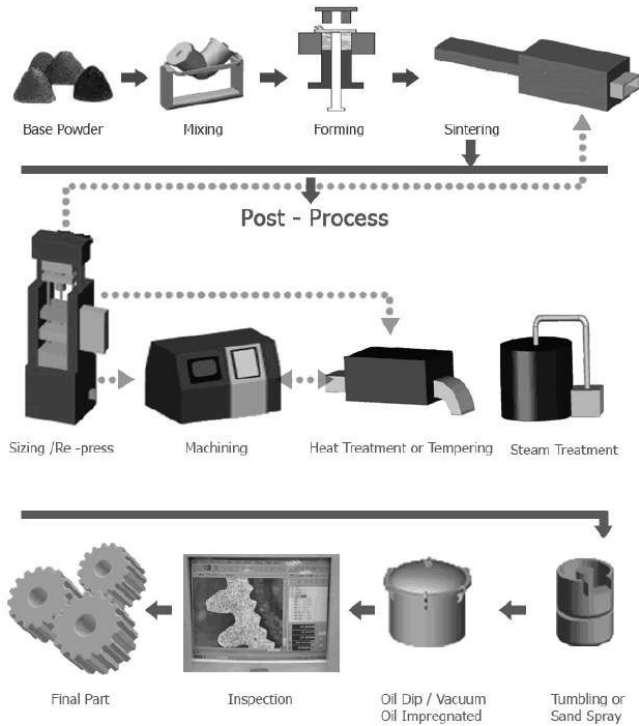
Mold design → Mold making → Mold test → Mold modification → Stamping and molding → Burr treatment → Ultrasonic cleaning → Packaging → Shipping inspection

##### ② Plastic injection molding

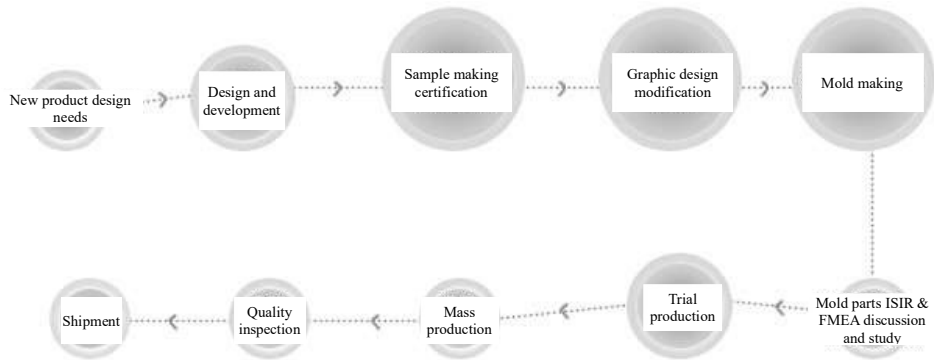
Mold design → Mold making → Mold test → Mold modification → Plastic injection molding → Inspection → Shipping

B. Power tools and powder metallurgy:

① Powder metallurgy products

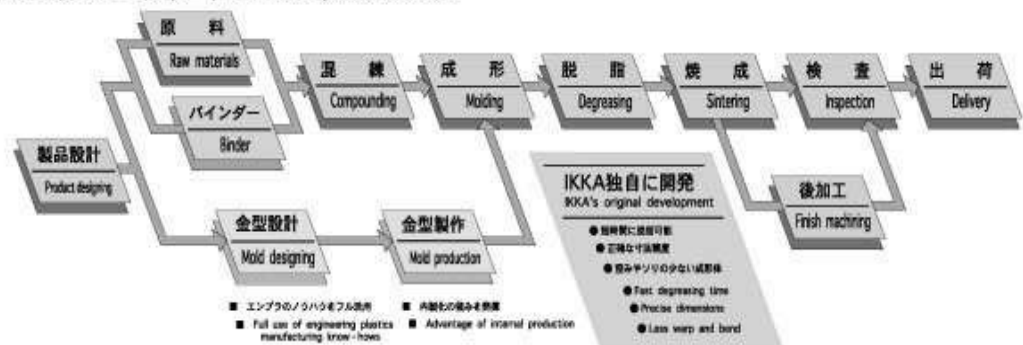


②Transmission



C. Precision plastic products

生産工程フローチャート Production process flow chart.



### 3. Supply of main raw materials

The original Supplies purchases of products in the last three years were prepared according to the customer's order forecast. For the purchases of major Raw materials s, except for the purchases from the original Supplies suppliers designated by the customer, the quotations, transaction conditions and cooperation models of the suppliers were considered. The purchases from more than two suppliers were still stable and there was no shortage or interruption of supply. Since there are many types of Supplies required, based on the consideration of procurement flexibility, there is no long-term supply contract signed with the supplier, and there are no major restrictions. Overall, the Company has established a long-term good cooperative relationship with major suppliers, and the delivery status of relevant suppliers in the last three years is still good, and there has been no supply shortage, interruption or delay that affects production operations.

#### 4. Major suppliers and clients in the most recent two years

##### (1) Major clients in the most recent two years

Unit: NT\$ thousand; %

Item	2022				2023				up to the prior quarter of 2024			
	Name	Amount	As a percentage of total net sales (%)	Relations with the issuer	Name	Amount	As a percentage of total net sales (%)	Relations with the issuer	Name	Amount	As a percentage of net sales for the year up to the previous quarter (%)	Relations with the issuer
1	Company BO	907,643	8.63	None	Company SU	1,008,038	10.70	None	Company SU	238,262	10.83	None
2	Company SU	859,008	8.17	None	Company A	699,894	7.43	None	Company BO	198,459	9.02	None
3	Company AV	806,252	7.67	None	Company BO	674,322	7.16	None	Company A	147,611	6.71	None
	Others	7,945,354	75.53		Others	7,038,694	74.71		Others	1,614,708	73.44	
	Net amount of sales	10,518,257	100.00	—	Net amount of sales	9,420,948	100.00	—	Net amount of sales	2,199,040	100.00	—

Reason for increase or decrease: In response to changes in market trends and the impact of changes in customer product demand.

##### (2) Major suppliers in the most recent two years

Unit: NT\$ thousand; %

Item	2022				2023				up to the prior quarter of 2024			
	Name	Amount	As a percentage of total net purchases (%)	Relations with the issuer	Name	Amount	As a percentage of total net purchases (%)	Relations with the issuer	Name	Amount	As a percentage of net purchases for the current year up to the previous quarter (%)	Relations with the issuer
	Others	5,756,545	100	—	Others	5,500,883	100	—	Others	1,349,162	100	—
	Net amount of purchase	5,756,545	100	—	Net amount of purchase	5,500,883	100	—	Net amount of purchase	1,349,162	100	—

Reasons for increase or decrease: Due to changes in customer orders and market demand, the purchase objects and amounts change.

5. Production volume and value in the most recent two years:

Unit: In thousands of pcs; NT\$ thousand

Production volume and value \ Year	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Main products						
Processed metal products and plastic products	54,965	15,209	419,235	27,709	13,745	229,680
Power hand tools and powder metallurgy	447,583	180,728	2,138,083	242,098	182,765	1,915,440
Precision plastic components	461,219	318,926	3,296,446	436,670	269,732	3,209,336
Electronic product manufacturing and distribution	1,381,335	848,559	1,349,893	1,301,273	578,137	1,112,087
Total	2,345,102	1,363,421	7,203,657	2,007,750	1,044,379	6,466,543

6. Sales volume and value in the most recent two years

Unit: In thousand of pcs; NT\$ thousand

Sales volume and value \ Year	2022				2023			
	Import		Export		Import		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Main products								
Processed metal products and plastic products	16,479	43,388	5,844	444,171	13,075	41,591	3,561	231,433
Power hand tools and powder metallurgy	21,165	140,345	58,339	2,124,503	16,501	138,943	40,391	1,543,056
Precision plastic components	0	0	275,118	3,496,771	0	0	265,393	3,623,045
Electronic product manufacturing and distribution	24,750	2,018,973	803,590	2,253,019	26,472	2,010,949	784,822	1,831,931
Total	62,393	2,202,706	1,142,891	8,318,464	56,048	2,191,483	1,094,167	7,229,465

III. Information on employees during the most recent two years and up to the publication date of this annual report:

Unit: number of people; year; %

Year		2022	2023	up to March 31, 2024
Number of employees	Management unit	1,160	918	909
	Production unit	2,500	2,640	2,622
	Total	3,660	3,558	3,531
Average age		41.22	40.99	40.51
Average length of service		8.53	8.67	8.66
Distribution of educational degrees	Doctoral	0%	0%	0%
	Master's	1.28%	1.26%	1.36%
	College	25.85%	26.81%	26.31%
	Senior high school	38.11%	38.93%	38.6%
	Below senior high school	34.76%	33%	33.73%



#### IV. Environmental Protection Expenditure

1. According to laws and regulations, if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made

- (1) Application status for those who should apply for a pollution facility installation permit or a pollution discharge permit: The Group has obtained relevant permits in accordance with laws and regulations.
- (2) Payment of pollution prevention fees: None.
- (3) Establishment of environmental protection unit personnel: The Group has established the unit and appointed personnel for the unit in accordance with laws and regulations.

2. List the company's investment in the main equipment for the prevention and control of environmental pollution and its use and possible benefits:

Unit: CNY thousand

Equipment	Number	Date of acquisition	Cost of investment	Undiscounted balance	Functions and estimated potential benefits
Bio tower	3	2018.8.21	1,238	650	Reducing the pollution from volatile organic compounds from production to the atmosphere
Workshop exhaust gas collection system and bio tower exhaust gas treatment system	1	2021.08.01	960	535	Handled in accordance with current regulations
Molding waste gas centralized collection device	1	2021.01.31	246	104	Exhaust gas collection in molding workshop (for environmental protection)
Rain and sewage drainage pipeline renovation	1	2022.01.25	219	185	For environmental protection required by the government

3. Explain the company's process of improving environmental pollution in the last two years and up to the date of publication of the annual report; If there is a pollution dispute, it should explain its handling process: None.

4. Explain the total amount of losses (including compensation) and penalties suffered by the Company due to environmental pollution in the last two years and up to the date of publication of the annual report, and disclose its future countermeasures (including improvement measures) and possible expenditures (including the estimated amount of losses, penalties and compensation that may occur if no countermeasures are taken, and if it cannot be reasonably estimated, the facts that it cannot be reasonably estimated should be stated): None.
5. Explain the current pollution situation and the impact of its improvement on the Company's earnings, competitive position and capital expenditure, as well as the expected major environmental protection capital expenditure in the next two years: None.

## V. Labor-management relations

1. The Company's various employee benefit measures, continuing education, training, pension system, and implementation thereof, as well as labor-management agreements and various employee rights protection measures:

### Metal processing products and plastic product business units

- (1) Employee benefit measures: including marriage and childbirth allowances and birthday cash gifts, bonuses for three major holidays, employee group insurance, and employee travel.

- (2) On-the-job training plans and implementation:

Employees are the most important Assets of the Company. Cultivation and training of employees' work skills and functions have always been the direction of active investment and cultivation. To facilitate the Company's overall development, we manage to improve employees' morality, quality, and work efficiency; the Human Resources Department is responsible for handling employee education and training and drawing up and implementing human resource development plans.

In addition to the internal training courses planned and offered by the Human Resources Department, we motivate employees to participate in training courses offered by external professional organizations to meet their special professional needs. We archive and manage the courses and trainings that each employee has attended and provided them to supervisors as a reference. We motivate employees to grow through education and training and integrate their knowledge into the Company's daily administration tasks and work, thereby improving the performance and work quality of our departments.

- (3) Pension system: Defined contribution system is adopted in accordance with Labor Pension Act. The monthly contribution rate of employee pension shall not be less than six percent of the employee's monthly salary
- (4) Labor-management agreement: The labor-management relations are harmonious without any labor disputes nor loss occurring due to labor disputes.
- (5) Measures to safeguard employees' rights and interest: In accordance with the "Labor Retirement Regulations", the Company has established a defined contribution pension

plan that is applicable to employees of R.O.C. nationality. The plan is applicable to employees of R.O.C. nationality. The maintenance and enforcement of employees' rights and interests are based on the relevant laws and regulations.

(6) Work environment and employees' personal safety:

Considering the importance of the work environment and the protection measures for employee personal safety, the Group has established the complete ISO9001, ISO14001, and QC080000 management systems, set goals, formulated programs, and implemented environmental and personal safety management activities.

Power hand tools, powder metallurgy, and precision plastic components business units

(1) Employee benefit measures:

- A. Employee Welfare Committee: We established the Employee Welfare Committee in August 2003 as per the Employee Welfare Committee Charter. There are officers dedicated to the committee's daily administrative tasks, and it provided benefits in accordance with the Welfare Committee Benefit Measure Implementation Regulations.
- B. The Company provides on-the-job education and training, year-end bonuses, employee dividends (as per the Company's Articles of Incorporation), contribution to the retirement reserve, annual health examination, and a year-end dinner party.

(2) Employee education and training

Education and training is one of employees' basic benefits. We actively encourage them to learn on the job and work after learning, to improve their personal competencies, increase work skills, and enhance team performance. Also, our auditors attended the internal audit practice training courses and we sent them to participate in relevant seminars to enhance their auditing skills. Our financial accounting personnel also participated in training courses offered by competent authorities or relevant agencies.

(3) Pension system and implementation:

In accordance with the provisions of Labor Standards Act, 2% of the total monthly salary of employees is allocated in accordance with the law to the "retirement reserve" and deposited in the special account of the Bank of Taiwan; Effective July 1, 2005, the Company adopted a defined contribution plan ("Labor Pension Act"), which applies to employees eligible for the appropriation. After the adoption, employees may choose the pension scheme under the Labor Standards Act or the scheme under the Labor Pension Act with their length of services accumulated under the pension scheme under the Labor Standards Act retained.

(4) The labor-management agreement and various employee rights protection measures:

The labor-management relations are harmonious. We hold labor-management meetings in accordance with the labor-management meeting implementation rules as a labor-management communication channel to eliminate potential disputes.

Electronic components and finished goods distribution business unit

(1) Employee benefit measures

- A. All our employees are insured by the National Health Insurance and labor insurance. All benefits for childbirth, injuries, medical treatment, disabilities, old age, and death are provided in accordance with the Labor Insurance Act.
- B. We have established an Employee Welfare Committee to regularly hold a variety of employee activities. to enhance the relations between employees, boost their work morale, and increase their recognition of and commitment to the Company.
- C. We hold employee travel and a year-end party (with lucky draw activities) every year.
- D. We also raise employees' salary, provide them with year-end bonuses, and adopt a profit-sharing and stock-ownership system.

(2) Pension system and implementation

The Company has established the Employee Retirement Measures in accordance with Labor Standards Act and has allocated employee retirement funds monthly to be deposited in a dedicated account at the Central Trust of China. Since July 1, 2005, the Company has implemented the new Labor Pension Act. For employees who are subject to the regulations, the Company has allocated six percent of the employee's monthly salary and deposited it in the individual account of the Bureau of Labor Insurance.

(3) Labor-management agreements

The Company belongs to the applicable industry of Labor Standards Act, and all operations are based on Labor Standards Act. The Company holds regular labor-management coordination meetings to fully communicate with employees on various matters. Only one case has been coordinated to resolve the dispute, and no Other labor disputes have occurred.

(4) Employee education and training

Item	Number of courses	Total number of people	Total hours	Total cost
1. New employee training	232	932	3,122	149,000
2. Professional competency training	78	186	686	757,580
3. Managerial competency training	29	98	921	93,100
4. General knowledge training	1,627	6,255	6,663	3,303,418
5. Self-inspiration training	0	0	0	0
Total	1,966	7,471	11,392	4,303,098

(5) Protection measures for the work environment and employees' personal safety:

Considering the importance of the work environment and the protection measures for employee personal safety, the Company has established the complete ISO14001 and QC080000 management systems, set goals, formulated programs, and implemented environmental and personal safety management activities.

2. Explain the losses suffered by the Company due to labor disputes in the most recent two years and up to the date of publication of the annual report, and disclose the estimated amount and corresponding measures that may occur at present and in the future: There have been no losses due to labor disputes in the most recent two years and up to the date of publication of the annual report, so this item is not applicable.

## VI. Cyber security management

1. The Company has established a cyber security risk management framework, cyber security policies, specific management plans in response to cyber security risks, and resources invested in cyber security management are detailed as follows:

(1) Cyber security management framework

The company has an information security supervisor and information security personnel responsible for supervising the operation of information security management to build capital security defense capabilities and good information security awareness among colleagues. In terms of network security defense measures, the firewall and anti-virus at the front end of the network have been introduced as the basis for information security protection. The internal hosts are equipped with anti-virus software, regularly update the virus code and immediately identify the characteristics of malicious behavior, which can immediately block virus Trojan worms, ransomware, malicious programs attached to file folders, etc., to reduce the risk of being attacked by hackers.

(2) Cyber Security Policy

A. Purpose:

Improve the Company's information security and stable operation, provide reliable information services, ensure the confidentiality, integrity and availability of information Assets, and smoothly promote the Company's various businesses to comply with information security management operations.

B. Scope:

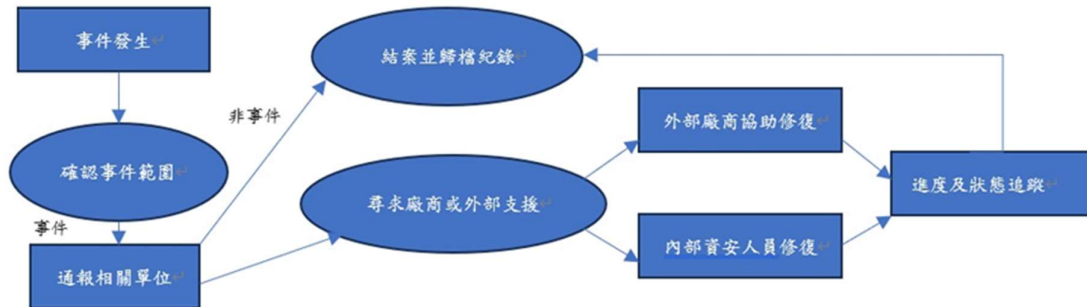
This policy applies to the Company's colleagues, suppliers who have access to the Company's business information or provide services.

C. Goals:

- (a) To ensure the confidentiality of the Company's relevant important information and protect the Company's confidential and personal information.
- (b) To enhance the information security protection capability and the goal of continuous operation of the Company.

D. Strategy:

- (a) Considering relevant regulations and corporate operational requirements, evaluating information security requirements, and establishing relevant procedures to ensure the integrity and availability of the information Assets.
- (b) Establishment of organizational division of labor and responsibilities and implementation of cyber security operations.
- (c) Ensure proper response, control and handling of information security incidents in accordance with the information security incident notification and response mechanism.



(3) Specific management plan

A. Scope of control:

Core information equipment, computer equipment, related software programs, databases, and related data.

B. Management procedures:

- (a) The computer room is not allowed to enter and exit freely.
- (b) To purchase equipment, an application form must be filled out, and the information department will purchase and install the equipment upon approval by the competent unit.
- (c) Not to install illegal software, install anti-virus software, conduct regular virus scanning and update the virus pattern.
- (d) The computer-related equipment shall be handed over when the personnel leaves.
- (e) Set up a firewall for external access by the Company, all of which must be entered through the firewall.
- (f) The user must lock the screen when leaving the computer temporarily, and the computer must be closed when not in use.
- (g) Employees who leave or change jobs, the use of account passwords should be canceled or updated.
- (h) The password shall be updated on a regular basis with at least 6 password length.
- (i) The first user's account and authorization should be applied, approved by the head of the department, and then executed by the information department.
- (j) The data access authority should have a tiered authorization system.
- (k) The non-designated finance personnel have no right to use the financial statement system.
- (l) Passwords cannot be displayed on computer screens and keyboards.

(4) Resources invested in cyber security management

- A. Endpoint protection: Regularly check and update the operating system and virus code.

- B. Hardware Defense: Introduce FORTINET firewall to strengthen network information security management.
  - C. Inventory of equipment and software: Inventory check is conducted once a year to ensure legal use of licensed software and confirm the use of equipment.
  - D. Promote and strengthen information security awareness from time to time.
  - E. Implementation of backup mechanism: Build core equipment and backup management mechanism to ensure the security and availability of data.
  - F. Set one information security supervisor and one information security specialist.
  - G. Segregate internal and external networks.
  - H. Upgrade the mail server to effectively prevent phishing email attacks.
  - I. Upgrade the uninterruptible power supply system to avoid the hazards caused by voltage fluctuations and building power failures.
2. In the most recent year and up to the publication date of this annual report, if the losses, possible impacts, and countermeasures due to major information security incidents cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be explained: no major information security incidents occurred this year.

## VII. Important contracts

Nature of contract	Party	Start and end date	Main content	Restrictive covenants
Lease agreement	Shangtang Branch, Collective Economic Organization at Xintang District, Houjie Town, Dongguan City	2021/10/6-2027/10/5	Property leased in: Building G of Dongguan Cheng Guang's plant	None
Lease agreement	Huan Nan Assets Management	2021/10/15-2024/1/14	Property leased in: A plant at No. 102, Wugong Road, Wugu District	None
Lease agreement	Huan Nan Assets Management	2024/1/15-2027/1/14	Property leased in: A plant at No. 102, Wugong Road, Wugu District	None
Lease agreement	Dongguan Lifeng Industrial Co.	2008/7/23-2055/6/2	Property leased in: Plant No. 73 in the industrial park	None
Lease agreement	(株)エヌ・エス	2023/10/1-2033/9/30	Lease: Donghai office building	None
Distribution contract	HP Information Technology (Taiwan) Co., Ltd.	2023/1/1- 2023/12/31	Products under the HP trademark	None
Agency sales	AP Memory Technology Corporation	2023/4/1-2024/3/31	Designated products under the EPSON trademark	None

## Six. Overview of Financial Information

### I. Condensed balance sheet and statement of comprehensive income, as well as names and audit opinions of the CPAs for the most recent five years

#### (I) 1. Condensed consolidated balance sheet as per the International Financial Reporting Standards

Unit: NT\$ thousand

Item	Year	Financial data for the most recent five years (Note 1)					Financial data for the year up to March 31, 2024
		2019	2020	2021	2022	2023	
Current assets		8,959,803	9,418,371	9,970,894	8,840,551	9,024,399	9,236,365
Property, plant and equipment		3,456,806	3,348,112	3,093,364	2,974,593	2,688,960	2,676,014
Intangible assets		163,696	134,524	139,965	165,854	162,275	159,664
Other assets		2,420,967	2,661,317	2,716,919	3,383,461	3,463,130	3,899,870
Total assets		15,001,272	15,562,324	15,921,142	15,364,459	15,338,764	15,971,913
Current liabilities	Before distribution	6,270,945	5,731,612	5,794,461	5,066,414	5,289,066	5,333,033
	After distribution	6,354,261	5,782,601	5,845,450	5,117,403	5,339,754	5,383,721
Non-current Liabilities		1,778,381	2,899,061	2,727,660	2,841,732	2,573,438	2,916,454
Total liabilities	Before distribution	8,049,326	8,630,673	8,522,121	7,908,146	7,862,504	8,249,487
	After distribution	8,132,642	8,681,662	8,573,110	7,959,135	7,913,192	8,300,175
Equity attributable to owners of the parent		5,388,544	5,161,705	5,177,826	5,389,544	5,571,748	5,678,296
Share capital		1,666,314	1,699,640	1,699,640	1,699,640	1,689,590	1,689,590
Capital surplus		2,450,313	2,469,783	2,584,368	2,596,552	2,599,661	2,613,551
Retained earnings	Before distribution	1,664,459	1,434,852	1,499,247	1,394,903	1,665,288	1,658,292
	After distribution	1,581,143	1,383,863	1,499,247	1,343,914	1,614,600	1,607,604
Other equity		(386,828)	(412,797)	(575,656)	(271,778)	(377,077)	(277,423)
Treasury shares		(5,714)	(29,773)	(29,773)	(29,773)	(5,714)	(5,714)
Non-controlling interests		1,563,402	1,769,946	2,221,195	2,066,769	1,904,512	2,044,130
Total equity	Before distribution	6,951,946	6,931,651	7,399,021	7,456,313	7,476,260	7,722,426
	After distribution	6,868,630	6,880,662	7,348,032	7,405,324	7,425,572	7,671,738

Note1: Financial data from the year of 2019 to the year of 2023 have been audited, and financial data for the year of 2024 has been reviewed.

Note2: Financial data after distribution for the year of 2023 are estimated from the surplus distribution proposal passed by the Board of Directors on May 10, 2024.



2. Condensed parent company only balance sheet as per the International Financial Reporting Standards

Unit: NT\$ thousand

Item	Year	Financial data for the most recent five years				
		2019	2020	2021	2022	2023
Current assets		514,497	393,463	242,443	251,539	312,359
Property, plant and equipment		208	111	251	236	996
Intangible assets		0	0	0	0	0
Other assets		6,055,637	6,236,810	6,572,492	6,857,139	7,040,713
Total assets		6,570,342	6,630,384	6,815,186	7,108,914	7,354,068
Current liabilities	Before distribution	1,172,877	355,083	626,421	605,427	771,539
	After distribution	1,256,193	406,072	677,410	656,416	822,227
Non-current liabilities		8,921	1,113,596	1,010,939	1,113,943	1,010,781
Total liabilities	Before distribution	1,181,798	1,468,679	1,637,360	1,719,370	1,782,320
	After distribution	1,265,114	1,519,668	1,688,349	1,770,359	1,833,008
Equity attributable to owners of the parent		5,388,544	5,161,705	5,177,826	5,389,544	5,571,748
Share capital		1,666,314	1,699,640	1,699,640	1,699,640	1,689,590
Capital surplus		2,450,313	2,469,783	2,584,368	2,596,552	2,599,661
Retained earnings	Before distribution	1,664,459	1,434,852	1,499,247	1,394,903	1,665,288
	After distribution	1,581,143	1,383,863	1,499,247	1,343,914	1,614,600
Other equity		(386,828)	(412,797)	(575,656)	(271,778)	(377,077)
Treasury shares		(5,714)	(29,773)	(29,773)	(29,773)	(5,714)
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	5,388,544	5,161,705	5,177,826	5,389,544	5,571,748
	After distribution	5,305,228	5,110,716	5,126,837	5,338,555	5,521,060

Note 1: Financial data from the year of 2019 to the year of 2023 have been audited by CPAs.

Note 2: Financial data after distribution for the year of 2023 are estimated from the surplus distribution proposal passed by the Board of Directors on May 10, 2024.

(II) 1. Condensed consolidated statement of comprehensive income as per the International Financial Reporting Standards

Unit: NT\$ thousand

Item	Year	Financial data for the most recent five years					Financial data for the year up to March 31, 2024
		2019	2020	2021	2022	2022	
Operating revenue		12,096,397	10,898,501	11,848,525	10,518,257	9,420,948	2,199,040
Gross profit		1,795,489	1,703,056	1,827,626	1,603,795	1,528,632	345,124
Operating income or loss		186,904	117,841	259,083	16,274	11,962	(30,415)
Non-operating income and expenses		399,531	(62,448)	117,916	160,202	219,258	51,797
Net income before tax		586,435	55,393	376,999	176,476	231,220	21,382
Net income of continuing operations in this period		434,365	(82,648)	227,638	26,458	117,781	1,252
Loss on discontinued operations		0	0	0	0	0	0
Net income (loss) for this period		434,365	(82,648)	227,638	26,458	117,781	1,252
Other comprehensive income for this period (net of tax)		(152,400)	11,213	(134,152)	194,503	90,146	136,050
Total comprehensive income for this period		281,965	(71,435)	93,486	220,961	207,927	137,302
Net income attributable to owners of the parent		197,310	(123,119)	58,736	(96,951)	55,952	(6,996)
Net income attributable to non-controlling interests		237,055	40,471	168,902	123,409	61,829	8,248
Total comprehensive income attributable to owners of the parent		19,654	(144,729)	(35,437)	203,750	214,532	92,658
Total comprehensive income attributable to non-controlling interests		262,311	73,294	128,923	17,211	(6,605)	44,644
Earnings per share		1.33	(0.73)	0.35	(0.58)	0.33	(0.04)

Note 1: Financial data from the year of 2019 to the year of 2023 have been audited, and financial data for the year of 2024 have been reviewed.

2. Condensed parent company only statement of comprehensive income as per the International Financial Reporting Standards

Unit: NT\$ thousand

Item	Year	Financial data for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Operating revenue		13,587	7,090	9,613	11,297	39,365
Gross profit		9,228	2,525	3,673	5,210	34,446
Operating income or loss		(60,148)	(37,272)	(46,644)	(51,286)	(17,076)
Non-operating income and expenses		257,001	(69,906)	106,792	(42,402)	75,019
Net income before tax		196,853	(107,178)	60,148	(93,688)	57,943
Net income of continuing operations in this period		197,310	(123,119)	58,736	(96,951)	55,952
Loss on discontinued operations		0	0	0	0	0
Net income (loss) for this period		197,310	(123,119)	58,736	(96,951)	55,952
Other comprehensive income for this period (net of tax)		(177,656)	(22,340)	(94,173)	300,701	158,580
Total comprehensive income for this period		19,654	(145,459)	(35,437)	203,750	214,532
Net income attributable to owners of the parent		197,310	(123,119)	58,736	(96,951)	55,952
Net income attributable to non-controlling interests		0	0	0	0	0
Total comprehensive income attributable to owners of the parent		19,654	(145,459)	(35,437)	203,750	214,532
Total comprehensive income attributable to non-controlling interests		0	0	0	0	0
Earnings per share		1.33	(0.73)	0.35	(0.58)	0.33

Note 1: Financial data from the year of 2019 to the year of 2023 have been audited by CPAs.

(III) Names and audit opinions of the CPAs in the most recent five years (Consolidated)

Year	CPA	Audit opinion
2019	Man-Yu Juanlu, Yung-Chien Hsu	Unqualified opinion
2020	Man-Yu Juanlu, Yung-Chien Hsu	Unqualified opinion
2021	Ya-Hui Lin, Yung-Chien Hsu	Unqualified opinion
2022	Ya-Hui Lin, Yung-Chien Hsu	Unqualified opinion
2023	Ya-Hui Lin, Min-Chuan Feng	Unqualified opinion

## II. Financial analysis for the most recent five years

### 1. Analysis of consolidated financial data for the most recent five years as per the International Financial Reporting Standards

Item		Year	Financial analysis for the most recent five years					Financial data for the year up to March 31, 2024 (reviewed)
			2019	2020	2021	2022	2023	
Financial structure (%)	Debt ratio		53.66	55.46	53.53	51.47	51.26	51.65
	Ratio of long-term capital to property, plant and equipment		252.55	293.62	327.37	346.20	373.74	397.56
Solvency (%)	Current ratio		142.88	164.32	172.08	174.49	170.62	173.19
	Quick ratio		116.65	136.01	135.81	141.36	141.63	144.18
	Interest earned ratio (times)		8.14	1.71	5.64	3.12	3.14	1.79
Operating performance	Accounts receivable turnover (times)		5.12	4.60	4.89	4.63	4.51	4.02
	Average collection period (days)		71.27	79.35	74.71	78.84	80.93	90.80
	Inventory turnover (times)		6.60	6.18	5.86	5.12	5.46	5.44
	Accounts payable turnover (times)		5.82	5.29	5.51	5.69	5.77	4.58
	Average days in sales		55.34	59.10	62.33	71.33	66.85	67.10
	Property, plant and equipment turnover (times)		3.50	3.26	3.83	3.54	3.50	3.29
	Total assets turnover (times)		0.81	0.70	0.74	0.68	0.61	0.55
Profitability	Return on total assets (%)		3.44	(0.13)	1.86	0.60	1.33	0.59
	Return on equity (%)		6.26	(1.19)	3.18	0.36	1.58	0.07
	Pre-tax income to paid-in capital (%)		35.19	3.26	22.18	10.38	13.68	5.06
	Profit margin		3.59	(0.76)	1.92	0.25	1.25	0.06
	Earnings per share (NT\$)		1.33	(0.73)	0.35	(0.58)	0.33	(0.04)
Cash flow	Cash flow ratio (%)		14.52	11.08	4.93	23.98	14.80	(0.52)
	Cash flow adequacy ratio (%)		89.06	114.74	114.26	121.53	144.19	122.05
	Cash reinvestment ratio (%)		5.85	3.57	1.50	7.38	5.14	(0.17)
Leverage	Operating leverage		5.69	7.89	4.10	46.80	60.93	(4.64)
	Financial leverage		1.78	2.94	1.46	(0.24)	(0.12)	0.53
Reasons for changes in financial ratios in the most recent two years (unless increase or decrease is less than 20%).								
(1) Profitability: The ratio increased due to the impact of net profit after tax in the current period.								
(2) Cash flow: The ratio decreased due to the impact of net cash flow from operating activities.								
(3) Leverage: Leverage increased due to the decline in Net operating income .								

2. Analysis of parent company only financial data for the most recent five years as per the International Financial Reporting Standards

Item		Year	Financial analysis for the most recent five years				
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt ratio	17.99	22.15	24.03	24.19	24.24	
	Ratio of long-term capital to property, plant and equipment	25,949.35	56,534.24	24,656.43	27,491.33	6,608.96	
Solvency (%)	Current ratio	43.87	110.81	38.70	41.55	40.49	
	Quick ratio	41.50	110.02	38.25	41.13	37.64	
	Interest earned ratio (times)	11.91	(4.36)	3.72	(2.72)	2.68	
Operating performance	Accounts receivable turnover (times)	3.82	5.69	31.99	550.90	3.20	
	Average collection period (days)	95.57	64.09	11.41	0.66	114.06	
	Inventory turnover (times)	0.00	0.00	0.00	0.00	0.00	
	Accounts payable turnover (times)	28.31	3.16	2.17	2.25	1.82	
	Average days in sales	0.00	0.00	0.00	0.00	0.00	
	Property, plant and equipment turnover (times)	65.32	63.87	38.30	47.75	39.52	
	Total assets turnover (times)	0.00	0.00	0.00	0.00	0.01	
Profitability	Return on total assets (%)	3.57	(1.62)	1.14	(1.10)	1.15	
	Return on equity (%)	4.11	(2.33)	1.14	(1.83)	1.02	
	Pre-tax income to paid-in capital (%)	11.81	(6.31)	3.54	(5.51)	3.43	
	Profit margin	1,452.20	(1,736.52)	611.01	(858.20)	142.14	
	Earnings per share (NT\$)	1.33	(0.73)	0.35	(0.58)	0.33	
Cash flow	Cash flow ratio (%)	(4.39)	24.45	(1.54)	2.20	4.95	
	Cash flow adequacy ratio (%)	41.45	53.97	76.92	30.13	24.68	
	Cash reinvestment ratio (%)	(2.37)	0.06	(1.06)	(0.58)	(0.21)	
Leverage	Operating leverage	0.97	0.96	0.95	0.95	0.86	
	Financial leverage	0.77	0.65	0.68	0.67	0.33	
<p>Reasons for changes in financial ratios in the most recent two years (unless increase or decrease is less than 20%).</p> <ol style="list-style-type: none"> <li>(1) Financial structure: The addition of Property, plant and equipment in the current period reduced the long-term capital ratio.</li> <li>(2) Solvency: The ratio changed due to the impact of Profit before tax.</li> <li>(3) Operating performance: Due to the growth of Sales revenue and Increase in receivables in the current period.</li> <li>(4) Profitability: Due to the increase in net profit, all ratios have shown growth.</li> <li>(5) Cash flow: The increase in net cash flow from operating activities compared to the previous year.</li> </ol>							

The calculation formulas for financial analysis are as follows:

1. Financial structure
  - (1) Debt ratio = Total liabilities/Total assets.
  - (2) Ratio of long-term capital to property, plant and equipment = (Total equity + Non-current liabilities)/Net property, plant, and equipment.
2. Solvency
  - (1) Current ratio = Current assets/Current liabilities.
  - (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities. (3) Interest earned ratio = Net income before tax and interest /Interest expenses in this period.
3. Operating performance
  - (1) Accounts receivable turnover (including accounts receivable and notes receivable from operating activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and notes receivable from operating activities).
  - (2) Average collection period (days) = 365/Accounts receivable turnover.
  - (3) Inventory turnover = Cost of sales/Average inventory.
  - (4) Payables turnover (including accounts payable and notes payable from operating activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and notes payable from operating activities).
  - (5) Average days in sales = 365/Inventory turnover.
  - (6) Property, plant and equipment turnover = Net sales/Average net property, plant, and equipment.
  - (7) Total asset turnover = Net sales/Average total assets.
4. Profitability
  - (1) Return on total assets = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets.
  - (2) Return on equity = Profit or loss after tax/Average total equity.
  - (3) Profit margin = Profit or loss after tax/Net sales.
  - (4) Earnings per share = (Income attributable to owners of the parent - Preference shares dividends)/Weighted average number of shares issued.
5. Cash flow
  - (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities.
  - (2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.
  - (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/(Gross property, plant and equipment + Long-term investment + Other non-current assets + Working capital).
6. Leverage:
  - (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income.
  - (2) Financial leverage = Operating income/(Operating income - Interest expenses).

III. Audit Committee's review report in the most recent year financial report

## ABICO AVY CO., LTD. Audit Committee's Review Report

The Board of Directors prepared the Company's 2023 Business Report and standalone and consolidated financial statements, among which the financial statements have been audited by PwC Taiwan, by which an audit report has been issued.

We have reviewed the above Business Report and financial statements without identifying any inconsistency, so we have issued a report as above in accordance with Article 14-5 of the Securities and Exchange Act and Article 219 of the Company Act. Please proceed to review it.

To

2024 General Shareholders' Meeting of ABICO AVY CO., LTD.

Convener of the Audit Committee: Jieh-Chen Wang

March 27, 2024

ABICO AVY CO., LTD.  
Audit Committee's Review Report

We have reviewed the 2023 statement of earnings distribution prepared by the Board of Directors without identifying any inconsistency, so we have issued a report as above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please proceed to review it.

To  
2024 General Shareholders' Meeting of ABICO AVY CO., LTD.

Convener of the Audit Committee: Jieh-Chen Wang

May 10, 2024



IV. Financial statements for the most recent year

ABICO AVY Co., Ltd. and Its Subsidiaries

Representation Letter

The affiliates that are required to be included in the Company's consolidated financial statements as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10. In addition, the information required to be disclosed in the combined financial statements of affiliates is included in said consolidated financial statements. Consequently, a separate set of combined financial statements of affiliates will not be prepared.

Sincerely,

Name of company: ABICO AVY Co., Ltd.

Person in Charge: Chun-Jen Tong

March 27, 2024

## Independent Auditors' Report

(113)-Cai-Sheng-Bao No. 23005244

To ABICO AVY CO., LTD.,

### **Audit opinion**

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

In our opinion, the accompanying consolidated financial statements, based on our audit results and the audit report issued by other CPAs (please refer to the "Other matters" paragraph), present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2023 and 2022 and for the years then ended, and its consolidated financial performance and consolidated cash flows for the years then ended in conformity 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) (collectively referred to as "IFRSs") endorsed by the Financial Supervisory Commission (FSC) of the Republic of China.

### **Basis for audit opinion**

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards of the Republic of China. Our responsibility under those standards is further described in the paragraph "Auditor's responsibilities for the audit of the consolidated financial statements". 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 accountants' audit reports, we are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

## **Key audit matters**

Key audit matters refer to the most vital matters in our audit of the consolidated financial statements of the Group for the year ended December 31, 2023, based on our professional judgment. These matters were addressed in our audit of the consolidated financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2023, are stated as follows:

### **Assessment of expected credit loss on accounts receivable**

#### Description

Please refer to Note 4(11) to the consolidated financial statements for the accounting policies on the assessment of impairment of notes and accounts receivable; please refer to Note 5(2) to the consolidated financial statements for the uncertainty about accounting estimates and assumptions about the estimated impairment of financial assets; please refer to Note 6(5) to the consolidated financial statements for the description of accounts of notes and accounts receivable. The balances of notes and accounts receivable and an allowance for losses on December 31, 2023 were NT\$2,142,501 thousand and NT\$37,384 thousand, respectively.

The Group's main clients are from Taiwan, mainland China, Hong Kong, Japan, Vietnam, and Malaysia. If the clients have significant financial difficulties or delay in payment or non-payment of principal, the risk of not being able to recover notes and accounts would increase. The Group assesses if there is objective evidence of expected credit impairment of individual notes and accounts receivable on each balance sheet date. It assesses if such notes and accounts receivable are overdue or in default, their historical transaction records, the collection situation after the balance sheet date, clients' financial position, and forward-looking factors, to estimate the amount of an allowance for losses that should be set aside.

As the Group has a large amount of notes and accounts receivable and a large number of clients, and the assessment process of an allowance for losses on notes and accounts receivable often involves the management team's subjective judgment, it is also an area that needs to be judged in the audit work, so we included the assessment of the allowance for loss on receivables as a key audit matter in this year's audit work.

### Corresponding audit procedures

This matter covers different consolidated entities audited by us and other accountants. To assess the adequacy of an allowance for losses on overdue and individually risky notes and account receivable, the corresponding procedures undertaken by us and other accountants are specified below:

1. We obtained the overdue aging schedule used by the management in assessing the expected credit loss rate of accounts receivable, confirmed that the source logic of the data was consistently applied, and tested the relevant forms to confirm the correctness of the aging schedule.
2. We obtained the overdue or default status of notes and accounts receivable and assessed the reasonableness of expected credit losses estimated with a provision matrix.
3. We obtained the collection records of individually significant notes and accounts receivable after the balance sheet date to assess if there were expected credit losses on notes and accounts receivable and confirm the appropriateness of the amount of an allowance for losses set aside.
4. For accounts receivable that are overdue or may not be collected, we assessed the possibility of recovery based on the past collection experience, discussions with the management team, and relevant corroborating materials obtained.

### **Assessment of an allowance for inventory valuation losses**

#### Description

Please refer to Note 4(14) to the consolidated financial statements for the accounting policy on inventory valuation; please refer to Note 5(2) to the consolidated financial statements for the uncertainty about accounting estimates and assumptions about inventory valuation; please refer to Note 6(6) to the consolidated financial statements for the description of the account of inventory. The balances of inventory and an allowance for inventory valuation losses on December 31, 2023 were NT\$1,571,203 thousand and NT\$223,828 thousand, respectively.

The Group mainly manufactures and sells metal casings for mobile phones and digital cameras, actuator components, powder metallurgy, and business equipment components. As these inventories are vulnerable to rapid changes in technology, short product life cycles, and fierce market competition, there is a higher risk of inventory valuation losses, obsolescence, or damage. The net realizable value of the Group's inventory normally sold is based on the sales and purchase prices in the normal course of business within a certain period before the balance sheet date. The net realizable values of inventory not sold after a certain period of age and individually identified obsolete or damaged inventory are calculated based on historical

information on the extent to which the inventories are sold and discounted.

Due to the large number of items in the Group's inventory and the multiple sources of information on the net realizable values of individual materials in the inventory, the identification of the net realizable values of the individually obsolete or damaged inventory and the assessment often involves the management team's subjective judgments, so it is also an area that needs to be judged. Therefore, we listed the assessment of an allowance for inventory valuation losses as one of the key audit matters in this year's audit work.

#### Corresponding audit procedures

This matter covers different consolidated entities audited by us and other accountants. To assess the adequacy of the net realizable values of inventory measured and an allowance for inventory valuation losses, the corresponding procedures undertaken by us and other accountants are specified below:

1. As per the understanding of the nature of the Group's operations and industry, we assessed if the policy on the provision of an allowance for inventory valuation losses during the comparative financial reporting periods was appropriate and consistent.
2. We learned about the process of inventory management, reviewed its annual inventory plan, and participated in its annual inventory process to evaluate the effectiveness of the management team's distinguishing and controlling of obsolete or damaged inventory.
3. We obtained the inventory age report of each inventory item and tested the correctness of the calculation logic to confirm that the obsolete inventory items over a certain age have been included in the report.
4. We obtained a net realizable value report of each inventory item, confirmed that the calculation logic was consistent, and randomly checked the selling and purchase prices of individual materials in the inventory based on the relevant supporting documents.

#### **Other matters: Reference to other accountants' audits**

The financial statements of some of the subsidiaries included in the Group's consolidated financial statements, including Jabon International Co., Ltd., ABICO NetCom Co., Ltd., and some investee using the equity method have not been audited by us but by other accountants. Therefore, in the opinion we rendered on the above consolidated financial statements, the amounts listed in said companies' financial statements are based on the audit reports issued by other accountants. The total assets (including investments using the equity method) of said companies as of December 31, 2023 and 2022 were NT\$4,064,169 thousand and NT\$4,451,006

thousand, respectively, accounting for 26% and 29% of the total consolidated assets; their operating revenue for the years ended December 31, 2023 and 2022 amounted to NT\$3,652,607 thousand and NT\$4,621,235 thousand, respectively, accounting for 39% and 44% of the consolidated operating revenue; the comprehensive losses on said investees accounted for using the equity method for the years ended December 31, 2023 and 2022 were NT\$17,352 thousand and NT\$11,975 thousand, accounting for (8%) and (5%) of the consolidated comprehensive income (loss), respectively.

### **Other matters: Parent company only financial statements**

We have audited and expressed an opinion on the parent company only financial statements of ABICO AVY CO., LTD. as at and for the years ended December 31, 2023 and 2022, respectively, by unqualified opinions (including other matters paragraph).

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

The responsibilities of the management are to prepare the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and regulations of IFRSs endorsed and promulgated by the FSC and to maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the Group's ability in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Group or cease the operations without other viable alternatives.

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

### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards of the Republic

of China will always detect a material misstatement when it exists. Misstatement may arise from errors or frauds. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the consolidated financial statements, they are considered material.

We have utilized our professional judgment and professional doubt when performing the audit work in accordance with the auditing standards of the Republic of China. We also performed the following tasks:

1. Identified and assessed the risks of material misstatement arising from fraud or error within the consolidated financial statements; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Understood the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Concluded on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Group's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluated the overall presentation, structure, and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements adequately present the relevant transactions and events.
6. Obtained sufficient and appropriate audit evidence concerning the financial information of entities within the Group, to express an opinion on the consolidated financial statements. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion about the Group.

The matters communicated between us and the governing bodies included the planned scope and times of the audit and material audit findings (including any material defects in internal control identified during the audit).

We also provided the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Group's consolidated financial statements for the year ended December 31, 2023. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

PwC Taiwan

Ya-Hui Lin

CPA:

Min-Chuan Feng

Financial Supervisory Commission (FSC)

Approval Document No.: Jin-Guan-Zheng-Shen No. 1070323061

Former Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan

Approval Document No.: Jin-Guan-Zhen-VI No. 0960038033

March 27, 2024



ABICO AVY CO., LTD. and Its Subsidiaries  
Consolidated Balance Sheet  
As at December 31, 2023 and 2022

Unit: NT\$ thousand

Assets	Note	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 3,564,069	23	\$ 3,502,787	23
1110	Financial assets at fair value through profit or loss - current	6(2)	1,539,286	10	1,028,221	7
1136	Financial assets at amortized cost - current	6(4) and 8	164,787	1	484,771	3
1150	Notes receivable, net	6(5)	65,617	1	61,222	1
1170	Accounts receivable, net	6(5)	1,982,919	13	1,959,873	13
1180	Accounts receivable - related parties, net	6(5) and 7	56,581	-	54,756	-
1200	Other receivables		35,446	-	53,702	-
130X	Inventories	6(6)	1,347,375	9	1,544,575	10
1410	Prepayments		186,359	1	133,992	1
1470	Other current assets		<u>81,960</u>	<u>1</u>	<u>16,652</u>	<u>-</u>
11XX	<b>Total current assets</b>		<u>9,024,399</u>	<u>59</u>	<u>8,840,551</u>	<u>58</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - Non-current	6(2)	230,595	1	225,752	2
1517	Financial assets at fair value through other comprehensive income - Non-current	6(3)	701,183	5	574,336	4
1535	Financial assets at amortized cost - Non-current	6(4) and 8	413,168	3	412,802	3
1550	Investments accounted for using the equity method	6(7)	935,443	6	930,156	6
1600	Property, plant and equipment	6(8) and 8	2,688,960	18	2,974,593	19
1755	Right-of-use assets	6(9) and 7	778,252	5	836,746	5
1760	Net Investment Property	6(10)	57,970	-	58,189	-
1780	Intangible assets	6(11)	162,275	1	165,854	1
1840	Deferred tax assets	6(29)	188,871	1	155,755	1
1900	Other non-current assets	6(12)	<u>157,648</u>	<u>1</u>	<u>189,725</u>	<u>1</u>
15XX	<b>Total non-current assets</b>		<u>6,314,365</u>	<u>41</u>	<u>6,523,908</u>	<u>42</u>
1XXX	<b>Total assets</b>		<u>\$ 15,338,764</u>	<u>100</u>	<u>\$ 15,364,459</u>	<u>100</u>

(Continued on next page)

ABICO AVY CO., LTD. and Its Subsidiaries  
Consolidated Balance Sheet  
As at December 31, 2023 and 2022

Unit: NT\$ thousand

Liabilities and Equity	Note	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(13) and 8	\$ 2,442,283	16	\$ 2,357,929	15
2110	Short-term notes payable	6(14)	-	-	29,985	-
2130	Contract liabilities - current	6(23)	81,893	-	73,141	-
2150	Notes payable		145,741	1	119,148	1
2170	Accounts payable	7	1,298,814	8	1,170,289	8
2200	Other payables	6(15)	739,045	5	729,910	5
2230	Income tax liabilities in this period		104,320	1	103,992	1
2280	Lease liabilities - current	7	151,114	1	190,104	1
2320	Long-term liabilities due within one year or one operating cycle	6(16) and 8	277,089	2	230,849	2
2399	Other current liabilities - other		48,767	-	61,067	-
21XX	<b>Total current liabilities</b>		<u>5,289,066</u>	<u>34</u>	<u>5,066,414</u>	<u>33</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(16) and 8	1,491,771	10	1,733,310	11
2570	Deferred tax liabilities	6(29)	314,374	2	310,087	2
2580	Lease liabilities - non-current	7	553,058	4	560,773	4
2600	Other non-current liabilities	6(17)(18)	214,235	1	237,562	1
25XX	<b>Total non-current liabilities</b>		<u>2,573,438</u>	<u>17</u>	<u>2,841,732</u>	<u>18</u>
2XXX	<b>Total liabilities</b>		<u>7,862,504</u>	<u>51</u>	<u>7,908,146</u>	<u>51</u>
<b>Equity attributable to owners of the parent</b>						
Share capital						
3110	Ordinary share capital	6(19)	1,689,590	11	1,699,640	11
Capital surplus						
3200	Capital surplus	6(20)	2,599,661	17	2,596,552	17
Retained earnings						
3310	Legal reserve	6(21)	392,518	2	392,518	2
3320	Special reserve		271,778	2	575,656	4
3350	Undistributed earnings		1,000,992	6	426,729	3
3400	Other equity		( 377,077)	( 2)	( 271,778)	( 2)
3500	Treasury shares	6(19)	( 5,714)	-	( 29,773)	-
31XX	<b>Total equity attributable to owners of the parent</b>		<u>5,571,748</u>	<u>36</u>	<u>5,389,544</u>	<u>35</u>
36XX	<b>Non-controlling interests</b>	6(22)	<u>1,904,512</u>	<u>13</u>	<u>2,066,769</u>	<u>14</u>
3XXX	<b>Total equity</b>		<u>7,476,260</u>	<u>49</u>	<u>7,456,313</u>	<u>49</u>
Material Contingent Liabilities and Unrecognized Contractual Commitments						
Material Subsequent Events						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 15,338,764</u>	<u>100</u>	<u>\$ 15,364,459</u>	<u>100</u>

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

Chairman: Chun-Jen Tong

Manager: Shiang-Chi Hu  
~134~

Chief Accounting Officer: Hui-Chu Lee

ABICO AVY CO., LTD. and Its Subsidiaries  
Consolidated Statement of Comprehensive Income  
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand  
(except for earnings (losses) per share which is in NT\$)

Item	Note	2023		2022		
		Amount	%	Amount	%	
4000	Operating revenue	6(23) and 7	\$ 9,420,948	100	\$ 10,518,257	100
5000	Operating cost	6(6)(28) and 7	( 7,892,316)	( 84)	( 8,914,462)	( 85)
5900	Gross profit		<u>1,528,632</u>	<u>16</u>	<u>1,603,795</u>	<u>15</u>
	Operating expenses	6(28) and 7				
6100	Selling expense		( 554,704)	( 6)	( 585,246)	( 6)
6200	Administrative expenses		( 878,748)	( 9)	( 869,775)	( 8)
6300	Research and development expenses		( 104,130)	( 1)	( 93,562)	( 1)
6450	Expected credit impairment gains (losses)	12(2)	<u>20,912</u>	-	( 38,938)	-
6000	Total operating expenses		( 1,516,670)	( 16)	( 1,587,521)	( 15)
6900	Operating income		<u>11,962</u>	-	<u>16,274</u>	-
	Non-operating income and expenses					
7100	Interest income	6(24)	89,510	1	37,805	-
7010	Other income	6(25)	80,043	1	50,072	1
7020	Other gains and losses	6(26)	151,893	1	172,594	2
7050	Financial costs	6(27) and 7	( 108,088)	( 1)	( 83,287)	( 1)
7060	Shares of profit or loss on affiliates and joint venture recognized using the equity method	6(7)	<u>5,900</u>	-	( 16,982)	-
7000	Total non-operating income and expenses		<u>219,258</u>	<u>2</u>	<u>160,202</u>	<u>2</u>
7900	<b>Net profit before tax</b>		231,220	2	176,476	2
7950	Income tax expense	6(29)	( 113,439)	( 1)	( 150,018)	( 2)
8200	<b>Net profit for this period</b>		<u>\$ 117,781</u>	<u>1</u>	<u>\$ 26,458</u>	<u>-</u>

(Continued on next page)

ABICO AVY CO., LTD. and Its Subsidiaries  
Consolidated Statement of Comprehensive Income  
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand  
(except for earnings (losses) per share which is in NT\$)

Item	Note	2023		2022		
		Amount	%	Amount	%	
<b>Other comprehensive income</b>						
<b>Items not reclassified to profit or loss:</b>						
8311		Remeasurement of defined benefit plans	\$ 5,424	-	(\$ 810)	-
8316	6(3)	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	189,724	2	80,927	1
8320		Share of other comprehensive income on affiliates and joint ventures accounted for using equity method – items not reclassified to profit or loss	50,737	1	( 37,632)	( 1)
8349	6(29)	Income tax related to items not reclassified	1,493	-	( 15,249)	-
8310		Total amount of items not reclassified to profit or loss	247,378	3	27,236	-
<b>Items that may subsequently be reclassified to profit or loss</b>						
8361		Exchange differences on translation of the financial statements of foreign operations	( 163,793)	( 2)	174,843	2
8399	6(29)	Income tax related to items that may be reclassified	6,561	-	( 7,576)	-
8360		Total amount of items that may subsequently be reclassified to profit or loss	( 157,232)	( 2)	167,267	2
8300		<b>Other comprehensive income, net</b>	\$ 90,146	1	(\$ 194,503)	2
8500		<b>Total comprehensive income for this period</b>	\$ 207,927	2	\$ 220,961	2
Net profit (loss) attributable to:						
8610		Owners of the parent	\$ 55,952	-	(\$ 96,951)	( 1)
8620		Non-controlling interests	61,829	1	123,409	1
			\$ 117,781	1	\$ 26,458	-
Total comprehensive income attributable to:						
8710		Owners of the parent	\$ 214,532	2	\$ 203,750	2
8720		Non-controlling interests	( 6,605)	-	17,211	-
			\$ 207,927	2	\$ 220,961	2
Basic earnings (losses) per share 6(30)						
9750		Basic earnings (losses) per share	\$ 0.33		(\$ 0.58)	
Diluted earnings (losses) per share 6(30)						
9850		Diluted earnings (losses) per share	\$ 0.33		(\$ 0.58)	

9The notes attached are part of the Consolidated Financial Statements and shall be read together.

Chairman: Chun-Jen Tong

Manager: Shiang-Chi Hu  
~136~

Chief Accounting Officer: Hui-Chu Lee

ABICO AVY CO., LTD. and Its Subsidiaries  
Consolidated Statements of Changes in Equity  
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand

Equity attributable to owners of the parent												
2022	Note	Retained earnings					Other equity			Total	Non-controlling interests	Total equity
		Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of the financial statements of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Treasury shares			
Balance as at January 1, 2022		\$ 1,699,640	\$ 2,584,368	\$ 380,980	\$ 412,797	\$ 705,470	(\$ 481,743)	(\$ 93,913)	(\$ 29,773)	\$ 5,177,826	\$ 2,221,195	\$ 7,399,021
Net loss for this period		-	-	-	-	( 96,951)	-	-	-	( 96,951)	123,409	26,458
Other comprehensive income for this period		-	-	-	-	3,909	186,160	110,632	-	300,701	( 106,198)	194,503
Total comprehensive income for this period		-	-	-	-	( 93,042)	186,160	110,632	-	203,750	17,211	220,961
2021 earnings allocation and distribution:	6(20)(21)											
Allocation for legal reserve		-	-	11,538	-	( 11,538)	-	-	-	-	-	-
Allocation for special reserve		-	-	-	162,859	( 162,859)	-	-	-	-	-	-
Cash dividends		-	( 50,989)	-	-	-	-	-	-	( 50,989)	-	( 50,989)
Overdue dividends transferred to capital surplus	6(20)	-	15	-	-	-	-	-	-	15	-	15
Capital surplus adjusted for dividends paid out to subsidiaries	6(20)	-	296	-	-	-	-	-	-	296	-	296
Cash dividends paid out by subsidiaries	6(22)	-	-	-	-	-	-	-	-	-	( 120,084)	( 120,084)
Share-based payment transactions	6(22)	-	-	-	-	-	-	-	-	-	746	746
Changes in equity of subsidiaries and affiliates	6(20)(22)	-	62,862	-	-	( 4,216)	-	-	-	58,646	33,823	92,469
Equity instruments at fair value through other comprehensive income disposed of by subsidiaries and affiliates	6(3)(22)	-	-	-	-	( 7,086)	-	7,086	-	-	( 38,604)	( 38,604)
Changes in non-controlling interests	6(22)	-	-	-	-	-	-	-	-	-	( 47,518)	( 47,518)
Balance as at December 31, 2022		<u>\$ 1,699,640</u>	<u>\$ 2,596,552</u>	<u>\$ 392,518</u>	<u>\$ 575,656</u>	<u>\$ 426,729</u>	<u>(\$ 295,583 )</u>	<u>\$ 23,805</u>	<u>(\$ 29,773 )</u>	<u>\$ 5,389,544</u>	<u>\$ 2,066,769</u>	<u>\$ 7,456,313</u>

(Continued on next page)

ABICO AVY CO., LTD. and Its Subsidiaries  
Consolidated Statements of Changes in Equity  
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand

Equity attributable to owners of the parent											
Note	Retained earnings					Other equity			Total	Non-controlling interests	Total equity
	Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of the financial statements of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Treasury shares			
<b>2023</b>											
Balance as at January 1, 2023	\$ 1,699,640	\$ 2,596,552	\$ 392,518	\$ 575,656	\$ 426,729	(\$ 295,583)	\$ 23,805	(\$ 29,773)	\$ 5,389,544	\$ 2,066,769	\$ 7,456,313
Net profit for this period	-	-	-	-	55,592	-	-	-	55,592	61,829	117,781
Other comprehensive income for this period	-	-	-	-	5,819	( 78,024)	230,785	-	158,580	( 68,434)	90,146
Total comprehensive income for this period	-	-	-	-	61,771	( 78,024)	230,785	-	214,532	( 6,605)	207,927
2022 earnings allocation and distribution:	6(21)										
Allocation for special reserve	-	-	-	( 303,878)	303,878	-	-	-	-	-	-
Cash dividends	-	-	-	-	( 50,989)	-	-	-	( 50,989)	-	( 50,989)
Capital surplus adjusted for dividends paid out to subsidiaries	6(20)	-	297	-	-	-	-	-	297	-	297
Overdue dividends transferred to capital surplus	6(20)	-	138	-	-	-	-	-	138	-	138
Cash dividends paid out by subsidiaries	6(22)	-	-	-	-	-	-	-	-	( 83,667)	( 83,667)
Treasury stock retired	6(19)(20)	( 10,050)	( 14,009)	-	-	-	-	24,059	-	-	-
Share-based payment transactions	6(22)	-	-	-	-	-	-	-	-	251	251
Disposal of equity instruments at fair value through other comprehensive income	6(3)	-	-	-	197,806	-	( 197,806 )	-	-	-	-
Equity instruments at fair value through other comprehensive income disposed of by subsidiaries and affiliates	6(20)(22)	-	-	-	60,254	-	( 60,254 )	-	-	-	-
Changes in equity of subsidiaries and affiliates	6(20)(22)	-	( 12,528)	-	1,543	-	-	-	( 10,985)	578	( 10,407)
Differences between the price of the equity of subsidiary acquired or disposed and the book value	6(22)	-	29,211	-	-	-	-	-	29,211	-	29,211
Changes in non-controlling interests	6(22)	-	-	-	-	-	-	-	-	( 72,814)	( 72,814)
Balance as at December 31, 2023	<u>\$ 1,689,590</u>	<u>\$ 2,599,661</u>	<u>\$ 392,518</u>	<u>\$ 271,778</u>	<u>\$ 1,000,992</u>	<u>(\$ 373,607 )</u>	<u>(\$ 3,470 )</u>	<u>(\$ 5,714 )</u>	<u>\$ 5,571,748</u>	<u>\$ 1,904,512</u>	<u>\$ 7,476,260</u>

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

Chairman: Chun-Jen Tong

Manager: Shiang-Chi Hu

Chief Accounting Officer: Hui-Chu Lee

ABICO AVY CO., LTD. and Its Subsidiaries  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand

	Note	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
<u>Cash flow from operating activities</u>			
Net profit before tax in this period		\$ 231,220	\$ 176,476
Adjustments			
Income and expenses			
Depreciation expense (including right-of-use assets and investment property)	6(8)(9)(10)(28)	703,481	728,852
Amortization expense	6(11)(28)	13,436	16,490
Expected credit impairment losses (Reversal of impairment loss recognized in profit)	12(2)	( 20,912 )	38,938
Interest income	6(24)	( 89,510 )	( 37,805 )
Dividend income	6(25)	( 28,179 )	( 25,727 )
Bargain purchase gains	6(25)	-	( 5,667 )
Proceeds from the disposal of property, plant and equipment	6(26)	( 28,428 )	( 25,314 )
Loss (gain) on disposal of investment	6(26)	140	( 11,275 )
Lease modification gain	6(9)(26)	( 1,150 )	( 1,037 )
Gain on non-current assets held for sale	6(26)	-	( 3,120 )
(Gain) loss on financial assets at fair value through profit or loss	6(26)	( 82,180 )	51,368
Impairment loss	6(26)	10,026	13,745
Interest expense	6(27)	108,088	83,287
Investment (income) losses recognized using the equity method	6(7)	( 5,900 )	16,982
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Financial assets at fair value through profit or loss		( 125,828 )	393,866
Notes receivable		( 4,395 )	( 1,966 )
Accounts receivable (including related parties)		( 9,084 )	348,330
Other receivables		42	49,516
Inventories		159,424	288,954
Prepayments		( 53,446 )	21,271
Other current assets		( 68,477 )	2,121
Other non-current assets		2,051	( 10,900 )
Net changes in liabilities related to operating activities			
Contract liabilities		8,752	10,169
Notes payable		26,731	( 16,599 )
Accounts payable		126,052	( 530,536 )
Other payables		( 15,818 )	( 171,097 )
Other current liabilities		( 13,834 )	3,607
Other non-current liabilities		( 742 )	( 23,916 )
Cash inflow from operations		841,560	1,379,013
Interest collected		89,510	37,805
Dividend received		89,880	70,676
Interest paid		( 88,760 )	( 66,131 )
Income tax paid		( 149,388 )	( 206,468 )
Net cash inflow from operating activities		<u>782,802</u>	<u>1,214,895</u>

(Continued on next page)

ABICO AVY CO., LTD. and Its Subsidiaries  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand

	<u>Note</u>	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
<u>Cash flow from investing activities</u>			
Increase in financial assets at amortized cost		(\$ 16,164)	(\$ 109,257)
Acquisition of financial assets at fair value through other comprehensive income		( 209,619)	( 143,234)
Disposal of financial assets at fair value through other comprehensive income		313,709	77,878
Acquisition of investments accounted for using the equity method	6(7)	( 31,154)	( 225,096)
Disposal of investments accounted for using the equity method		-	32,940
Capital reduction and return of share capital for investment using the equity method	6(7)	-	72,400
Acquisition of subsidiaries (net of cash received)	6(32)	1,018	( 44,411)
Impact of net cash changes in proceeds from disposal of subsidiaries	6(33)	16,545	-
Property, plant and equipment acquired	6(33)	( 140,030)	( 317,186)
Property, plant and equipment disposed		53,169	51,381
Intangible assets acquired	6(11)	( 5,732)	( 4,263)
Disposal of non-current assets held for sale		-	3,120
Acquisition of investment property	6(10)	-	( 58,207)
Increase in other non-current assets		( 142,933)	( 17,940)
Net cash outflow from investing activities		( 161,191)	( 681,875)
<u>Cash flow from financing activities</u>			
Increase in short-term borrowings	6(34)	83,426	50,732
Decrease in short-term notes payable	6(34)	( 29,985)	( 59,924)
Long-term borrowings	6(34)	1,362,892	203,133
Repayment of long-term borrowings	6(34)	( 1,558,191)	( 212,025)
Repayment of lease principal	6(34)	( 186,414)	( 166,428)
(Decrease) increase in other non-current liabilities		( 2,175)	7,018
Changes in non-controlling interests	6(22)	( 75,093)	32,002
Cash dividends paid out	6(21)	( 50,989)	( 50,989)
Cash dividends paid out by subsidiaries - non-controlling interests	6(22)	( 83,667)	( 120,084)
Capital returned for subsidiaries' capital reduction - non-controlling interests	6(22)	-	( 79,520)
Net cash outflow from financing activities		( 540,196)	( 396,085)
Decrease in cash and cash equivalents due to exchange rate changes		( 20,133)	( 50,085)
Increase in cash and cash equivalents for this period		61,282	86,850
Opening balance of cash and cash equivalents	6(1)	3,502,787	3,415,937
Ending balance of cash and cash equivalents	6(1)	\$ 3,564,069	\$ 3,502,787

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

Chairman: Chun-Jen Tong

Manager: Shiang-Chi Hu

Chief Accounting Officer: Hui-Chu Lee



ABICO AVY CO., LTD. and Its Subsidiaries

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand

(unless otherwise specified)

I. Company History

- (I) ABICO AVY CO., LTD. (hereinafter referred to as the “Company”), formerly known as RF-LINK systems Inc., was incorporated on December 29, 1994 and was renamed AVY PRECISION TECHNOLOGY INC. in June 2004, while being relocated to Taipei City in the same year. It was renamed ABICO AVY CO., LTD. in August 2021. The Company’s stock has been traded on the Taipei Exchange since June 14, 1999. The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) mainly engage in the manufacturing of various aluminum alloys, plastic die-casted products, and relevant molds; processing, processing and trading, and import and export of electric-powered hand tool and pneumatic hand tool parts.
- (II) Ability Investment Co., Ltd. had held 11.75% of the Company’s equity on June 30, 2021 and obtained more than half of the Company’s directorships, making it the Group’s ultimate parent company. Upon the election of directors at the shareholders’ meeting on July 15, 2021, Abico International Co., Ltd. obtained more than half of the Company’s directorships and had held 7.06% of the Company’s shareholding, making it the Group’s ultimate parent company. As of December 31, 2023, Abico International Co., Ltd. held 13.07% of the Company's shares.

II. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

The consolidated financial statements were approved by the Board of Directors on March 27, 2024.

III. Application of Newly Issued and Amended Standards and Interpretations

- (I) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, “Disclosure of accounting policies”	January 1, 2023
Amendments to IAS 8, “Definition of accounting estimates”	January 1, 2023
Amendments to IAS 12, “Deferred tax related to assets and liabilities arising from a single transaction”	January 1, 2023

Amendments to IAS 12, “International tax reform - pillar two model rules”

May 23, 2023

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

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

New standards, interpretations and amendments endorsed by FSC effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, “Lease liability in a sale and leaseback”	January 1, 2024
Amendments to IAS 1, “Classification of liabilities as current or non-current”	January 1, 2024
Amendments to IAS 1, “Non-current liabilities with covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7, “Supplier finance arrangements”	January 1, 2024

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, “Sale or contribution of assets between an investor and its associate or joint venture”	To be determined by International Accounting Standards Board
IFRS 17, “Insurance contracts”	January 1, 2023
Amendments to IFRS 17, “Insurance contracts”	January 1, 2023
Amendment to IFRS 17, “Initial application of IFRS 17 and IFRS 9 –comparative information”	January 1, 2023
Amendments to IAS 21, “Lack of exchangeability”	January 1, 2025

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

#### IV. Summary of Significant Accounting Policies

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

##### (I) Compliance statement

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

##### (II) Basis of preparation

1. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (1) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (2) Financial assets at fair value through other comprehensive income.
- (3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

2. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

##### (III) Basis of consolidation

1. Basis for preparation of consolidated financial statements:

- (1) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (3) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this

results in the noncontrolling interests having a deficit balance.

- (4) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (5) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

2. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business category	Shareholding (%)		Description
			December 31, 2023	December 31, 2022	
ABICO AVY CO., LTD.	AVY Co., Ltd. (AVY)	Manufacturing and sales of optical instruments, electronic products and components, and precision molds	100.00	100.00	-
ABICO AVY CO., LTD.	Jabon International Co., Ltd. (Jabon International)	R&D, processing, manufacturing, and sales of metallurgical products such as shafts and bearings, mechanical components and magnetic materials for automobiles and scooters, electronic components, and precision ceramics.	100.00	100.00	-

Name of investor	Name of subsidiary	Business category	Shareholding (%)		Description
			December 31, 2023	December 31, 2022	
ABICO AVY CO., LTD.	ABICO NetCom Co., Ltd. (ABICO NetCom)	Sales of business equipment components, electronic components, and optoelectronic products	13.88	13.64	Obtained more than half of the directorships
ABICO AVY CO., LTD. and AVY Co., Ltd.	Gold Market Investments Ltd. (Gold Market)	Investment and trade	100.00	100.00	-
ABICO AVY CO., LTD.	Avy High Tech Ltd. (Avy High Tech)	Investment and trade	100.00	100.00	-
ABICO AVY CO., LTD.	Avy Technology Ltd. (Avy Technology)	Investment and trade	-	100.00	Note 3
Avy High Tech Ltd. (Avy High Tech)	Avy Technology Ltd. (Avy Technology)	Investment and trade	100.00	-	Note 3
ABICO AVY CO., LTD. and Prosper Plastic Factory (HK) Co., Ltd.	Shine Trade International Ltd. (Shine Trade)	Manufacturing and sales of plastic products and molds	-	0.52	Note 4
Prosper Plastic Factory (HK) Co., Ltd.	Shine Trade International Ltd. (Shine Trade)	Manufacturing and sales of plastic products and molds	100.00	99.48	Note 4
Shine Trade International Ltd. (Shine Trade)	Dongguan Ashine Precision Plastics Co., Ltd. (Dongguan Ashine)	Manufacturing and sales of plastic products and molds	100.00	100.00	-
ABICO AVY CO., LTD. and ABICO NetCom Co., Ltd.	Ability I Venture Capital Corporation (Ability I)	Venture Investment	87.30	50.30	Note 1
ABICO AVY CO., LTD. and Ability I Venture Capital Corporation	ABICO Optical(HK) Ltd. (ABICO Optical)	Investment	65.70	65.70	-
ABICO AVY CO., LTD. and ABICO NetCom Co., Ltd.	Honlynn Co., Ltd. (Honlynn)	Sales of computer peripheral consumables	24.79	24.79	Obtained more than half of the directorships
ABICO AVY CO., LTD.	Abico Capital Co., Ltd.	Investment	-	100.00	Note 2 Note 18
ABICO AVY CO., LTD.	VIEWQUEST Investment Co., Ltd. (VIEWQUEST)	Investment	100.00	100.00	6(32)

Name of investor	Name of subsidiary	Business category	Shareholding (%)		Description
			December 31, 2023	December 31, 2022	
ABICO AVY CO., LTD.	NENG DING INVESTMENT Co., Ltd.	Investment	100.00	-	Note 6
ABICO Optical (HK) Ltd.	Jilin Province Can Fine Glasses Co., Ltd. (Can Fine Glasses)	Sales of medical devices	100.00	100.00	In liquidation
Gold Market Investments Ltd.	Dong Guan Cheng Guang Metal Products Co., Ltd. (Cheng Guang Metal)	Manufacturing and sales of metal casings and accessories for mobile phones and cameras	100.00	100.00	Note 22
Gold Market Investments Ltd.	Dong Guan Cheng Guang Precision Industry Co., Ltd. (Cheng Guang Precision)	Manufacturing and sales of metal casings and accessories for mobile phones and cameras	100.00	100.00	Note 22
Gold Market Investments Ltd.	Dong Guan Cheng Guang Trading Co., Ltd. (Cheng Guang Trading)	Manufacturing and sales of metal casings and accessories for mobile phones and cameras	100.00	100.00	Note 22
IKKA Holdings (Cayman) Ltd., Gold Market Investments Ltd. and Ability I Venture Capital Corporation	Sol-Plus (HK) Co., Ltd. (Sol-Plus HK)	Investment and trade	100.00	100.00	Note 17
Sol-Plus (HK) Co., Ltd. (Sol-Plus HK)	Sol-Plus Co., Ltd. (Sol-Plus JP)	Manufacturing and sales of plastic products and molds	100.00	100.00	-
Sol-Plus Co., Ltd. (Sol-Plus JP)	Hiraseimitsu (Thailand) Co., Ltd. (Hiraseimitsu)	Manufacturing and sales of plastic products and molds	100.00	100.00	-
ABICO AVY CO., LTD., Gold Market Investments Ltd. and Jabon International Co., Ltd.	IKKA Holdings (Cayman) Ltd. (IKKA Holdings)	Investment and trade	56.38	56.83	Note 5

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Business category</u>	<u>Shareholding (%)</u>		<u>Description</u>
			<u>December 31, 2023</u>	<u>December 31, 2022</u>	
ABICO AVY CO., LTD. and Jabon International Co., Ltd.	EKEEN PRECISION CO., LTD. (EKEEN PRECISION.)	R&D, processing, domestic sales, and export of metallurgical products such as shafts and bearings, mechanical components and magnetic materials for automobiles and scooters, electronic components, and precision ceramics.	100.00	100.00	Note 7
EKEEN PRECISION CO., LTD. (EKEEN PRECISION.)	Jabon Precision Co., Ltd. (Jabon Precision)	Manufacturing of industrial plastic products, aluminum casted and magnesium casted items, as well as computer and peripheral parts and molds.	100.00	-	Note 7
Jabon International Co., Ltd.	Jabon Precision Co., Ltd. (Jabon Precision)	Manufacturing of industrial plastic products, aluminum casted and magnesium casted items, as well as computer and peripheral parts and molds.	-	100.00	Note 7
EKEEN PRECISION CO., LTD. (EKEEN PRECISION.)	Jcheng Software Inc. (Jcheng Software)	Electronics Components Manufacturing, Computer and Peripheral Equipment Manufacturing, Data Storage Media Manufacturing and Duplicating, and Automatic Control Equipment Engineering.	100.00	-	Note 7

Name of investor	Name of subsidiary	Business category	Shareholding (%)		Description
			December 31, 2023	December 31, 2022	
Jabon International Co., Ltd.	Jcheng Software Inc. (Jcheng Software)	Electronics Components Manufacturing, Computer and Peripheral Equipment Manufacturing, Data Storage Media Manufacturing and Duplicating, and Automatic Control Equipment Engineering.	-	100.00	Note 7
Jabon International Co., Ltd.	Phoenix Place Holdings Ltd. (Phoenix Place)	Investment	100.00	100.00	-
EKEEN PRECISION CO., LTD. (EKEEN PRECISION.)	Best Select Industrial Ltd. (Best Select)	Investment	100.00	-	Note 12 Note 7
EKEEN PRECISION CO., LTD. (EKEEN PRECISION.)	Best Achieve Industrial Ltd. (HK) (Best Achieve HK)	Trade	100.00	-	Note 12 Note 7
Phoenix Place Holdings Ltd.	Best Achieve Industrial Ltd. (Best Achieve)	Trade	100.00	100.00	-
Phoenix Place Holdings Ltd.	Cranmer Enterprises Ltd. (Cranmer)	Investment and trade	100.00	100.00	-
Phoenix Place Holdings Ltd.	Precise Plus Group Ltd. (Precise Plus)	Investment and trade	100.00	100.00	-
Phoenix Place Holdings Ltd.	Best Select Industrial Ltd. (Best Select)	Investment	-	100.00	Note 12
Phoenix Place Holdings Ltd.	Sinobridge Corporation (Sinobridge)	Trade	100.00	100.00	-
Phoenix Place Holdings Ltd.	Best Achieve Industrial Ltd. (HK) (Best Achieve HK)	Trade	-	100.00	Note 12
Phoenix Place Holdings Ltd.	ART EMPIRE Industrial Ltd. (ART EMPIRE)	Trade	100.00	100.00	-



Name of investor	Name of subsidiary	Business category	Shareholding (%)		Description
			December 31, 2023	December 31, 2022	
Cranmer Enterprises Ltd.	DongGuan Qunsheng Powder Metallurgy Ltd. (DongGuan Qunsheng)	Production and sales of powder metallurgy products and assembly of actuators	100.00	100.00	-
Precise Plus Group Ltd.	DongGuan Best Achieve Industrial Ltd. (DongGuan Best Achieve)	Production and sales of power tools and relevant spare parts	100.00	100.00	-
Best Select Industrial Ltd.	Best Select Industrial (SuZhou) Co., Ltd. (Best Select SuZhou)	Production and research and development of non-ferrous metal composite materials, new alloy materials, and relevant products and sales of self-produced products	100.00	100.00	-
IKKA Holdings (Cayman) Ltd.	DaiichiKasei Co., Ltd. (DaiichiKasei)	Manufacturing and sales of plastic parts and products, transportation, storage, and warehousing management of automobiles, insurance agency, real estate trading, as well as leasing and management business	100.00	100.00	-
DaiichiKasei Co., Ltd.	M.A.C. Technology (Malaysia) San.Bhd. (M.A.C.)	Manufacturing and packaging of CD and CDROM, computer printers, electronic and industrial precision ceramics and molds, plastic injection components for the electronics and the camera industries	100.00	100.00	-

Name of investor	Name of subsidiary	Business category	Shareholding (%)		Description
			December 31, 2023	December 31, 2022	
DaiichiKasei Co., Ltd.	IKKA Technology (Vietnam) Co., Ltd. (IKKA Vietnam)	Production, operation, and processing of plastic and metal parts commonly used in automobiles, scooters, and office equipment	100.00	100.00	-
DaiichiKasei Co., Ltd.	IKKA (Hong Kong) Co., Ltd. (IKKA HK)	Investment and trade	100.00	100.00	-
IKKA (Hong Kong) Co., Ltd.	IKKA Technology DongGuan Co., Ltd. (IKKA)	Production and sales of precision plastic parts, hardware parts, bearings, and molds	100.00	100.00	-
ABICO NetCom Co., Ltd.	ABECO Electronic Co., Ltd. (ABECO)	Distribution of electronic components	49.80	49.80	-
ABICO NetCom Co., Ltd.	ABICO FS International Ltd. (ABICO FS)	Operation of a holding business and investment	100.00	100.00	-
ABICO NetCom Co., Ltd.	Ho Vision Entertainment Co., Ltd. (Ho Vision)	Sales of peripheral products in the entertainment industry	95.20	95.20	-
ABICO NetCom Co., Ltd.	Prosper Plastic Factory(HK) Co., Ltd. (Prosper)	Plastics business	100.00	100.00	-
ABICO NetCom Co., Ltd., ABICO AVY CO., LTD. and Ability I Venture Capital Corporation	Seinoh Optical Co., Ltd. (Seinoh Optical)	Manufacturing and sales of contact lenses	94.40	94.40	Note 13
ABICO NetCom Co., Ltd.	Aabiking International Inc. (Aabiking)	Bicycle business	81.42	81.42	Note 14
ABICO NetCom Co., Ltd.	Empower Technology Corporation. (formerly known as TranSystem Incorporated)	Manufacturing of electronic products and wireless broadband devices	15.64	15.64	Note 11

Name of investor	Name of subsidiary	Business category	Shareholding (%)		Description
			December 31, 2023	December 31, 2022	
ABICO NetCom Co., Ltd.	Positive Energy Sport Co., Ltd. (Positive Energy)	Sales and wholesale of sporting goods	-	51.99	Note 9
ABICO NetCom Co., Ltd.	Kkck Corporation Ltd.	Cosmetic beauty business	50.82	50.82	-
ABICO NetCom Co., Ltd.	Newec Corporation	Operation of an e-commerce platform of sporting goods	100.00	100.00	-
ABICO NetCom Co., Ltd.	Leader Sport Training Co., Ltd.	Sports Training	63.44	-	6(32) Note 8 Note 10
Prosper Plastic Factory(HK) Co., Ltd.	Lixing Plastic (Shenzhen) Co., Ltd. (Lixing Shenzhen)	Production and sales of computer plastic spare parts and components	100.00	100.00	-
Prosper Plastic Factory(HK) Co., Ltd.	Prosper Plastic Factory(SAMOA) Ltd. (Prosper SAMOA)	Operation of a holding business and investment	100.00	100.00	-
Prosper Plastic Factory(HK) Co., Ltd. and Prosper Plastic Factory (SAMOA) Ltd.	FIT ACTIVE (VIETNAM) PRECISION CO., LTD. (FIT ACTIVE VIETNAM)	Manufacturing and processing of steel molds, aluminum molds, copper-aluminum stamped products, and optoelectronic parts	100.00	100.00	-
ABICO FS International Ltd. (ABICO FS)	Avy International Ltd. (AVY International)	Investment and trade	100.00	100.00	-
ABICO FS International Ltd. (ABICO FS)	SUZHOU SEINOH OPTICAL CO., LTD. (SUZHOU SEINOH)	Wholesale and import of contact lens	100.00	100.00	-
Avy International Ltd.	AVY Precision Metal Components (SuZhou) Co., Ltd. (AVY SuZhou)	Production and processing of dies, precision molds, standard mold parts, and relevant products and components	100.00	100.00	-
ABECO Electronic Co., Ltd.	Viet Nam Abeco Electronic Company (Viet Nam Abeco)	Distribution of electronic components	100.00	100.00	-
SEINOH Optical Co., Ltd. (SEINOH Optical)	S&G Global Inc.	Manufacture and sale of contact lenses	60.00	60.00	Note 19

Name of investor	Name of subsidiary	Business category	Shareholding (%)		Description
			December 31, 2023	December 31, 2022	
Empower Technology Corporation. (formerly known as TranSystem Incorporated)	Positive Energy Sport Co., Ltd.	Sales and wholesale of sporting goods	51.99	-	Note 9
Positive Energy Sport Co., Ltd.	Itravel Tech Co., Ltd. (Itravel Tech)	Wholesale and retail of cloth, garments, and clothing	100.00	100.00	Note 20
Leader Sport Training Co., Ltd.	Leader Integrated Marketing Co., Ltd.	Sports Training	100.00	100.00	Note 21
Honlynn Co., Ltd.	Ability International Tenancy Co., Ltd. (Ability Int'l)	Sales, rental, and maintenance of office equipment and office furniture	100.00	100.00	-
Honlynn Co., Ltd.	Emptech Co., Ltd. (Emptech)	Trading of computers and relevant electronic products	80.00	80.00	-
Honlynn Co., Ltd.	Catchtech Technology Corporation (Catchtech)	Software Design Services	51.00	51.00	-
Ability International Tenancy Co., Ltd.	Ability Corporation Ltd. (Ability)	Investment	100.00	100.00	-
Ability International Tenancy Co., Ltd.	Taiwan Imaging Systems Inc. (TISI)	Trading, maintenance, and rental of microform and consumables	100.00	100.00	-
Ability International Tenancy Co., Ltd.	Jingnen Co., Ltd. (Jingnen)	Sales, rental, and maintenance of office equipment and office furniture	54.35	52.99	-
Ability International Tenancy Co., Ltd.	Ability Biotech Co., Ltd. (Ability Biotech)	Sales of medical devices	100.00	100.00	Note 15
Ability International Tenancy Co., Ltd.	Ability Anchor Recycle Technology Services, Inc. (Ability Anchor)	Recycling of machines	55.00	55.00	-
Ability International Tenancy Co., Ltd.	ABICO Living Robot Co., Ltd. (ABICO Living Robot)	Electric Appliance Installation	50.00	50.00	Note 16

Name of investor	Name of subsidiary	Business category	Shareholding (%)		Description
			December 31, 2023	December 31, 2022	
Ability International Tenancy Co., Ltd.	Ability International Green Energy Co., Ltd.	Lighting Equipment Manufacturing	100.00	100.00	-
Ability Corporation Ltd. (Ability)	ABILITY INTERNATIONAL (SHANGHAI) LTD. (ABILITY INTERNATIONAL)	Warehousing, wholesale, and international trade	100.00	100.00	-
Ability Corporation Ltd. (Ability)	Abico Japan Co., Ltd. (Abico JP)	International trade	100.00	100.00	-
Ability Corporation Ltd. (Ability)	Abico (HK) International Holding Co., Ltd. (Abico HK)	Investment	100.00	100.00	-
Abico (HK) International Holdoing Co., Ltd. (Abico HK)	Abico (GuangZhou) International Tarding Co., Ltd. (Abico Guangzhou)	Wholesale of office equipment	100.00	100.00	-

Note 1: In the first half of 2023, the Group acquired a 37% equity of Ability I in the amount of \$75,589. As of December 31, 2023, the Group's shareholding ratio was 87.30%.

Note 2: In June 2023, the Group fully transferred the equity of the subsidiary Abico Capital Co., Ltd. to the related party CHIA MEI INVESTMENT CO., LTD.. The difference between the disposal price and the carrying amount is \$90, which is accounted for as losses on disposals of investments.

Note 3: In December 2023, the Group transferred all the shares of its subsidiary, Avy Technology Ltd., to its subsidiary, Avy High Tech Ltd.. The difference between the disposal price and the carrying amount is \$54, which is a transaction of equity and accounted for capital surplus.

Note 4: In December 2023, the Group transferred all the equity of the sub-subsidiary Shine Trade International Ltd. to the sub-subsidiary Prosper Plastic Factory(HK) Co., Ltd. at US \$1 per share. The gain on the difference between the disposal price and the carrying amount is \$29,265, which is a transaction of equity and recognized in capital surplus.

Note 5: Gold Market Investments Ltd. sold part of the shares of IKKA Holdings (Cayman) Ltd. to an unrelated party in December 2023, and the loss of the difference between the disposal price and the carrying amount was \$50, which was recorded in losses on disposals of investments.

Note 6: The Group invested in the establishment of NENG DING INVESTMENT CO., LTD. in the fourth quarter of 2023, with a paid-in capital of \$100 and a shareholding ratio of 100%.

- Note 7: Jabon International, a subsidiary of the Group, and its 100%-owned subsidiary, EKEEN PRECISION CO., LTD., were reorganized due to the demerger on December 1, 2023. EKEEN PRECISION CO., LTD. acquired the related assets, liabilities, and related shareholders equity in consideration of the issuance of new shares to the shareholders of Jabon International. On December 31, 2023, the Group's shareholding ratio in Jabon International and EKEEN PRECISION CO., LTD. was 100%.
- Note 8: ABICO NetCom, a subsidiary of the Group, acquired 245 thousand ordinary shares of Leader Sport Training Co., Ltd. at NT \$12.2 per share, totaling \$2,987, accounting for 51% of the issued shares of Leader Sport Training Co., Ltd., from the date of acquisition of control (February 23, 2023) by the resolution of the Board of Directors, due to the need of operating strategy. In addition, the Leader Sport Training Co., Ltd. holds 100% of the equity of the Leader Integrated Marketing Co., Ltd., which has been included in the consolidated statements since February 23, 2023.
- Note 9: ABICO NetCom sold 51.99% equity of Positive Energy Sport Co., Ltd. (hereinafter referred to as Positive Energy Sport Co., Ltd.) for 1,478 thousand shares at NT \$8.6 per share by the resolution of the Board of Directors in May 2023, for a total of NT \$12,715 to Empower Technology Corporation. As it belongs to reorganization within the Group, the relevant capital surplus \$431 was recognized based on the book value method, and the unrealized profit and loss of assets at fair value measurement was increased by NT \$499 through other comprehensive income.
- Note 10: The Group's sub-subsidiary, Leader Sport Training Co., Ltd., increased its capital in proceeds from issuing shares by 300 thousand shares in the fourth quarter. The Group subscribed for 250 thousand shares, and the shareholding ratio after the capital increase was 63.44%.
- Note 11: TranSystem Incorporated was renamed Empower Technology Corporation. on July 12, 2023.
- Note 12: In response to the adjustment of the Group's investment structure, Jabon International approved the subsidiary Phoenix Place Holdings Ltd. to reduce its capital by US \$10,215 thousand by the resolution of the Board of Directors on May 24, 2023. The change of registration was completed on June 7, 2023, and Jabon International directly invested in Best Select Industrial Ltd. and Best Achieve Industrial Ltd.(HK), both holding 100% of the shares.
- Note 13: Seinoh Optical Co., Ltd., a sub-subsidiary of the Group, conducted a cash capital increase in the second quarter of 2022, the capital increased by \$88,020, the Group acquired \$82,020, accounting for 94.40% of its issued shares after the capital increase.
- Note 14: For requirements of operational strategic, on July 20, 2022 ABICO NetCom Co., Ltd. entered into an agreement with Anatole Investment Management Limited to acquire 542 thousand shares of Aabiking International Inc., for a consideration of \$5,421. After the transfer, ABICO NetCom Co., Ltd. holds 81.42% shareholding in Aabiking International Inc.

- Note 15: Ability Int'l in August 2022 acquired 25% shareholding in Ability Biotech Co., Ltd. for a consideration of \$891. As of December 31, 2022, Ability Int'l holds 100% shareholding in Ability Biotech Co., Ltd.
- Note 16: ABICO Living Robot Co., Ltd. in March 2022 conducted a cash capital increase, the amount of the increase was \$1,800, with Ability Int'l subscribing to \$400, and after the capital increase it holds 50% shareholding in ABICO Living Robot Co., Ltd.
- Note 17: In order to expand the operating scale of the automotive business group, and accelerate expansion into the electric vehicle plastic components market, the Group engaged in a restructuring, under which sub-subsidiary IKKA Holdings purchased from Gold Market Investments Limited, Ability I Venture Capital Corporation, and affiliate Abico Asia Capital 100% of the shares of Sol-Plus (HK) Ltd. (the "Share Transaction"), and indirectly inquired its subsidiaries in Japan and Thailand. The consideration of this Share Transaction was shares, which was 2,105 new shares issued by IKKA Holdings, and cash, which was US\$3,500 thousand paid by IKKA Holdings. The Share Transaction recordation with the competent authority has taken effect, and the effective date of the Share Transaction was September 1, 2022.
- Note 18: Abico Capital Co., Ltd. conducted a cash capital increase in September 2022 in the amount of \$10,000, with the Group subscribing to the entirety, and after the capital increase it has a 100% shareholding.
- Note 19: Seinoh Optical Co., Ltd in the fourth quarter of 2022 purchased 180 thousand common shares of S&G Global Inc. at a price of 10 dollars per share, for a total of \$1,800 thousands, and holds 60% of the issued shares of S&G Global Inc. From the date of obtaining control, it will be included in the consolidated financial statements.
- Note 20: The Group assessed that the recoverable amount of the investment in Itravel Tech was lower than the carrying amount, and recognized impairment loss amounting to \$1,530 and \$2,040 in 2023 and 2022, respectively.
- Note 21: The Group assessed that the recoverable amount of the investment from the Leader Integrated Marketing Co., Ltd. was lower than the carrying amount, and set aside \$4,145 to impairment loss in 2023.
- Note 22: Gold Market Investments Ltd., as approved by a resolution of the Board of Directors meeting on March 29, 2021, and to achieve industrial specialization and optimize operational performance, plans to split DongGuan ChengGuan Metal Products Co., Ltd. into three companies. After the split, Dong Guang Cheng Guang Metal Products Co., Ltd. continued to remain, and its primary business is metal surface treatment; two other companies to be established are DongGuan ChengGuang Precision Industry Co., Ltd and DongGuan ChengGuang Trading Co., Ltd. The former will focus on metal manufacturing and processing, and the latter will focus on the trading of processed metal products. After the split, the shareholding structure of all three companies will be identical, with Gold Market Investments Ltd. holding 100% of the shares. The applicable registration procedures were completed in May 2022.

3. Subsidiaries included in the consolidated financial statements: None.
4. Adjustment and treatment methods of subsidiaries' different accounting periods: None.
5. Major restrictions: None.
6. Subsidiaries with non-controlling interests that are material to the Group:

(1) Information on non-controlling interests that are material to the Group and the subsidiaries:

Name of subsidiary	Principal business premises	Non-controlling interests			
		December 31, 2023		December 31, 2022	
		Amount	Shareholding	Amount	Shareholding
IKKA Holdings (Cayman) Ltd.	Cayman Islands	\$ 728,651	43.62%	\$ 730,138	43.17%
ABICO NetCom	Taiwan	873,787	86.12%	970,711	86.36%

(2) Aggregate subsidiary financial information:

Balance Sheet

	IKKA Holdings (Cayman) Ltd. and its subsidiaries	
	December 31, 2023	December 31, 2022
Current assets	\$ 2,549,363	\$ 2,291,495
Non-current assets	1,106,981	1,232,616
Current liabilities	( 1,435,994)	( 1,230,258)
Non-current liabilities	( 555,050)	( 648,431)
Total assets, net	\$ 1,665,300	\$ 1,645,422

	ABICO NetCom and its subsidiaries	
	December 31, 2023	December 31, 2022
Current assets	\$ 1,410,653	\$ 1,669,802
Non-current assets	850,249	880,919
Current liabilities	( 1,010,241)	( 1,178,760)
Non-current liabilities	( 265,025)	( 270,371)
Total assets, net	\$ 985,636	\$ 1,101,590



### Statement of Comprehensive Income

	IKKA Holdings (Cayman) Ltd. and its subsidiaries	
	2023	2022
Revenue	\$ 3,645,414	\$ 3,618,633
Net profit before tax	\$ 203,558	\$ 193,086
Income tax expense	( 84,396)	( 74,743)
Net profit for this period	119,162	118,343
Other comprehensive income (net of tax)	( 21,500)	55,084
Total comprehensive income for this period	\$ 97,662	\$ 173,427
Total comprehensive income attributable to non-controlling interests	\$ -	\$ 4,378

	ABICO NetCom and its subsidiaries	
	2023	2022
Revenue	\$ 2,119,765	\$ 2,552,952
Net profit before tax	\$ 5,275	\$ 122,622
Income tax expense	( 31,800)	( 58,896)
Net profit(loss) for this period	( 26,525)	63,726
Other comprehensive income (net of tax)	( 37,681)	14,145
Total comprehensive income for this period	(\$ 64,206)	\$ 77,871
Total comprehensive income attributable to non-controlling interests	\$ 13,410	\$ 30,411

### Statements of Cash Flows

	IKKA Holdings (Cayman) Ltd. and its subsidiaries	
	2023	2022
Net cash inflow from operating activities	\$ 437,258	\$ 201,445
Net cash outflow from investing activities	( 17,061)	( 270,775)
Net cash outflow from financing activities	( 101,471)	( 185,480)
Effect of exchange rate changes on cash and cash equivalents	( 56,191)	793
Increase (decrease) in cash and cash equivalents for this period	262,535	( 254,017)
Opening balance of cash and cash equivalents	741,453	995,470
Ending balance of cash and cash equivalents	\$ 1,003,988	\$ 741,453

	ABICO NetCom and its subsidiaries	
	2023	2022
Net cash inflow from operating activities	\$ 163,608	\$ 305,038
Net cash outflow from investing activities	( 70,713)	( 129,676)
Net cash outflow from financing activities	( 220,280)	( 147,652)
Effect of exchange rate changes on cash and cash equivalents	( 8,797)	5,749
(Decrease) increase in cash and cash equivalents for this period	( 136,182)	33,459
Opening balance of cash and cash equivalents	642,645	609,186
Ending balance of cash and cash equivalents	<u>\$ 506,463</u>	<u>\$ 642,645</u>

(IV) Foreign currency translation

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

1. Foreign currency transactions and balances

- (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (2) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (4) All foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains and losses".

2. Translation of foreign operations

- (1) The operating results and financial position of all the group entities, associates and

joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - C. All resulting exchange differences are recognised in other comprehensive income.
- (2) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (3) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(V) Classification of current and non-current items

1. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (1) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (2) Assets held mainly for trading purposes;
  - (3) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
2. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (1) Liabilities that are expected to be settled within the normal operating cycle;
  - (2) Liabilities arising mainly from trading activities;
  - (3) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do

not affect its classification.

(VI) Cash equivalents

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

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

1. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognised using trade date accounting.
3. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
4. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(VIII) Financial assets at fair value through other comprehensive income

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

(IX) Financial assets at amortised cost

1. Financial assets at amortised cost are those that meet all of the following criteria:
  - (1) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (2) The assets' contractual cash flows represent solely payments of principal and interest.
2. The Group adopts trade date accounting for financial assets measured at amortized cost in compliance with transaction practices.

3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognised or impaired.
4. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(X) Accounts and notes receivable

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

(XI) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost including accounts receivable that has a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that does not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(XII) Derecognition of financial assets

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

(XIII) Leasing arrangements(lessor)- operating leases

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

(XIV) Inventories

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

(XV) Investments accounted for using equity method- associates

1. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds,

directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

2. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
3. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in "capital surplus" in proportion to its ownership.
4. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
5. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then "capital surplus" and "investments accounted for under the equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
6. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
7. Where the Group disposes of an affiliate and if it loses significant influence on the affiliate, for all amounts previously recognized in other comprehensive income related to the affiliate, the accounting treatment is on the same basis as if the Group directly disposes of the relevant assets or liabilities, that is, the gains or losses previously recognized in other comprehensive income will be reclassified to profit or loss when the relevant assets or liabilities are disposed of, so when the significant influence on the associate is lost, the gains or losses will be reclassified from equity to profit or loss. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
8. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are

transferred to profit or loss proportionately.

(XVI) Property, plant and equipment

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

<b>Buildings and structures</b>	2 ~ 65 years
<b>Machinery and equipment</b>	1 ~ 17 years
<b>Transportation equipment</b>	2 ~ 10 years
<b>Office equipment</b>	1 ~ 27 years
<b>Leasehold assets</b>	1 ~ 10 years
<b>Other equipment</b>	1 ~ 20 years

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

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

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

3. At the commencement date, the right-of-use asset is stated at cost comprising the following:
  - (1) The amount of the initial measurement of lease liability;
  - (2) Any lease payments made at or before the commencement date;
  - (3) Any initial direct costs incurred by the lessee; and
  - (4) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

(XVIII) Investment Property

Investment property is recognized at acquisition cost and subsequently measured using the cost model. Except for land, depreciation is provided on a straight-line basis over the estimated useful lives of 50 years.

(XIX) Intangible assets

1. Goodwill arises in a business combination accounted for by applying the acquisition method.
2. The customer relationship rights are acquired through acquisition due to business combination and are amortized on a straight-line basis. The amortization period is 5–7 years.
3. Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 10 years.
4. Royalty is stated at cost and amortized on a straight-line basis over its estimated useful life of 1–5 years.

(XX) Impairment of non-financial assets

1. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognized.
2. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.
3. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating



units or groups of cash-generating units (identified by the operating segments), that is/are expected to benefit from the synergies of the business combination.

(XXI) Borrowings

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

(XXII) Notes and accounts payable

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

(XXIII) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(XXIV) Employee benefits

1. Short-term employee benefits

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

2. Pensions

(1) Defined contribution plans

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

(2) Defined benefit plans

A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of

government bonds (at the balance sheet date) instead. Because the estimated value and the simple calculation method can provide a reliable approximation as actuarially valuated, the defined benefit costs of some of the Group's subsidiaries are simply calculated based on their defined benefit plans.

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

C. Past service costs are recognized immediately in profit or loss.

### 3. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

### 4. Employees' compensation and directors' and supervisors' remuneration

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

## (XXV) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
3. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

4. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXVI) Share capital

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

(XXVII) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

All or part of the dividends and bonuses payable, capital surplus, or legal reserve shall be paid out in cash with majority approval at a board meeting attended by over two-thirds of the directors, which shall be reported to the shareholders' meeting, while the provisions in the preceding paragraph that a resolution by the shareholders meeting shall be required do not apply.

(XXVIII) Revenue recognition

1. Sales of goods
  - (1) Sales are recognized when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products

have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

- (2) Sales revenue is recognized at the contract prices, less estimated sales discounts. Revenue is recognized to the extent that it is highly probable that no significant reversal will occur in the future, and the Group updates the estimate at each balance sheet date. The payment terms for sales transactions usually expire 60 to 120 days after the date the control is transferred. As the period between the transfer of the promised goods to the clients and the payments by the clients has not exceeded one year, the Company did not adjust transaction price to reflect the time value of money.
- (3) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

## 2. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

## (XXIX) Business combinations

1. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.
2. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognized and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

## (XXX) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is

responsible for allocating resources and assessing performance of the operating segments.

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

During the preparation of the consolidated financial statements, the management has exercised its judgments to adopt the accounting policies to be used, and made accounting estimates and assumptions based on reasonable expectations of future events with reference to the circumstances at the balance sheet date. If there is any difference between any critical accounting estimates and assumption made and actual results, assessment and adjustment will be conducted continuously by taking into account the historical experience and other factors. Such assumptions and estimates have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year. Please refer to the description of the uncertainties of critical accounting judgments, assumptions, and estimation uncertainty below:

(I) Critical judgments for applying the Group's accounting policies

None.

(II) Critical accounting estimates and assumptions

1. Estimated impairment of financial assets

The estimated impairment of accounts receivable is based on the Group's assumptions about default and estimated losses. The Group makes an assumption and selects an input of impairment assessed as per historical experience, current market conditions, and forward-looking information. Please refer to Note 12(2) for the critical assumptions and inputs adopted. If the actual cash flow in the future is less than expected, there may be significant impairment losses.

2. Valuation of inventories

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

VI. Details of Significant Account Titles

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 12,139	\$ 12,664
Checks and demand deposits	2,576,983	2,697,781
Time deposits (a duration of less than three months)	974,947	792,342
	<u>\$ 3,564,069</u>	<u>\$ 3,502,787</u>

1. The financial institutions the Group deals with have high credit ratings. The Group also deals with various financial institutions at the same time to diversify credit risks. Therefore, the expected risk of default is rather low. Thus, the Group measures an allowance for loss based on the 12-month expected credit losses. The Group did not set aside an allowance for losses for 2023 and 2022.
2. The Group did not have cash and cash equivalents pledged.

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

Item	December 31, 2023	December 31, 2022
Current items:		
Equity instruments	\$ 250,174	\$ 184,611
Debt instruments	1,177,827	732,681
Fund beneficiary certificates	111,285	110,929
	\$ 1,539,286	\$ 1,028,221
Item	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments	\$ 200,236	\$ 200,394
Fund beneficiary certificates	30,359	25,358
	\$ 230,595	\$ 225,752

1. Financial assets at fair value through profit or loss include the following:
  - (1) Equity instruments include TWSE/TPEX listed non-TWSE/TPEX listed stocks and stocks in the emerging stock market.
  - (2) Debt instruments include principal-guaranteed and non-principal-guaranteed wealth management products.
  - (3) Fund beneficiary certificates include open-end funds and private investment funds.
2. The details of financial assets at fair value through profit or loss recognized in profit or loss are as follows:

	2023	2022
Equity instruments	\$ 74,262	(\$ 56,522)
Debt instruments	20,534	14,021
Fund beneficiary certificates	( 12,616)	( 8,867)
	\$ 82,180	(\$ 51,368)

3. The Group did not pledge financial assets at fair value through profit or loss.
4. Please refer to Notes 12(2) and (3) for more information on the price risk and fair value of

financial assets at fair value through profit or loss.

(III) Financial assets at fair value through other comprehensive income - non-current

Item	December 31, 2023	December 31, 2022
Equity instruments	<u>\$ 701,183</u>	<u>\$ 574,336</u>

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

	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Movement in fair value recognized in other comprehensive income	<u>\$ 189,724</u>	<u>\$ 80,927</u>
Cumulative gains (losses) transferred to retained earnings due to derecognition	<u>\$ 258,060</u>	<u>(\$ 7,086)</u>

2. The Group did not pledge financial assets at fair value through other comprehensive income.
3. Please refer to Notes 12(2) and (3) for more information on the price risk and fair value of financial assets at fair value through other comprehensive income.

(IV) Financial assets at amortized cost

Item	December 31, 2023	December 31, 2022
Current items:		
Time deposits (a duration of more than three months)	\$ 59,085	\$ 154,171
Capital-guaranteed and income-guaranteed wealth management products	<u>105,702</u>	<u>330,600</u>
	<u>\$ 164,787</u>	<u>\$ 484,771</u>
Interest rate range	<u>0.15%~6.20%</u>	<u>0.08%~4.25%</u>
Non-current items:		
Time deposits	\$ 391,078	\$ 401,735
Corporate Bonds	<u>22,090</u>	<u>11,067</u>
	<u>\$ 413,168</u>	<u>\$ 412,802</u>
Interest rate range	<u>0.545%~4.950%</u>	<u>0.23%~4.35%</u>

1. As of December 31, 2023 and 2022, regardless of the collateral held and other credit enhancements, the maximum amounts of the exposure to the credit risk arising from the Group's financial assets at amortized cost are their carrying amounts.
2. Please refer to Note 8 for details of the financial assets at amortized cost pledged by the

Group.

- The Group classifies time deposits with a duration of more than three months as financial assets at amortized cost. The financial institutions the Group deals with have high credit ratings. Therefore, the expected risk of default is rather low. Thus, the Group measures an allowance for loss based on the 12-month expected credit losses. The Group did not set aside an allowance for losses for 2023 and 2022.

(V) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 65,894	\$ 61,500
Allowance for losses - notes receivable	( 277)	( 278)
	<u>\$ 65,617</u>	<u>\$ 61,222</u>
Accounts receivable	\$ 2,019,924	\$ 2,033,890
Allowance for losses - accounts receivable	( 37,005)	( 74,017)
	<u>\$ 1,982,919</u>	<u>\$ 1,959,873</u>
Accounts receivable - related parties	\$ 56,683	\$ 54,835
Allowance for losses - accounts receivable -related parties	( 102)	( 79)
	<u>\$ 56,581</u>	<u>\$ 54,756</u>

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

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$1,961,383	\$ 65,894	\$1,910,675	\$ 61,500
1-90 days	84,100	-	101,504	-
More than 90 days	31,124	-	76,546	-
	<u>\$2,076,607</u>	<u>\$ 65,894</u>	<u>\$2,088,725</u>	<u>\$ 61,500</u>

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

- The balances of notes and accounts receivable as of December 31, 2023 and 2022 were all generated from customer contracts. In addition, the balance of accounts receivable from customer contracts on January 1, 2022 was \$2,503,450.
- The Group did not pledge notes and accounts receivable.
- As of December 31, 2023 and 2022, regardless of the collateral held and other credit enhancements, the maximum amounts of the exposure to the credit risk arising from the Group's notes and accounts receivable are their carrying amounts.
- Daiichi Kasei and IKKA, sub-subsidiaries of the Group, have signed accounts receivable factoring contracts with several financial institutions in Japan and China. Daiichi Kasei and



IKKA, depending on the amount of its working capital, decided to factor the accounts receivable to financial institutions without recourse or not to factor them. The Group's model for managing such receivables is to collect contractual cash flows and sell financial assets, so such accounts receivable are financial assets at fair value through other comprehensive income.

6. The Group plans to factor accounts receivable of \$107,239 and \$88,320 on December 31, 2023 and 2022, respectively, which belong to financial assets at fair value through other comprehensive income and are accounted for under accounts receivable.
7. Please refer to Note 12(2) for the information on the credit risk of accounts and notes receivable.

(VI) Inventories

	December 31, 2023		
	Costs	Allowance for valuation losses	Carrying amount
Raw materials	\$ 377,184	(\$ 69,708)	\$ 307,476
Work in progress	316,919	( 31,946)	284,973
Finished goods	877,100	( 122,174)	754,926
	<u>\$ 1,571,203</u>	<u>(\$ 223,828)</u>	<u>\$ 1,347,375</u>

	December 31, 2022		
	Costs	Allowance for valuation losses	Carrying amount
Raw materials	\$ 578,264	(\$ 77,000)	\$ 501,264
Work in progress	350,915	( 30,537)	320,378
Finished goods	847,153	( 124,220)	722,933
	<u>\$ 1,776,332</u>	<u>(\$ 231,757)</u>	<u>\$ 1,544,575</u>

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

	2023	2022
Cost of inventory sold	\$ 7,899,965	\$ 8,894,634
Inventory valuation loss(gain from price recovery of inventory)	( 2,881)	30,934
Loss from scrapping of inventory	12,406	13,955
Income from the sale of scraps	( 17,174)	( 25,061)
	<u>\$ 7,892,316</u>	<u>\$ 8,914,462</u>

The Group recognized a decrease in cost of goods sold in 2023 due to the increase in net realizable value of inventory resulting from inventory liquidation.

(VII) Investments accounted for using the equity method

	<u>2023</u>	<u>2022</u>
At January 1	\$ 930,156	\$ 848,987
Addition of investments accounted for using the equity method	31,154	225,096
Disposal of investments accounted for using the equity method	-	( 21,665)
Consolidation of investments accounted for using the equity method	-	50,078
Capital reduction and return of share capital for investments accounted for using the equity method	-	( 72,400)
Share of profit or loss on investment accounted for using the equity method	5,900	( 16,982)
Earnings distributed from investments accounted for using the equity method	( 61,701)	( 44,949)
Movement in capital surplus	1,753	1,360
Movement in retained earnings	55,153	27,466
Movement in other equity	( 26,533)	( 27,632)
Impairment loss	-	( 3,278)
Others	( 439)	( 35,925)
At December 31	<u>\$ 935,443</u>	<u>\$ 930,156</u>
Affiliates:		
Ability Enterprise Co., Ltd.	\$ 551,270	\$ 513,432
ABICO Asia Capital Corporation	320,202	354,661
G-YEN HUTONG CO., LTD.	62,473	61,622
ILENS INTERNATIONAL CO., LTD.	3,579	4,931
Enertec Corp.	437	441
ABICO Plus Entertainment Limited	-	-
Less: Unrealized gains on transactions between affiliates	( 2,518)	( 4,931)
	<u>\$ 935,443</u>	<u>\$ 930,156</u>

1. The aggregated financial information on the Group's material affiliates is as follows:

	ABICO Asia	
	December 31, 2023	December 31, 2022
<u>Balance Sheet</u>		
Current assets	\$ 1,229,032	\$ 991,760
Non-current assets	494,377	815,100
Current liabilities	( 170,870)	( 70,364)
Non-current liabilities	-	( 5,844)
Total assets, net	<u>\$ 1,552,539</u>	<u>\$ 1,730,652</u>
Book values of affiliates	<u>\$ 320,202</u>	<u>\$ 354,661</u>
<u>Balance Sheet</u>		
	Ability Enterprise	
	December 31, 2023	December 31, 2022
Current assets	\$ 2,883,801	\$ 2,620,994
Non-current assets	5,125,713	4,923,555
Current liabilities	( 1,545,184)	( 1,285,227)
Non-current liabilities	( 16,794)	( 21,423)
Total assets, net	<u>\$ 6,447,536</u>	<u>\$ 6,237,899</u>
Book values of affiliates	<u>\$ 551,270</u>	<u>\$ 513,432</u>

Statement of Comprehensive Income

	ABICO Asia	
	2023	2022
Revenue	\$ -	\$ -
Net loss for this period	(\$ 42,006)	(\$ 108,054)
Other comprehensive income (net of tax)	122,882	58,041
Total comprehensive income for this period	<u>\$ 80,876</u>	<u>(\$ 50,013)</u>

Statement of Comprehensive Income

	Ability Enterprise	
	2023	2022
Revenue	<u>\$ 3,781,091</u>	<u>\$ 3,355,316</u>
Net profit for this period	\$ 274,625	\$ 135,363
Other comprehensive income (net of tax)	53,536	44,909
Total comprehensive income for this period	<u>\$ 328,161</u>	<u>\$ 180,272</u>

2. The carrying amounts and the share of operating performance of the Group's affiliates that are individually immaterial are aggregated below:

The carrying amounts of the Group's affiliates that are individually immaterial as of December 31, 2023 and 2022 are \$63,971 and \$62,063, respectively.

	<u>2023</u>	<u>2022</u>
Net loss for this period	(\$ 28,589)	(\$ 21,341)
Other comprehensive income (net of tax)	( 549)	5,284
Total comprehensive income for this period	<u>(\$ 29,138)</u>	<u>(\$ 16,057)</u>

3. The Group's share of profit or loss on affiliates recognized using the equity method for 2023 and 2022 was a profit of \$5,900 and a loss of \$16,982, respectively.
4. The Group holds 20.34% of the equity in ABICO Asia as its single largest shareholder. As the Group has no intention and no ability to decide on its relevant activities, it is judged that the Group has no control over the company and only has a significant influence.
5. ABICO Asia in March 2022 made a cash capital reduction of 20% and refunded the amount of \$72,400, which was reduced from the equity method investment.
6. This Group's subsidiary ABICO NetCom Co., Ltd. disposed of its NeoCore Technology (formerly known as DR.Chip BIOTECH) shares in June 2022 in several transactions, on June 10, 2022 its shareholding fell to 11.23%, the disposal proceeds of \$28,049 and the difference with the carrying amount for that enterprise of \$6,533 was recorded as a gain on disposal of investment in 2022. Upon the loss of significant influence, the asset will be reclassified at fair value through other comprehensive income, and the difference between its fair value and carry amount of \$5,019 was recorded as an investment gain.
7. ILENS INTERNATIONAL CO., LTD. on December 30, 2022 conducted a capital reduction to eliminate accumulated losses, reducing its capital by 80%, and following the capital reduction the Group's subsidiary ABICO NetCom Co., Ltd. held 400 thousand shares; on December 31, 2022 ILENS INTERNATIONAL CO., LTD. conducted a cash capital increase of 25,000, and ABICO NetCom Co., Ltd. subscribed to 1,000 thousand shares at 10 dollars per share, for \$10,000, and after the capital increase it held 1,400 thousand shares, for a shareholding of 40%.
8. ILENS INTERNATIONAL CO., LTD. handled the proceeds from issuing shares amounting to \$40,000 on September 1, 2023. ABICO NetCom subscribed for 1,600 thousand shares at NT \$10 per share, amounting to \$16,000. After the capital increase, it held 3,000 thousand shares. ILENS INTERNATIONAL CO., LTD. further conducted a capital reduction to eliminate accumulated losses on September 2, 2023, with a capital reduction ratio of 40%. After the capital reduction, ABICO NetCom, a subsidiary of the Group, held 1,800 thousand shares, with a shareholding ratio of 40%.
9. The Group recognized the recoverable amount from ILENS INTERNATIONAL CO., LTD. to be below the carrying value, and recorded an impairment loss of \$3,278 in 2022, and as of December 31, 2023, the accumulated impairment loss is \$6,278.
10. In December 2022 this Group disposed of 100% of its shares in ABICO R&D. The difference between the carrying value and the disposal proceeds of \$4,891 was recorded as an investment loss of \$277.
11. The Group has no legal or constructive obligation to Abico Plus Entertainment Limited, and the carrying value of the investment loss is recorded as zero.

(VIII) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Others	Total
<u>January 1, 2023</u>							
Costs	\$ 866,775	\$ 1,581,087	\$ 4,903,266	\$ 86,734	\$ 274,229	\$ 1,962,414	\$ 9,674,505
Accumulated depreciation	-	( 1,172,460)	( 3,911,330)	( 57,686)	( 245,904)	( 1,312,532)	( 6,699,912)
	<u>\$ 866,775</u>	<u>\$ 408,627</u>	<u>\$ 991,936</u>	<u>\$ 29,048</u>	<u>\$ 28,325</u>	<u>\$ 649,882</u>	<u>\$ 2,974,593</u>
<u>2023</u>							
Opening balance	\$ 866,775	\$ 408,627	\$ 991,936	\$ 29,048	\$ 28,325	\$ 649,882	\$ 2,974,593
Additions	-	5,347	54,391	610	7,658	73,159	141,165
Acquired in business combinations	-	-	-	-	8	-	8
Reclassification	-	( 699)	18,535	-	1,661	137,775	157,272
Disposal and scrapping	-	( 2,370)	( 21,012)	( 20)	( 15)	( 1,324)	( 24,741)
Depreciation expense	-	( 30,507)	( 235,655)	( 8,062)	( 15,266)	( 215,071)	( 504,561)
Impairment loss	-	-	-	-	-	( 4,351)	( 4,351)
Net exchange difference	( 23,521)	( 6,740)	( 16,847)	( 217)	( 59)	( 3,041)	( 50,425)
Ending balance	<u>\$ 843,254</u>	<u>\$ 373,658</u>	<u>\$ 791,348</u>	<u>\$ 21,359</u>	<u>\$ 22,312</u>	<u>\$ 637,029</u>	<u>\$ 2,688,960</u>
<u>December 31, 2023</u>							
Costs	\$ 843,254	\$ 1,517,213	\$ 4,368,384	\$ 82,993	\$ 235,615	\$ 2,023,526	\$ 9,070,985
Accumulated depreciation and impairment	-	( 1,143,555)	( 3,577,036)	( 61,634)	( 213,303)	( 1,386,497)	( 6,382,025)
	<u>\$ 843,254</u>	<u>\$ 373,658</u>	<u>\$ 791,348</u>	<u>\$ 21,359</u>	<u>\$ 22,312</u>	<u>\$ 637,029</u>	<u>\$ 2,688,960</u>
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Others	Total
<u>January 1, 2022</u>							
Costs	\$871,378	\$1,574,593	\$4,977,959	\$ 85,859	\$ 262,306	\$1,841,624	\$ 9,613,719
Accumulated depreciation	-	( 1,158,825)	( 3,846,109)	( 52,893)	( 223,384)	( 1,239,144)	( 6,520,355)
	<u>\$ 871,378</u>	<u>\$ 415,768</u>	<u>\$ 1,131,850</u>	<u>\$ 32,966</u>	<u>\$ 38,922</u>	<u>\$ 602,480</u>	<u>\$ 3,093,364</u>
<u>2022</u>							
Opening balance	\$ 871,378	\$ 415,768	\$ 1,131,850	\$ 32,966	\$ 38,922	\$ 602,480	\$ 3,093,364
Additions	-	10,438	125,700	4,266	10,144	169,855	320,403
Reclassification	-	615	16,970	-	1,781	99,581	118,947
Disposal and scrapping	-	( 6)	( 21,184)	( 261)	( 3,581)	( 1,035)	( 26,067)
Depreciation expense	-	( 29,569)	( 270,329)	( 8,141)	( 18,505)	( 223,143)	( 549,687)
Impairment loss	-	-	( 8,527)	-	-	-	( 8,527)
Net exchange difference	( 4,603)	11,381	17,456	218	( 436)	2,144	26,160
Ending balance	<u>\$ 866,775</u>	<u>\$ 408,627</u>	<u>\$ 991,936</u>	<u>\$ 29,048</u>	<u>\$ 28,325</u>	<u>\$ 649,882</u>	<u>\$ 2,974,593</u>
<u>December 31, 2022</u>							
Costs	\$ 866,775	\$ 1,581,087	\$ 4,903,266	\$ 86,734	\$ 274,229	\$ 1,962,414	\$ 9,674,505
Accumulated depreciation and impairment	-	( 1,172,460)	( 3,911,330)	( 57,686)	( 245,904)	( 1,312,532)	( 6,699,912)
	<u>\$ 866,775</u>	<u>\$ 408,627</u>	<u>\$ 991,936</u>	<u>\$ 29,048</u>	<u>\$ 28,325</u>	<u>\$ 649,882</u>	<u>\$ 2,974,593</u>

1. The Group elected to use the land revaluation value as the recognized cost on the date of conversion to IFRS. The incremental value included in the land cost in the revaluation was \$46,667 as of December 31, 2023 and 2022.
2. Please refer to Note 8 for information on property, plant and equipment pledged as collateral.

(IX) Leasing arrangements - lessee

1. The assets leased by the Group are land, buildings, machinery and equipment, transportation equipment, and other equipment, and the lease terms are usually 3–50 years. The lease contract is negotiated individually and contains various terms and conditions, and no other restrictions are imposed except that the assets leased shall not be used as collateral for loans.
2. The lease terms of plants, equipment, cars, and phone systems leased by the Group are not more than 12 months, and the computer equipment leased is a low-value asset.
3. The information on the book values of the right-of-use assets and the depreciation expenses recognized is as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	\$ 103,043	\$ 106,937
Buildings	654,089	696,577
Machinery and equipment	8,210	16,344
Transportation equipment	10,811	15,934
Other equipment	2,099	954
	<u>\$ 778,252</u>	<u>\$ 836,746</u>
	2023	2022
	Depreciation expense	Depreciation expense
Land	\$ 3,302	\$ 3,144
Buildings	180,173	154,989
Machinery and equipment	5,331	6,677
Transportation equipment	9,181	8,323
Other equipment	714	6,014
	<u>\$ 198,701</u>	<u>\$ 179,147</u>

4. The additions of the Group's right-of-use assets in 2023 and 2022 were \$163,479 and \$309,828, respectively.

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

	2023	2022
<u>Items that affect current profit or loss</u>		
Interest expense on lease liabilities	\$ 19,387	\$ 17,862
Expenses on short-term lease contracts	10,474	19,129
Expenses on low-value assets leased	3,338	13,494
Lease modification gain	( 1,150)	( 1,037)

6. The Group's total cash outflows from leases in 2023 and 2022 were \$219,613 and \$216,913, respectively.

7. The carrying amounts of the Group's right-of-use assets subleased as of December 31, 2023 and 2022 were \$215,639 and \$121,943 respectively, and the rental income received during 2023 and 2022 were \$31,808 and \$14,017 respectively.

(X) Investment Property

	2023		
	Land	Buildings	Total
<u>January I, 2023</u>			
Cost	\$ 47,036	\$ 11,171	\$ 58,207
Accumulated depreciation and impairment	-	( 18)	( 18)
	<u>\$ 47,036</u>	<u>\$ 11,153</u>	<u>\$ 58,189</u>
<u>2023</u>			
Opening Balance	\$ 47,036	\$ 11,153	\$ 58,189
Depreciation expense	-	( 219)	( 219)
Ending Balance	<u>\$ 47,036</u>	<u>\$ 10,934</u>	<u>\$ 57,970</u>
<u>December 31, 2023</u>			
Cost	\$ 47,036	\$ 11,171	\$ 58,207
Accumulated depreciation and impairment	-	( 237)	( 237)
	<u>\$ 47,036</u>	<u>\$ 10,934</u>	<u>\$ 57,970</u>

	2022		
	Land	Buildings	Total
<u>January I, 2022</u>			
Cost	\$ -	\$ -	\$ -
Accumulated depreciation and impairment	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>2022</u>			
Opening Balance	\$ -	\$ -	\$ -
Addition-From Purchase	47,036	11,171	58,207
Depreciation expense	-	( 18)	( 18)
Ending Balance	<u>\$ 47,036</u>	<u>\$ 11,153</u>	<u>\$ 58,189</u>
<u>December 31, 2022</u>			
Cost	\$ 47,036	\$ 11,171	\$ 58,207
Accumulated depreciation and impairment	-	( 18)	( 18)
	<u>\$ 47,036</u>	<u>\$ 11,153</u>	<u>\$ 58,189</u>

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

	2023	2022
Rental income from investment Property	<u>\$ 792</u>	<u>\$ -</u>
Direct operating expenses incurred by investment property that generates rental income in the period	<u>\$ 219</u>	<u>\$ 18</u>

2. The fair value of the Group's investment properties could not be reliably determined. After searching the website of the Real Estate Transaction Search Service of the Ministry of Interior and Lands, the fair value of the Group's investment properties as of December 31, 2023 and 2022 was approximately \$60,995 to \$74,728 and \$51,012 to \$63,222, as evaluated by referring to the actual transaction information in the neighboring areas.

3. The lease is mainly for commercial use, and the main contents of the lease agreements are the same as those of a general lease.



(XI) Intangible assets

	<u>Goodwill</u>	<u>Customer relationship rights</u>	<u>Computer software</u>	<u>Others</u>	<u>Total</u>
<u>January 1, 2023</u>					
Costs	\$ 127,183	\$ 89,061	\$ 96,887	\$ 34,417	\$ 347,548
Accumulated amortization	-	( 76,894)	( 79,983)	( 1,547)	( 158,424)
Accumulated impairment	( 23,270)	-	-	-	( 23,270)
	<u>\$ 103,913</u>	<u>\$ 12,167</u>	<u>\$ 16,904</u>	<u>\$ 32,870</u>	<u>\$ 165,854</u>
<u>2023</u>					
Opening balance	\$ 103,913	\$ 12,167	\$ 16,904	\$ 32,870	\$ 165,854
Additions	-	-	5,541	191	5,732
Acquisition in business combinations	4,759	-	-	-	4,759
Reclassification	-	-	5,238	-	5,238
Amortization expense	-	( 1,451)	( 11,100)	( 885)	( 13,436)
Impairment loss	( 5,675)	-	-	-	( 5,675)
Net exchange difference	-	-	( 197)	-	( 197)
Ending balance	<u>\$ 102,997</u>	<u>\$ 10,716</u>	<u>\$ 16,386</u>	<u>\$ 32,176</u>	<u>\$ 162,275</u>
<u>December 31, 2023</u>					
Costs	\$ 131,942	\$ 20,171	\$ 103,825	\$ 34,608	\$ 290,546
Accumulated amortization	-	( 9,455)	( 87,439)	( 2,432)	( 99,326)
Accumulated impairment	( 28,945)	-	-	-	( 28,945)
	<u>\$ 102,997</u>	<u>\$ 10,716</u>	<u>\$ 16,386</u>	<u>\$ 32,176</u>	<u>\$ 162,275</u>

	Goodwill	Customer relationship rights	Computer software	Others	Total
<u>January 1, 2022</u>					
Costs	\$ 141,795	\$ 82,428	\$ 88,666	\$ -	\$ 312,889
Accumulated amortization	-	( 78,885)	( 70,661)	-	( 149,546)
Accumulated impairment	( 23,378)	-	-	-	( 23,378)
	<u>\$ 118,417</u>	<u>\$ 3,543</u>	<u>\$ 18,005</u>	<u>\$ -</u>	<u>\$ 139,965</u>
<u>2022</u>					
Opening balance	\$ 118,417	\$ 3,543	\$ 18,005	\$ -	\$ 139,965
Additions	-	-	4,263	-	4,263
Acquisition due to business combinations	-	8,380	-	27,247	35,627
Reclassification	( 12,464)	5,305	4,469	7,159	4,469
Amortization expense	-	( 5,066)	( 9,888)	( 1,536)	( 16,490)
Impairment loss	( 2,040)	-	-	-	( 2,040)
Net exchange difference	-	5	55	-	60
Ending balance	<u>\$ 103,913</u>	<u>\$ 12,167</u>	<u>\$ 16,904</u>	<u>\$ 32,870</u>	<u>\$ 165,854</u>
<u>December 31, 2022</u>					
Costs	\$ 127,183	\$ 89,061	\$ 96,887	\$ 34,417	\$ 347,548
Accumulated amortization	-	( 76,894)	( 79,983)	( 1,547)	( 158,424)
Accumulated impairment	( 23,270)	-	-	-	( 23,270)
	<u>\$ 103,913</u>	<u>\$ 12,167</u>	<u>\$ 16,904</u>	<u>\$ 32,870</u>	<u>\$ 165,854</u>

Goodwill is tested for impairment on the balance sheet date, and the recoverable amount is estimated based on value in use. The value in use is calculated based on the cash flows of the Group's financial budgets for the next five years, and the main assumption adopted for calculating the value in use is as follows:

	2023	2022
Operating profit margin	1.96%~14.6%	2.60%~11.08%
Growth/Decline rate	-10.00%~31.97%	-10.00%~2.00%
Discount rate	4.98%~15.51%	4.59%~16.72%

All assumptions are developed based on the future trends in relevant industries and the internal and external historical information.

(XII) Other non-current assets

	December 31, 2023	December 31, 2022
Guarantee deposits paid	\$ 97,434	\$ 96,359
Prepayments for business facilities	38,205	53,851
Prepayments for investments	-	15,400
Others	22,009	24,115
Subtotal	<u>157,648</u>	<u>189,725</u>
Overdue payments	105,862	91,596
Less: Allowance for losses	( 105,862)	( 91,596)
Subtotal	<u>-</u>	<u>-</u>
Total	<u>\$ 157,648</u>	<u>\$ 189,725</u>

(XIII) Short-term borrowings

Category of borrowings	December 31, 2023	December 31, 2022
Bank borrowings		
Unsecured borrowings	\$ 2,322,280	\$ 2,226,457
Secured borrowings	120,003	131,472
	<u>\$ 2,442,283</u>	<u>\$ 2,357,929</u>
Interest rate range	<u>1.249%~6.610%</u>	<u>0.59%~5.95%</u>

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

(XIV) Short-term notes payable

	December 31, 2022
Short-term notes payable	\$ 30,000
Less: Discount for short-term notes payable	( 15)
	<u>\$ 29,985</u>
Interest rate range	<u>1.40%</u>

As of December 31, 2023: None.

(XV) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salary and year-end bonuses payable	\$ 328,793	\$ 313,349
Remuneration payable to employees and directors and supervisors	67,890	84,005
Business tax payable	65,331	61,024
Utilities and freight payable	22,708	25,407
Packaging, import declaration, and processing factory fees payable	10,867	18,441
Pensions Payable	18,639	19,701
Service payment payable	29,066	12,108
Business facilities payable	16,913	15,778
Others	178,838	180,097
	<u>\$ 739,045</u>	<u>\$ 729,910</u>

(XVI) Long-term borrowings

<u>Category of borrowings</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>December 31, 2023</u>
Secured borrowings	2005.10~2033.9	0.614%~2.78%	\$ 532,016
Unsecured borrowings	2018.9~2040.7	0.614%~2.62%	<u>1,236,844</u>
			1,768,860
Less: Long-term borrowings - current portion			<u>( 277,089)</u>
			<u>\$ 1,491,771</u>

<u>Category of borrowings</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>December 31, 2022</u>
Secured borrowings	2005.10~2033.9	0.62%~2.63%	\$ 766,238
Unsecured borrowings	2018.9~2031.3	0.65%~4.00%	<u>1,197,921</u>
			1,964,159
Less: Long-term borrowings - current portion			<u>( 230,849)</u>
			<u>\$ 1,733,310</u>

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

(XVII) Other non-current liabilities

	December 31, 2023	December 31, 2022
Net defined benefit liability	\$ 184,233	\$ 208,736
Guarantee deposits received	19,041	21,211
Others	10,961	7,615
	<u>\$ 214,235</u>	<u>\$ 237,562</u>

(XVIII) Pensions

1. (1) The Company's subsidiaries, Jabon International, ABICO NetCom, AVY, and Honlynn established the defined benefit pension regulations in accordance with the provisions of the Labor Standards Act, which applied to all formal employees who were employed prior to the enforcement of the Labor Pension Act on July 1, 2005 and to the formal employees who still chose the old fund mechanism under the Labor Standards Act after the Labor Pension Act took effect. Under the defined benefit pension plan, two units are granted for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units granted and the average monthly salaries and wages of the last 6 months prior to retirement. The Group makes a contribution equal to a certain percentage of the total salaries per month as a pension fund and deposits it to the designated account in the name of the Labor Pension Funds Supervisory Committee at the Bank of Taiwan. In addition, the Group assesses the balance in the aforementioned labor pension reserve account by December 31, per year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Group will make contributions to make up for the deficit by March 31 of the following year.

(2) Amounts recognized in balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	(\$ 24,643)	(\$ 26,787)
Fair value of plan asset	18,149	16,802
Net defined benefit liability	<u>(\$ 6,494)</u>	<u>(\$ 9,985)</u>

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

2023	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Balance as at January 1	( \$ 26,787)	\$ 16,802	( \$ 9,985)
Movement in the consolidated entities	-	-	-
Recognized in profit or loss:			
Current service cost	( 76)	-	( 76)
Interest (expense) income	( 367)	151	( 216)
	( 443)	151	( 292)
Recognized in comprehensive income:			
Return on plan asset (excluding amounts included in interest income or expenses)	-	342	342
Effect of change in financial assumptions	( 432)	40	( 392)
Experience adjustments	1,102	-	1,102
	670	382	1,052
Contribution to pension fund	-	2,867	2,867
Pension paid	1,917	( 2,053)	( 136)
Balance as at December 31	( \$ 24,643)	\$ 18,149	( \$ 6,494)

2022	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Balance as at January 1	( \$ 30,441)	\$ 15,713	( \$ 14,728)
Movement in the consolidated entities	-	-	-
Recognized in profit or loss:			
Current service cost	( 113)	-	( 113)
Interest (expense) income	( 208)	110	( 98)
	( 321)	110	( 211)
Recognized in comprehensive income:			
Effect of change in financial assumptions	-	893	893
Experience adjustments	1,711	306	2,017
Recognized in comprehensive income:	( 925)	-	( 925)
	786	1,199	1,985
Contribution to pension fund	-	2,969	2,969
Pension paid	3,189	( 3,189)	-
Balance as at December 31	( \$ 26,787)	\$ 16,802	( \$ 9,985)

- (4) The Bank of Taiwan is commissioned to manage the fund of the Group's defined benefit pension plan assets in accordance with the percentages and amount of items as stipulated in the fund's annual investment and utilization plan and Article 6 of the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (i.e. deposits in domestic and foreign financial institutions, investment in domestic and overseas listed equity securities or equity securities through private placement, or investment in domestic and overseas securitization products backed by real estate assets). The relevant utilization status is supervised by the Labor Funds Supervisory Committee. With regard to the utilization of the fund, its minimum earnings in the annual distributions of the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, the government shall compensate the deficit after being authorized by the competent authorities. The Group has no right to participate in managing and operating said fund, hence the Group is unable to disclose the classification of the fair value of plan assets in accordance with paragraph 142 of IAS

19. The fair value of the composition of the plan assets as of December 31, 2023 and 2022 is available in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	<u>2023</u>	<u>2022</u>
Discount rate	1.10%~1.30%	1.15%~1.50%
Future salary increases	1.00%~2.75%	1.00%~2.75%

The assumptions for the future mortality rate are based on the Taiwan Standard Ordinary Experience Mortality Table No. 5.

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

	<u>Discount rate</u>		<u>Future salary increases</u>	
	Increase <u>0.25%</u>	Decrease <u>0.25%</u>	Increase <u>0.25%</u>	Decrease <u>0.25%</u>
December 31, 2023				
Effect on the present value of defined benefit obligations	(\$ <u>539</u> )	<u>\$ 667</u>	<u>\$ 525</u>	(\$ <u>513</u> )

	<u>Discount rate</u>		<u>Future salary increases</u>	
	Increase <u>0.25%</u>	Decrease <u>0.25%</u>	Increase <u>0.25%</u>	Decrease <u>0.25%</u>
December 31, 2022				
Effect on the present value of defined benefit obligations	(\$ <u>556</u> )	<u>\$ 573</u>	<u>\$ 548</u>	(\$ <u>534</u> )

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

The methods and types of assumptions used in preparing the sensitivity analysis are the same as those for the prior period.

- (7) The Group's estimated contributions to the defined benefit pension plan for the year ended December 31, 2024 amount to \$1,819.



- (8) As of December 31, 2023, the weighted average duration of the pension plan is 2–16 years. An analysis of the maturity of pension payments is as follows:

Less than 1 year	\$ 7,112
More than 1 year but less than 5 years	900
Over 5 years	<u>3,953</u>
	<u>\$ 11,965</u>

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

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

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

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

<u>2023</u>	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan asset</u>	<u>Net defined benefit liability</u>
Balance as at January 1	( \$ 188,028)	\$ 30,107	( \$ 157,921)
Recognized in profit or loss:			
Current service cost	( 7,385)	-	( 7,385)
Interest (expense) income	( 1,283)	<u>288</u>	( 995)
	<u>( 8,668)</u>	<u>288</u>	<u>( 8,380)</u>
Recognized in comprehensive income:			
Experience adjustments	<u>10,076</u>	( 463)	<u>9,613</u>
	<u>10,076</u>	<u>( 463)</u>	<u>9,613</u>
Contribution to pension fund	-	1,380	1,380
Pension paid	14,150	( 1,965)	12,185
Exchange difference	<u>11,955</u>	( 1,952)	<u>10,003</u>
Balance as at December 31	<u>( \$ 160,515)</u>	<u>\$ 27,395</u>	<u>( \$ 133,120)</u>

<u>2022</u>	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan asset</u>	<u>Net defined benefit liability</u>
Balance as at January 1	( \$ 211,580)	\$ 32,131	( \$ 179,449)
Recognized in profit or loss:			
Current service cost	( 8,263)	-	( 8,263)
Interest (expense) income	( 734)	304	( 430)
	<u>( 8,997)</u>	<u>304</u>	<u>( 8,693)</u>
Recognized in comprehensive income:			
Experience adjustments	7,119	( 215)	6,904
	<u>7,119</u>	<u>( 215)</u>	<u>6,904</u>
Contribution to pension fund	-	1,398	1,398
Pension paid	18,118	( 2,413)	15,705
Exchange difference	7,312	( 1,098)	6,214
Balance as at December 31	<u>( \$ 188,028)</u>	<u>\$ 30,107</u>	<u>( \$ 157,921)</u>

- (4) The present value of Daiichi Kasei's defined benefit obligations is determined by a qualified actuary, and the actuarial assumptions related to pension are as follows:

	<u>2023</u>	<u>2022</u>
Discount rate	1.103%	0.74%

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

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

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

3. (1) Sol-Plus Co., Ltd., a sub-subsidiary of the Company, has formulated a defined benefit pension plan in accordance with the regulations under the Small- and Medium-Sized Enterprise Pension System, and makes a monthly contribution to each employee's labor pension account with the entrusted financial institution; the entity in charge of the Small- and Medium-Sized Enterprise Pension System provides it with its pension contributions and each employee's estimated pension per year. The payment for employee pension is made in a lump sum with the funds and the cumulative income in each employee's individual pension account.
- (2) The pension costs recognized by the Group in accordance with the above pension plan for 2023 and 2022 were \$2,762 and \$2,484, respectively. The net defined benefit liabilities as at December 31, 2023 and 2022 were \$18,188 and \$17,747, respectively.
4. (1) Hiraiseimitsu (Thailand) Co., Ltd., a sub-subsidiary of the Company, has formulated a defined benefit pension plan in accordance with the Thai Labor Law, and the pension liabilities were estimated based on employees' length of service and salaries.
- (2) Amounts recognized in balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	(\$ 25,344)	(\$ 23,083)
Fair value of plan asset	-	-
Net defined benefit liability	(\$ 25,344)	(\$ 23,083)

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

2023	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
January 1	(\$ 23,083)	\$ -	(\$ 23,083)
Recognized in profit or loss:			
Current service cost	( 2,784)	-	( 2,784)
Interest (expense) income	( 699)	-	( 699)
	( 3,483)	-	( 3,483)
Remeasurement:			
Effect of change in demographic assumptions	103	-	103
Effect of change in financial assumptions	134	-	134
Experience adjustments	1,164	-	1,164
	1,401	-	1,401
Pension paid	-	-	-
Exchange difference	( 179)	-	( 179)
December 31	(\$ 25,344)	\$ -	(\$ 25,344)

2022	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
January 1	( \$ 21,541)	\$ -	( \$ 21,541)
Recognized in profit or loss:			
Current service cost	( 2,568)	-	( 2,568)
Interest (expense) income	( 600)	-	( 600)
	<u>( 3,168)</u>	<u>-</u>	<u>( 3,168)</u>
Remeasurement:			
Effect of change in demographic assumptions	( 2,525 )	-	( 2,525)
Effect of change in financial assumptions	2,879	-	2,879
Experience adjustments	<u>2,421</u>	<u>-</u>	<u>2,421</u>
	<u>2,775</u>	<u>-</u>	<u>2,775</u>
Pension paid	-	-	-
Exchange difference	( 1,149)	-	( 1,149)
December 31	<u>( \$ 23,083)</u>	<u>\$ -</u>	<u>( \$ 23,083)</u>

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

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

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

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

The sensitivity analysis above is based on the impact of a single assumption which changed while the other conditions remain unchanged. In practice, more than one

assumption may change at the same time. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

- (6) As of December 31, 2023, the weighted average duration of the pension plan is 21.29 years. An analysis of the maturity of pension payments is as follows:

Less than 1 year	\$	-
1-5 years		2,104
5 years or longer		156,030
	\$	<u>158,134</u>

5. (1) Effective on July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan under the Labor Pension Act, covering all employees with R.O.C. nationality. Under the Labor Pension Act, the Company and its domestic subsidiaries make monthly contributions equal to 6% of the employees' monthly salaries and wages to the employees' individual pension accounts with the Bureau of Labor Insurance. The pension is paid monthly or in lump sum with the funds and the cumulative income in each employee's individual pension account.
- (2) The subsidiaries of the Group in China make monthly contributions equal to a certain percentage of the local employees' salaries in accordance with the pension system stipulated by the government of the People's Republic of China. Each employee's pension is managed and administered by the government, and the Group has no further obligations other than the monthly contributions.
- (3) The Group's subsidiaries in regions other than the above ones makes contributions to the pension funds in accordance with the laws and regulations of the countries where they are located.
- (4) The pension costs recognized by the Group in accordance with the above pension schemes for 2023 and 2022 were \$83,587 and \$99,401, respectively.

(XIX) Share capital

1. As of December 31, 2023, the Company's authorized capital was \$3,000,000 (including employee stock options, preference shares with stock options, and corporate bonds payable with stock options of \$100,000) and paid-in capital was \$1,689,590, with a par value of NT\$10 per share, and divided into 168,959 thousand shares.
2. Treasury shares
- (1) Reasons for the retrieval of shares and the number:

	Unit: thousand shares	
	<u>December 31, 2023</u>	
<u>Name of company</u>	<u>Number of shares</u>	<u>Carrying amount</u>
Held by subsidiaries	984	\$ 5,714

Name of company	December 31, 2022	
	Number of shares	Carrying amount
Held by the Company for transfer of the shares to employees	1,005	\$ 24,059
Held by subsidiaries	984	5,714
	1,989	\$ 29,773

- (2) As per the Securities and Exchange Act, the percentage of the issued shares to be repurchased by the Company shall not exceed 10% of its total issued shares, and the total amount of the purchased shares shall not exceed the retained earnings plus the issued shares at a premium and the realized capital surplus.
- (3) As per the Securities and Exchange Act, the treasury shares held by the Company shall not be pledged, nor shall they be entitled to shareholders' rights until they are transferred.
- (4) As per the Securities and Exchange Act, the shares repurchase for transfer to employees shall be transferred within five years from the date of the repurchase. If the shares are not transferred prior to the deadline, the company shall be deemed to have not issued the shares and shall carry out the change registration to cancel the shares. The shares repurchased to maintain the Company's credit and shareholders' equity shall be cancelled by carrying out change registration within six months from the date of the repurchase.
- (5) The Board of Directors, on March 24, 2020, resolved a decision to repurchase treasury shares and transfer them to employees in accordance with Article 28-2 of the Securities and Exchange Act and the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies to motivate employees and enhance their commitment to the Company. A total of 1,005 thousand shares were repurchased in an amount of \$24,059 between March 27, 2020 and May 22, 2020, and the average repurchase price was NT\$23.94 per share.
- (6) AVY, a subsidiary of the Company, acquired the Company's shares privately offered on October 15, 2004. In 2005, the Company invested in AVY, which became the Company's subsidiary, and its initial shareholding of the Company's shares was regarded as the Company's treasury shares.
- (7) On March 22, 2023, the Board of Directors approved the repurchase of 1,005 thousand shares of treasury shares that had not been transferred to employees, and the capital reduction will be canceled three years after the expiration of the shares. The capital reduction amount was \$10,050, the base date of the capital reduction was May 22, 2023, and the change of registration was completed on June 12, 2023.

(XX) Capital surplus

1. According to the provisions of the Company Act, the capital surplus including the income derived from issuing shares at a premium and from endowments, in addition to being used to compensate deficit, where the Company has no accumulated losses, shall be used to issue

new shares or cash in proportion to the shareholders' original shares. In addition, as per the Securities and Exchange Act, where the capital surplus above is allocated for capitalization, the total amount shall not exceed 10% of the paid-in capital each year. The Company shall not use the capital surplus to compensate the capital losses, unless the surplus reserve is insufficient to compensate such losses.

## 2. Table of movement in capital surplus

	Issue at a premium	Treasury share trading	Differences between the price of the equity of subsidiary acquired or disposed and the book value	Changes in ownership interests in subsidiaries recognized	Changes in the net equity value of affiliates recognized	Others	Total
January 1, 2023	\$ 1,032,472	\$ 351,553	\$ 882,599	\$ 255,643	\$ 3,790	\$ 70,495	\$ 2,596,552
Treasury stock retired	( 6,105)	( 7,904)	-	-	-	-	( 14,009)
Overdue dividends transferred to capital surplus	-	-	-	-	-	138	138
Adjustments to dividends paid out to subsidiaries	-	297	-	-	-	-	297
Differences between the price of the equity of subsidiary disposed of and the book value	-	-	29,211	-	-	-	29,211
Changes in equity of subsidiaries and affiliates	-	-	-	( 13,635)	1,107	-	( 12,528)
December 31, 2023	<u>\$ 1,026,367</u>	<u>\$ 343,946</u>	<u>\$ 911,810</u>	<u>\$ 242,008</u>	<u>\$ 4,897</u>	<u>\$ 70,633</u>	<u>\$ 2,599,661</u>
			Differences between the price of the equity of subsidiary acquired or disposed and the book value	Changes in ownership interests in subsidiaries recognized	Changes in the net equity value of affiliates recognized	Others	Total
January 1, 2022	\$ 1,083,461	\$ 351,257	\$ 882,599	\$ 195,222	\$ 1,349	\$ 70,480	\$ 2,584,368
Cash Dividend	( 50,989)	-	-	-	-	-	( 50,989)
Overdue dividends transferred to capital surplus	-	-	-	-	-	15	15
Adjustments to dividends paid out to subsidiaries	-	296	-	-	-	-	296
Changes in equity of subsidiaries and affiliates	-	-	-	60,421	2,441	-	62,862
December 31, 2022	<u>\$ 1,032,472</u>	<u>\$ 351,553</u>	<u>\$ 882,599</u>	<u>\$ 255,643</u>	<u>\$ 3,790</u>	<u>\$ 70,495</u>	<u>\$ 2,596,552</u>

3. The details of trading capital surplus - treasury shares are as follows:

	December 31, 2023	December 31, 2022
Cumulative gain on the sales of the parent company's stock by subsidiaries	\$ 315,408	\$ 315,408
Dividends paid out by the parent company to subsidiaries	37,889	37,592
Treasury stock retired	( 7,904)	-
Convertible bonds payable repurchased	( 1,447)	( 1,447)
	<u>\$ 343,946</u>	<u>\$ 351,553</u>

(XXI) Retained earnings

- As per the Articles of Incorporation, where the Company makes a profit for a fiscal year, the profit shall be first used for offsetting a cumulative deficit, setting aside 10% of the remaining profit as a legal reserve unless it has reached the total amount of the Company's paid-in capital, setting aside an amount for or reversing a special reserve in accordance with the laws and regulations or the competent authority's regulations, and then any remaining profit, together with any undistributed retained earnings from the prior period, shall be adopted by the Company's Board of Directors as the basis for making a distribution proposal after an appropriate amount is reserved for business needs. The proposal shall then be resolved at the shareholders' meeting for the distribution of shareholder dividends. All or part of the dividends and bonuses payable, capital surplus, or legal reserve shall be paid out in cash with majority approval at a board meeting attended by over two-thirds of the directors, which shall be reported to the shareholders' meeting, while the provisions in the preceding paragraph that a resolution by the shareholders meeting shall be required do not apply.
- The Company's dividend policy shall be implemented based on its business plan, future capital expenditure plans, budget, and capital needs, to meet shareholders' needs for cash inflows and ensure market competitiveness, of which cash dividends to be paid out shall not be lower than 10% of the total dividends to be paid out to shareholders.
- The legal reserve shall not be used except for compensation of the Company's deficit and issue of new shares or cash in proportion to the shareholders' shareholdings. However, in the case of issue of new shares or cash, it shall only be conducted when such reserve exceeds 25% of the paid-in capital.
- In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount may be included in the distributable earnings.
- On June 4, 2022, the shareholders' meeting resolved a resolution for the 2021 retained earnings. As the net profit in 2021 is insufficient for an allocation for legal reserve and allocation for special reserve, the reserve surplus was not for the time being distributed. In addition, a cash dividend of \$50,989 (approximately NT\$0.3 per share) would be paid out of capital surplus.
- The shareholders' meeting, on June 13, 2023, resolved a resolution to pay out cash dividends



of \$50,989 (approximately NT\$0.3 per share) for earnings distribution for 2022.

7. The above information on the approval of the Board of Directors and the resolution adopted by the shareholders' meeting regarding earnings distribution is available on the MOPS.

(XXII) Non-controlling interests

	<u>2023</u>	<u>2022</u>
Opening balance	\$ 2,066,769	\$ 2,221,195
Share attributable to non-controlling interests:		
Net profit (loss) for this period	61,829	123,409
Exchange differences on translation of the financial statements of foreign operations	( 27,474)	( 18,893)
Unrealized gains or losses on financial assets at fair value through other comprehensive income	( 27,621)	( 82,492)
Remeasurement of defined benefit plans	( 13,339)	( 4,813)
Cash dividends paid out by subsidiaries	( 83,667)	( 120,084)
Subsidiaries' cash capital reduction	-	( 79,520)
Changes in ownership interests in subsidiaries	829	34,569
Disposal of equity instruments at fair value through other comprehensive income	-	( 38,604)
Changes in non-controlling interests - a acquisition through combination	2,279	-
Changes in non-controlling interests - acquisition through combination and cash capital increase	( 75,093)	32,002
Ending balance	<u>\$ 1,904,512</u>	<u>\$ 2,066,769</u>

(XXIII) Operating revenue

	<u>2023</u>	<u>2022</u>
Revenue from customer contracts	\$ 9,420,948	\$ 10,518,257

1. Please refer to Note 14(2) for the details of revenue from customer contracts.

2. Contract liabilities

The contract liabilities related to revenue from customer contracts recognized by the Group are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities (advance receipts)	<u>\$ 81,893</u>	<u>\$ 73,141</u>	<u>\$ 82,495</u>

(XXIV) Interest income

	<u>2023</u>	<u>2022</u>
Interest income	\$ 89,510	\$ 37,805

(XXV) Other income

	2023	2022
Rental income	\$ 50,774	\$ 18,678
Dividend income	28,179	25,727
Bargain purchase gains	-	5,667
Others	1,090	-
	<u>\$ 80,043</u>	<u>\$ 50,072</u>

(XXVI) Other gains and losses

	2023	2022
Proceeds from the disposal of property, plant and equipment	\$ 28,428	\$ 25,314
Gain (loss) on financial assets and liabilities at fair value through profit or loss	82,180	( 51,368)
Foreign exchange gain	35,600	181,669
Lease modification gain	1,150	1,037
Gain (loss) on disposal of investment	( 140)	11,275
Disposal benefits of non-current assets held for sell	-	3,120
Impairment loss	( 10,026)	( 13,845)
Others	14,701	15,392
	<u>\$ 151,893</u>	<u>\$ 172,594</u>

(XXVII) Financial costs

	2023	2022
Interest expense		
Bank borrowings and others	\$ 88,177	\$ 64,424
Interest on lease liabilities	19,387	17,862
Other financial expenses	524	1,001
	<u>\$ 108,088</u>	<u>\$ 83,287</u>

(XXVIII) Employee benefits and depreciation and amortization expenses

By function \ By nature	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary and wages	\$ 1,086,759	\$ 738,529	\$ 1,825,288	\$ 1,207,491	\$ 785,831	\$ 1,993,322
Labor and health insurance costs (Note 1)	65,268	70,177	135,385	66,148	68,704	134,852
Pension	40,636	57,868	98,504	49,770	64,187	113,957
Other employment expenses	41,474	32,121	73,595	50,453	35,362	85,815
Depreciation expense	554,582	148,899	703,481	597,251	131,601	728,852
Amortization expense (Note 2)	8,155	5,281	13,436	6,458	10,032	16,490

Note 1: Labor and health insurance costs include medical insurance and occupational injury insurance borne by subsidiaries in China.

Note 2: Depreciation expense contains property, plant and equipment and right-of-use assets.

1. As per the Company's Articles of Incorporation, after cumulative losses are deducted from the Company's profit for the year, if there is a balance, no less than 8% and not higher than 12% of the balance shall be set aside for employee remuneration and no higher than 1.5% for directors' remuneration.
2. The estimated 2023 employee remuneration and directors' remuneration were \$5,122 and \$960, respectively, and the aforementioned amounts were recognized in salary and wages. The amounts for 2023 were estimated at 8% and 1.5% of the year's profit, respectively. The Company suffered a loss before tax for 2022 so did not estimate employee remuneration and directors' remuneration.
3. The information on employee remuneration and directors' and supervisors' remuneration approved by the Board of Directors is available on the MOPS.

(XXIX) Income tax

1. Income tax expense

(1) Components of income tax expenses:

	<u>2023</u>	<u>2022</u>
Current income tax:		
Income tax from the current income	\$ 135,820	\$ 165,816
Surtax on the undistributed earnings	1,983	199
Income tax (overestimate) underestimates for prior years	( 5,510)	3,137
	<u>132,293</u>	<u>169,152</u>
Deferred tax:		
The initial generation and reversal of temporary differences	( 18,854)	( 19,134)
Income tax expense	<u>\$ 113,439</u>	<u>\$ 150,018</u>

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

	<u>2023</u>	<u>2022</u>
Exchange differences on translation of the foreign operations	(\$ 6,561)	\$ 7,576
Changes in the fair values of financial assets at fair value through other comprehensive income.	( 1,606)	15,009
Remeasurement of defined benefit obligations	<u>113</u>	<u>240</u>
	<u>(\$ 8,054)</u>	<u>\$ 22,825</u>

2. Reconciliation between income tax expenses and accounting profits:

	2023	2022
Income tax calculated based on net profit before tax at the statutory tax rate	\$ 91,278	\$ 127,185
Effects of items that should be adjusted according to laws	30,238	26,345
Surtax on the undistributed earnings	1,983	199
Income tax (overestimate) underestimates for prior years	( 5,510)	3,137
Effect of deferred tax assets unrecognized	( 2,587)	( 4,285)
Others	( 1,963)	( 2,563)
Income tax expense	<u>\$ 113,439</u>	<u>\$ 150,018</u>

3. The details of changes in deferred tax assets or liabilities are as follows:

	2023				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	December 31
Deferred tax assets:					
Temporary differences:					
Inventory valuation loss	\$ 16,555	(\$ 6,818)	\$ -	\$ -	\$ 9,737
Bad debts	18,996	( 677)	-	-	18,319
Depreciation expense	3,799	( 597)	-	-	3,202
Loss on investments accounted by using the equity method	23,385	( 21,291)	-	-	2,094
Effect of pensions	1,576	( 279)	51	( 280)	1,068
Unrealized losses on financial assets at fair value through other comprehensive income	99	-	-	( 98)	1
Impairment loss	14,027	-	-	( 2)	14,025
Others	32,247	61,680	6,561	( 544)	99,944
Tax loss	45,701	( 2,561)	-	( 2,029)	40,481
Subtotal	<u>155,755</u>	<u>29,457</u>	<u>6,612</u>	<u>( 2,953)</u>	<u>188,871</u>
Deferred tax liabilities:					
Temporary differences:					
Gain on investments accounted by using the equity method	(\$ 182,010)	(\$ 1,705)	\$ -	\$ -	(\$ 183,715)
Acquisition due to combinations	( 8,484)	343	-	3,645	( 4,496)
Gain on investments accounted by using the equity method	-	-	1,606	-	1,606
Others	( 20,289)	( 9,241)	( 164)	1,228	( 28,466)
Land value increment tax and gain on increment	( 99,304)	-	-	1	( 99,303)
Subtotal	<u>( 310,087)</u>	<u>( 10,603)</u>	<u>1,442</u>	<u>4,874</u>	<u>( 314,374)</u>
Total	<u>(\$ 154,332)</u>	<u>\$ 18,854</u>	<u>\$ 8,054</u>	<u>\$ 1,921</u>	<u>(\$ 125,503)</u>

	2022				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	December 31
Deferred tax assets:					
Temporary differences:					
Inventory valuation loss	\$ 14,723	\$ 1,832	\$ -	\$ -	\$ 16,555
Bad debts	13,432	5,564	-	-	18,996
Depreciation expense	3,707	92	-	-	3,799
Loss on investments accounted by using the equity method	19,018	4,367	-	-	23,385
Effect of pensions	2,237	( 421)	( 240)	-	1,576
Unrealized losses on financial assets at fair value through other comprehensive income	3,308	-	( 3,209)	-	99
Impairment loss	13,120	-	-	907	14,027
Others	71,170	( 34,632)	( 7,576)	3,285	32,247
Tax loss	19,037	27,092	-	( 1,058)	45,071
Subtotal	159,752	3,894	( 11,025)	3,134	155,755
Deferred tax liabilities:					
Temporary differences:					
Gain on investments accounted by using the equity method	(\$ 174,864)	(\$ 7,146)	\$ -	\$ -	(\$ 182,010)
Acquisition due to combinations	( 32,487)	24,711	-	( 708)	( 8,484)
Others	( 6,260)	( 2,325)	( 11,800)	96	( 20,289)
Land value increment tax and gain on increment	( 98,008)	-	-	( 1,296)	( 99,304)
Subtotal	( 311,619)	15,240	( 11,800)	( 1,908)	( 310,087)
Total	(\$ 151,867)	\$ 19,134	(\$ 22,825)	\$ 1,226	(\$ 154,332)

4. The Company's profit-seeking enterprise income tax returns filed up to 2021 was approved by the tax authority.

(XXX) Earnings (losses) per share

	2023		
	Amount after tax	Weighted average number of issued shares (in thousand)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Current net profit attributable to ordinary shareholders of the parent company	\$ 55,952	167,975	\$ 0.33
<u>Diluted earnings per share</u>			
Effect of dilutive potential ordinary shares on employee remuneration	\$ -	213	
Current net profit attributable to ordinary shareholders of the parent company, plus effect of potential ordinary shares	\$ 55,952	168,188	\$ 0.33

	<u>2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of issued shares (in thousand)</u>	<u>Earnings per share (NT\$)</u>
<u>Basic and diluted earnings per share</u>			
Current net loss attributable to ordinary shareholders of the parent company	(\$ 96,951)	<u>167,975</u>	(\$ 0.58)

As employees can choose to receive shares, when earnings per share are calculated, it is assumed that employee remuneration will be paid out in the form of stock, and when the potential ordinary shares are dilutive, they are included in the weighted average number of issued shares, which is adopted to calculate the diluted earnings per share.

(XXXI) Transactions with non-controlling interests

- In March, April and May 2023, the Group acquired 12%, 17% and 8% equity of Ability I for cash amounting to \$24,515, \$34,730 and \$16,344, respectively. The carrying amounts of non-controlling interests were \$24,515, \$34,730 and \$16,344, respectively, at the acquisition date. This transaction resulted in a decrease in the carrying amounts of non-controlling interests by \$24,515, \$34,730 and \$16,344, respectively.
- Acquisition of additional equity in a subsidiary

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

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

(XXXII) Business combinations

1. ABICO NetCom acquired 245 thousand ordinary shares in Leader Sport Training Co., Ltd. at \$12.2 per share based on the resolution by the board of directors in the first quarter of 2023, for a total of \$2,987, accounting for 51% of the issued shares of Leader Sport Training Co., Ltd.'s, and obtained control on February 23, 2023. The difference between the acquisition consideration and the fair value of the net identifiable assets acquired in the acquisition is recognized as goodwill in the amount of \$4,759.

	<u>February 2023</u>	
	<u>Leader Sport Training</u>	
Acquisition consideration		
Cash	\$	2,987
Non-controlling interests		2,279
Subtotal	\$	<u>5,266</u>
Fair value of identifiable assets acquired and liabilities assumed		
Cash		4,005
Other current asset		891
Property, plant and equipment		8
Right-of-use assets		358
Other non-current assets		845
Other Short-term borrowings	(	570)
Accounts Payable	(	2,895)
Other current Liabilities	(	2,135)
Total of net identical assets		<u>507</u>
Gain of bargain purchase	\$	<u>4,759</u>

2. In the first quarter of 2022, the Company was approved by the competent authority to acquire 836 thousand common shares of VIEWQUEST at a price of \$54 per share, \$45,144 in total, accounting for 100% of the issued shares of VIEWQUEST. The difference between the acquisition consideration and the fair value of the identifiable assets acquired was \$5,667, and it was recognized as gain of bargain purchase.

The relevant information of the above merger is as follows:

	<u>January 2022</u>	
	<u>VIEWQUEST</u>	
Acquisition consideration		
Cash	\$	45,144
Fair value of the identifiable assets acquired		
Cash		733
Investments accounted for using equity method		50,078
Total of net identical assets		<u>50,811</u>
Gain of bargain purchase	(\$	<u>5,667)</u>

(XXXIII) Supplementary information on cash flows

1. Investing activities with partial cash payment:

	<u>2023</u>	<u>2022</u>
Property, plant and equipment acquired	\$ 141,165	\$ 320,403
Add: Business facilities payable at the beginning of the period	15,778	12,561
Less: Business facilities payable at the end of the period	( 16,913)	( 15,778)
Cash paid during this period	<u>\$ 140,030</u>	<u>\$ 317,186</u>

2. Financing activities that do not affect cash flows:

	<u>2023</u>	<u>2022</u>
Long-term borrowings - current portion	\$ 277,089	\$ 230,849

3. The Group disposed of the entire equity of Abico Capital Co., Ltd. to CHIA MEI INVESTMENT CO., LTD. in June 2023. The above subsidiary lost its control in the second quarter of 2023. The consideration received from the transaction (including the part belonging to Cash and cash equivalents) and the information of assets and liabilities related to the subsidiary are as follows:

	<u>June 2023</u>
	<u>Abico Capital</u>
Total consideration	
Cash (The net amount after deducting the securities transaction tax of \$90 from the disposal proceeds of \$30,000.)	\$ 29,910
Abico Capital Co., Ltd. subsidiary assets and liabilities on the book value	
Cash	13,365
Other receivables	17,009
Prepaid expense	301
Other payables	( 60)
Income tax payables	( 615)
Book value of the disposed subsidiary	<u>30,000</u>
Loss on disposal of subsidiary	<u>(\$ 90)</u>
Proceeds from disposal of subsidiary	\$ 29,910
Less: Cash held by subsidiaries	( 13,365)
Cash inflow of the disposed subsidiary company.	<u>\$ 16,545</u>



(XXXIV) The movements in liabilities from financing activities

	<u>Short-term borrowings</u>	<u>Short-term notes payable</u>	<u>Long-term borrowings (including the current portion)</u>	<u>Lease liabilities</u>	<u>The movements in liabilities from financing activities</u>
January 1, 2023	\$ 2,357,929	\$ 29,985	\$ 1,964,159	\$ 750,877	\$ 5,102,950
The movements in cash flows from financing activities	83,426	( 29,985)	( 195,299)	( 186,414)	( 328,272)
Acquired in business combinations	570	-	-	392	962
Non-cash movement - lease changes	-	-	-	153,317	153,317
Effect of changes in exchange rates	358	-	-	( 14,000)	( 13,642)
December 31, 2023	<u>\$ 2,442,283</u>	<u>\$ -</u>	<u>\$ 1,768,860</u>	<u>\$ 704,172</u>	<u>\$ 4,915,315</u>
	<u>Short-term borrowings</u>	<u>Short-term notes payable</u>	<u>Long-term borrowings (including the current portion)</u>	<u>Lease liabilities</u>	<u>The movements in liabilities from financing activities</u>
January 1, 2022	\$ 2,321,339	\$ 89,909	\$ 1,973,051	\$ 593,537	\$ 4,977,836
The movements in cash flows from financing activities	50,732	( 59,924)	( 8,892)	( 16,684)	( 34,732)
Non-cash movement - lease changes	-	-	-	159,074	159,074
Effect of changes in exchange rates	( 14,142)	-	-	14,914	772
December 31, 2022	<u>\$ 2,357,929</u>	<u>\$ 29,985</u>	<u>\$ 1,964,159</u>	<u>\$ 750,877</u>	<u>\$ 5,102,950</u>

VII. Related Party Transactions

(I) Parent company and ultimate controller

The Company is controlled by Abico International Co., Ltd. (incorporated and registered in the Republic of China), which owns 13.07% of the Company's shares as at December 31, 2023. The remaining shares are held by the public. The ultimate parent company and ultimate controller of the Company are Abico International Co., Ltd.

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

<u>Name of related party</u>	<u>Relations with the Group</u>
Abico International Co., Ltd. (ABICO International)	Ultimate parent company
Ability Enterprise Co., Ltd. (Ability Enterprise)	An affiliate
ViewQuest Technologies (BVI) Inc. (VQ)(Note 1)	An affiliate
Ability Enterprise (BVI) CO.,Ltd.(Ability BVI)	An affiliate
ILENS INTERNATIONAL CO., LTD. (ILens)	An affiliate
G-YEN HUTONG CO., LTD. (G-yen Hutong)	An affiliate
ABICO Asia Capital Corporation (ABICO Asia)	An affiliate
NeoCore Technology CO., LTD. (NeoCore Technology) (formerly known as DR.Chip Biotech, Inc.(DR.Chip Biotech) (Note 2)	Other related parties

<u>Name of related party</u>	<u>Relations with the Group</u>
SoJean Technology Co., LTD. (SoJean) (formerly known as SoJean International Co., Ltd.)	Other related parties
Ability Investment Co., Ltd. (Ability Investment)	Other related parties
CHIA MEI INVESTMENT CO., LTD. (Chia Mei Investment)	Other related parties
Ability Venture Management Co., Ltd. (Ability Venture Management)	Other related parties
Taishiba International Co., Ltd. (Taishiba)	Other related parties
Abico Capital Co., Ltd. (Note 4)	Other related parties

Note 1 : ViewQuest Technologies (BVI) Inc. was liquidated on August 25, 2022.

Note 2 : As stated in Note 6(7) 6., since the Group lost its significant influence on NeoCore Technology , it has been reclassified to financial assets at fair value through other comprehensive income and loss, which belong to other related parties of the Group. On August 2, 2022, the Group sold all of its shares of NeoCore Technology and had not been a related party since then.

Note 3 : SoJean was the other related party of ABICO NetCom's before June 25, 2023 and the non-related party after June 25, 2023.

Note 4 : Abico Capital Co., Ltd. was a subsidiary of the Group before the disposal in June 2023, and was the other related party of the Group after the disposal.

(III) Major transactions with related parties

1. Operating revenue

	<u>2023</u>	<u>2022</u>
Sales of goods:		
An affiliate	\$ 98,165	\$ 60,335
Other related parties	<u>2,922</u>	<u>2,247</u>
	<u>\$ 101,087</u>	<u>\$ 62,582</u>

The transaction prices and payment terms of sales are handled in accordance with the conditions agreed by both parties.

2. Purchase

	<u>2023</u>	<u>2022</u>
Purchases:		
An affiliate	\$ 5,978	\$ 3,673
Other related parties	<u>1,244</u>	<u>7,298</u>
	<u>\$ 7,222</u>	<u>\$ 10,971</u>

The transaction prices and payment terms of purchases are handled in accordance with the conditions agreed by both parties.

### 3. Receivables from related parties

	December 31, 2023	December 31, 2022
Sales of goods:		
An affiliate		
ILens	\$ 45,833	\$ 45,733
Ability	9,077	8,994
Others	1,728	5
Other related parties	45	103
Subtotal	56,683	54,835
Allowance for losses	( 102)	( 79)
	<u>\$ 56,581</u>	<u>\$ 54,756</u>

Receivables from related parties are mainly from sales and the receivables for the sales are collected within 120 days at the end of each month.

### 4. Payables to related parties

	December 31, 2023	December 31, 2022
Purchases:		
An affiliate	\$ 158	\$ 2,546
Other related parties	1,019	1,575
	<u>\$ 1,177</u>	<u>\$ 4,121</u>

Payables to related parties are mainly from purchases and the payables for the purchases are paid within 120 days at the end of each month.

### 5. Property Transactions

#### (1) Acquisition of financial assets

	Item	Trading Share	Trading Target	<u>December 31,2023</u> Proceeds Received
Other related parties	Financial assets at fair value through other comprehensive income	5,000 thousand shares	Abico Capital right	<u>\$ 50,000</u>

As of December 31,2022: None.

(2) Disposal of financial assets

	Item	Trading Share	Trading Target	2023	
				Disposal Price	Gain (loss) from disposal
Other related parties	Investments accounted for using the equity method	3,000 thousand shares	Abico Capital right	\$ 29,910	(\$ 90)

As of December 31, 2022: None.

6. Lease Transactions – Lessee

(1) The Group leases buildings from Ability Investments. The lease contract period is from 2018 to 2024, and the rent is paid at the end of each year.

(2) Acquisition of right-to-use assets

	2023	2022
Other related parties		
Ability Investment	\$ -	\$ 1,974

(3) Lease liabilities

A. Ending Balance

	December 31, 2023	December 31, 2022
Other related parties		
Ability Investment	\$ 1,396	\$ 2,790

B. Interest Expense

	2023	2022
Other related parties		
Ability Investment	\$ 10	\$ 16

7. Management consultation

(1) The Company's subsidiaries, Ability I and Ability Venture Management, signed an outsourced management agreement for a period from September 20, 2011 through September 19, 2023. The annual management fee was calculated as per the agreement; Ability I calculated the fee at 2% of the paid-in capital for the first year through the third year and at 2% for the fourth through the sixth year. If the net worth was lower than 50% of the paid-in capital audited by a CPA, the management fee would be calculated at 2% of the net worth from the following year. The fee was be calculated at 1.5% of the net worth of the prior year for the seventh through the eighth year. The fee was charged \$6,000 for the tenth year; no outsourced management fee was charged from September 20, 2021 to September 19, 2023.

(2) A. In addition to the above management fees, Ability Venture Management should calculate the net profit before tax from the management task for the year within 3 months after the end of each fiscal year. Ability I set aside 20% of the net profit before tax as a performance bonus and paid the performance bonus to Ability Venture Management after its financial report was audited by a CPA and approved by the shareholders' meeting. If the net profit before tax was a negative number, the bonus should be carried forward to the next year, and the above net profit before tax should be first used to make up for the loss from the prior period before the performance bonus could be paid.

B. Net profit before tax refers to the year's interest income, cash dividends, bonuses, and realized capital gains, less the year's management fees and operating expenses amortized by processing expenses, as well as realized and unrealized investment losses and capital costs (cumulative investment amount multiplied by the one-year time deposit rate of the Bank of Taiwan).

(3) The service fees arising from the aforesaid transactions for 2023 and 2022 was \$0.

8. Endorsements/Guarantees provided by related parties

Please refer to Note 9(2) for details of the endorsements/guarantees provided by the Group's related parties.

(IV) Information on remuneration to key management personnel

	2023	2022
Short-term employee benefits	\$ 56,664	\$ 68,227
Post-employment benefits	826	728
	<u>\$ 57,490</u>	<u>\$ 68,955</u>

VIII. Assets Pledged

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

<u>Book value of assets</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Purpose of collateral</u>
Land	\$ 533,460	\$ 714,973	Long-term borrowings
Time deposits (Note)	399,361	368,707	Short-term and long-term borrowings
Buildings and structures	118,466	136,333	Long-term borrowings
Transportation equipment	5,556	10,515	Long-term borrowings
	<u>\$ 1,056,843</u>	<u>\$ 1,230,528</u>	

Note: Accounted for under "financial assets at amortized cost – current and non-current and other assets".

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

(I) Contingencies

None

(II) Commitments

1. Capital expenditures that have not yet taken place with contracts already signed

	December 31, 2023	December 31, 2022
Property, plant and equipment	<u>\$ 10,891</u>	<u>\$ 26,276</u>

2. To obtain the maximum bank borrowings, the Group provided the details of the endorsements/ guarantees. Please refer to Table 2 for details.

X. Major Disaster Loss

None.

XI. Material Events After the Balance Sheet Date

(I) IKKA Holdings issued 1,820 thousand ordinary shares with a par value of \$10 per share, at an issue price of \$60 per share, raising \$109,200 in order to repay bank loan and to enrich working capital through the resolution of the Board of Directors on November 7, 2023, which was approved by the competent authority and declared effective on January 4, 2024. IKKA Holdings fully raised \$109,200 on March 7, 2024.

(II) On November 7, 2023, IKKA Holdings issued the first domestic unsecured convertible corporate bond by the resolution of the Board of Directors. On January 4, 2024, it was approved by the competent authority and declared effective. The nominal value of each bond is \$100 thousand, and the issuance period is 5 years. The total nominal value is limited to \$250,000. The issuance of IKKA Holdings was completed on March 4, 2024

XII. Others

(I) Capital management

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

(II) Financial instruments

1. Types of financial instruments

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	\$ 1,769,881	\$ 1,253,973
Financial assets at fair value through other comprehensive income (Note 1)	808,422	662,656
Financial assets at amortized cost (Note 2)	<u>6,272,782</u>	<u>6,537,952</u>
	<u>\$ 8,851,085</u>	<u>\$ 8,454,581</u>

Financial liabilities

Financial liabilities at amortized cost (Note 3)	<u>\$ 6,413,784</u>	<u>\$ 6,392,631</u>
Lease liabilities	<u>\$ 704,172</u>	<u>\$ 750,877</u>

Note 1: It includes the net amount of accounts receivable expected to be factored and equity instruments

Note 2: It includes cash and cash equivalents, financial assets at amortized cost, notes receivable, net amount of accounts receivable not expected to be factored, other receivables, and guarantee deposits paid.

Note 3: It includes short-term borrowings, short-term notes payable, notes payable, accounts payable, other payables, long-term liabilities due within one year or one business cycle, long-term borrowings, and guarantee deposits received.

2. Risk management policy

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

3. The nature and level of material financial risks

- (1) Market risks

Exchange rate risks

A. The Group's business involves a number of non-functional currencies (the

Company's and some subsidiaries' functional currency is NTD while other subsidiaries' functional currencies are CNT and USD). Therefore, it is affected by exchange rate fluctuations. Information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

December 31, 2023			
(Foreign currency: functional currency)	Foreign currency (thousand)	Exchange rate	Carrying amount (NTD)
<u>Financial assets</u>			
<u>Monetary item</u>			
USD : NTD	\$ 53,936	30.705	\$ 1,656,116
EUR : NTD	976	33.980	33,165
RMB : NTD	107,300	4.327	464,288
JPY : NTD	3,848,973	0.217	835,227
USD : HKD	1,084	7.815	33,298
USD : RMB	2,520	7.096	77,387
HKD: RMB	24,231	0.908	95,202
USD : VND	1,459	25,587.500	44,795
<u>Financial liabilities</u>			
<u>Monetary item</u>			
USD : NTD	27,142	30.705	833,381
RMB : NTD	44,788	4.327	193,799
JPY : NTD	3,219,153	0.217	698,556
USD : HKD	1,737	7.815	53,644
December 31, 2022			
(Foreign currency: functional currency)	Foreign currency (thousand)	Exchange rate	Carrying amount (NTD)
<u>Financial assets</u>			
<u>Monetary item</u>			
USD : NTD	\$ 26,531	30.71	\$ 814,777
EUR : NTD	1,233	32.72	40,347
RMB : NTD	16,371	4.41	72,198
HKD : RMB	31,040	0.89	122,298
HKD : USD	5,755	0.13	22,675
USD : RMB	25,502	6.97	783,174
USD : HKD	1,894	7.79	58,158
USD : VND	2,032	23,623.08	62,416
<u>Financial liabilities</u>			
<u>Monetary item</u>			
USD : NTD	8,145	30.71	250,147
EUR : NTD	613	32.72	20,047
USD : HKD	5,246	7.79	161,116



B. The aggregate amounts of (realized and unrealized) net exchange gain (losses) of the Group's monetary items recognized for 2023 and 2022 due to the material impact of exchange rate fluctuations were \$35,600 and \$181,669 respectively.

C. The analysis of the Group's foreign currency market risk due to significant exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	2023		
	Sensitivity analysis		
	<u>Movement (%)</u>	<u>Impact on profit or loss</u>	<u>Impact on comprehensive income</u>
<u>Financial assets</u>			
<u>Monetary item</u>			
USD : NTD	1%	\$ 16,561	\$ -
EUR : NTD	1%	332	-
RMB : NTD	1%	4,643	-
JPY : NTD	1%	8,352	-
USD : HKD	1%	333	-
USD : RMB	1%	774	-
HKD : RMB	1%	952	-
USD : VND	1%	448	-
<u>Financial liabilities</u>			
<u>Monetary item</u>			
USD : NTD	1%	8,334	-
RMB : NTD	1%	1,938	-
JPY : NTD	1%	6,986	-
USD : HKD	1%	536	-

2022			
Sensitivity analysis			
(Foreign currency: functional currency)	<u>Movement (%)</u>	<u>Impact on profit or loss</u>	<u>Impact on comprehensive income</u>
<u>Financial assets</u>			
<u>Monetary item</u>			
USD : NTD	1%	\$ 8,148	\$ -
EUR : NTD	1%	403	-
RMB : NTD	1%	722	-
HKD : USD	1%	227	-
HKD : RMB	1%	1,223	-
USD : RMB	1%	7,832	-
USD : HKD	1%	582	-
USD : VND	1%	624	-
<u>Financial liabilities</u>			
<u>Monetary item</u>			
USD : NTD	1%	2,501	-
EUR : NTD	1%	200	-
USD : HKD	1%	1,611	-

#### Price risk

- A. The Group's equity instruments exposed to the price risk are financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. In order to manage the price risk of equity instrument investment, the Group has diversified its investment portfolio, and the method of the diversification is based on the limits set by the Group.
- B. The Group mainly invests in equity instruments and funds launched by companies at home and abroad, and the prices of those equity instruments will be affected by the uncertainty of the future values of said instruments. If the price of said equity instruments rose or fell by 1%, with all other factors remaining unchanged, the net profit after tax would have increased or decreased by \$17,699 and \$12,540 for 2023 and 2022, respectively, because of the gains or losses on the equity instruments at fair value through profit or loss, while other comprehensive income would have increased or decreased by \$7,012 and \$5,743, respectively, because of the gains or losses on equity investments at fair value through other comprehensive income.

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

- A. The Group's interest rate risk mainly comes from short-term borrowings at floating rates, which exposes the Group to the cash flow interest rate risk. The Group's borrowings at floating rates during 2023 and 2022 were denominated in NTD, USD, CNY, and JPY.
- B. When the borrowing rate increased or decreased by 1%, with all other factors remaining unchanged, the net profit before tax for 2023 and 2022 would have decreased or increased by \$42,111 and \$43,521, respectively, mainly as interest expense changes with the floating-rate borrowings.

(2) Credit risk

- A. The Group's credit risk is the risk of financial loss suffered by the Group arising from the failure of clients or counterparties of financial instruments to fulfill contractual obligations. It mainly comes from counterparties' inability to settle accounts receivable in accordance with the payment terms and the contractual cash flows at amortized cost.
- B. The Group has established credit risk management from the Group's perspective. Banks and financial institutions that the Group deals with those with high credit ratings rated by international credit rating agencies. In accordance with the internal credit policy, each operating entity within the Group must conduct management and credit risk analysis of each new client before deciding payment and delivery terms and conditions. The internal risk control system evaluates the credit quality of customers by considering their financial positions, past experience, and other factors. Individual risk limits are set by the Board of Directors based on internal or external ratings, and the drawdown of credit limits is regularly monitored.
- C. The Group adopts IFRS 9 to make an assumption. When a contract payment is overdue for more than 90 days, it is deemed to have been in default.
- D. The Group adopts IFRS 9 to make an assumption as a basis for judging whether the credit risk of a financial instrument has increased significantly since the initial recognition:

When a contract payment is overdue for more than 30 days in accordance with the agreed payment terms, it is deemed that the credit risk of the financial asset has increased significantly since the initial recognition.
- E. The Group groups clients' accounts receivable and long-term receivables according to the product type, client ratings, and client type and adopts a simplified approach to estimate expected credit losses with a provision matrix.
- F. After the recourse procedures, the Group writes off the amount of the financial asset that cannot be reasonably expected to be recovered. However, the Group will continue to carry out the legal recourse procedures to preserve the creditor's rights.
- G. The Group incorporates the forward-looking considerations in the Taiwan Institute of Economic Research' Business Indicator Report and adjusts the loss ratio established based on historical and current information for a specific period, to estimate an allowance for losses on notes and accounts receivable; the provision

matrix for December 31, 2023 and 2022 is as follows:

	<u>Not past due</u>	<u>1–90 days</u>	<u>More than 90 days</u>	<u>Total</u>
<u>December 31, 2023</u>				
Expected loss ratio	<u>0.30%-5.74%</u>	<u>0.03%-7.90%</u>	<u>80.46%-100%</u>	
Total book value	<u>\$ 2,027,277</u>	<u>\$ 84,100</u>	<u>\$ 31,124</u>	<u>\$ 2,142,501</u>
Allowance for losses	<u>( \$ 3,071)</u>	<u>( \$ 6,640)</u>	<u>( \$ 27,673)</u>	<u>( \$ 37,384)</u>
	<u>Not past due</u>	<u>1–90 days</u>	<u>More than 90 days</u>	<u>Total</u>
<u>December 31, 2022</u>				
Expected loss ratio	<u>0.30%</u>	<u>11.64%</u>	<u>72.23%-90.24%</u>	
Total book value	<u>\$ 1,972,175</u>	<u>\$ 101,504</u>	<u>\$ 76,546</u>	<u>\$ 2,150,225</u>
Allowance for losses	<u>( \$ 5,879)</u>	<u>( \$ 11,818)</u>	<u>( \$ 56,677)</u>	<u>( \$ 74,374)</u>

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

- H. The Group estimates the expected credit loss for each significant overdue receivable that has been in default.
- I. The table of the changes in the Group’s simplified allowance for losses on notes, accounts receivable and long-term receivables, and overdue receivables is as follows:

	<u>2023</u>		
	<u>Notes and accounts receivable</u>	<u>Other receivables and overdue receivables</u>	<u>Total</u>
January 1	\$ 74,374	\$ 91,596	\$ 165,970
Impairment loss recognized (reversed)	( 12,034)	( 8,878)	( 20,912)
Receivables written off due to inability to recover	( 739)	23,176	22,437
Reclassification	( 23,891)	-	( 23,891)
Effect of exchange rates	( 326)	-	( 326)
December 31	<u>\$ 37,384</u>	<u>\$ 105,894</u>	<u>\$ 143,278</u>

	2022		
	Notes and accounts receivable	Other receivables and overdue receivables	Total
January 1	\$ 35,669	\$ 110,519	\$ 146,188
Impairment loss recognized (reversed)	39,835	( 897)	38,938
Receivables written off due to inability to recover	( 1,738)	( 18,026)	( 19,764)
Effect of exchange rates	608	-	608
December 31	<u>\$ 74,374</u>	<u>\$ 91,596</u>	<u>\$ 165,970</u>

(3) Liquidity risk

- A. The remaining cash held by each operating entity will be transferred back to the Group's Finance Department when it exceeds the amount of working capital needed. The Group's Finance Department invests the remaining funds in interest-bearing demand deposit, time deposits, and securities. There is an appropriate maturity date or sufficient liquidity for the instruments selected by it so as to respond to the forecast above and to provide adequate liquidity.
- B. The Group's non-derivative financial liabilities are grouped as per due dates below and analyzed based on the remaining period from the balance sheet date to the contract maturity date.

	December 31, 2023		December 31, 2022	
	1 year or fewer	1 year or longer	1 year or fewer	1 year or longer
<u>Non- derivative financial liabilities:</u>				
Long-term borrowings	\$ 311,080	\$ 1,595,908	\$ 272,012	\$ 1,910,024
Lease liabilities	168,627	600,929	231,270	715,855

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

(III) Fair value information

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

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date. An active market refers to a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair values of the TWSE/TPEX listed stocks, stocks listed on the emerging stock market, and funds held by the Group belong to this level.
- Level 2: Inputs, other than quoted market prices within level 1 that are observable, either directly or indirectly for assets or liabilities. The fair values of private placement funds and wealth management products invested by the Group belong to this level.
- Level 3: Unobservable inputs for assets or liabilities. The fair values of equity instrument investments, private placement funds, and wealth management products invested by the Group without an active market belong to this level.
2. The carrying amounts of the financial instruments not measured at fair value (including cash and cash equivalents, notes and accounts receivable, other receivables, short-term borrowings, notes and accounts payable, other payables, and long-term borrowings (current portion)) are reasonable approximations of the fair values.
3. Financial instruments measured at fair value are classified by the Group based on the nature, characteristics, risk, and the level of fair value of assets and liabilities. The relevant information is as follows:
- (1) The Group classified assets and liabilities by nature. The relevant information is as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through profit or loss				
- Investments in equity, debt instruments, and fund beneficiary certificates				
	\$ 543,798	\$ 77,680	\$ 1,148,403	\$ 1,769,881
Financial assets at fair value through other comprehensive income				
- Investments in equity instruments				
	329,896	-	371,287	701,183
- Accounts receivable expected to be factored				
	-	107,239	-	107,239
	<u>\$ 873,694</u>	<u>\$ 184,919</u>	<u>\$ 1,519,690</u>	<u>\$ 2,578,303</u>

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through profit or loss				
- Investments in equity, debt instruments, and fund beneficiary certificates	\$ 399,250	\$ 76,709	\$ 778,014	\$ 1,253,973
Financial assets at fair value through other comprehensive income				
- Investments in equity instruments	369,518	-	204,818	574,336
- Accounts receivable expected to be factored	-	88,320	-	88,320
	<u>\$ 768,768</u>	<u>\$ 165,029</u>	<u>\$ 982,832</u>	<u>\$ 1,916,629</u>

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

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

	TWSE/TPEX listed stocks	Stocks listed on the emerging stock market	Funds
Market quoted prices	Closing prices	Last transaction price	Net worth

B. Except for the above-mentioned financial instruments with active markets, the fair value of other financial instruments is obtained through valuation techniques or with reference to the quoted prices of counterparties. For the fair value obtained through the valuation techniques, the Group refers to the present fair value of other financial instruments with similar conditions and characteristics or other valuation techniques, including calculations using models based on the market information available at the consolidated balance sheet date.

C. When evaluating non-standard and less complex financial instruments, such as debt instruments, interest rate swap contracts, foreign exchange swap contracts, and options, all without active markets, the Group adopts the valuation techniques widely used by market participants. The parameters used in the valuation models for such financial instruments are usually market observable information.

D. The output of the valuation models is an estimated value, and the valuation techniques may not reflect all the relevant factors of the financial instruments and

non-financial instruments held by the Group. Therefore, the estimated value of the valuation models will be appropriately adjusted according to additional parameters, such as model risk or liquidity risk. According to the Group's fair value valuation model management policies and relevant control procedures, the management believes that in order to properly express the fair value of financial instruments and non-financial instruments in the consolidated balance sheet, valuation adjustments are appropriate and necessary. The price information and parameters used in the evaluation process are carefully evaluated and appropriately adjusted according to current market conditions.

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

5. The table below shows the changes in Level 3 fair value in 2023 and 2022:

	<u>2023</u>	<u>2022</u>
January 1	\$ 982,832	\$ 1,365,757
Purchases during this period	4,901,792	4,021,394
Sales during this period	( 4,682,145)	( 4,252,948)
Profit or loss recognized in profit or loss	20,041	142,669
Profit or loss recognized in other comprehensive income	( 5,811)	( 11,054)
Transfer out of Level 3	( 20,999)	( 316,649)
Reclassification	344,655	-
Exchange difference	( 20,675)	33,663
December 31	<u>\$ 1,519,690</u>	<u>\$ 982,832</u>

6. As the items invested has been publicly traded on an active market in June 2023 and January 2022, sufficient observable market information can be accessed, so the Company transferred the fair value from Level 3 to Level 1 at the end of the month when the event took place.

7. In the Group's valuation process for fair value classified as Level 3, the Investment Management Department is responsible for independent fair value verification for financial instruments, uses data from independent sources to make the valuation results close to the market level, and confirms that the source of the data is independent, reliable, consistent with other resources, and representative of the executable price, while regularly calibrating the valuation model, conducting back-testing, updating the inputs and data required by the valuation model, and making any other necessary fair value adjustments to ensure that the valuation results are reasonable. In addition, the Investment Management Department is responsible for formulating a fair value evaluation policy and the financial instrument evaluation procedures and confirming the compliance with the IFRS.



8. The quantitative information on the significant unobservable inputs of the valuation model used in the Level 3 fair value measurement and the sensitivity analysis of the significant unobservable input change are explained as follows:

December 31, 2023	Fair value	Valuation technique	Significant unobservable input	Range	Relations between input and fair value
Non-derivative equity instruments					
Unlisted stocks (Including private placement shares of listed companies)	\$ 377,292	Comparable public company approach	Price to earnings ratio	13.39-22.94	The higher the ratio, the higher the fair value; the higher the discount for lack of market liquidity, the lower the fair value
			Price to book ratio	1.32-8.98	
			Price to sales ratio	-	
			Discount for lack of market liquidity	10%-20%	
Non-derivative debt instruments					
Investments in private placement funds	30,359	Net asset value approach	N/A	N/A	N/A
Wealth management products	1,112,039	Income approach	Expected return on each contract	1.85%-3.20%	Judgment by expected return on each contract
	<u>\$ 1,519,690</u>				
December 31, 2022	Fair value	Valuation technique	Significant unobservable input	Range	Relations between input and fair value
Non-derivative equity instruments					
Unlisted stocks (Including private placement shares of listed companies)	\$ 247,178	Comparable public company approach	Price to earnings ratio	35.38-36.80	The higher the ratio, the higher the fair value; the higher the discount for lack of market liquidity, the lower the fair value
			Price to book ratio	2.30-3.08	
			Price to sales ratio	-	
			Discount for lack of market liquidity	20%	
Non-derivative debt instruments					
Investments in private placement funds	25,358	Net asset value approach	N/A	N/A	N/A
Wealth management products	710,296	Income approach	Expected return on each contract	2.9%-3.9%	Judgment by expected return on each contract
	<u>\$ 982,832</u>				

9. The Group has selected valuation model and valuation parameters after careful evaluation, but different valuation results may occur due to the use of different valuation models or valuation parameters. For financial assets classified as Level 3, if the valuation parameters change, the effect on the current profit or loss or other comprehensive income is as follows:

		December 31, 2022				
		Recognized in profit or loss		Recognized in other comprehensive income		
Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change	
Financial assets						
Equity instruments	Price to earnings ratio, price to book ratio, price to sales ratio, and discounts for lack of market liquidity	±1%	\$ 60	(\$ 60)	\$ 3,713	(\$ 3,713)
Debt instruments	Anticipated earnings yield	±1%	11,424	( 11,424)	-	-
			<u>\$ 11,484</u>	<u>(\$ 11,484)</u>	<u>\$ 3,713</u>	<u>(\$ 3,713)</u>
December 31, 2022						
		Recognized in profit or loss		Recognized in other comprehensive income		
Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change	
Financial assets						
Equity instruments	Price to earnings ratio, price to book ratio, price to sales ratio, and discounts for lack of market liquidity	±1%	\$ 423	(\$ 423)	\$ 2,048	(\$ 2,048)
Debt instruments	Anticipated earnings yield	±1%	7,357	( 7,357)	-	-
			<u>\$ 7,780</u>	<u>(\$ 7,780)</u>	<u>\$ 2,048</u>	<u>(\$ 2,048)</u>

### XIII. Additional Disclosures

#### (I) Information on Material Transactions

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

#### (II) Information on Investees

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

#### (III) Information on Investment in Mainland China

1. Basic Information: Table 8.
2. Significant Transactions with Investees in Mainland China, Either Directly or Indirectly, Through a Business in a Third Region: Table 9.

#### (IV) Information on Major Shareholders

Table 10.

#### XIV. Segment Information

##### (I) General information

The Group runs business and makes decisions from the product-specific manufacturing perspective, so the management also adopts the same approach to identifying reportable segments.

The Group has six reportable segments: Metal and Plastics Business Group, Electronic Components Distribution Business Group, Power Tools and Powder Metallurgy Business Group, Precision Plastics Business Group, and Venture Capital Business Group and others. The Metal and Plastics Business Group is responsible for producing and manufacturing external metal parts and internal components of electronic products; the Electronic Components Distribution Business Group is responsible for producing and manufacturing computer peripherals and business machine components; the Power Tools and Powder Metallurgy Business Group is responsible for producing and manufacturing electric tool components and powder metallurgy products; the Precision Plastics Business Group is responsible for producing and manufacturing precision plastic parts for automobiles; the Venture Capital Business Group engages in venture capital business.

The Group's reportable segments are strategic business units that provide different products and services. As each strategic business unit requires different skills and marketing strategies, it should be managed separately.

##### (II) Segment Information

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

	2023						
	Metal and Plastics Business Group	Electronic Components Distribution Business Group	Power Tools and Powder Metallurgy Business Group	Precision Plastics Business Group	Venture Capital Business Group and others	Adjustment and elimination	Total
Income:							
Income from outside clients	\$ 273,023	\$ 3,842,881	\$ 1,681,999	\$ 3,623,045	\$ -	\$ -	\$ 9,420,948
Inter-segment income	38,199	671	-	22,369	-	( 61,239)	-
Total income	<u>\$ 311,222</u>	<u>\$ 3,843,552</u>	<u>\$ 1,681,999</u>	<u>\$ 3,645,414</u>	<u>\$ -</u>	<u>(\$ 61,239)</u>	<u>\$ 9,420,948</u>
Segment income or loss	<u>\$ 33,660</u>	<u>\$ 51,253</u>	<u>(\$ 83,214)</u>	<u>\$ 203,558</u>	<u>\$ 16,729</u>	<u>\$ 9,234</u>	<u>\$ 231,220</u>
Segment income or loss includes:							
Depreciation and amortization							<u>\$ 716,917</u>
Interest income							<u>\$ 89,510</u>
Income tax expense							<u>(\$ 113,439)</u>
Interest expense							<u>(\$ 108,088)</u>
Share of gain on affiliates accounted for using the equity method							<u>\$ 5,900</u>
Total segment assets	<u>\$ 13,506,172</u>	<u>\$ 3,741,701</u>	<u>\$ 2,403,624</u>	<u>\$ 3,656,344</u>	<u>\$ 214,437</u>	<u>(\$ 8,183,514)</u>	<u>\$ 15,338,764</u>
Segment assets include:							
Investments accounted for using the equity method							<u>\$ 935,443</u>
Capital expenditures							<u>\$ 140,030</u>
Total segment liabilities	<u>\$ 1,995,511</u>	<u>\$ 2,395,599</u>	<u>\$ 1,381,352</u>	<u>\$ 1,991,044</u>	<u>\$ 1,431</u>	<u>\$ 97,567</u>	<u>\$ 7,862,504</u>

	2022						
	Metal and Plastics Business Group	Electronic Components Distribution Business Group	Power Tools and Powder Metallurgy Business Group	Precision Plastics Business Group	Venture Capital Business Group and others	Adjustment and elimination	Total
Income:							
Income from outside clients	\$ 487,559	\$ 4,269,079	\$ 2,160,833	\$ 3,600,786	\$ -	\$ -	\$ 10,518,257
Inter-segment income	21,962	3,324	-	17,847	-	( 43,133)	-
Total income	\$ 509,521	\$ 4,272,403	\$ 2,160,833	\$ 3,618,633	\$ -	(\$ 43,133)	\$ 10,518,257
Segment income or loss	(\$ 294,229)	\$ 155,897	(\$ 6,453)	\$ 193,086	(\$ 18,580)	\$ 146,755	\$ 176,476
Segment income or loss includes:							
Depreciation and amortization							(\$ 745,342)
Interest income							\$ 37,805
Income tax expense							(\$ 150,018)
Interest expense							(\$ 83,287)
Share of losses on affiliates accounted for using the equity method							(\$ 16,982)
Total segment assets	\$ 8,268,311	\$ 4,037,347	\$ 2,421,477	\$ 3,524,111	\$ 229,846	(\$ 3,116,633)	\$ 15,364,459
Segment assets include:							
Investments accounted for using the equity method							\$ 930,156
Capital expenditures							\$ 317,186
Total segment liabilities	\$ 2,086,432	\$ 2,585,485	\$ 1,355,844	\$ 1,878,689	\$ 136	\$ 1,560	\$ 7,908,146

### (III) Information by product

The balance of the Group's product-specific revenue is as follows:

	2023	2022
Metal Optoelectronic Components Business Group	\$ 273,023	\$ 487,559
Electronic Components Distribution Business Group	3,842,881	4,269,079
Power Tools and Powder Metallurgy Business Group	1,681,999	2,160,833
Plastic Products Components Business Group	3,623,045	3,600,786
	<u>\$ 9,420,948</u>	<u>\$ 10,518,257</u>

### (IV) Information by region

Information by region is shown below:

	2023		2022	
	<u>Income</u>	<u>Non-current assets</u>	<u>Income</u>	<u>Non-current assets</u>
Asia	\$ 4,811,174	\$ 1,230,323	\$ 5,101,365	\$ 1,299,105
Taiwan	2,191,483	1,737,281	2,197,262	1,614,821
China	1,335,764	780,066	1,837,842	1,214,823
Americas	676,067	-	962,957	-
Europe	405,282	-	389,014	-
Other	1,178	-	29,817	-
	<u>\$ 9,420,948</u>	<u>\$ 3,747,670</u>	<u>\$ 10,518,257</u>	<u>\$ 4,128,749</u>

(V) Information on important clients

Information on important clients is shown below:

		2023				2022	
		Income	Segment			Income	Segment
Company SU	\$	1,008,038	Plastic Products Components Business Group	Company SU	\$	859,008	Plastic Products Components Business Group
Company BO		674,322	Power Tools and Powder Metallurgy Business Group	Company BO		907,643	Power Tools and Powder Metallurgy Business Group
Company A		699,894	Power Tools and Powder Metallurgy Business Group	Company A		731,664	Power Tools and Powder Metallurgy Business Group
Company AV			Electronic Components Channel Business Group	Company AV			Electronic Components Channel Business Group
		<u>609,243</u>				<u>806,252</u>	
	\$	<u>2,991,497</u>			\$	<u>3,304,567</u>	

ABICO AVY Co., Ltd. and Its Subsidiaries

Loans to Others

January 1 2023 - December 31, 2023

Table 1 Unit: NT\$ 1000  
(Unless Otherwise Specified)

No.	Creditor	Borrower	General ledger account	Related Party	Maximum outstanding balance	Ending Balance	Amount Actually Drawn	Interest Rate	Nature of Loan	Amount of transactions with the borrower	Reason for short-term Loans	Allowance for Impairment Loss	Collateral		Limit on Loans to a Single Party	Aggregate Loans Limit	Note
													Item	Value			
1	Cheng Guang Trading	Best Select Industrial (SuZhou) Co., Ltd.	Short-term investments	Y	19,899	\$ 19,472	\$ 19,472	4.00	Short-term financing	\$ -	Operating support	\$ -	-	\$ -	\$ 350,135	\$ 350,135	Note1
1	Cheng Guang Trading	DongGuan Qunsheng Powder Metallurgy Ltd.	Short-term investments	Y	24,321	23,799	23,799	4.00	Short-term financing	-	Operating support	-	-	-	350,135	350,135	Note1
2	Jabon International	Jabon Precision	Other receivables	Y	20,000	-	-	2.00	Short-term financing	-	Operating support	-	-	-	302,974	403,965	Note3
2	Jabon International	Jabon Precision	Other receivables	Y	16,000	16,000	16,000	2.00	Short-term financing	-	Operating support	-	-	-	302,974	403,965	Note3
3	EKEEN PRECISION	Jabon Precision	Other receivables	Y	20,000	20,000	20,000	2.00	Short-term financing	-	Operating support	-	-	-	163,170	217,560	Note3
4	IKKA HK	IKKA Technology DongGuan Co., Ltd.	Other receivables	Y	49,043	46,441	46,441	-	Short-term financing	-	Operating support	-	-	-	478,948	478,948	Note4
5	DaiichiKasei	IKKA Vietnam	Other receivables	Y	115,450	108,600	-	1.30	Short-term financing	-	Operating support	-	-	-	1,507,855	1,507,855	Note4
5	DaiichiKasei	IKKA Technology DongGuan Co., Ltd.	Other receivables	Y	90,785	85,969	85,969	-	Short-term financing	-	Operating support	-	-	-	1,507,855	1,507,855	Note4
5	DaiichiKasei	IKKA HK	Other receivables	Y	10,022	-	-	-	Short-term financing	-	Operating support	-	-	-	1,507,855	1,507,855	Note4
6	Sol-Plus JP	Hiraiseimitsu	Other receivables	Y	73,046	68,775	68,775	-	Short-term financing	-	Operating support	-	-	-	145,717	145,717	Note4

ABICO AVY Co., Ltd. and Its Subsidiaries

Loans to Others

January 1 2023 - December 31, 2023

Table 1 Unit: NT\$ 1000  
(Unless Otherwise Specified)

No.	Creditor	Borrower	General ledger account	Related Party	Maximum outstanding balance	Ending Balance	Amount Actually Drawn	Interest Rate	Nature of Loan	Amount of transactions with the borrower	Reason for short-term Loans	Allowance for Impairment Loss	Collateral		Limit on Loans to a Single Party	Aggregate Loans Limit	Note
													Item	Value			
6	Sol-Plus JP	Hiraiseimitsu	Other receivables	Y	5,773	\$ 5,430	\$ 5,430	1.50	Short-term financing	\$ -	Operating support	\$ -	-	\$ -	\$ 145,717	\$ 145,717	Note4
7	ABECO	RTR-TECH Technology Co., Ltd.	Overdue receivables	N	10,000	10,000	10,000	3.00	Business transactions	-	-	10,000	Stock	-	-	135,801	Note2 Note5
8	ABICO FS INTERNATIONAL	I LENS	Other receivables	Y	14,337	-	-	-	Short-term financing	-	Operating support	-	-	-	67,900	135,801	Note2

Note1 : Loans by Cheng Guang Trading cannot exceed 40% of its net value subject to the following conditions:

1. For loans to companies or proprietorships with which we have a business relationship, the total amount of loans cannot exceed 20% of the Company's net value; and the amount of a single loan cannot exceed the value of the business transactions between the two parties in the most recent year. The term "business transaction value" refers to the value of purchases or sales between the two parties, whichever is higher.
2. For loans to companies or proprietorships that need short-term financing, the total amount of the loan cannot exceed 20% of that enterprise's net value; and the amount of a single loan cannot exceed 10% of that enterprise's net value.
3. Loans to a foreign company that the Company or its parent directly or indirectly hold 100% of the voting rights is not subject to the restrictions of the preceding paragraph. However, the total amount of the loan is limited to no more than 40% of that enterprise's net value, and the amount of a single loan is limited to no more than 40% of that enterprise's net value.
4. Loans by the Company to its parent or subsidiaries, or to group subsidiaries, shall be submitted to the board of directors for approval in accordance with applicable rules, and the chairman may be authorized to allow loans to a single borrower within a specific limit per year via separate tranches or draw downs.

Note2 : Loans by ABECO amount and borrower limits:

1. For loans to companies or proprietorships with which we have a business relationship, the total amount of loans cannot exceed 20% of the Company's net value; and the amount of a single loan cannot exceed the value of the business transactions between the two parties in the most recent year. The term "business transaction value" refers to the value of purchases or sales between the two parties, whichever is higher.
2. For loans to companies or proprietorships that need short-term financing, the total amount of the loan cannot exceed 20% of ABICO NetCom's net value; and the amount of a single loan cannot exceed 10% of ABICO NetCom's net value.

Note3 : Loans by Jabon International and EKEEN PRECISION amount and borrower limits:

1. The loan amount to an individual borrower cannot exceed 30% of the lender's net worth.



ABICO AVY Co., Ltd. and Its Subsidiaries

Loans to Others

January 1 2023 - December 31, 2023

Table 1

Unit: NT\$ 1000  
(Unless Otherwise Specified)

No.	Creditor	Borrower	General ledger account	Related Party	Maximum outstanding balance	Ending Balance	Amount Actually Drawn	Interest Rate	Nature of Loan	Amount of transactions with the borrower	Reason for short-term Loans	Allowance for Impairment Loss	Collateral		Limit on Loans to a Single Party	Aggregate Loans Limit	Note
													Item	Value			

2. The total amount of loans made cannot exceed 40% of the lender's net worth.

Note4 : Loans by IKKA HK, DaiichiKasei and SolPlus JP amount and borrower limits:

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

2. The total amount of loans made cannot exceed 100% of the lender's net worth.

Note5 : The assessed recoverable amount was \$0.

ABICO AVY Co., Ltd. and Its Subsidiaries  
 Endorsements/Guarantees Provided  
 January 1 2023 - December 31, 2023

Table 2

Unit: NT\$ 1000  
 (Unless Otherwise Specified)

No.	Endorsement Guarantee Provider	Endorsed/Guaranteed Party			Limits on Endorsement/ Guarantee Amount Provided to a Party	Maximum Balance for the Year	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum/ Endorsement Guarantee Amount Allowable	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by Subsidiary	Endorsement/ Guarantee to Subsidiary in the Mainland Area	Note
		Name	Relationship (Note 1)												
1	Gold Market	ABICO AVY Co., Ltd	3	\$ 1,358,899	\$ 100,000	\$100,000	\$ 100,000	\$ 111,360	3.68	\$ 2,717,798	N	Y	N	Note2	
1	Gold Market	ABICO AVY Co., Ltd	3	1,358,899	150,000	150,000	150,000	168,465	5.52	2,717,798	N	Y	N	Note2	
1	Gold Market	ABICO AVY Co., Ltd	3	1,358,899	200,000	200,000	-	146,200	7.36	2,717,798	N	Y	N	Note2	
2	Avy High Tech	ABICO AVY Co., Ltd	3	149,766	140,000	140,000	-	164,890	46.74	299,532	N	Y	N	Note5	
3	Jabon International	Best Select (Suzhou)	3	403,965	88,900	86,540	-	-	8.57	706,938	Y	N	Y	Note3	
3	Jabon International	Jabon Precision	3	403,965	90,000	90,000	37,000	-	8.91	706,938	Y	N	N	Note3	
3	Jabon International	Dongguan Qunsheng Powder Metallurgy	3	403,965	44,450	43,270	-	-	4.28	706,938	Y	N	Y	Note3	
3	Jabon International	EKEEN PRECISION	3	403,965	20,000	20,000	-	-	1.98	706,938	Y	N	N	Note3	
4	DaiichiKasei	IKKA HK	2	603,142	68,640	65,160	32,580	-	4.32	1,055,499	N	N	N	Note3	
5	Sol-Plus HK	Sol-Plus JP	2	82,713	31,140	-	-	-	-	144,748	N	N	N	Note3	

ABICO AVY Co., Ltd. and Its Subsidiaries  
Endorsements/Guarantees Provided  
January 1 2023 - December 31, 2023

Table 2

Unit: NTS 1000  
(Unless Otherwise Specified)

No.	Endorsement Guarantee Provider	Endorsed/Guaranteed Party		Limits on Endorsement/ Guarantee			Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum/ Endorsement Guarantee Amount Allowable	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by Subsidiary	Endorsement/ Guarantee		Note
		Name	Relationship (Note 1)	Guarantee Amount Provided to a Party	Maximum Balance for the Year	Ending Balance							to Subsidiary in the Mainland Area	Note	
6	ABICO NetCom	Dongguan Ashine	2	\$ 271,601	\$ 113,488	\$ 46,058	\$ -	\$ -	6.78	\$ 679,003	Y	N	Y	Note4	
6	ABICO NetCom	Aabiking	2	271,601	22,000	22,000	20,000	-	3.24	679,003	Y	N	N	Note4	
6	ABICO NetCom	Positive Energy Sport Co., Ltd.	2	271,601	30,000	-	-	-	-	679,003	Y	N	N	Note4 Note6	
6	ABICO NetCom	SoJean	1	271,601	4,600	-	-	-	-	679,003	N	N	N	Note4	
7	Prosper	Dongguan Ashine	2	271,601	32,425	30,705	30,705	-	4.52	679,003	Y	N	Y	Note4	
8	Empower Technology Corporation.	Positive Energy Sport Co., Ltd.	2	271,601	30,000	30,000	20,000	-	4.42	679,003	Y	N	N	Note4 Note6	

Note1 : Seven types of relationship between a guarantor and the beneficiary of the guarantee, and the codes for each relationship are explained as follows:

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

ABICO AVY Co., Ltd. and Its Subsidiaries

Endorsements/Guarantees Provided  
January 1 2023 - December 31, 2023

Table 2

Unit: NT\$ 1000  
(Unless Otherwise Specified)

No.	Endorsed/Guaranteed Party			Limits on Endorsement/		Amount Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum/ Endorsement Guarantee Amount Allowable	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by Subsidiary	Endorsement/ Guarantee to Subsidiary in the Mainland Area	Note
	Endorsement Guarantee Provider	Name	Relationship (Note 1)	Guarantee Amount Provided to a Party	Maximum Balance for the Year									
Note2	The total amount of Gold Market's external endorsement/guarantees may not exceed its net value at that time. The amount of guarantees to a single enterprise shall not exceed 50% of its net value at that time, but for a single overseas affiliate, it cannot exceed 40% of the net value, and the guarantee for companies with which there is a transactional relationship shall not exceed the total amount of transactions with the Company in year to date (the purchase or sales amount between the two parties, whichever is higher). The net value is based on the latest financial statement as audited and certified or reviewed by an accountant.													
Note3	Jabon International, DaiichiKasei and Sol-Plus HK's maximum endorsements/guarantees amount shall not exceed 70% of their net value based on the latest financial statement as audited and certified or reviewed by an accountant. The maximum amount of endorsements/guarantees to a single enterprise, for a subsidiary in which Jabon International directly holds more than 90% of the ordinary shares the maximum is 40% of the current net value based on the latest financial statement as reviewed or audited by an accountant, and for others the endorsements/guarantees cannot exceed 30% of the net value of the beneficiary of the guarantee.													
Note4	ABICO NetCom, Prosper and Empower Technology Corporation's total amount of endorsements/guarantees cannot exceed the net value as per their latest financial statements. The maximum amount of endorsements/guarantees to a single enterprise cannot exceed 40% of ABICO NetCom's net value as per its current financial statements.													
Note5	Avy High Tech's external endorsements/guarantees maximum amount cannot exceed its current net value. The maximum amount of endorsements/guarantees to a single enterprise cannot exceed 50% of its net value, but for a single overseas affiliate, it cannot exceed 40% of the net value, and the endorsements/guarantees for companies for companies with which there is a transactional relationship shall not exceed the total amount of transactions with the Company in year to date (the purchase or sales amount between the two parties, whichever is higher). The net value is based on the latest financial statement as audited and certified or reviewed by an accountant.													
Note6	ABICO NetCom has sold its shares in Positive Energy Sports Co., Ltd. to Empower Technology Corporation. (formerly known as TranSystem Incorporated) due to organizational restructuring. As a result, the company's direct and indirect voting rights in Positive Energy Sports Co., Ltd. have fallen below 50%. The related bank endorsement guarantees contracts have been updated to be provided by Empower Technology Corporation for Positive Energy Sports Co., Ltd.													

ABICO AVY Co., Ltd. and Its Subsidiaries  
 Securities Held at the End of the Period (Excluding Investment in Subsidiaries and Affiliates)  
 As at December 31, 2023

Table 3

Unit: NT\$ 1000  
 (Unless Otherwise Specified)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Issuer	General Ledger Account	As at December 31, 2023					
				Shares(1000)	Carrying Amount	Percentage of Ownership (%)	Fair Value	Note	
ABICO AVY Co., Ltd	Stock	Infinite Finance Co., Ltd.	-	Mandatory financial assets at fair value through profit or loss- Current	600	\$ 32,898	0.17	\$ 32,898	-
ABICO AVY Co., Ltd	Stock	TST Group Holding Ltd.	-	Mandatory financial assets at fair value through profit or loss- Non-Current	1,465	186,004	3.82	186,004	-
ABICO AVY Co., Ltd	Stock	Ocean Net Inc.	-	Mandatory financial assets at fair value through profit or loss- Non-Current	733	-	7.33	-	-
ABICO AVY Co., Ltd	Stock	1 Production Film Co.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	1,286	28,411	3.59	28,411	-
ABICO AVY Co., Ltd	Partnership	Ability Asia Capital II Excellent Transformation Growth Limited Partnership	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	123,169	152,729	11.45	152,729	-
ABICO AVY Co., Ltd	Stock	Mobility Holdings Ltd.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	113	32,822	3.20	32,822	-
ABICO AVY Co., Ltd	Stock	Living Robot Inc.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	20	-	4.51	-	-
ABICO AVY Co., Ltd	Stock	Starlux Airlines Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	8,654	201,990	0.41	201,990	-
ABICO AVY Co., Ltd	Stock	Yallvend Co., Ltd	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	2,400	30,000	7.83	30,000	-
ABICO AVY Co., Ltd	Partnership	Outstanding Capital Limited	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	9,000	8,280	4.86	8,280	-
ABICO AVY Co., Ltd	Stock	Abico Capital Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	5,000	50,000	8.33	50,000	-
ABICO AVY Co., Ltd	Stock	Li Zhi Development Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	3,000	30,000	7.32	30,000	-
Gold Market	Fund	EVENSTAR FD A	-	Mandatory financial assets at fair value through profit or loss- Current	1	77,680	-	77,680	-

ABICO AVY Co., Ltd. and Its Subsidiaries  
 Securities Held at the End of the Period (Excluding Investment in Subsidiaries and Affiliates)  
 As at December 31, 2023

Table 3

Unit: NT\$ 1000  
 (Unless Otherwise Specified)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Issuer	General Ledger Account	As at December 31, 2023					
				Shares(1000)	Carrying Amount	Percentage of Ownership(%)	Fair Value	Note	
Gold Market	Stock	NeuronBasic Technology Cayman Inc.	-	Mandatory financial assets at fair value through profit or loss- Non-Current	500	\$ 5,117	1.40	\$ 5,117	-
AVY High Tech	Fund	INFINITY VENTURES IV, L.P.	-	Mandatory financial assets at fair value through profit or loss- Non-Current	-	30,359	-	30,359	-
AVY High Tech	Stock	Mandarin Connoisseur Holding Limited	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	873	-	-	-	-
VIEWQUEST Investment	Stock	Starlux Airlines Co., Ltd.	-	Mandatory financial assets at fair value through profit or loss- Current	2,000	46,680	0.10	46,680	-
VIEWQUEST Investment	Stock	1 Production Film Co.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	716	15,831	2.00	15,831	-
AVY Co., Ltd.	Fund	FSITC Taiwan Money Market	-	Mandatory financial assets at fair value through profit or loss- Current	2,135	33,605	-	33,605	-
AVY Co., Ltd.	Stock	ABICO AVY Co., Ltd	Holding company's parent company	Equity instruments measured at fair value through other comprehensive income- Current	984	23,711	0.58	23,711	Note2
Ability I	Stock	Taiwan Sanyo Electric Co., Ltd.	The chairman of the Company is the same person as the director of Ability I	Mandatory financial assets at fair value through profit or loss- Current	4,104	158,004	1.53	158,004	-
Ability I	Stock	Just Kitchen Holdings Corp.	-	Mandatory financial assets at fair value through profit or loss- Non-Current	800	928	0.80	928	-
Ability I	Stock	Topping Cuisine International Holdings Limited	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	500	-	2.17	-	-
Ability I	Stock	Chien Hwa Coating Technology Inc.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	995	-	1.44	-	-
Ability I	Stock	Mirage Entertainment Holding Ltd.(Cayman)	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	3	-	2.41	-	-

ABICO AVY Co., Ltd. and Its Subsidiaries  
 Securities Held at the End of the Period (Excluding Investment in Subsidiaries and Affiliates)  
 As at December 31, 2023

Table 3

Unit: NT\$ 1000  
 (Unless Otherwise Specified)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Issuer	General Ledger Account	As at December 31, 2023				
				Shares(1000)	Carrying Amount	Percentage of Ownership(%)	Fair Value	Note
Cheng Guang Metal	Financial product Jinding Wealth Management Dingding Series 91-day OEF (Non-Guaranteed) 金鼎理财鼎鼎系列 91 天开放式净值型(非保本)	-	Mandatory financial assets at fair value through profit or loss- Current	-	\$ 43,270	-	\$ 43,270	-
Cheng Guang Metal	Financial product "Yi Cun Tong" Structured Deposit 2023, Issue 500 (Guaranteed) 單位"益存通"结构性存款 2023 年第 500 期(保本)	-	Mandatory financial assets at fair value through profit or loss- Current	-	86,540	-	86,540	-
Cheng Guang Precision	Financial product Jinding Wealth Management Dingding Series 91-day OEF (Non-Guaranteed) 金鼎理财鼎鼎系列 91 天开放式净值型(非保本)	-	Mandatory financial assets at fair value through profit or loss- Current	-	64,905	-	64,905	-
Cheng Guang Precision	Financial product "Yi Cun Tong" Structured Deposit 2023, Issue 571 (Guaranteed) 單位"益存通"结构性存款 2023 年第 571 期(保本)	-	Mandatory financial assets at fair value through profit or loss- Current	-	86,540	-	86,540	-
Cheng Guang Precision	Financial product "Yi Cun Tong" Structured Deposit 2023, Issue 671 (Guaranteed) 單位"益存通"结构性存款 2023 年第 671 期(保本)	-	Mandatory financial assets at fair value through profit or loss- Current	-	86,540	-	86,540	-
Cheng Guang Trading	Financial product Jinding Wealth Management Dingding Series 126-day OEF (Non-Guaranteed) 金鼎理财鼎鼎系列 126 天开放式净值型(非保本)	-	Mandatory financial assets at fair value through profit or loss- Current	-	129,810	-	129,810	-
Cheng Guang Trading	Financial product Jinding Wealth Management Dingding Series 91-day OEF (Non-Guaranteed) 金鼎理财鼎鼎系列 91 天开放式净值型(非保本)	-	Mandatory financial assets at fair value through profit or loss- Current	-	259,620	-	259,620	-

ABICO AVY Co., Ltd. and Its Subsidiaries  
 Securities Held at the End of the Period (Excluding Investment in Subsidiaries and Affiliates)  
 As at December 31, 2023

Table 3

Unit: NT\$ 1000  
 (Unless Otherwise Specified)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Issuer	General Ledger Account	As at December 31, 2023				
				Shares(1000)	Carrying Amount	Percentage of Ownership(%)	Fair Value	Note
Cheng Guang Trading	Financial product "Yi Cun Tong" Structured Deposit 2023, Issue 572 (Guaranteed) 單位"益存通"結構性存款 2023 年第 572 期(保本)	-	Mandatory financial assets at fair value through profit or loss- Current	-	\$ 86,540	-	\$ 86,540	-
Cheng Guang Trading	Financial product "Yi Cun Tong" Structured Deposit 2023, Issue 605 (Guaranteed) 單位"益存通"結構性存款 2023 年第 605 期(保本)	-	Mandatory financial assets at fair value through profit or loss- Current	-	129,810	-	129,810	-
Cheng Guang Trading	Financial product "Yi Cun Tong" Structured Deposit 2023, Issue 616 (Guaranteed) 單位"益存通"結構性存款 2023 年第 616 期(保本)	-	Mandatory financial assets at fair value through profit or loss- Current	-	86,540	-	86,540	-
Jabon International	Stock RTR-TECH Technology Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	500	-	-	-	-
Jabon International	Stock Ensure Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	13	-	-	-	-
EKEEN PRECISION	Stock Mobility Holdings Ltd.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	113	32,822	-	32,822	-
EKEEN PRECISION	Partnership Outstanding Capital Limited	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	-	5,593	3.24	5,593	-
DaiichiKasei	Stock Sony Corporation	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	3	10,084	-	10,084	-
DaiichiKasei	Stock Panasonic Corporation	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	2	488	-	488	-
DaiichiKasei	Stock Sumitomo Electric Industries	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	15	6,006	-	6,006	-
DaiichiKasei	Stock Brother Industries, Ltd.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	10	4,649	-	4,649	-



ABICO AVY Co., Ltd. and Its Subsidiaries  
 Securities Held at the End of the Period (Excluding Investment in Subsidiaries and Affiliates)  
 As at December 31, 2023

Table 3

Unit: NT\$ 1000  
 (Unless Otherwise Specified)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Issuer	General Ledger Account	As at December 31, 2023				
				Shares(1000)	Carrying Amount	Percentage of Ownership(%)	Fair Value	Note
IKKA Holdings	Stock Jet Optoelectronics Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	1,177	\$ 62,436	1.96	\$ 62,436	-
IKKA Holdings	Partnership Outstanding Capital Limited	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	-	2,796	1.62	2,796	-
Ability International	Stock Ipevo Corporation	-	Mandatory financial assets at fair value through profit or loss- Current	547	12,592	2.02	12,592	-
Ability International	Stock Yallvend Co., Ltd	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	1,200	15,000	3.91	15,000	-
ABICO NetCom	Stock RTR-TECH Technology Co., Ltd.	-	Mandatory financial assets at fair value through profit or loss- Non-Current	500	-	0.69	-	-
ABICO NetCom	Stock Renorigin Innovation Institute Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	294	1,256	5.18	1,256	-
ABICO NetCom	Stock SoJean Technology Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	8	-	0.54	-	-
ABICO NetCom	Stock EYES COLOR Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	500	9,990	6.04	9,990	-
ABECO	Stock RTR-TECH Technology Co., Ltd.	-	Mandatory financial assets at fair value through profit or loss- Non-Current	500	-	0.69	-	-
ABECO	Stock EVER OHMS Technology Co., Ltd.	-	Mandatory financial assets at fair value through profit or loss- Non-Current	300	7,300	0.34	7,300	-
Empower Technology Corporation.	Stock Coiler Corporation	-	Mandatory financial assets at fair value through profit or loss- Non-Current	554	421	7.12	421	-
Empower Technology Corporation.	Stock Alcon Technology Corporation	-	Mandatory financial assets at fair value through profit or loss- Non-Current	285	466	19.00	466	-
Positive Energy Sport Co., Ltd.	Stock Perpetuum Online Corp.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	58	-	5.48	-	-

ABICO AVY Co., Ltd. and Its Subsidiaries  
 Securities Held at the End of the Period (Excluding Investment in Subsidiaries and Affiliates)  
 As at December 31, 2023

Table 3

Unit: NT\$ 1000  
 (Unless Otherwise Specified)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Issuer	General Ledger Account	As at December 31, 2023				
				Shares(1000)	Carrying Amount	Percentage of Ownership(%)	Fair Value	Note
Lixing (Shenzhen)	Financial Product Steady Wealth (open as scheduled) (穩富(按期開放))	-	Mandatory financial assets at fair value through profit or loss- Current	-	\$ 22,252	-	\$ 22,252	-
Lixing (Shenzhen)	Financial Product Steady Wealth (closed) 穩富(封閉式)	-	Mandatory financial assets at fair value through profit or loss- Current	-	43,536	-	43,536	-
AVY SuZhou	Financial Product Bank of China, Linked Structured Deposit (中國銀行掛鉤型結構性存款)	-	Mandatory financial assets at fair value through profit or loss- Current	-	51,924	-	51,924	-

Note1 : Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 "Financial Instruments".

Note2 : The company regards the company's shares held by the subsidiary AVY Co., Ltd. as treasury shares. Please refer to Note 6 (20) of the consolidated financial statements for details.

ABICO AVY Co., Ltd. and Its Subsidiaries

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

As at December 31, 2023

Table 4

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases(sales)	Credit term	Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Remark
							Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Jabon International	Best Achieve HK	EKEEN PRECISION's Subsidiary	(Sales)	(\$ 872,315)	( 9)	Net 90 days	No material difference	Comparable to the general clients	(\$ 1,282)	( 0)	-
Jabon International	EKEEN PRECISION	ABICO AVY's Subsidiary	(Sales)	( 204,093)	( 2)	Net 90 days	No material difference	Comparable to the general clients	49,041	2	-
Jabon International	ART EMPIRE	Jabon International's Sub-subsidiary	Purchases	850,697	11	Net 90 days	No material difference	Comparable to the general clients	20,997	1	-
EKEEN PRECISION	ART EMPIRE	Jabon International's Sub-subsidiary	Purchases	57,697	1	Net 90 days	No material difference	Comparable to the general clients	( 215,811)	( 15)	-
EKEEN PRECISION	Best Achieve HK	ABICO AVY's Subsidiary	(Sales)	( 56,731)	( 1)	Net 90 days	No material difference	Comparable to the general clients	116,315	6	-
ART EMPIRE	DongGuan Best Achieve	Jabon International's Sub-subsidiary	Purchases	867,322	11	Net 90 days	No material difference	Comparable to the general clients	( 225,735)	( 16)	-
IKKA HK	DaiichiKasei	Jabon International's Sub-subsidiary	(Sales)	( 119,854)	( 1)	Net 60 days	No material difference	Comparable to the general clients	69,290	3	-
DaiichiKasei	IKKA Vietnam	Jabon International's Sub-subsidiary	(Sales)	( 63,360)	( 1)	As agreed by the parties	No material difference	Comparable to the general clients	16,445	1	-
IKKA HK	IKKA Technology DongGuan Co., Ltd.	Jabon International's Sub-subsidiary	(Sales)	( 67,918)	( 1)	Net 60 days	No material difference	Comparable to the general clients	46,446	2	-
IKKA Technology DongGuan	IKKA HK	Jabon International's Sub-subsidiary	(Sales)	( 189,283)	( 2)	Net 60 days	No material difference	Comparable to the general clients	33,832	2	-
Lixing (Shenzhen)	Prosper	ABICO NetCom' s Subsidiary	(Sale)	( 298,263)	( 3)	Net 180 days	-	-	95,812	5	-

Note1 : The revenue disclosure method does not disclose the relative transaction.

ABICO AVY Co., Ltd. and Its Subsidiaries  
 Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital  
 As at December 31, 2023

Table 5 Unit: NT\$ 1000  
(Unless Otherwise Specified)

Creditor	Counterparty	Relationship	Balance	Turnover rate	Overdue Receivables			Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action Taken			
EKEEN PRECISION	Best Achieve HK	EKEEN PRECISION' s Subsidiary	Accounts Receivable - Related Party	0.49	\$ -	-	\$ 77,066	\$ -	
			\$ 116,315						
ART EMPIRE	DongGuan Best Achieve	Jabon International's Sub-subsidiary	Accounts Receivable - Related Party						
			225,735	4.45	-	-	-	-	
IKKA HK	DaiichiKasei	Jabon International's Sub-subsidiary	Accounts Receivable - Related Party						
			69,290	2.30	36,981	-	-	-	

Note1 : Please fill in according to accounts receivable from related parties, notes, other receivables, etc

ABICO AVY Co., Ltd. and Its Subsidiaries

Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts

As at December 31, 2023

Table 6

Unit: NT\$ 1000  
(Unless Otherwise Specified)

No.	Company name	Counterparty	Relationship (Note)	Transaction		Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount	
1	Jabon International	Best Achieve HK	3	Sales revenue	\$ 872,315	As agreed by the parties 9
1	Jabon International	Best Achieve HK	3	Accounts payable	1,282	Net 90 days -
1	Jabon International	ART EMPIRE	3	Purchase	850,697	As agreed by the parties 9
1	Jabon International	ART EMPIRE	3	Accounts receivable	20,997	Net 90 days -
1	Jabon International	EKEEN PRECISION	3	Sales revenue	206,473	As agreed by the parties 2
1	Jabon International	EKEEN PRECISION	3	Accounts receivable	49,041	Net 90 days -
2	ART EMPIRE	Dongguan Qunsheng	3	Purchase	26,693	As agreed by the parties -
2	ART EMPIRE	Dong Guan Best Achieve	3	Purchase	867,322	As agreed by the parties 9
2	ART EMPIRE	Dong Guan Best Achieve	3	Accounts payable	225,735	Net 90 days 1
2	ART EMPIRE	Best Select Suzhou	3	Purchase	58,448	As agreed by the parties 1
3	Dong Guan Best Achieve	Precise Plus Group Ltd.	3	Accounts payable	11,055	Net 90 days -
4	Best Achieve HK	M.A.C. Technology (Malaysia)	3	Sales revenue	49,821	As agreed by the parties 1
5	IKKA HK	DaiichiKasei	3	Sales revenue	119,854	As agreed by the parties 1
5	IKKA HK	DaiichiKasei	3	Accounts receivable	69,290	Net 60 days -
6	IKKA Technology DongGuan	IKKA HK	3	Sales revenue	189,283	As agreed by the parties 2
6	IKKA Technology DongGuan	IKKA HK	3	Accounts receivable	33,832	Net 60 days -

ABICO AVY Co., Ltd. and Its Subsidiaries  
Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts  
As at December 31, 2023

Table 6

Unit: NT\$ 1000  
(Unless Otherwise Specified)

No.	Company name	Counterparty	Relationship (Note)	Transaction		Percentage of consolidated total operating revenues or total assets	
				General ledger account	Amount		
7	Prosper	Lixing (Shenzhen)	3	Purchase	\$ 298,263	-	3
7	Prosper	Lixing (Shenzhen)	3	Accounts payable	95,812	Net 180 days	1
8	ABECO	VIET NAM ABECO	3	Sales revenue	24,332	-	-
9	Honlynn	Ability International	3	Sales revenue	53,968	-	1
9	Honlynn	Ability International	3	Accounts receivable	7,563	-	-
10	Ability International	Abico Japan Co., Ltd.	3	Sales revenue	4,982	-	-
10	Ability International	Abico Japan Co., Ltd.	3	Accounts receivable	20,139	-	-
10	Ability International	Jing Nen	3	Sales revenue	8,349	-	-
10	Ability International	Jing Nen	3	Accounts receivable	966	-	-
11	Emptech	Honlynn	3	Sales revenue	11,523	-	-
11	Emptech	Honlynn	3	Accounts receivable	3,887	-	-

Note1 : The information of transactions between the Parent company and the subsidiaries should be noted in "Number" column.

(1) Number 0 represents the Parent company.

(2) Subsidiaries are numbered in order from number 1.

Note2 : The transaction relationships with the counterparties are as follows (if it is the same transaction between the parent company and the subsidiary or between the subsidiaries, there is no need to repeat the disclosure. For example, if the parent company has disclosed the transaction between the parent company and the subsidiary, the subsidiary does not need to disclose the transaction again. If a subsidiary has already disclosed its transaction with the subsidiary, then does not need to disclose the transaction repeatedly)

(1) Parent company to subsidiary company

ABICO AVY Co., Ltd. and Its Subsidiaries  
 Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts  
 As at December 31, 2023

Table 6

Unit: NT\$ 1000  
 (Unless Otherwise Specified)

No.	Company name	Counterparty	Relationship (Note)	Transaction		
				General ledger account	Amount	Transaction Terms
						Percentage of consolidated total operating revenues or total assets

(2) Subsidiary to parent company  
 (3) Subsidiary to subsidiary

Note3 : In calculating the ratio of total revenue or total assets, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement.

ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.)(Investees in Mainland China Excluded)  
As at December 31, 2023

Table 7

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Investor	Investee	Location	Main business	Initial investment amount		Shares Held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
ABICO AVY Co., Ltd	AVY Co., Ltd.	Taiwan	Manufacturing and sales of optical instruments, electronic products and components, and precision molds	\$ 841,360	\$ 841,360	59,597,571	100.00	\$ 958,508	\$ 3,945	\$ 3,649	Subsidiary
ABICO AVY Co., Ltd	Gold Market	Samoa	Investment and trade	1,670,193	1,670,193	3,917,053	68.52	1,873,634	( 13,532)	( 9,272)	Subsidiary
ABICO AVY Co., Ltd	Avy High Tech	Samoa	Investment and trade	220,347	220,347	6,776,000	100.00	299,532	6,215	6,215	Subsidiary
ABICO AVY Co., Ltd	Avy Technology	Samoa	Investment and trade	-	1,328	-	-	-	11	5	Sub-subsubsidiary
ABICO AVY Co., Ltd	Jabon International	Taiwan	R&D, processing, manufacturing, and sales of metallurgical products such as shafts and bearings, mechanical components and magnetic materials for automobiles and scooters, electronic components, and precision ceramics.	113,419	330,865	28,479,278	100.00	559,121	( 21,414)	( 21,414)	Subsidiary
ABICO AVY Co., Ltd	Ability I	Taiwan	Venture Investment	250,546	174,957	24,169,052	85.30	179,101	12,586	9,246	Subsidiary
ABICO AVY Co., Ltd	ABICO NetCom	Taiwan	Sales of business equipment components, electronic components, and optoelectronic products	145,742	143,847	7,199,413	13.88	130,841	( 42,640)	( 5,863)	Subsidiary
ABICO AVY Co., Ltd	ABICO Optical	Hong Kong	Investment and trade	8,355	8,355	144	14.40	-	( 32)	-	Sub-subsubsidiary
ABICO AVY Co., Ltd	Shine Trade	British Virgin Is.	Manufacturing and sales of plastic products and molds	-	51,972	-	-	-	( 17,505)	( 91)	Sub-subsubsidiary



ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.)(Investees in Mainland China Excluded)  
As at December 31, 2023

Table 7

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Investor	Investee	Location	Main business	Initial investment amount		Shares Held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
ABICO AVY Co., Ltd	Scinoh Optical	Taiwan	Manufacturing and sales of contact lenses	\$ 14,616	\$ 14,616	1,461,600	4.43	\$ 7,686	(\$ 36,129)	(\$ 1,601)	Sub-subsiidiary
ABICO AVY Co., Ltd	Honlynn	Taiwan	Sales of computer peripheral consumables	52,500	52,500	3,500,000	14.46	50,119	31,991	4,628	Subsidiary
ABICO AVY Co., Ltd	ABICO Asia	Taiwan	Venture Investment	280,000	280,000	28,000,000	18.16	286,432	( 42,006)	( 7,969)	Equity Method
ABICO AVY Co., Ltd	Ability Enterprise	Taiwan	Digital electronic cameras, optical products business	561,009	555,524	28,821,000	10.02	490,072	274,625	27,331	Equity Method
ABICO AVY Co., Ltd	G-Yen Hutong	Taiwan	Catering business	35,611	35,611	956,526	6.79	32,160	17,740	1,248	Equity Method
ABICO AVY Co., Ltd	IKKA Holdings	Cayman Is.	Investment	117,107	117,107	4,000,000	13.58	242,361	119,162	15,984	Sub-subsiidiary
ABICO AVY Co., Ltd	VIEWQUEST	Taiwan	Venture Investment	191,144	45,144	15,436,000	100.00	204,947	9,392	9,392	Subsidiary
ABICO AVY Co., Ltd	Abico Capital	Taiwan	Venture Investment	-	30,000	-	-	-	( 5,067)	( 5,067)	Subsidiary
ABICO AVY Co., Ltd	NENG DING	Taiwan	Venture Investment	100	-	10,000	100.00	84	( 16)	( 16)	Subsidiary
ABICO AVY Co., Ltd	EKEEN PRECISION	Taiwan	R&D, processing, domestic sales, and export of metallurgical products such as shafts and bearings, mechanical components and magnetic materials for automobiles and scooters, electronic components, and precision ceramics.	217,446	-	14,000,000	93.33	1,002,836	2,495	( 584)	Subsidiary
Avy High Tech	Avy Technology	Samoa	Investment and trade	1,228	-	40,000	100.00	1,037	11	6	Subsidiary

ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.)(Investees in Mainland China Excluded)  
As at December 31, 2023

Table 7

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Investor	Investee	Location	Main business	Initial investment amount		Shares Held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
AVY Co., Ltd.	Gold Market	Samoa	Investment and trade	\$ 61,075	\$ 61,075	1,799,688	31.48	\$ 844,164	(\$ 13,532)	(\$ 4,260)	Subsidiary
Gold Market	IKKA Holdings	Cayman Is.	Investment	142,677	143,518	1,706,718	5.79	140,084	119,162	6,857	Sub-subsiidiary
VIEWQUEST	Ability Enterprise	Taiwan	Digital electronic cameras, optical products business	59,745	50,078	2,100,000	0.73	61,198	274,625	1,667	Equity Method
Ability I	Seinoh Optical	Taiwan	Manufacturing and sales of contact lenses	22,037	22,037	2,203,700	6.68	11,591	( 36,129)	( 2,413)	Sub-subsiidiary
Ability I	ABICO Optical	Hong Kong	Investment and trade	30,550	30,550	513	51.30	-	( 32)	-	Sub-subsiidiary
Ability I	G-Yen Hutong	Taiwan	Catering business	30,000	30,000	796,203	5.65	30,313	17,740	970	Equity Method
Jabon International	Phoenix Place	British Virgin Is.	Investment and trade	329,322	640,384	10,150,000	100.00	535,132	( 26,191)	( 26,191)	Sub-subsiidiary
Jabon International	Jabon Precision	Taiwan	Manufacturing of industrial plastic products, aluminum casted and magnesium casted items, as well as computer and peripheral parts and molds.	-	274,445	-	-	-	( 15,853)	( 14,398)	Sub-subsiidiary
Jabon International	EKEEN PRECISION	Taiwan	R&D, processing, domestic sales, and export of metallurgical products such as shafts and bearings, mechanical components and magnetic materials for automobiles and scooters, electronic components, and precision ceramics.	31,710	10,000	1,000,000	6.67	36,278	2,495	3,079	Subsidiary
Jabon International	IKKA Holdings	Cayman Is.	Investment	246,920	246,920	10,900,000	37.01	664,788	119,162	43,571	Sub-subsiidiary

ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.)(Investees in Mainland China Excluded)  
As at December 31, 2023

Table 7

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Investor	Investee	Location	Main business	Initial investment amount		Shares Held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Jabon International	JCHENG Software Inc.	Taiwan	Electronics Components Manufacturing, Computer and Peripheral Equipment Manufacturing, Data Storage Media Manufacturing and Duplicating, and Automatic Control Equipment Engineering.	\$ -	\$ 2,000	-	-	\$ -	\$ 1,995	\$ 2,186	Sub-subsidiary
Jabon International	Best Select	British Virgin Is.	Investment	-	-	-	-	( 38,316)	( 19,104)		Sub-subsidiary
Jabon International	Best Achieve HK	Hong Kong	Trade	-	-	-	-	( 273)		2,404	Sub-subsidiary
Jabon International	ABICO Asia	Taiwan	Venture Investment	-	9,600	-	-	( 42,006)		-	Equity Method
EKEEN PRECISION	Jabon Precision	Taiwan	Manufacturing of industrial plastic products, aluminum casted and magnesium casted items, as well as computer and peripheral parts and molds.	274,445	274,445	100,000	100.00	( 20,038)	( 15,853)	( 15,853)	Sub-subsidiary
EKEEN PRECISION	JCHENG Software Inc.	Taiwan	Electronics Components Manufacturing, Computer and Peripheral Equipment Manufacturing, Data Storage Media Manufacturing and Duplicating, and Automatic Control Equipment Engineering.	2,000	2,000	200,000	100.00	4,577	1,995	1,995	Sub-subsidiary

ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.)(Investees in Mainland China Excluded)  
As at December 31, 2023

Table 7

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Investor	Investee	Location	Main business	Initial investment amount		Shares Held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
EKEEN PRECISION	Best Achieve HK	Hong Kong	Trade	\$ 1,265	\$ 1,265	50,000	100.00	\$ 989	(\$ 273)	(\$ 273)	Sub-subsidiary
EKEEN PRECISION	Best Select	British Virgin Is.	Investment	309,796	309,796	9,050,000	100.00	282,507	( 38,316)	( 38,316)	Sub-subsidiary
EKEEN PRECISION	ABICO Asia	Taiwan	Venture Investment	9,600	-	960,000	0.62	9,600	( 42,006)	-	Equity Method
Phoenix Place	Best Achieve	British Virgin Is.	Trade	25,802	25,802	493,000	100.00	-	( 2)	( 2)	Sub-subsidiary
Phoenix Place	Cranmer	British Virgin Is.	Investment and trade	235,930	235,930	7,450,000	100.00	253,425	( 11,351)	( 11,351)	Sub-subsidiary
Phoenix Place	Best Select	British Virgin Is.	Investment	-	280,411	-	-	-	( 38,316)	( 38,316)	Sub-subsidiary
Phoenix Place	Precise Plus	British Virgin Is.	Trade	83,972	83,972	2,650,000	100.00	121,662	2,825	2,825	Sub-subsidiary
Phoenix Place	Sinobridge	Samoa	Trade	11,316	11,316	350,000	100.00	149,335	( 106)	( 106)	Sub-subsidiary
Phoenix Place	Best Achieve HK	Hong Kong	Trade	-	1,510	-	-	-	( 273)	( 273)	Sub-subsidiary
Phoenix Place	ART EMPIRE	Hong Kong	Trade	1,510	1,510	50,000	100.00	10,709	507	507	Sub-subsidiary
IKKA Holdings	DaiichiKasei	Japan	Manufacturing and sales of plastic parts and products, transportation, storage, and warehousing management of automobiles, insurance agency, real estate trading, as well as leasing and management business	627,091	627,091	64,081	100.00	1,507,855	173,220	173,220	Sub-subsidiary
IKKA Holdings	Sol-Plus HK	Hong Kong	Investment	282,535	282,535	7,000,000	100.00	206,784	6,794	6,794	Sub-subsidiary
Sol-Plus HK	Sol-Plus JP	Japan	Manufacturing and sales of plastic products and molds	191,587	191,587	3,404,019,254	100.00	145,717	4,891	4,891	Sub-subsidiary

ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.)(Investees in Mainland China Excluded)  
As at December 31, 2023

Table 7

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Investor	Investee	Location	Main business	Initial investment amount		Shares Held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Note	
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value				
Sol-Plus JP	Hiraiseimitsu	Thailand	Manufacturing and sales of plastic products and molds	\$ 250,708	\$ 250,708	2,500,000	100.00	\$ 47,105	(\$ 1,650)	(\$ 1,650)	Sub-subsidiary	
DaiichiKasei	M.A.C. Technology (Malaysia)	Malaysia	Manufacturing and packaging of CD and CD ROM, computer printers, electronic and industrial precision ceramics and molds, plastic injection components for the electronics and the camera industries	380,603	380,603	41,665,000	100.00	123,967	( 18,555)	( 18,555)	Sub-subsidiary	
DaiichiKasei	IKKA Vietnam	Vietnam	Production, operation, and processing of plastic and metal parts commonly used in automobiles, scooters, and office equipment	58,346	58,346	2,500,000	100.00	420,593		65,514	65,514	Sub-subsidiary
DaiichiKasei	IKKA HK	Hong Kong	Investment and trade	292,545	292,545	80,067,000	100.00	478,948		31,866	31,866	Sub-subsidiary
ABICO NetCom	Ability 1	Taiwan	Venture Investment	6,286	6,286	567,000	2.00	4,217		12,586	-	Subsidiary
ABICO NetCom	ABICO Asia	Taiwan	Venture Investment	24,000	24,000	2,400,000	1.56	24,170	( 42,006)		-	Equity Method
ABICO NetCom	ABECO	Taiwan	Distribution of electronic components	12,200	12,200	4,729,000	49.80	99,454		45,802	22,805	Sub-subsidiary
ABICO NetCom	ABICO FS	Samoa	Investment	297,311	297,311	10,000,000	100.00	276,754		5,276	5,276	Sub-subsidiary
ABICO NetCom	Prosper	Hong Kong	Plastics business	185,543	185,543	5,050,000	100.00	404,566		17,554	17,743	Sub-subsidiary
ABICO NetCom	Seinoh Optical	Taiwan	Manufacturing and sales of contact lenses	314,720	314,720	27,487,000	83.29	142,432	( 36,129)	( 36,129)	27,373)	Sub-subsidiary
ABICO NetCom	Empower Technology	Taiwan	Manufacturing of electronic products and wireless broadband devices	42,000	42,000	4,527,000	15.64	32,328		6,472	721	Sub-subsidiary
ABICO NetCom	Positive Energy Sport	Taiwan	Sales and wholesale of sporting goods	-	35,388	-	-	-		4,289	418	Sub-subsidiary

ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.)(Investees in Mainland China Excluded)  
As at December 31, 2023

Table 7

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Investor	Investee	Location	Main business	Initial investment amount		Shares Held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
ABICO NetCom	Aabiking	Taiwan	Bicycle business	\$ 33,850	\$ 33,850	3,664,000	81.42	\$ 6,063	(\$ 7,870)	(\$ 6,411)	Sub-subsidiary
ABICO NetCom	Ho Vision	Taiwan	Sales of peripheral products in the entertainment industry	7,400	7,400	476,000	95.20	3,978	( 67)	( 66)	Sub-subsidiary
ABICO NetCom	Kkck Corporation Ltd.	Taiwan	Cosmetic beauty business	15,500	15,500	1,550,000	50.82	8,227	( 4,357)	( 2,214)	Sub-subsidiary
ABICO NetCom	Newec Corporation	Taiwan	Operation of an e-commerce platform of sporting goods	26,000	26,000	5,000,000	100.00	18,182	( 2,999)	( 3,460)	Sub-subsidiary
ABICO NetCom	Leader Sport Training	Taiwan	Sports Training	5,487	-	495,000	63.44	( 1,471)	( 12,036)	( 6,462)	Sub-subsidiary
ABICO NetCom	ABICO Plus Entertainment Limited	Taiwan	Film production and release	18,000	18,000	350,000	35.00	-	( 2,821)	-	Equity Method
ABICO NetCom	Honlynn	Taiwan	Sales of computer peripheral consumables	37,500	37,500	2,500,000	10.33	35,806	31,991	3,305	Subsidiary
ABICO NetCom	Ilens International Co., Ltd.	Taiwan	Contact lenses business	46,000	30,000	1,800,000	40.00	3,579	( 43,610)	( 17,352)	Equity Method
ABICO FS	AVY International	Samoa	Investment and trade	314,217	314,217	5,000,000	100.00	239,517	3,047	2,025	Sub-subsidiary
Prosper	Fit Active Vietnam	Vietnam	Manufacturing and processing of steel molds, aluminum molds, copper-aluminum stamped products, and optoelectronic parts	62,600	62,600	-	67.80	116,253	7,345	5,003	Sub-subsidiary
Prosper	Shine Trade	British Virgin Is.	Manufacturing and sales of plastic products and molds	144,859	144,859	2,000	100.00	( 17,561)	( 22,637)	( 23,472)	Sub-subsidiary
Prosper	Prosper SAMOA	Samoa	Investment	48,433	48,433	1,500,000	100.00	53,967	( 1,810)	( 1,810)	Sub-subsidiary

ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.)(Investees in Mainland China Excluded)  
As at December 31, 2023

Table 7

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Investor	Investee	Location	Main business	Initial investment amount		Shares Held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Prosper SAMOA	Fit Active Vietnam	Vietnam	Manufacturing and processing of steel molds, aluminum molds, copper-aluminum stamped products, and optoelectronic parts	\$ 31,227	\$ 31,227	-	32.20	\$ 55,360	\$ 7,345	\$ 2,365	Sub-subsidiary
ABECO	VIET NAM ABECO	Vietnam	Distribution of electronic components	53,614	53,614	-	100.00	39,392	( 4,079)	( 4,079)	Sub-subsidiary
Empower Technology	Positive Energy Sport	Taiwan	Sales and wholesale of sporting goods	12,715	-	1,478,000	51.99	14,336	4,289	2,118	Sub-subsidiary
Positive Energy Sport	Itravel Tech	Taiwan	Wholesale and retail of cloth, garments, and clothing	25,900	25,900	790,000	100.00	4,519	-	-	Sub-subsidiary
SEINOH Optical	S&G Global Inc	Taiwan	Wholesale and retail of medical equipment and glasses business	1,800	1,800	180,000	60.00	948	( 981)	( 588)	Sub-subsidiary
Leader Sport Training	Leader Integrated Marketing	Taiwan	Sports Training	1,000	-	-	100.00	( 3,318)	109	109	Sub-subsidiary
Honlynn	Ability International	Taiwan	Sales, rental, and maintenance of office equipment and office furniture	214,200	214,200	12,000,000	100.00	210,492	299	299	Sub-subsidiary
Honlynn	Emptech	Taiwan	Trading of computers and relevant electronic products	4,000	4,000	400,000	80.00	4,251	5,029	4,023	Sub-subsidiary
Honlynn Ability International	Catchtech TISI	Taiwan	Software Design Services	1,020	1,020	1,020,000	51.00	( 530)	( 202)	98	Sub-subsidiary
Honlynn Ability International	Catchtech TISI	Taiwan	Trading, maintenance, and rental of microform and consumables	14,291	14,291	2,000,000	100.00	38,122	7,661	7,661	Sub-subsidiary
Ability International	Jingnen	Taiwan	Sales, rental, and maintenance of office equipment and office furniture	10,398	10,161	1,000	54.35	13,128	1,674	911	Sub-subsidiary
Ability International	Ability	Samoa	Investment	23,931	23,931	800,000	100.00	2,853	( 10,692)	( 10,692)	Sub-subsidiary
Ability International	ENERTEC	Anguilla	Investment	1,626	1,626	124,000	27.19	437	18	5	Equity Method

ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.)(Investees in Mainland China Excluded)  
As at December 31, 2023

Table 7

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Investor	Investee	Location	Main business	Initial investment amount		Shares Held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Ability International	Ability Biotech	Taiwan	Wholesale and retail of medical equipment, household appliances and supplies business	\$ 9,391	\$ 9,391	1,000,000	100.00	\$ 9,760	\$ 1,100	\$ 1,100	Sub-subsidiary
Ability International	Ability Anchor	Taiwan	Recycling of machines	6,600	6,600	660,000	55.00	2,551 (	652) (	358)	Sub-subsidiary
Ability International	Ability ABICO Living Robot	Taiwan	Electric Appliance Installation	1,400	1,400	140,000	50.00	1,202 (	68) (	34)	Sub-subsidiary
Ability International	Ability International Green Energy	Taiwan	Lighting Equipment Manufacturing	5,000	5,000	500,000	100.00	4,917	75	75	Sub-subsidiary
Ability	Ability Abico HK	Hong Kong	Investment	2,769	2,769	750,000	100.00	6,819 (	1,440) (	1,440)	Sub-subsidiary
Ability	Ability Abico JP	Japan	International trade business	5,532	5,532	-	100.00 (	10,758) (	7,465) (	7,465)	Sub-subsidiary



ABICO AVY Co., Ltd. and Its Subsidiaries  
Investment in Mainland China—Basic Information  
As at December 31, 2023

Table 8

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Investee Company	Main Business	Paid-in Capital	Method of Investment	Remittance of Funds				Net Profit (Loss) of Investee	Direct or Indirect Percentage of Ownership	Recognition of Investment Gains and Losses in the Current Period (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Remark
				Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Outward (Note 6)	Inward	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023						
Dong Guan Cheng Guang Metal Products Co., Ltd.(Note 6)	Manufacturing and sales of metal casings and accessories for mobile phones and cameras	\$ 242,440	2	\$ 276,570	\$ -	\$ -	\$ 276,570	(\$ 3,679)	100.00	\$ 3,679	\$ 149,480	\$ -	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (Gold Market as investor)
Dong Guan Cheng Guang Precision Industry Co., Ltd. (Note 6)	Manufacturing and sales of metal casings and accessories for mobile phones and cameras	568,421	2	648,442	-	-	648,442	( 26,295)	100.00	( 26,295)	534,879	-	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (Gold Market as investor)
Dong Guan Cheng Guang Trading Co., Ltd (Note 6)	Manufacturing and sales of metal casings and accessories for mobile phones and cameras	881,600	2	1,005,708	-	-	1,005,708	7,170	100.00	7,170	875,338	-	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (Gold Market as investor)
Jilin Province Can Fine Glasses Co., Ltd. (Note1)	Sales of medical equipment, etc.	31,687	2	18,548	-	-	18,548	-	65.70	-	-	-	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (ABICO Optical as investor)

ABICO AVY Co., Ltd. and Its Subsidiaries  
Investment in Mainland China—Basic Information  
As at December 31, 2023

Table 8

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Investee Company	Main Business	Paid-in Capital	Method of Investment	Remittance of Funds				Net Profit (Loss) of Investee	Direct or Indirect Percentage of Ownership	Recognition of Investment Gains and Losses in the Current Period (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Remark
				Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Outward (Note 6)	Inward	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023						
DongGuan Qunsheng Powder Metallurgy Ltd. (Note1, 3)	Production and sales of powder metallurgy products and assembly of actuators	\$ 202,138	2	\$ 202,138	\$ -	\$ -	\$ 202,138	(\$ 11,350)	100.00	(\$ 11,350)	\$ 246,542	\$ -	Investment and establishment of a company at a third jurisdiction to invest in Mainland China, Phoenix Place Holdings Ltd.'s subsidiary, Cranmer Enterprises Ltd. as investor
Best Select Industrial (SuZhou) Co., Ltd. (Note1, 4)	Production and research and development of non-ferrous metal composite materials, new alloy materials, and relevant products and sales of self-produced products	282,260	2	282,260	-	-	282,260	( 38,316)	100.00	( 38,316)	283,640	-	Investment and establishment of a company at a third jurisdiction to invest in Mainland China, EKEEN PRECISION CO., LTD.'s subsidiary, Best Select Industrial Ltd. as investor
DongGuan Best Achieve Industrial Ltd.	Production and sales of power tools and relevant spare parts	83,863	2	83,863	-	-	83,863	2,823	100.00	2,823	121,545	-	Investment and establishment of a company at a third jurisdiction to invest in Mainland China, Phoenix Place Holdings Ltd.'s subsidiary, Precise Plus Group Ltd. as investor

ABICO AVY Co., Ltd. and Its Subsidiaries  
Investment in Mainland China—Basic Information  
As at December 31, 2023

Table 8

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Investee Company	Main Business	Paid-in Capital	Method of Investment	Remittance of Funds				Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Profit (Loss) of Investee	Direct or Indirect Percentage of Ownership	Recognition of Investment Gains and Losses in the Current Period (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Remark
				Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Outward (Note 6)	Inward	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023							
IKKA Technology DongGuan Co., Ltd. (IKKA)	Production and sales of precision plastic parts, hardware parts, bearings, and molds	\$ 232,837	2	\$ -	\$ -	\$ -	\$ -	\$ 22,223	56.38	\$ 12,529	\$ 351,195	\$ -	- Investment and establishment of a company at a third jurisdiction to invest in Mainland China (IKKA HK as investor)	
Lixing Plastic (Shenzhen) Co., Ltd.	Production and sales of computer plastic spare parts and components	171,948	2	188,731	-	-	188,731	48,108	100.00	45,503	313,253	130,693	- Investment and establishment of a company at a third jurisdiction to invest in Mainland China (Prosper as investor)	
AVY Precision Metal Components (SuZhou) Co., Ltd.	Production and processing of dies, precision molds, standard mold parts, and relevant products and components	125,891	2	323,121	-	-	323,121	9,166	100.00	9,166	207,488	239,499	- Investment and establishment of a company at a third jurisdiction to invest in Mainland China (AVY International as investor)	
Suzhou Xiyingli Optical Co., Ltd.(Note 1)	Wholesale and import of contact lens	23,029	2	23,029	-	-	23,029	( 398)	100.00	( 398)	7,409	-	- Investment and establishment of a company at a third jurisdiction to invest in Mainland China (ABICO FS as investor)	
Dongguan Ashine Precision Plastics Co., Ltd. (Note 2)	Manufacturing and sales of plastic products and molds	194,690	2	59,588	15,353	-	74,941	( 22,637)	100.00	( 23,472)	( 17,561)	-	- Investment and establishment of a company at a third jurisdiction to invest in Mainland China (Shine Trade as investor)	

ABICO AVY Co., Ltd. and Its Subsidiaries  
Investment in Mainland China—Basic Information  
As at December 31, 2023

Table 8

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Investee Company	Main Business	Paid-in Capital	Method of Investment	Remittance of Funds			Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Net Profit (Loss) of Investee	Direct or Indirect Percentage of Ownership	Recognition of Investment Gains and Losses in the Current Period (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Remark
				Outward	Inward	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023							
Ability International (Shanghai) Ltd.	Warehousing, wholesale, and international trade	\$ 15,353	2	\$ 13,925	\$ -	\$ -	\$ 13,925	(\$ 1,760)	24.79	(\$ 1,760)	\$ 6,173	\$ -	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (Ability as investor)
Abico (GuangZhou) International Tarding Co., Ltd	International trade	1,044	2	3,251	-	-	3,251	( 804)	24.79	( 804)	861	-	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (ABICO HK as investor)

Note 1: Other than Jilin Province Can Fine Glasses Co., Ltd., DongGuan Best Achieve and Suzhou Seinoh Optical Co.,Ltd. , the others are recognized in accordance with the valuation as per the financial statements as audited by accountants.

Note 2: Cumulative investment in DongGuan Ashine is \$194,690 (US\$6,340 thousand), which includes cash investment of \$143,868 (US\$4,685 thousand), and machinery investment of \$50,822 (US\$1,655 thousand).

Note 3: Cumulative investment in DongGuan Best Achieve is \$202,138 thousand (US\$6,450 thousand), which includes cash investment of \$170,321 thousand (US\$5,528 thousand), and machinery investment of \$31,817 thousand (US\$922 thousand).

Note 4: Cumulative investment in Best Select Suzhou is \$282,260 thousand (US\$9,000 thousand), which includes cash investment of \$278,521 thousand (US\$8,885 thousand), and machinery investment of \$3,739 thousand (US\$115 thousand).

Note 5: There are three types of investment:

1. Direct investment in Mainland China.
2. Invest in Mainland China via a third jurisdiction.
3. Other methods.

Note 6: On March 29, 2021 Gold Market Investments Ltd.'s board of directors approved, in order to optimize industrial capabilities and improve operational performance, a split-up of Dong Guan Cheng Guang Metal Products Co., Ltd. into three companies. Following the split-up, Dong Guan Cheng Guang Metal Products Co., Ltd. will survive with metal surface treatment processes as its main business; two other companies will be established, Dong Guan Cheng Guang Precision Industry Co., Ltd. and Dong Guan Cheng Guang Precision Industry Co., Ltd.. Dong Guan Cheng Guang Precision Industry Co., Ltd.'s business focus will be metal manufacturing and processing, and Dong Guan Cheng Guang Trading Co., Ltd.'s business focus will be metal processing products trading. After the split-up, the three companies will have the same structure, each 100% owned by Gold Market investments Ltd. The relevant registration and licensing procedures have been completed. The cumulative capital remitted from Taiwan in this period, \$1,930,720, was remitted to Dong Guan Cheng Guang Metal Products Co., Ltd. before the split-up.

ABICO AVY Co., Ltd. and Its Subsidiaries  
Investment in Mainland China—Basic Information  
As at December 31, 2023

Table 8

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Investee Company	Main Business	Paid-in Capital	Method of Investment	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Outward (Note 6)	Inward	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Profit (Loss) of Investee	Direct or Indirect Percentage of Ownership	Recognition of Investment Gains and Losses in the Current Period (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Remark
				Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Investment Amount Authorized by Investment Commission, MOEA										
ABICO AVY Co., Ltd.		\$ 1,809,368	\$	1,809,368	\$				3,343,049						
AVY		183,140		183,140					576,431						
Ability I		14,565		14,639					126,549						
Jabon International (Note 7, 8)		591,927		635,229					-						
ABICO NetCom		239,630		262,652					591,382						
		<u>\$ 2,838,630</u>	<u>\$</u>	<u>2,905,028</u>	<u>\$</u>				<u>4,637,411</u>						

Note 7: The difference between the accumulated investment amount remitted from Taiwan to the mainland at the end of the current period by Jabon International and the cumulative investment amount remitted from Taiwan at the end of the current period of 32,398 thousand (US\$1,046 thousand) is due to cumulative losses that arise from the liquidation of Qunsheng Powder Metallurgy Ltd. (Changshu) in 2007.

Note 8: Jabon International in April 2023 received the recognition documentation from the Ministry of Economic Affairs Industrial Development Bureau pursuant to the “Identification Regulations for Operational Headquarters”, the effective period is April 2023 to April 2026, therefore no limit applies.

ABICO AVY Co., Ltd. and Its Subsidiaries  
Investments in the Mainland Area – Significant Transactions with Investee Companies In Mainland China, Either Directly or Indirectly Through a Third Area  
As at December 31, 2023

Table 9

Unit: NTS 1000  
(Unless Otherwise Specified)

Name of the Invested Company in China	Sales (Purchase)		Property Transaction		Accounts Receivable (Payable)		Note Endorsements/Guarantees or Provision of Collateral		Financing Facility				
	Amount	%	Amount	%	Balance	%	Balance as at December 31, 2023	Purpose	Highest Balance	Balance as at December 31, 2023	Interest rate range	Current rate	Others
ART EMPIRE	(\$ 850,697)	(11)	\$ -	-	\$ 20,997	1	\$ -	-	\$ -	\$ -	-	\$ -	-

ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Major Shareholders  
As at December 31, 2023

Table 10

List of major shareholders	Shares	
	Shares Held	Shareholding Ratio
Abico International Co., Ltd.	22,095,328	13.07%
Ability Enterprise Co., Ltd.	17,264,223	10.21%

V. Parent company only financial statements for the most recent year audited by a CPA

Independent Auditors' Report

(113)-Cai-Sheng-Bao No. 23005243

To ABICO AVY CO., LTD.,

**Audit opinion**

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

In our opinion, the accompanying parent company only financial statements, based on our audit results and the audit report issued by other CPAs (please refer to the "Other matters" paragraph), present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2023 and 2022 and for the years then ended, and its parent company only financial performance and parent company only cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for audit opinion**

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards in the Republic of China. Our responsibility under those standards is further described in the paragraph "Auditor's responsibilities for the audit of the parent company only financial statements". We are independent of ABICO AVY CO., LTD. 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 accountants' audit reports, we are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.



## **Key audit matters**

Key audit matters refer to the most vital matters in our audit of the parent company only financial statements of ABICO AVY CO., LTD. for the year ended December 31, 2023, based on our professional judgment. These matters were addressed in our audit of the parent company only financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the parent company only financial statements of the Company for the year ended December 31, 2023, are stated as follows:

Please refer to Note 4(12) to the parent company only financial statements for the accounting policy on the Company's investments using the equity method; please refer to Note 6(5) to the parent company only financial statements for the description of accounting titles. The subsidiaries directly or indirectly owned by the Company, namely Dong Guan Cheng Guang Metal Products Co., Ltd., Dong Guan Cheng Guang Precision Industry Co., Ltd., IKKA Holdings (Cayman) Ltd., Jabon International Co., Ltd., and ABICO NetCom Co., Ltd., are the main operating entities responsible for the manufacturing and sales in the Group. Said companies' financial position and financial performance bear a significant influence on the Company's parent company only financial statements. Therefore, we listed the valuation of said companies' investments using the equity method as one of the key audit matters and said companies' key audit matters: assessment of an allowance for inventory valuation loss and assessment of an allowance for losses on accounts receivable as one of the key audit matters. The key audit matters are specified below:

### **Assessment of expected credit loss on accounts receivable**

#### Description

Dong Guan Cheng Guang Metal Products Co., Ltd.'s, Dong Guan Cheng Guang Precision Industry Co., Ltd.'s, IKKA Holdings (Cayman) Ltd.'s, Jabon International Co., Ltd.'s, and ABICO NetCom Co., Ltd.'s main clients are from Taiwan, mainland China, Hong Kong, Japan, Vietnam, and Malaysia. If the clients have significant financial difficulties or delay in payment or non-payment of principal, the risk of not being able to recover notes and accounts would increase. The companies assess if there is objective evidence of expected credit impairment of individual notes and accounts receivable on each balance sheet date. It assesses if such notes and accounts receivable are overdue or in default, their historical transaction records, the collection situation after the balance sheet date, clients' financial position, and forward-looking factors, to estimate the amount of an allowance for losses that should be set aside.

As the companies have a large amount of notes and accounts receivable and a large number of clients, and the assessment process of an allowance for losses on notes and accounts receivable often involves the management team's subjective judgment, it is also an area that

needs to be judged in the audit work, so we included the assessment of the allowance for loss on receivables as a key audit matter in this year's audit work.

#### Corresponding audit procedures

This matter covers different entities audited by us and other accountants. To assess the adequacy of an allowance for bad debts from overdue and individually risky notes and account receivable, the corresponding procedures undertaken by us and other accountants are specified below:

1. We obtained the overdue aging schedule used by the management in assessing the expected credit loss rate of accounts receivable, confirmed that the source logic of the data was consistently applied, and tested the relevant forms to confirm the correctness of the aging schedule.
2. We obtained the overdue or default status of notes and accounts receivable and assessed the reasonableness of expected credit losses estimated with a provision matrix.
3. We obtained the collection records of individually significant notes and accounts receivable after the balance sheet date to assess if there were expected credit losses on notes and accounts receivable and confirm the appropriateness of the amount of an allowance for losses set aside.
4. For accounts receivable that are overdue or may not be collected, we assessed the possibility of recovery based on the past collection experience, discussions with the management team, and relevant corroborating materials obtained.

#### **Assessment of an allowance for inventory valuation losses**

##### Description

Dong Guan Cheng Guang Metal Products Co., Ltd., Dong Guan Cheng Guang Precision Industry Co., Ltd., KKA Holdings (Cayman) Ltd., Jabon International Co., Ltd., and ABICO NetCom Co., Ltd. mainly manufacture and sell metal casings for mobile phones and digital cameras, actuator components, powder metallurgy, and business equipment components. As these inventories are vulnerable to rapid changes in technology, short product life cycles, and fierce market competition, there is a higher risk of inventory valuation losses, obsolescence, or damage. The net realizable value of the companies' inventories normally sold is based on the sales and purchase prices in the normal course of business within a certain period before the balance sheet date, and the net realizable values of inventories that are not sold after a certain period of age and individually identified obsolete or damaged inventories are calculated based on historical information on the extent to which the inventories are sold and discounted.

Due to the large number of items in the companies' inventories and the multiple sources of information on the net realizable values of individual materials in the inventories, the identification of the net realizable values of the individually obsolete or damaged inventories and the assessment often involves the management team's subjective judgments, so it is also an area that needs to be judged. Therefore, we listed the assessment of an allowance for inventory valuation losses as one of the key audit matters in this year's audit work.

#### Corresponding audit procedures

This matter covers different entities audited by us and other accountants. To assess the adequacy of the net realizable values of inventory measured and an allowance for inventory valuation losses, the corresponding procedures undertaken by us and other accountants are specified below:

1. As per the understanding of the nature of the companies' operations and industry, we assessed if the policy on the provision of an allowance for inventory valuation losses during the comparative financial reporting periods was appropriate and consistent.
2. We learned about the process of inventory management, reviewed its annual inventory plan, and participated in its annual inventory process to evaluate the effectiveness of the management team's distinguishing and controlling of obsolete or damaged inventory.
3. We obtained the inventory age report of each inventory item and tested the correctness of the calculation logic to confirm that the obsolete inventory items over a certain age have been included in the report.
4. We obtained a net realizable value report of each inventory item, confirmed that the calculation logic was consistent, and randomly checked the selling and purchase prices of individual materials in the inventory based on the relevant supporting documents.

#### **Other matters: Reference to other accountants' audits**

As stated in Note 6(5) to the parent company only financial statements, the financial statements of some of the investees included in the Company's parent company only financial statements, and some investee using the equity method have not been audited by us but by other accountants. Therefore, in the opinion we rendered on the above parent company only financial statements, the amounts listed in said companies' financial statements are based on the audit reports issued by other accountants. The balances of the investments in the above companies using the equity method as of December 31, 2023 and 2022 were NT\$1,024,434 thousand and NT\$1,064,656 thousand, respectively, accounting for 14% and 15% of the total parent company only assets; the shares of profit or loss on the above investees accounted for using the equity

method for the years ended December 31, 2023 and 2022 were NT\$61,296 thousand in loss and NT\$9,049 thousand in loss, respectively, accounting for (106%) and 10% of the parent company only profit (loss) before tax, respectively.

## **Responsibilities of the management and the governing bodies for the parent company only financial statements**

The responsibilities of the management are to prepare the parent company only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and to maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

In preparing the parent company only financial statements, the management is responsible for assessing the ability of ABICO AVY CO., LTD. in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate ABICO AVY CO., LTD. or cease the operations without other viable alternatives.

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

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

Our objectives are to obtain reasonable assurance on whether the parent company only financial statements as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the parent company only financial statements, they are considered material.

We have utilized our professional judgment and professional doubt when performing the audit work in accordance with the auditing standards in the Republic of China. We also performed the following tasks:

1. Identified and assessed the risks of material misstatement arising from fraud or error within

the parent company only financial statements; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.

2. Understood the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of ABICO AVY CO., LTD.'s internal control.
3. Evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Concluded on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over ABICO AVY CO., LTD.'s ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the parent company only financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause ABICO AVY CO., LTD. to cease to continue as a going concern.
5. Evaluated the overall presentation, structure, and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements adequately present the relevant transactions and events.
6. Obtained sufficient and appropriate audit evidence concerning the financial information of entities within ABICO AVY CO., LTD., to express an opinion on the parent company only financial statements. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion about the entities.

The matters communicated between us and the governing bodies included the planned scope and times of the audit and material audit findings (including any material defects in internal control identified during the audit).

We also provided the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of ABICO AVY CO., LTD.'s parent company only financial statements for the year ended December 31, 2023. We have clearly indicated such matters in the auditors'

report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

PwC Taiwan

Ya-Hui Lin

CPA:

Min-Chuan Feng

Financial Supervisory Commission (FSC)

Approval Document No.: Jin-Guan-Zheng-Shen No. 1070323061

Former Securities and Futures Bureau, Financial Supervisory  
Commission, Executive Yuan

Approval Document No.: Jin-Guan-Zhen-VI No. 0960038033

March 27, 2024

ABICO AVY Co., Ltd.  
Parent Company Only Balance Sheet  
As at December 31, 2023 and 2022

Unit: NT\$ thousand

Assets	Note	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 220,747	3	\$ 215,813	3
1110	Financial assets at fair value through profit or loss - current	6(2)	32,898	1	20,999	1
1180	Accounts receivable - related parties, net	6(4) and 7	24,564	-	11	-
1210	Other receivables-related parties	7	12,000	-	12,000	-
1220	Current tax assets		84	-	18	-
1410	Prepayments		21,933	-	2,505	-
1470	Other current assets		<u>133</u>	-	<u>193</u>	-
11XX	<b>Total current assets</b>		<u>312,359</u>	<u>4</u>	<u>251,539</u>	<u>4</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - Non-current	6(2)	186,004	3	169,820	2
1517	Financial assets at fair value through other comprehensive income - Non-current	6(3) and 7	534,232	7	466,588	7
1550	Investments accounted for using the equity method	6(5) and 7	6,317,434	86	6,214,397	87
1600	Property, plant and equipment	6(6)	996	-	236	-
1755	Right-of-use assets	6(7) and 7	1,393	-	3,534	-
1840	Deferred tax assets	6(19)	1,600	-	1,600	-
1900	Other non-current assets		<u>50</u>	-	<u>1,200</u>	-
15XX	<b>Total non-current assets</b>		<u>7,041,709</u>	<u>96</u>	<u>6,857,375</u>	<u>96</u>
1XXX	<b>Total assets</b>		<u>\$ 7,354,068</u>	<u>100</u>	<u>\$ 7,108,914</u>	<u>100</u>

(Continued on next page)

ABICO AVY Co., Ltd.  
Parent Company Only Balance Sheet  
As at December 31, 2023 and 2022

Unit: NT\$ thousand

Liabilities and Equity		Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(8)	\$ 561,000	7	\$ 507,500	7
2150	Notes payable		2,713	-	2,706	-
2200	Other payables		46,612	1	42,881	-
2230	Current tax liabilities		9,613	-	-	-
2280	Lease liabilities - current	7	1,396	-	2,169	-
2320	Long-term liabilities due within one year or one operating cycle	6(9)	150,000	2	50,000	1
2399	Other current liabilities		205	-	171	-
21XX	<b>Total current liabilities</b>		<u>771,539</u>	<u>10</u>	<u>605,427</u>	<u>8</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(9)	1,000,000	14	1,100,000	16
2570	Deferred tax liabilities	6(19)	10,781	-	12,546	-
2580	Lease liabilities - non-current	7	-	-	1,397	-
25XX	<b>Total non-current liabilities</b>		<u>1,010,781</u>	<u>14</u>	<u>1,113,943</u>	<u>16</u>
2XXX	<b>Total liabilities</b>		<u>1,782,320</u>	<u>24</u>	<u>1,719,370</u>	<u>24</u>
<b>Equity</b>						
Share capital						
3110	Ordinary share capital	6(11)	1,689,590	23	1,699,640	24
Capital surplus						
3200	Capital surplus	6(12)	2,599,661	35	2,596,552	36
Retained earnings						
3310	Legal reserve	6(13)	392,518	5	392,518	6
3320	Special reserve		271,778	4	575,656	8
3350	Undistributed earnings		1,000,992	14	426,729	6
Other equity						
3400	Other equity		( 377,077)	( 5)	( 271,778)	( 4)
3500	Treasury shares	6(11)	( 5,714)	-	( 29,773)	-
3XXX	<b>Total equity</b>		<u>5,571,748</u>	<u>76</u>	<u>5,389,544</u>	<u>76</u>
Material Contingent Liabilities and Unrecognized Contractual Commitments						
Material Subsequent Events						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 7,354,068</u>	<u>100</u>	<u>\$ 7,108,914</u>	<u>100</u>

The notes attached are part of the Parent Company Only Financial Statements and shall be read together.

Chairman: Chun-Jen Tong

Manager: Shiang-Chi Hu

Chief Accounting Officer: Hui-Chu Lee



ABICO AVY Co., Ltd.  
Parent Company Only Statement of Comprehensive Income  
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand  
(except for earnings (losses) per share which is in NT\$)

	Item	Note	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	7	\$ 39,365	100	\$ 11,297	100
5000	Operating cost	6(18) and 7	( 4,919)	( 12)	( 6,087)	( 54)
5900	Gross profit		<u>34,446</u>	<u>88</u>	<u>5,210</u>	<u>46</u>
	Operating expenses	6(18) and 7				
6200	Administrative expenses		( 51,522)	( 131)	( 56,496)	( 500)
6000	Total operating expenses		<u>( 51,522)</u>	<u>( 131)</u>	<u>( 56,496)</u>	<u>( 500)</u>
6900	Operating loss		<u>( 17,076)</u>	<u>( 43)</u>	<u>( 51,286)</u>	<u>( 454)</u>
	Non-operating income and expenses					
7100	Interest income	6(14)	3,721	9	1,020	9
7010	Other income	6(15)	16,603	42	13,939	124
7020	Other gains and losses	6(16)	63,304	161	11,978	106
7050	Financial costs	6(17) and 7	( 34,430)	( 88)	( 25,173)	( 223)
7070	Shares of profit or loss on subsidiaries, affiliates, and joint venture recognized using the equity method	6(5)	<u>25,821</u>	<u>66</u>	<u>( 44,166)</u>	<u>( 391)</u>
7000	Total non-operating income and expenses		<u>75,019</u>	<u>190</u>	<u>( 42,402)</u>	<u>( 375)</u>
7900	<b>Net profit (net loss) before tax</b>		<u>57,943</u>	<u>147</u>	<u>( 93,688)</u>	<u>( 829)</u>
7950	Income tax expense	6(19)	( 1,991)	( 5)	( 3,263)	( 29)
8200	<b>Net profit (net loss) for this period</b>		<u>\$ 55,952</u>	<u>142</u>	<u>( \$ 96,951)</u>	<u>( 858)</u>
	<b>Other comprehensive income</b>					
8316	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	6(3)	\$ 184,421	469	\$ 126,292	1118
8330	Share of other comprehensive income on subsidiaries, affiliates, and joint ventures accounted for using equity method – items not reclassified to profit or loss		50,577	128	3,404	30
8349	Income tax related to items not reclassified	6(19)	<u>1,606</u>	<u>4</u>	<u>( 15,155)</u>	<u>( 134)</u>
8310	Total amount of items not reclassified to profit or loss		<u>236,604</u>	<u>601</u>	<u>114,541</u>	<u>1014</u>
	<b>Items that may subsequently be reclassified to profit or loss</b>					
8361	Exchange differences on translation of the financial statements of foreign operations		( 78,024)	( 198)	186,160	1648
8360	Total amount of items that may subsequently be reclassified to profit or loss		<u>( 78,024)</u>	<u>( 198)</u>	<u>186,160</u>	<u>1648</u>
8300	<b>Other comprehensive income, net</b>		<u>\$ 158,580</u>	<u>403</u>	<u>\$ 300,701</u>	<u>2662</u>
8500	<b>Total comprehensive income for this period</b>		<u>\$ 214,532</u>	<u>545</u>	<u>\$ 203,750</u>	<u>1804</u>
	Basic earnings (losses) per share	6(20)				
9750	Basic earnings (losses) per share		<u>\$</u>	<u>0.33</u>	<u>( \$</u>	<u>0.58)</u>
	Diluted earnings (losses) per share	6(20)				
9850	Diluted earnings (losses) per share		<u>\$</u>	<u>0.33</u>	<u>( \$</u>	<u>0.58)</u>

The notes attached are part of the Parent Company Only Financial Statements and shall be read together.

Chairman: Chun-Jen Tong

Manager: Shiang-Chi Hu

Chief Accounting Officer: Hui-Chu Lee

ABICO AVY Co., Ltd.  
Parent Company Only Statements of Changes in Equity  
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand

	Note	Retained earnings				Other equity		Treasury shares	Total equity	
		Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of the financial statements of foreign operations			Unrealized gains or losses on financial assets at fair value through other comprehensive income
<u>2022</u>										
Balance as at January 1, 2022		\$ 1,699,640	\$ 2,584,368	\$ 380,980	\$ 412,797	\$ 705,470	(\$ 481,743 )	(\$ 93,913 )	(\$ 29,773 )	\$ 5,177,826
Net loss for this period		-	-	-	-	( 96,951 )	-	-	-	( 96,951 )
Other comprehensive income for this period		-	-	-	-	3,909	186,160	110,632	-	300,701
Total comprehensive income for this period		-	-	-	-	( 93,042 )	186,160	110,632	-	203,750
2021 earnings allocation and distribution:	6(13)									
Legal reserve		-	-	11,538	-	( 11,538 )	-	-	-	-
Special reserve		-	-	-	162,859	( 162,859 )	-	-	-	-
Cash dividends	6(12)	-	( 50,989 )	-	-	-	-	-	-	( 50,989 )
Capital surplus adjusted for dividends paid out to subsidiaries	6(12)	-	296	-	-	-	-	-	-	296
Overdue dividends transferred to capital surplus	6(12)	-	15	-	-	-	-	-	-	15
Changes in equity of subsidiaries and affiliates	6(12)	-	62,862	-	-	( 4,216 )	-	-	-	58,646
Disposal of equity instruments at fair value through other comprehensive income by subsidiaries and affiliates	6(3)	-	-	-	-	( 7,086 )	-	7,086	-	-
Balance as at December 31, 2022		\$ 1,699,640	\$ 2,596,552	\$ 392,518	\$ 575,656	\$ 426,729	(\$ 295,583 )	\$ 23,805	(\$ 29,773 )	\$ 5,389,544

(Continued on next page)

ABICO AVY Co., Ltd.  
Parent Company Only Statements of Changes in Equity  
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand

	Note	Retained earnings				Other equity		Treasury shares	Total equity	
		Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of the financial statements of foreign operations			Unrealized gains or losses on financial assets at fair value through other comprehensive income
<u>2023</u>										
Balance as at January 1, 2023		\$ 1,699,640	\$ 2,596,552	\$ 392,518	\$ 575,656	\$ 426,729	(\$ 295,583)	\$ 23,805	(\$ 29,773)	\$ 5,389,544
Net profit for this period		-	-	-	-	55,952	-	-	-	55,952
Other comprehensive income for this period		-	-	-	-	5,819	(78,024)	230,785	-	158,580
Total comprehensive income for this period		-	-	-	-	61,771	(78,024)	230,785	-	214,532
2022 earnings allocation and distribution:	6(13)									
Special reserve		-	-	-	(303,878)	303,878	-	-	-	-
Cash dividends		-	-	-	-	(50,989)	-	-	-	(50,989)
Capital surplus adjusted for dividends paid out to subsidiaries	6(12)	-	297	-	-	-	-	-	-	297
Overdue dividends transferred to capital surplus	6(12)	-	138	-	-	-	-	-	-	138
Treasury stock retired	6(11)(12)	(10,050)	(14,009)	-	-	-	-	-	24,059	-
Disposal of equity instruments at fair value through other comprehensive income	6(3)	-	-	-	-	197,806	-	(197,806)	-	-
Changes in equity of subsidiaries and affiliates	6(12)	-	(12,528)	-	-	1,543	-	-	-	(10,985)
Disposal of equity instruments at fair value through other comprehensive income by subsidiaries and affiliates	6(3)	-	-	-	-	60,254	-	(60,254)	-	-
Differences between the price of the equity of subsidiary acquired or disposed and the book value	6(12)	-	29,211	-	-	-	-	-	-	29,211
Balance as at December 31, 2023		\$ 1,689,590	\$ 2,599,661	\$ 392,518	\$ 271,778	\$ 1,000,992	(\$ 373,607)	(\$ 3,470)	(\$ 5,714)	\$ 5,571,748

The notes attached are part of the Parent Company Only Financial Statements and shall be read together.

Chairman: Chun-Jen Tong

Manager: Shiang-Chi Hu

Chief Accounting Officer: Hui-Chu Lee

ABICO AVY Co., Ltd.  
Parent Company Only Statements of Cash Flows  
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand

	Note	For the Year Ended December 31, 2023		For the Year Ended December 31, 2022
<u>Cash flow from operating activities</u>				
Net profit (loss) before tax for this period		\$ 57,943	( \$	93,688 )
Adjustments				
Income and expenses				
Depreciation expense (including right-of-use assets)	6(6)(7)(18)	2,418		2,408
Loss (gain) on financial assets at fair value through profit or loss	6(16)	( 57,585 )		20,942
Disposal of investment losses	6(16) and 7	90		277
Interest expense	6(17)	34,430		25,173
Interest income	6(14)	( 3,721 )	(	1,020 )
Net investment (income) losses on subsidiaries and affiliates recognized using the equity method	6(5)	( 25,821 )		44,166
Dividend income	6(15)	( 16,603 )	(	8,272 )
Bargain purchase gains	6(15)	-	(	5,667 )
Cost of remuneration under share-based payment		199		503
Changes in assets/liabilities related to operating activities				
Net changes in assets related to operating activities				
Financial assets at fair value through profit or loss		29,502	(	62 )
Accounts receivable (including related parties)		( 24,553 )		20
Other receivables (including related parties)		12,000		-
Prepayments		( 19,428 )		342
Other current assets		60	(	167 )
Net changes in liabilities related to operating activities				
Notes payable		145		2
Other payables		3,350		633
Other current liabilities		34		19
Cash outflow from operations		( 7,540 )	(	14,391 )
Interest collected		3,721		1,020
Dividend received		77,083		52,823
Interest paid		( 34,049 )	(	25,173 )
Income tax paid		( 1,062 )	(	943 )
Net cash inflow from operating activities		38,153		13,336
<u>Cash flow from investing activities</u>				
Disposal of financial assets at amortized cost		-		2,768
Acquisition of financial assets at fair value through other comprehensive income		( 171,464 )	(	91,786 )
Disposal of financial assets at fair value through other comprehensive income		296,700		8,031
Acquisition of investment using the equity method	6(5)	( 229,070 )	(	270,240 )
Disposal of investment using the equity method	6(5) and 7	30,969		4,891
Property, plant and equipment acquired	6(6)	( 1,037 )	(	110 )
Decrease in other non-current assets		1,150		-
Net cash outflow from investing activities		( 72,752 )	(	346,446 )
<u>Cash flow from financing activities</u>				
Increase (decrease) in short-term borrowings		53,500	(	21,500 )
Long-term borrowings		1,150,000		150,000
Repayment of long-term borrowings		( 1,150,000 )	(	50,000 )
Repayment of lease principal		( 2,170 )	(	2,301 )
Cash dividends paid out	6(13)	( 50,989 )	(	50,989 )
Capital returned from investees using the equity method to reduce capital	6(5)	-		147,280
Dividend received		39,192		160,417
Net cash inflow from financing activities		39,533		332,907
Increase (decrease) in cash and cash equivalents for this period		4,934	(	203 )
Opening balance of cash and cash equivalents	6(1)	215,813		216,016
Ending balance of cash and cash equivalents	6(1)	\$ 220,747	\$	215,813

The notes attached are part of the Parent Company Only Financial Statements and shall be read together.

Chairman: Chun-Jen Tong

Manager: Shiang-Chi Hu

Chief Accounting Officer: Hui-Chu Lee

ABICO AVY CO., LTD.

Notes to Financial Statements

For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand  
(unless otherwise specified)

I. Company History

- (I) ABICO AVY CO., LTD. (hereinafter referred to as the “Company”), formerly known as RF-LINK systems Inc., was incorporated on December 29, 1994 and was renamed AVY PRECISION TECHNOLOGY INC. in June 2004, while being relocated to Taipei City in the same year. It was renamed ABICO AVY CO., LTD. in August 2021. The Company’s stock has been traded on the Taipei Exchange since June 14, 1999. The Company mainly engages in manufacturing, processing, and trading as well as import and export of various aluminum alloys, plastic die-casted products, and relevant molds.
- (II) Ability Investment Co., Ltd. held 11.75% of the Company’s equity on June 30, 2021 and obtained more than half of the Company’s directorships, making it the Company’s ultimate parent company. After an election of directors at the shareholders’ meeting on July 15, 2021, the Abico International Co., Ltd. obtained more than half of the Company’s directorships and held 7.06% of the Company’s equity, making it the Company’s ultimate parent company, and as of December 31, 2023, held 13.07% of the Company’s equity.

II. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorized for issuance by the Board of Directors on March 27, 2024.

III. Application of Newly Issued and Amended Standards and Interpretations

- (I) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC issued by and effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, “Disclosure of accounting policies”	January 1, 2023
Amendments to IAS 8, “Definition of accounting estimates”	January 1, 2023
Amendments to IAS 12, “Deferred tax related to assets and liabilities arising from a single transaction”	January 1, 2023
Amendments to IAS 12, “International tax reform - pillar two model rules”	May 23, 2023

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, "Lease liability in a sale and leaseback"	January 1, 2024
Amendments to IAS 1, "Classification of liabilities as current or non-current"	January 1, 2024
Amendments to IAS 1, "Non-current liabilities with covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7, "Supplier finance arrangements"	January 1, 2024

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined by International Accounting Standards Board
IFRS 17, "Insurance contracts"	January 1, 2023
Amendments to IFRS 17, "Insurance contracts"	January 1, 2023
Amendment to IFRS 17, "Initial application of IFRS 17 and IFRS 9 – comparative information"	January 1, 2023
Amendments to IAS 21, "Lack of exchangeability"	January 1, 2025

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

#### IV. Summary of Significant Accounting Policies

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

##### (I) Compliance statement

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### (II) Basis of preparation

1. Except for the following items, these parent company only financial statements have been prepared under the historical cost convention:
  - (1) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
  - (2) Financial assets at fair value through other comprehensive income.
2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

##### (III) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.

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

- (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (2) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing

at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (4) All foreign exchange gains and losses are presented in the statement of comprehensive income within “other gains and losses”.

## 2. Translation of foreign operations

- (1) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - C. All resulting exchange differences are recognised in other comprehensive income.
- (2) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.

## (IV) Classification of current and non-current items

1. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (1) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (2) Assets held mainly for trading purposes;
  - (3) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
2. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - (1) Liabilities that are expected to be settled within the normal operating cycle;
  - (2) Liabilities arising mainly from trading activities;
  - (3) Liabilities that are to be settled within twelve months from the balance sheet date;



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

(V) Cash equivalents

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

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

1. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
3. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
4. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

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

(VIII) Financial assets at amortized cost

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

(IX) Accounts receivable

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

(X) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost including accounts receivable that has a significant financing component, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that does not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(XI) Derecognition of financial assets

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

(XII) Investments accounted for using equity method-subidiaries and associates

1. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. Unrealized gains and losses between the Company and its subsidiaries have been eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. If the Company's share of loss on a subsidiary that is recognized equals or exceeds its equity in the subsidiary, the Company continues to recognize the loss based on its shareholding percentage.
4. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
5. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
6. The Company's share of its associates' post-acquisition profits or losses is recognized in

profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

7. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in "capital surplus" in proportion to its ownership.
8. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
9. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then "capital surplus" and "investments accounted for under the equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
10. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
11. Where the Company disposes of an affiliate and if it loses significant influence on the affiliate, for all amounts previously recognized in other comprehensive income related to the affiliate, the accounting treatment is on the same basis as if the Company directly disposes of the relevant assets or liabilities, that is, the gains or losses previously recognized in other comprehensive income will be reclassified to profit or loss when the relevant assets or liabilities are disposed of, so when the significant influence on the associate is lost, the gains or losses will be reclassified from equity to profit or loss. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
12. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.
13. In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the current profit or loss and other comprehensive income in the parent company only financial statements shall be the same as those attributable to the owners of the parent company in the financial statements prepared on a consolidated basis. The owners'

equity in the parent company only financial statements shall be the same as the equity attributable to owners of the parent company in the financial statements prepared on a consolidated basis.

(XIII) Property, plant and equipment

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

Machinery and equipment	8 years
Office equipment	3 years

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

1. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
2. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the fixed payments, less any lease incentives receivable. It subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
3. At the commencement date, the right-of-use asset is stated at cost comprising. It is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(XV) Impairment of non-financial assets

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

(XVI) Borrowings

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

(XVII) Notes and accounts payable

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

(XVIII) Derecognition of financial liabilities

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

(XIX) Employee benefits

1. Short-term employee benefits

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

2. Pensions

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

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

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

(XX) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
3. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
4. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXI) Share capital

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

shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

#### (XXII) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

The Board of Directors of the Company shall distribute all or part of the dividends and bonuses, capital reserve, or statutory surplus reserve that should be distributed in the form of cash upon the attendance of more than two-thirds of the directors and the resolution of more than half of the directors present and report the distribution to the shareholders' meeting. The provision of the preceding paragraph that should be resolved by the shareholders' meeting is not applicable here.

#### (XXIII) Revenue recognition

##### 1. Sales of goods

- (1) Sales are recognized when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (2) Sales revenue is recognized at the contract prices, less estimated sales discounts. Revenue is recognized to the extent that it is highly probable that no significant reversal will occur in the future, and the Group updates the estimate at each balance sheet date. The payment terms for sales transactions usually expire 60 to 120 days after the date the control is transferred. As the period between the transfer of the promised goods to the clients and the payments by the clients has not exceeded one year, the Company did not adjust transaction price to reflect the time value of money.
- (3) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

##### 2. Service income

The Company provides production technologies, quality management, and other relevant services. Service income is recognized in revenue during the financial reporting period, in which services are provided to clients.

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

During the preparation of the parent company only financial statements, the management has exercised its judgments to adopt the accounting policies to be used, and made accounting estimates and assumptions based on reasonable expectations of future events with reference to the circumstances at the balance sheet date. If there is any difference between any critical accounting estimates and assumption made and actual results, assessment and adjustment will be conducted continuously by taking into account the historical experience and other factors. Such assumptions and estimates have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year. Please refer to the description of the uncertainties of critical accounting judgments, assumptions, and estimation uncertainty below:

(I) Critical judgments for applying the Group's accounting policies

None.

(II) Critical accounting estimates and assumptions

Estimated impairment of financial assets

The estimated impairment of accounts receivable is based on the Group's assumptions about default and estimated losses. The Group makes an assumption and selects an input of impairment assessed as per historical experience, current market conditions, and forward-looking information. Please refer to Note 12(2) for the critical assumptions and inputs adopted. If the actual cash flow in the future is less than expected, there may be significant impairment losses.



## VI. Details of Significant Account Titles

### (I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and working capital	\$ 100	\$ 100
Checking deposits and demand deposits	188,407	154,293
Time deposits (a duration of less than three months)	32,240	61,420
	<u>\$ 220,747</u>	<u>\$ 215,813</u>

1. The financial institutions the Company deals with have high credit ratings. The Company also deals with various financial institutions at the same time to diversify credit risks. Therefore, the expected risk of default is rather low. Thus, the Company measures an allowance for loss based on the 12-month expected credit losses. The Company did not set aside an allowance for losses for 2023 and 2022.

2. The Company did not have cash and cash equivalents pledged.

### (II) Financial assets at fair value through profit or loss

Item	December 31, 2023	
	Current	Non-current
Financial assets mandatorily measured at fair value through profit or loss		
Domestic TWSE/TPEX listed stocks	\$ -	\$ 158,206
Unlisted stocks	18,600	8,000
	<u>18,600</u>	<u>166,206</u>
Valuation adjustment	14,298	19,798
	<u>\$ 32,898</u>	<u>\$ 186,004</u>

Item	December 31, 2022	
	Current	Non-current
Financial assets mandatorily measured at fair value through profit or loss		
Domestic TWSE/TPEX listed stocks	\$ -	\$ 183,347
Unlisted stocks	18,600	8,000
	<u>18,600</u>	<u>191,347</u>
Valuation adjustment	2,399	( 21,527)
	<u>\$ 20,999</u>	<u>\$ 169,820</u>

1. The net gain and loss on financial assets at fair value through profit or loss recognized in profit or loss for 2023 and 2022 were \$57,585 and \$20,942, respectively.

2. The Company did not pledge financial assets at fair value through profit or loss.

3. Please refer to Note 12(2) for more information on the credit risk of financial assets at fair value through profit or loss.

(III) Financial assets at fair value through other comprehensive income - non-current

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Equity instruments		
Domestic stocks listed on the emerging stock market	\$ 164,016	\$ 200,988
Unlisted stocks	284,870	166,870
	<u>448,886</u>	<u>367,858</u>
Valuation adjustment	85,346	98,730
	<u>\$ 534,232</u>	<u>\$ 466,588</u>

1. The Company elected to classify the strategic investments as financial assets at fair value through other comprehensive income. The fair values of such investments as at December 31, 2023 and 2022 were \$534,232 and \$466,588, respectively.

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

	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Movement in fair value recognized in other comprehensive income	<u>\$ 184,421</u>	<u>\$ 126,292</u>
Cumulative gains (losses) transferred to retained earnings due to derecognition	<u>\$ 197,806</u>	<u>\$ -</u>
Dividend income recognized in profit or loss held at end of period	<u>\$ 4,731</u>	<u>\$ 662</u>

3. As of December 31, 2023 and 2022, regardless of the collateral held and other credit enhancements, the maximum amounts of the exposure to the credit risk arising from the Company's financial assets at fair value through other comprehensive income are their carrying amounts.

4. The Company did not pledge financial assets at fair value through other comprehensive income.

5. Please refer to Note 12(2) for more information on the credit risk of financial assets at fair value through other comprehensive income.

(IV) Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable - related parties	<u>\$ 24,564</u>	<u>\$ 11</u>

1. The aging analysis of accounts receivable is as follows:

	December 31, 2023	December 31, 2022
Not past due	\$ 24,564	\$ 11
31–90 days	-	-
	<u>\$ 24,564</u>	<u>\$ 11</u>

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

- The balances of accounts receivable as of December 31, 2023 and 2022 were all generated from customer contracts. In addition, the balance of accounts receivable from customer contracts on January 1, 2022 was \$31.
- As of December 31, 2023 and 2022, regardless of the collateral held and other credit enhancements, the maximum amounts of the exposure to the credit risk arising from the Company's accounts receivable are their carrying amounts.
- The Company did not pledge accounts receivable.
- Please refer to Note 12(2) for the information on the credit risk of accounts receivable.

(V) Investments accounted for using the equity method

	2023	2022
On January 1	\$ 6,214,397	\$ 6,113,417
Addition of investments accounted for using the equity method	229,070	270,240
Disposal of investments accounted for using the equity method	( 31,012)	( 5,168)
Share of profit or loss of investments accounted for using the equity method	25,821	( 44,166)
Earnings distributed from investments accounted for using the equity method	( 111,672)	( 216,968)
Capital returned from investments accounted for using equity method to reduce capital	-	( 147,280)
Movement in capital surplus	22,457	62,862
Movement in retained earnings	61,797	( 11,302)
Movement in other equity	( 99,341)	192,741
Others	5,917	9,369
Movements in credit balances of long-term investments (recognized in other non-current liabilities)	-	( 9,348)
On December 31	<u>\$ 6,317,434</u>	<u>\$ 6,214,397</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries:		
Gold Market Investments Ltd.	\$ 1,873,634	\$ 1,909,499
EKEEN PRECISION CO., LTD.	1,002,836	-
AVY Co., Ltd.	958,508	966,139
Jabon International Co., Ltd.	559,121	1,611,062
Avy High Tech Ltd.	299,532	293,454
IKKA Holdings (Cayman) Ltd.	242,361	243,066
VIEWQUEST Investment Co., Ltd.	204,947	50,986

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries:		
Ability I Venture Capital Corporation	179,101	95,035
ABICO NetCom Co., Ltd.	130,841	143,285
Honlynn Co., Ltd.	50,119	48,707
Seinoh Optical Co., Ltd.	7,686	9,287
NENG DING INVESTMENT Co., Ltd.	84	-
Abico Capital Co., Ltd.	-	29,237
Avy Technology Ltd.	-	1,026
Shine Trade International Ltd.	-	53
Affiliates:		
Ability Enterprise Co., Ltd.	490,072	463,745
ABICO Asia Capital Corporation	286,432	318,121
G-YEN HUTONG CO., LTD.	32,160	31,695
	<u>\$ 6,317,434</u>	<u>\$ 6,214,397</u>

#### 1. Subsidiaries:

Please refer to Note 4(3) to the Company's 2023 consolidated financial statements for the information on the Company's subsidiaries.

#### 2. Affiliates:

(1) The basic information on the Company's material affiliates is as follows:

<u>Name of company</u>	<u>Principal business premises</u>	<u>Shareholding</u>		<u>Nature of relationship</u>	<u>Methods of measurement</u>
		<u>December 31, 2023</u>	<u>December 31, 2022</u>		
ABICO Asia	Taiwan	18.16%	18.16%	Investee using the equity method	Equity method
Ability Enterprise	Taiwan	10.02%	9.94%	Investee using the equity method	Equity method

- (2) The aggregated financial information on the Company's material affiliates is as follows:

	<u>ABICO Asia</u>	
<u>Balance Sheet</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 1,229,032	\$ 991,760
Non-current assets	494,377	815,100
Current liabilities	( 170,870 )	( 70,364 )
Non-current liabilities	-	( 5,844 )
Total assets, net	<u>\$ 1,552,539</u>	<u>\$ 1,730,652</u>
Book values of affiliates	<u>\$ 286,432</u>	<u>\$ 318,121</u>

	<u>Ability Enterprise</u>	
<u>Balance Sheet</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 2,883,801	\$ 2,620,994
Non-current assets	5,125,713	4,923,555
Current liabilities	( 1,545,184 )	( 1,285,227 )
Non-current liabilities	( 16,794 )	( 21,423 )
Total assets, net	<u>\$ 6,447,536</u>	<u>\$ 6,237,899</u>
Book values of affiliates	<u>\$ 490,072</u>	<u>\$ 463,745</u>

	<u>ABICO Asia</u>	
<u>Statement of Comprehensive Income</u>	<u>2023</u>	<u>2022</u>
Revenue	\$ -	\$ -
Net loss for this period	(\$ 42,006)	(\$ 108,054)
Other comprehensive income (net of tax)	122,882	58,041
Total comprehensive income for this period	<u>\$ 80,876</u>	<u>(\$ 50,013)</u>

	<u>Ability Enterprise</u>	
<u>Statement of Comprehensive Income</u>	<u>2023</u>	<u>2022</u>
Revenue	\$ 3,781,091	\$ 3,355,316
Net profit for this period	\$ 274,625	\$ 135,363
Other comprehensive income (net of tax)	53,536	44,909
Total comprehensive income for this period	<u>\$ 328,161</u>	<u>\$ 180,272</u>

- (3) The carrying amounts and the share of operating performance of the Company's affiliates that are individually immaterial are aggregated below:

The carrying amounts of the Company's affiliates that are individually immaterial as of December 31, 2023 and 2022 are \$32,160 and \$31,695, respectively.

	<u>2023</u>	<u>2022</u>
Net profit for this period	\$ 17,740	\$ 10,855
Other comprehensive income (net of tax)	( 549)	2,452
Total comprehensive income for this period	<u>\$ 17,191</u>	<u>\$ 13,307</u>

3. The Company's share of profit or loss on subsidiaries and affiliates accounted for using the equity method is based on the financial statements audited by CPAs for the same period.
4. The Company disposed of 100% equity of ABICO R&D in December 2022. The disposal price was \$4,891, and the difference between all book amounts related to the affiliated enterprise was recognized as a disposal investment loss of the amount of \$277.
5. ABICO Asia completed its capital reduction and refund in March 2022. The ratio of capital reduction was 20% and the amount of refunded share fund was \$70,000. The investment using the equity method has been reduced.

(VI) Property, plant and equipment

	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Total</u>
<u>January 1, 2023</u>			
Costs	\$ 3,012	\$ 13,209	\$ 16,221
Accumulated depreciation	( 3,012)	( 12,973)	( 15,985)
	<u>\$ -</u>	<u>\$ 236</u>	<u>\$ 236</u>
<u>2023</u>			
Opening balance	\$ -	\$ 236	\$ 236
Additions	-	1,037	1,037
Depreciation expense	-	( 277)	( 277)
Ending balance	<u>\$ -</u>	<u>\$ 996</u>	<u>\$ 996</u>
<u>December 31, 2023</u>			
Costs	\$ 3,012	\$ 14,136	\$ 17,148
Accumulated depreciation	( 3,012)	( 13,140)	( 16,152)
	<u>\$ -</u>	<u>\$ 996</u>	<u>\$ 996</u>

	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Total</u>
<u>January 1, 2022</u>			
Costs	\$ 3,012	\$ 13,099	\$ 16,111
Accumulated depreciation	( 3,012)	( 12,848)	( 15,860)
	<u>\$ -</u>	<u>\$ 251</u>	<u>\$ 251</u>
<u>2022</u>			
Opening balance	\$ -	\$ 251	\$ 251
Additions	-	110	110
Depreciation expense	-	( 125)	( 125)
Ending balance	<u>\$ -</u>	<u>\$ 236</u>	<u>\$ 236</u>
<u>December 31, 2022</u>			
Costs	\$ 3,012	\$ 13,209	\$ 16,221
Accumulated depreciation	( 3,012)	( 12,973)	( 15,985)
	<u>\$ -</u>	<u>\$ 236</u>	<u>\$ 236</u>

(VII) Lease transactions - lessee

1. The assets leased by the Company are buildings and transportation equipment, and the lease terms are usually 3–5 years. The lease contract is negotiated individually and contains various terms and conditions, and no other restrictions are imposed except that the assets leased shall not be used as collateral for loans.
2. The information on the book values of the right-of-use assets and the depreciation expenses recognized is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 1,393	\$ 2,775
Transportation equipment (company cars)	-	759
	<u>\$ 1,393</u>	<u>\$ 3,534</u>
	<u>2023</u>	<u>2022</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Buildings	\$ 1,382	\$ 1,371
Transportation equipment (company cars)	759	912
	<u>\$ 2,141</u>	<u>\$ 2,283</u>

3. The additions of the Company's right-of-use assets in 2023 and 2022 were \$0 and \$1,974, respectively.

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

	<u>2023</u>	<u>2022</u>
<u>Items that affect current profit or loss</u>		
Interest expense on lease liabilities	\$ 16	\$ 39
Expenses on short-term lease agreements and low-value assets leased	316	376

5. The Company's total cash outflows from leases in 2023 and 2022 were \$2,502 and \$2,716, respectively.

(VIII) Short-term borrowings

<u>Category of borrowings</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bank borrowings		
Unsecured borrowings	<u>\$ 561,000</u>	<u>\$ 507,500</u>
Interest rate range	<u>1.70%~2.00%</u>	<u>1.42%~2.00%</u>

(IX) Long-term borrowings

<u>Category of borrowings</u>	<u>Borrowing period and repayment methods</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Long-term bank borrowings				
Secured borrowings	2021/09/06-2024/09/06; Principal repaid upon due	1.670%	Time deposits	\$ 100,000
	2022/07/12-2025/10/09; Principal repaid upon due	1.725%	Time deposits	150,000
Unsecured borrowings	2020/10/29-2025/10/29; The first installment of the principal should be repaid 24 months from the date of first drawdown, and each of the remaining installments should be repaid every 6 months, with a total of 7 installments.	2.319%	None	800,000
	2023/03/27-2026/03/27; Principal repaid upon due	1.975%	None	50,000
	2023/09/27-2026/09/27; Principal repaid upon due	1.975%	None	50,000
				<u>1,150,000</u>
	Less: Long-term bank borrowings - current portion			<u>( 150,000)</u>
				<u>\$ 1,000,000</u>



<u>Category of borrowings</u>	<u>Borrowing period and repayment methods</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long-term bank borrowings				
Secured borrowings	2021/09/06-2024/09/06; Principal repaid upon due	1.39%	Time deposits	\$ 100,000
	2022/07/12-2025/10/09; Principal repaid upon due	1.60%	Time deposits	150,000
Unsecured borrowings	2020/10/29-2025/10/29; The first installment of the principal should be repaid 24 months from the date of first drawdown, and each of the remaining installments should be repaid every 6 months, with a total of 7 installments.	1.96%	None	900,000
				1,150,000
	Less: Long-term bank borrowings - current portion			( 50,000)
				<u>\$ 1,100,000</u>

The collateral for the above long-term borrowings is the time deposit provided by the subsidiary, Gold Market Investments Ltd.

(X) Pensions

1. Effective on July 1, 2005, the Company has established a defined contribution pension plan under the Labor Pension Act, covering all employees with R.O.C. nationality. Under the Labor Pension Act, the Company makes monthly contributions equal to 6% of the employees' monthly salaries and wages to the employees' individual pension accounts with the Bureau of Labor Insurance. The pension is paid monthly or in lump sum with the funds and the cumulative income in each employee's individual pension account.
2. The pension costs recognized by the Company in accordance with the above pension schemes for 2023 and 2022 were \$890 and \$900, respectively.

(XI) Share capital

1. As of December 31, 2023, the Company's authorized capital was \$3,000,000 (including employee stock options, preference shares with stock options, and corporate bonds payable with stock options of \$100,000) and paid-in capital was \$1,689,590, with a par value of NT\$10 per share and divided into 168,959 thousand shares.
2. Treasury shares
  - (1) Reasons for the retrieval of shares and the number:

<u>Name of company</u>	Unit: thousand shares	
	<u>December 31, 2023</u>	
	<u>Number of shares</u>	<u>Ending balance</u>
Subsidiary - AVY	984	\$ 5,714

Unit: thousand shares

	December 31, 2022	
Name of company	Number of shares	Ending balance
The Company for transfer of the shares to employees	1,005	\$ 24,059
Subsidiary - AVY	984	5,714
	1,989	\$ 29,773

- (2) As per the Securities and Exchange Act, the percentage of the issued shares to be repurchased by the Company shall not exceed 10% of its total issued shares, and the total amount of the purchased shares shall not exceed the retained earnings plus the issued shares at a premium and the realized capital surplus.
- (3) As per the Securities and Exchange Act, the treasury shares held by the Company shall not be pledged, nor shall they be entitled to shareholders' rights until they are transferred.
- (4) As per the Securities and Exchange Act, the shares repurchase for transfer to employees shall be transferred within five years from the date of the repurchase. If the shares are not transferred prior to the deadline, the company shall be deemed to have not issued the shares and shall carry out the change registration to cancel the shares. The shares repurchased to maintain the Company's credit and shareholders' equity shall be cancelled by carrying out change registration within six months from the date of the repurchase.
- (5) The Board of Directors, on March 24, 2020, resolved a decision to repurchase treasury shares and transfer them to employees in accordance with Article 28-2 of the Securities and Exchange Act and the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies to motivate employees and enhance their commitment to the Company. A total of 1,005 thousand shares were repurchased between March 27, 2020, and May 22, 2020, and the average repurchase price was NT\$23.94 per share.
- (6) AVY, a subsidiary of the Company, acquired the Company's shares privately offered on October 15, 2004. In 2005, the Company invested in AVY, which became the Company's subsidiary, and its initial shareholding of the Company's shares was regarded as the Company's treasury shares.
- (7) On March 22, 2023, the Board of Directors approved the repurchase of 1,005 thousand shares of treasury shares that had not been transferred to employees, and the capital reduction will be canceled three years after the expiration of the shares. The capital reduction amount was \$10,050, the base date of the capital reduction was May 22, 2023, and the change of registration was completed on June 12, 2023.

(XII) Capital surplus

1. According to the provisions of the Company Act, the capital surplus including the income derived from issuing shares at a premium and from endowments, in addition to being used to compensate deficit, where the Company has no accumulated losses, shall be used to issue

new shares or cash in proportion to the shareholders' original shares. In addition, as per the Securities and Exchange Act, where the capital surplus above is allocated for capitalization, the total amount shall not exceed 10% of the paid-in capital each year. The Company shall not use the capital surplus to compensate the capital losses, unless the surplus reserve is insufficient to compensate such losses.

## 2. Table of movement in capital surplus

	Issue at a premium	Treasury share trading	Differences between the price of the equity of subsidiary acquired or disposed and the book value	Changes in ownership interests in subsidiaries recognized	Changes in the net equity value of affiliates recognized using the equity method	Others	Total
January 1, 2023	\$ 1,032,472	\$ 351,553	\$ 882,599	\$ 255,643	\$ 3,790	\$ 70,495	\$ 2,596,552
Treasury stock retired	( 6,105)	( 7,904)	-	-	-	-	( 14,009)
Overdue dividends transferred to capital surplus	-	-	-	-	-	138	138
Adjustments to dividends paid out to subsidiaries	-	297	-	-	-	-	297
Differences between the price of the equity of subsidiary acquired or disposed and the book value	-	-	29,211	-	-	-	29,211
Changes in equity of subsidiaries and affiliates	-	-	-	( 13,635)	1,107	-	( 12,528)
December 31, 2023	<u>\$ 1,026,367</u>	<u>\$ 343,946</u>	<u>\$ 911,810</u>	<u>\$ 242,008</u>	<u>\$ 4,897</u>	<u>\$ 70,633</u>	<u>\$ 2,599,661</u>
	Issue at a premium	Treasury share trading	Differences between the price of the equity of subsidiary acquired or disposed and the book value	Changes in ownership interests in subsidiaries recognized	Changes in the net equity value of affiliates recognized using the equity method	Others	Total
January 1, 2022	\$ 1,083,461	\$ 351,257	\$ 882,599	\$ 195,222	\$ 1,349	\$ 70,480	\$ 2,584,368
Cash dividends	( 50,989)	-	-	-	-	-	( 50,989)
Overdue dividends transferred to capital surplus	-	-	-	-	-	15	15
Adjustments to dividends paid out to subsidiaries	-	296	-	-	-	-	296
Changes in equity of subsidiaries and affiliates	-	-	-	60,421	2,441	-	62,862
December 31, 2022	<u>\$ 1,032,472</u>	<u>\$ 351,553</u>	<u>\$ 882,599</u>	<u>\$ 255,643</u>	<u>\$ 3,790</u>	<u>\$ 70,495</u>	<u>\$ 2,596,552</u>

3. The details of trading capital surplus - treasury shares are as follows:

	December 31, 2023	December 31, 2022
Cumulative gain on the sales of the parent company's stock by subsidiaries	\$ 315,408	\$ 315,408
Dividends paid out by the parent company to subsidiaries	37,889	37,592
Treasury stock retired	( 7,904)	-
Convertible bonds payable repurchased	( 1,447)	( 1,447)
	<u>\$ 343,946</u>	<u>\$ 351,553</u>

(XIII) Retained earnings

1. As per the Articles of Incorporation, where the Company makes a profit for a fiscal year, the profit shall be first used for offsetting a cumulative deficit, setting aside 10% of the remaining profit as a legal reserve unless it has reached the total amount of the Company's paid-in capital, setting aside an amount for or reversing a special reserve in accordance with the laws and regulations or the competent authority's regulations, and then any remaining profit, together with any undistributed retained earnings from the prior period, shall be adopted by the Company's Board of Directors as the basis for making a distribution proposal after an appropriate amount is reserved for business needs. The proposal shall then be resolved at the shareholders' meeting for the distribution of shareholder dividends. All or part of the dividends and bonuses payable, capital surplus, or legal reserve shall be paid out in cash with majority approval at a board meeting attended by over two-thirds of the directors, which shall be reported to the shareholders' meeting, while the provisions in the preceding paragraph that a resolution by the shareholders meeting shall be required do not apply.
2. The Company's dividend policy shall be implemented based on its future capital expenditure plans, budget, and capital needs, to meet shareholders' needs for cash inflows and ensure market competitiveness, of which cash dividends to be paid out shall not be lower than 10% of the total dividends to be paid out to shareholders.
3. The legal reserve shall not be used except for compensation of the Company's deficit and issue of new shares or cash in proportion to the shareholders' shareholdings. However, in the case of issue of new shares or cash, it shall only be conducted when such reserve exceeds 25% of the paid-in capital.
4. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount may be included in the distributable earnings.
5. The shareholders' meeting, on June 14, 2022, resolved a decision to pay out cash dividends for earnings distribution for 2021. The net profit of 2021 was not enough to distribute the surplus due to the provision of the legal reserve and the special surplus reserve. Therefore, it is planned to retain the surplus, and the cash dividends of the amount of \$50,989 (about NT\$0.3 per share) will be paid out of capital reserve.

6. The shareholders' meeting, on June 13, 2023, resolved a resolution to pay out cash dividends of \$50,989 (approximately NT\$0.3 per share) for earnings distribution for 2022.

7. The above information on the approval of the Board of Directors and the resolution adopted by the shareholders' meeting regarding earnings distribution is available on the MOPS.

(XIV) Interest income

	<u>2023</u>	<u>2022</u>
Interest income	\$ 3,721	\$ 1,020

(XV) Other income

	<u>2023</u>	<u>2022</u>
Dividend income	\$ 16,603	\$ 8,272
Bargain purchase gains	-	5,667
	<u>\$ 16,603</u>	<u>\$ 13,939</u>

(XVI) Other gains and losses

	<u>2023</u>	<u>2022</u>
Gain (loss) on financial assets at fair value through profit or loss	\$ 57,585	(\$ 20,942)
Disposal of investment loss	( 90)	( 277)
Net foreign exchange gain (loss)	( 166)	15,421
Other gains	5,975	17,776
	<u>\$ 63,304</u>	<u>\$ 11,978</u>

(XVII) Financial costs

	<u>2023</u>	<u>2022</u>
Interest expense		
Interest on borrowings	\$ 34,414	\$ 25,134
Interest on lease liabilities	16	39
	<u>\$ 34,430</u>	<u>\$ 25,173</u>

(XVIII) Additional Information on the categories of expenses

	<u>2023</u>	<u>2022</u>
Employee benefit expenses		
Salary and wages	\$ 28,941	\$ 36,689
Labor and health insurance costs	1,694	1,782
Pension	890	900
Other employment expenses	1,000	920
Depreciation expense on property, plant and equipment and right-of-use assets	<u>2,418</u>	<u>2,408</u>
	<u>\$ 34,943</u>	<u>\$ 42,699</u>

1. As per the Company's Articles of Incorporation, after cumulative losses are deducted from the Company's profit for the year, if there is a balance, no less than 8% and not higher than 12% of the balance shall be set aside for employee remuneration and no higher than 1.5% for directors' remuneration.
2. The estimated 2023 employee remuneration and directors' remuneration were \$5,122 and \$960, respectively, and the aforementioned amounts were recognized in salary and wages. The amounts for 2023 were estimated at 8% and 1.5% of the year's profit, respectively. The Company suffered a loss before tax for 2022 so did not estimate employee remuneration and directors' remuneration..

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

(XIX) Income tax

1. Income tax expense

(1) Components of income tax expenses:

	<u>2023</u>	<u>2022</u>
Current income tax:		
Income tax from the current income	\$ 740	\$ 931
Surtax on the undistributed earnings	1,483	-
Income tax overestimate for prior years	<u>( 73)</u>	<u>( 6)</u>
	<u>2,150</u>	<u>925</u>
Deferred tax:		
The initial generation and reversal of temporary differences	<u>( 159)</u>	<u>2,338</u>
Income tax expense	<u>\$ 1,991</u>	<u>\$ 3,263</u>

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

	<u>2023</u>	<u>2022</u>
Changes in the fair values of financial assets at fair value through other comprehensive income	<u>\$ 1,606</u>	<u>(\$ 15,155)</u>

2. Reconciliation between income tax expenses and accounting profits:

	<u>2023</u>	<u>2022</u>
Income tax calculated based on net profit (loss) before tax at the statutory tax rate	\$ 11,589	(\$ 18,738)
Effects of items that should be adjusted according to laws	( 11,747)	21,076
Surtax on the undistributed earnings	1,483	-
Income tax overestimates for prior years	( 73)	( 6)
Tax effects from foreign tax credits which cannot be used to offset withholding tax on foreign income	<u>739</u>	<u>931</u>
Income tax expense	<u>\$ 1,991</u>	<u>\$ 3,263</u>

3. The amount of each deferred tax asset or liability arising from temporary differences are as follows:

	<u>2023</u>			
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31</u>
Temporary differences:				
Deferred tax assets:				
Impairment loss	\$ 1,600	\$ -	\$ -	\$ 1,600
Total	<u>1,600</u>	<u>-</u>	<u>-</u>	<u>1,600</u>
Deferred tax liability:				
Unrealized exchange profit	(\$ 698)	\$ 159	-	(\$ 539)
Unrealized profit on financial assets at fair value through other comprehensive income	( 11,848)	-	1,606	( 10,242)
Subtotal	<u>( 12,546)</u>	<u>159</u>	<u>1,606</u>	<u>( 10,781)</u>
Total	<u>(\$ 10,946)</u>	<u>\$ 159</u>	<u>\$ 1,606</u>	<u>(\$ 9,181)</u>

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences				
Deferred tax assets:				
Unrealized exchange losses	\$ 1,640	(\$ 1,640)	\$ -	\$ -
Impairment loss	1,600	-	-	1,600
Unrealized losses on financial assets at fair value through other comprehensive income	3,307	-	( 3,307)	-
Total	<u>6,547</u>	<u>(\$ 1,640)</u>	<u>( 3,307)</u>	<u>1,600</u>
Deferred tax liability:				
Unrealized exchange profit	\$ -	(\$ 698)	\$ -	(\$ 698)
Unrealized profit on financial assets at fair value through other comprehensive income	-	-	( 11,848)	( 11,848)
Subtotal	<u>-</u>	<u>( 698)</u>	<u>( 11,848)</u>	<u>( 12,546)</u>
Total	<u>\$ 6,547</u>	<u>(\$ 2,338)</u>	<u>(\$ 15,155)</u>	<u>(\$ 10,946)</u>

4. The Company's profit-seeking enterprise income tax returns filed up to 2021 was approved by the tax authority.

(XX) Earnings (losses) per share

	2023		
	Amount after tax	Weighted average number of issued shares (in thousand)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Current net profit attributable to ordinary shareholders of the parent company	<u>\$ 55,952</u>	167,975	<u>\$ 0.33</u>
<u>Diluted earnings per share</u>			
Effect of dilutive potential ordinary shares on employee remuneration	<u>-</u>	<u>213</u>	
Current net profit attributable to ordinary shareholders of the parent company, plus effect of potential ordinary shares	<u>\$ 55,952</u>	<u>168,188</u>	<u>\$ 0.33</u>



	2022		
	Amount after tax	Weighted average number of issued shares (in thousand)	Losses per share (NT\$)
<u>Basic and diluted losses per share</u>			
Current net loss attributable to ordinary shareholders of the parent company	( \$ 96,951)	167,975	( \$ 0.58)

As employees can choose to receive shares, when earnings per share are calculated, it is assumed that employee remuneration will be paid out in the form of stock, and when the potential ordinary shares are dilutive, they are included in the weighted average number of issued shares, which is adopted to calculate the diluted earnings per share.

(XXI) Supplementary information on cash flows

Financing activities that do not affect cash flows:

	2023	2022
Long-term bank borrowings - current portion	\$ 150,000	\$50,000

(XXII) The movements in liabilities from financing activities

The movements in the Company's liabilities from financing activities during 2023 and 2022 were all movements in financing cash flows. Please refer to the parent company only statements of cash flows.

VII. Related Party Transactions

(I) Parent company and ultimate controller

The Company is controlled by Abico International Co., Ltd. (incorporated and registered in the Republic of China), which owns 13.07% of the Company's shares as at December 31, 2023. The remaining shares are held by the public. The ultimate parent company and ultimate controller of the Company are Abico International Co., Ltd.

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

<u>Name of related party</u>	<u>Relations with the Company</u>
Abico International Co., Ltd. (ABICO International)	Ultimate parent company
AVY Co., Ltd. (AVY)	Subsidiary
Dong Guan Cheng Guang Metal Products Co., Ltd. (Dongguan Cheng Guang Metal)	Subsidiary
Dong Guan Cheng Guang Precision Industry Co., Ltd. (Dongguan Cheng Guang Precision)	Subsidiary
Dong Guan Cheng Guang Trading Co., Ltd. (Dongguan Cheng Guang Trading)	Subsidiary

Name of related party	Relations with the Company
Gold Market Investments Ltd. (GM)	Subsidiary
AVY High Tech Ltd. (AVYH)	Subsidiary
AVY Technology Limited(AVYT)	Subsidiary
Ability I Venture Capital Corporation (Ability I)	Subsidiary
Jabon International Co., Ltd. and its subsidiaries (Jabon International)	Subsidiary
EKEEN PRECISION CO., LTD. (EKEEN PRECISION) (Note 1)	Subsidiary
IKKA Holdings (Cayman) Limited and its subsidiaries (IKKA)	Subsidiary
ABICO NetCom Co., Ltd. and its subsidiaries (ABICO NetCom)	
Shine Trade International Ltd. (Shine Trade)	Subsidiary
SEINOH Optical Co., Ltd. (SEINOH Optical)	Subsidiary
Honlynn Co., Ltd. and its subsidiaries (Honlynn)	Subsidiary
VIEWQUEST Investment Co., Ltd. (VIEWQUEST)	Subsidiary
NENG DING INVESTMENT CO., LTD. (NENG DING)	Subsidiary
Ability Enterprise Co., Ltd. (Ability Enterprise)	An affiliate
G-YEN HUTONG CO., LTD. (G-Yen)	An affiliate
ABICO Asia Capital Corporation (ABICO Asia)	An affiliate
Abico Capital Co., Ltd. (Abico Capital) (Note 2)	Other related parties
Ability Investment Co., Ltd. (ABILITY Investment)	Other related parties
CHIA MEI INVESTMENT CO., LTD. (CHIA MEI INVESTMENT)	Other related parties
ABICO CAPITAL MANAGEMENT CO., LTD. (ABICO CAPITAL MANAGEMENT)	Other related parties

Note 1 : Jabon International, a subsidiary of the Group, and its 100%-owned subsidiary, EKEEN PRECISION CO., LTD., were reorganized due to the demerger on December 1, 2023. EKEEN PRECISION CO., LTD. acquired the related assets, liabilities and related shareholders equity in consideration of the issuance of new shares to the shareholders of Jabon International. On December 31, 2023, the company's shareholding ratio in Jabon International and EKEEN PRECISION CO., LTD. was 100%.

Note 2 : Abico Capital Co., Ltd. was a subsidiary of the company before the disposal in June 2023, and was the other related party of the company after the disposal.

(III) Major transactions with related parties

1. Operating revenue

	<u>2023</u>	<u>2022</u>
Sales of services:		
Subsidiary		
GM	\$ 18,423	\$ -
Cheng Guang Precision	7,370	5,038
AVYH	6,141	-
Cheng Guang Metal	-	3,598
Other	-	280
Other related parties		
Abico Capital	5,050	-
ABICO CAPITAL MANAGEMENT	2,381	2,381
	<u>\$ 39,365</u>	<u>\$ 11,297</u>

Sales of services refer to the technical services provided by the Company to the related party in production technologies, quality management, factory management, mold techniques, and business expansion, and the Company received income from such technical services.

2. Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
Subsidiary		
GM	\$ 18,423	\$ -
AVYH	6,141	-
Other	-	11
	<u>\$ 24,564</u>	<u>\$ 11</u>
Other receivables		
Subsidiary		
Jabon	<u>\$ 12,000</u>	<u>\$ 12,000</u>

Receivables from related party are mainly from trading of services, dividends income, and sale of services are collected within 120 days at the end of each month.

### 3. Operating cost

	<u>2023</u>	<u>2022</u>
Service payment:		
Subsidiary		
AVY	<u>\$ 2,016</u>	<u>\$ 2,400</u>

The related party provided the technical services to the Company in production technologies, quality management, factory management, mold techniques, and business expansion, and the Company made payments for such technical services. The payments were recognized in operating cost.

### 4. Property transactions

#### (1) Acquisition of financial assets

	<u>Item</u>	<u>Trading Share</u>	<u>Trading Target</u>	<u>December 31,2023</u>
				<u>Proceeds Received</u>
Other related parties	Financial assets at fair value through other comprehensive income	5,000 thousand shares	Abico Capital right	<u>\$ 50,000</u>

As of December 31,2022: None.

#### (2) Disposal of financial assets

	<u>Item</u>	<u>Trading Share</u>	<u>Trading Target</u>	<u>2023</u>	
				<u>Disposal Price</u>	<u>Gain (loss) from disposal</u>
Other related parties	Investments accounted for using the equity method	3,000 thousand shares	Abico Capital right	\$ 29,910	(\$ 90)
Subsidiary (Note)	Investments accounted for using the equity method	40 thousand shares	AVYT right	1,059	( 54)
Subsidiary (Note)	Investments accounted for using the equity method	-	Shine Trade right	-	29,265
				<u>\$ 30,969</u>	<u>\$ 29,121</u>

Note : Include the benefits from transactions and disposals with subsidiaries in capital reserves.

As of December 31,2022: None.

### 5. Leasing transaction-Lessee

(1) The Company leases the buildings from Ability Investment Co., Ltd. The lease contract period is from 2018 to 2024, and the rent is paid at the end of each year.

(2) Acquisition of right-of-use assets

	<u>2023</u>	<u>2022</u>
Other related parties		
ABILITY Investment	\$ <u>                    -</u>	\$ <u>                    1,974</u>

(3) Lease liabilities

A. Ending balance

	<u>December 31,2023</u>	<u>December 31,2022</u>
Other related parties		
ABILITY Investment	\$ <u>                    1,396</u>	\$ <u>                    2,790</u>

B. Interest expenses

	<u>2023</u>	<u>2022</u>
Other related parties		
ABILITY Investment	\$ <u>                    10</u>	\$ <u>                    16</u>

6. Endorsements/Guarantees

The subsidiary, Gold Market Investments Ltd., provided a time deposit of US\$9,500 and US\$9,519 thousand as collateral for the Company's borrowings in December, 2023 and 2022. Please refer to Note 6(9) for details.

(IV) Information on remuneration to key management personnel

	<u>2023</u>	<u>2022</u>
Salary and other short-term employee benefits	\$ 14,482	\$ 10,927
Post-employment benefits	<u>382</u>	<u>382</u>
	<u>\$ 14,864</u>	<u>\$ 11,309</u>

### VIII. Assets Pledged

None.

### IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

#### (I) Contingencies

None.

#### (II) Commitments

None.

### X. Major Disaster Loss

None.

### XI. Material Events After the Balance Sheet Date

None.

### XII. Others

#### (I) Capital management

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

#### (II) Financial instruments

##### 1. Types of financial instruments

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	\$ 218,902	\$ 190,819
Financial assets at fair value through other comprehensive income	534,232	466,588
Financial assets at amortized cost		
Cash and cash equivalents	220,747	215,813
Accounts receivable (including related parties)	24,564	11
Other receivables (including related parties)	12,000	12,000
Guarantee deposits paid	50	1,200
	<u>\$ 1,010,495</u>	<u>\$ 886,431</u>

	December 31, 2023	December 31, 2022
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 561,000	\$ 507,500
Notes payable	2,713	2,706
Other payables	46,612	42,881
Long-term liabilities (including current portion)	1,150,000	1,150,000
	<u>\$ 1,760,325</u>	<u>\$ 1,703,087</u>
Lease liabilities	<u>\$ 1,396</u>	<u>\$ 3,566</u>

## 2. Risk management policy

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

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

- (1) Market risks

### Exchange rate risks

A. The Company's business involves some non-functional currency operations (the Company's and some subsidiaries' functional currency is NTD while other subsidiaries' functional currencies are RMB and USD). Therefore, it is affected by exchange rate fluctuations. Information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency (thousand)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary item</u>			
USD: NTD	\$ 2,237	30.705	\$ 68,695
HKD: NTD	1,158	3.929	4,549
JPY: NTD	22,511	0.217	4,889

				December 31, 2022	
		Foreign currency (thousand)	Exchange rate	Carrying amount (NTD)	
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary item</u>					
	USD: NTD	\$ 3,299	30.71	\$	101,312
	HKD: NTD	1,151	3.94		4,534
	JPY: NTD	22,510	0.23		5,231

B. The aggregate amounts of (realized and unrealized) net exchange profits or losses of the Company's monetary items recognized for 2023 and 2022 due to the material impact of exchange rate fluctuations were \$166 in losses and \$15,421 in profits, respectively.

C. The analysis of the Company's foreign currency market risk due to significant exchange rate fluctuations is as follows:

				2023	
		Sensitivity analysis			
		Movement (%)	Impact on profit or loss	Impact on comprehensive income	
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary item</u>					
	USD: NTD	1%	\$ 687	\$	-
	HKD: NTD	1%	45		-
	JPY: NTD	1%	49		-

				2022	
		Sensitivity analysis			
		Movement (%)	Impact on profit or loss	Impact on comprehensive income	
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary item</u>					
	USD: NTD	1%	\$ 1,013	\$	-
	HKD: NTD	1%	45		-
	JPY: NTD	1%	52		-



### Price risk

- A. The Company's equity instruments exposed to the price risk are financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. In order to manage the price risk of equity instrument investment, the Company has diversified its investment portfolio, and the method of the diversification is based on the limits set by the Company.
- B. The Company mainly invests in equity instruments launched by companies at home and abroad, and the prices of those equity instruments will be affected by the uncertainty of the future values of said instruments. If the price of said equity instruments rose or fell by 1%, with all other factors remaining unchanged, the net profit after tax would have increased or decreased by \$2,189 and \$1,908 for 2023 and 2022, respectively, because of the gains or losses on the equity instruments at fair value through profit or loss, while other comprehensive income would have increased or decreased by \$5,342 and \$4,666, respectively, because of the gains or losses on equity investments at fair value through other comprehensive income.

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

- A. The Company's interest rate risk mainly comes from short-term borrowings at floating rates, which exposes the Company to the cash flow interest rate risk. The Company's borrowings at floating rates during 2023 and 2022 were denominated in NTD.
- B. When the borrowing rate increased or decreased by 1%, with all other factors remaining unchanged, the net profit after tax as at December 31, 2023 and 2022 would have increased or decreased by \$17,110 and \$16,575, respectively, mainly as interest expense changes with the floating-rate borrowings.

### (2) Credit risk

- A. The Company's credit risk is the risk of financial loss suffered by the Company arising from the failure of clients or counterparties of financial instruments to fulfill contractual obligations. It mainly comes from counterparties' inability to settle accounts receivable in accordance with the payment terms and the contractual cash flows at amortized cost.
- B. The Company has established credit risk management from the Company's perspective. In accordance with the internal credit policy, the Company's operating units must conduct management and credit risk analysis of each new client before deciding payment and delivery terms and conditions. The internal risk control system evaluates the credit quality of customers by considering their financial positions, past experience, and other factors. Individual risk limits are set by the board of directors based on internal or external ratings, and the drawdown of credit limits is regularly monitored.
- C. The Company adopts IFRS 9 to make an assumption. When a contract payment is overdue for more than 90 days, it is deemed to have been in default.
- D. The Company adopts IFRS 9 to make an assumption as a basis for judging whether the credit risk of a financial instrument has increased significantly since the initial recognition:

When a contract payment is overdue for more than 30 days in accordance with the agreed payment terms, it is deemed that the credit risk of the financial asset has increased significantly since the initial recognition.

- E. The Company groups clients' accounts receivable according to the product type, client ratings, and client type and adopts a simplified approach to estimate expected credit losses with a provision matrix.
- F. After the recourse procedures, the Company writes off the amount of the financial asset that cannot be reasonably expected to be recovered. However, the Company will continue to carry out the legal recourse procedures to preserve the creditor's rights.
- G. The Company has included forward-looking considerations for the future and adjusted the loss rate established based on historical and current information in a specific period so as to estimate an allowance for losses from accounts receivable. However, as per the above considerations and information, the Company does not expect to suffer any significant loss on accounts receivable due to the loss ratio.

(3) Liquidity risk

- A. The remaining cash held by each operating entity will be transferred back to the Company's Finance Department when it exceeds the amount of working capital needed. The Company's Finance Department invests the remaining funds in interest-bearing demand deposit, time deposits, and securities. There is an appropriate maturity date or sufficient liquidity for the instruments selected by it so as to respond to the forecast above and to provide adequate liquidity.
- B. The Company's non-derivative financial liabilities are grouped as per due dates and analyzed based on the remaining period from the balance sheet date to the contract maturity date. The contractual cash flows disclosed below are undiscounted.

	December 31, 2023		December 31, 2022	
	More than 1 year	Less than 1 year	More than 1 year	Less than 1 year
Non-derivative financial liabilities				
Long-term borrowings	\$ 1,020,569	\$ 173,519	\$ 1,137,980	\$ 71,927
Lease liabilities	-	1,404	1,404	2,185

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

(III) Fair value information

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

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

Level 2: Inputs, other than quoted market prices within level 1 that are observable, either directly or indirectly for assets or liabilities. The fair values of the embedded derivatives invested by the Company belong to this level.

Level 3: Unobservable inputs for assets or liabilities. The fair values of equity instrument investments invested by the Company without an active market belong to this level.

2. The carrying amounts of the financial instruments not measured at fair value (including cash and cash equivalents, accounts receivable (including related parties), other receivables, short-term borrowings, notes payable, accounts payable (including related parties), other payables, and long-term borrowings) are reasonable approximations of the fair values.

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

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

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Assets			
<u>Fair value on a recurring basis</u>			
Financial assets at fair value through profit or loss			
Equity securities	\$ 218,902	\$ -	\$ 218,902
Financial assets at fair value through other comprehensive income			
Equity securities	<u>230,401</u>	<u>303,831</u>	<u>534,232</u>
	<u>\$ 449,303</u>	<u>\$ 303,831</u>	<u>\$ 753,134</u>

December 31, 2022	Level 1	Level 3	Total
<u>Assets</u>			
<u>Fair value on a recurring basis</u>			
Financial assets at fair value through profit or loss			
Equity securities	\$ 169,820	\$ 20,999	\$ 190,819
Financial assets at fair value through other comprehensive income			
Equity securities	<u>297,144</u>	<u>169,444</u>	<u>466,588</u>
	<u>\$ 466,964</u>	<u>\$ 190,443</u>	<u>\$ 657,407</u>

- (2) The methods and assumptions used by the Company to measure fair value are as follows:
- A. The closing prices and the last transaction prices of the TWSE/TPEX listed stocks and stocks listed on the emerging stock market held by the Company on the balance sheet date are adopted as the fair value inputs (i.e., Level 1).
  - B. Except for the above-mentioned financial instruments with active markets, the fair value of other financial instruments is obtained through valuation techniques or with reference to the quoted prices of counterparties. For the fair value obtained through the valuation techniques, the Group refers to the present fair value of other financial instruments with similar conditions and characteristics or other valuation techniques, including calculations using models based on the market information available at the parent company only balance sheet date.
  - C. When evaluating non-standard and less complex financial instruments, such as debt instruments, interest rate swap contracts, foreign exchange swap contracts, and options, all without active markets, the Company adopts the valuation techniques widely used by market participants. The parameters used in the valuation models for such financial instruments are usually market observable information.
  - D. The output of the valuation models is an estimated value, and the valuation techniques may not reflect all the relevant factors of the financial instruments and non-financial instruments held by the Company. Therefore, the estimated value of the valuation models will be appropriately adjusted according to additional parameters, such as model risk or liquidity risk. According to the Company's fair value valuation model management policies and relevant control procedures, the management believes that in order to properly express the fair value of financial instruments and non-financial instruments in the balance sheet, valuation adjustments are appropriate and necessary. The price information and parameters used in the evaluation process are carefully evaluated and appropriately adjusted according to current market conditions.

4. The table below shows the changes in Level 3 fair value in 2023 and 2022:

	<u>2023</u>	<u>2022</u>
January 1	\$ 190,443	\$ 253,923
Purchases during this period	118,000	78,480
Sales during this period	-	( 1,532)
Profit recognized in profit or loss	-	2,399
Profit or loss recognized in other comprehensive income	16,387	134,596
Transferred from Level 3	( 20,999)	( 277,423)
December 31	<u>\$ 303,831</u>	<u>\$ 190,443</u>

5. Since the investment target was publicly traded in an active market in June 2023 and September 2022, sufficient observable market information could be obtained. Therefore, the Company transferred the fair value classified from Level 3 to Level 1 at the end of the month when the event occurred.

6. In the Company's valuation process for fair value classified as Level 3, the Investment Management Department is responsible for independent fair value verification for financial instruments, uses data from independent sources to make the valuation results close to the market level, and confirms that the source of the data is independent, reliable, consistent with other resources, and representative of the executable price, while regularly calibrating the valuation model, updating the inputs and data required by the valuation model, and making any other necessary fair value adjustments to ensure that the valuation results are reasonable. In addition, the Investment Management Department is responsible for formulating a fair value evaluation policy and the financial instrument evaluation procedures and confirming the compliance with the IFRS.

7. The quantitative information on the significant unobservable inputs of the valuation model used in the Level 3 fair value measurement and the sensitivity analysis of the significant unobservable input change are explained as follows:

<u>December 31, 2023</u>	<u>Fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range</u>	<u>Relations between input and fair value</u>
Non-derivative equity instruments					
Unlisted stocks	\$ 142,822	Comparable public company approach	Price to earnings ratio	13.39-22.94	The higher the ratio, the higher the fair value; the higher the discount for lack of market liquidity, the lower the fair value
			Price to book ratio	1.32-8.98	
			Discounts for lack of market liquidity	10%-20%	
Unlisted stocks	<u>161,009</u>	Net asset value approach	N/A	N/A	N/A
	<u>\$ 303,831</u>				

<u>December 31, 2022</u>	<u>Fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range</u>	<u>Relations between input and fair value</u>
Non-derivative equity instruments					
Unlisted stocks	\$ 84,597	Comparable public company approach	Price to earnings ratio Price to book ratio Discounts for lack of market liquidity	14.08-15.99 2.02-2.88 10%-20%	The higher the ratio, the higher the fair value; the higher the discount for lack of market liquidity, the lower the fair value
Unlisted stocks	105,846	Net asset value approach	N/A	N/A	N/A
	<u>\$ 190,443</u>				

8. The Company has selected valuation model and valuation parameters after careful evaluation, but different valuation results may occur due to the use of different valuation models or valuation parameters. For financial assets classified as Level 3, if the valuation parameters change, the effect on the current profit or loss or other comprehensive income is as follows:

		<u>December 31, 2023</u>				
			<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive income</u>	
	<u>Input</u>	<u>Change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
Financial assets						
Equity instruments	Price to earnings ratio					
	Price to book ratio					
	Discounts for lack of market liquidity	±1%	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,428</u>	<u>(\$ 1,428)</u>
			<u>December 31, 2022</u>			
			<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive income</u>	
	<u>Input</u>	<u>Change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
Financial assets						
Equity instruments	Price to earnings ratio					
	Price to book ratio					
	Discounts for lack of market liquidity	±1%	<u>\$ 210</u>	<u>(\$ 210)</u>	<u>\$ 636</u>	<u>(\$ 636)</u>

### XIII. Additional Disclosures

The information on the Company's material major transactions during 2023 is listed as follows:

#### (I) Information on Material Transactions

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

#### (II) Information on Investees

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

#### (III) Information on Investment in Mainland China

- A. Basic Information: Table 8.
- B. Significant Transactions with Investees in Mainland China, Either Directly or Indirectly, Through a Business in a Third Region: Table 9.

#### (IV) Information on Major Shareholders

Information on Major Shareholders: Table 10.

### XIV. Operating segments Information

The disclosure is not required.

ABICO AVY Co., Ltd. and Its Subsidiaries

Loans to Others

January 1 2023 - December 31, 2023

Table 1

Unit: NT\$ 1000

(Unless Otherwise Specified)

No.	Creditor	Borrower	General ledger account	Related Party	Maximum outstanding balance	Ending Balance	Amount Actually Drawn	Interest Rate	Nature of Loan	Amount of transactions with the borrower	Reason for short-term Loans	Allowance for Impairment Loss	Collateral		Limit on Loans to a Single Party	Aggregate Loans Limit	Note
													Item	Value			
1	Cheng Guang Trading	Best Select Industrial (SuZhou) Co., Ltd.	Short-term investments	Y	19,899	\$ 19,472	\$ 19,472	4.00	Short-term financing	\$ -	Operating support	\$ -	-	\$ -	\$ 350,135	\$ 350,135	Note1
1	Cheng Guang Trading	DongGuan Qunsheng Powder Metallurgy Ltd.	Short-term investments	Y	24,321	23,799	23,799	4.00	Short-term financing	-	Operating support	-	-	-	350,135	350,135	Note1
2	Jabon International	Jabon Precision	Other receivables	Y	20,000	-	-	2.00	Short-term financing	-	Operating support	-	-	-	302,974	403,965	Note3
2	Jabon International	Jabon Precision	Other receivables	Y	16,000	16,000	16,000	2.00	Short-term financing	-	Operating support	-	-	-	302,974	403,965	Note3
3	EKEEN PRECISION	Jabon Precision	Other receivables	Y	20,000	20,000	20,000	2.00	Short-term financing	-	Operating support	-	-	-	163,170	217,560	Note3
4	IKKA HK	IKKA Technology DongGuan Co., Ltd.	Other receivables	Y	49,043	46,441	46,441	-	Short-term financing	-	Operating support	-	-	-	478,948	478,948	Note4
5	DaiichiKasei	IKKA Vietnam	Other receivables	Y	115,450	108,600	-	1.30	Short-term financing	-	Operating support	-	-	-	1,507,855	1,507,855	Note4
5	DaiichiKasei	IKKA Technology DongGuan Co., Ltd.	Other receivables	Y	90,785	85,969	85,969	-	Short-term financing	-	Operating support	-	-	-	1,507,855	1,507,855	Note4
5	DaiichiKasei	IKKA HK	Other receivables	Y	10,022	-	-	-	Short-term financing	-	Operating support	-	-	-	1,507,855	1,507,855	Note4
6	Sol-Plus JP	Hiraiseimitsu	Other receivables	Y	73,046	68,775	68,775	-	Short-term financing	-	Operating support	-	-	-	145,717	145,717	Note4
6	Sol-Plus JP	Hiraiseimitsu	Other receivables	Y	5,773	5,430	5,430	1.50	Short-term financing	-	Operating support	-	-	-	145,717	145,717	Note4
7	ABECO	RTR-TECH Technology Co., Ltd.	Overdue receivables	N	10,000	10,000	10,000	3.00	Business transactions	-	-	10,000	Stock	-	-	135,801	Note2 Note5



ABICO AVY Co., Ltd. and Its Subsidiaries

Loans to Others

January 1 2023 - December 31, 2023

Table 1

Unit: NT\$ 1000

(Unless Otherwise Specified)

No.	Creditor	Borrower	General ledger account	Related Party	Maximum outstanding balance	Ending Balance	Amount Actually Drawn	Interest Rate	Nature of Loan	Amount of transactions with the borrower	Reason for short-term Loans	Allowance for Impairment Loss	Collateral		Limit on Loans to a Single Party	Aggregate Loans Limit	Note
													Item	Value			
8	ABICO FS INTERNATIONAL	ILENS	Other receivables	Y	14,337	\$ -	\$ -	-	Short-term financing	\$ -	Operating support	\$ -	-	\$ -	\$ 67,900	\$ 135,801	Note2

Note1 : Loans by Cheng Guang Trading cannot exceed 40% of its net value subject to the following conditions:

1. For loans to companies or proprietorships with which we have a business relationship, the total amount of loans cannot exceed 20% of the Company's net value; and the amount of a single loan cannot exceed the value of the business transactions between the two parties in the most recent year. The term "business transaction value" refers to the value of purchases or sales between the two parties, whichever is higher.
2. For loans to companies or proprietorships that need short-term financing, the total amount of the loan cannot exceed 20% of that enterprise's net value; and the amount of a single loan cannot exceed 10% of that enterprise's net value.
3. Loans to a foreign company that the Company or its parent directly or indirectly hold 100% of the voting rights is not subject to the restrictions of the preceding paragraph. However, the total amount of the loan is limited to no more than 40% of that enterprise's net value, and the amount of a single loan is limited to no more than 40% of that enterprise's net value.
4. Loans by the Company to its parent or subsidiaries, or to group subsidiaries, shall be submitted to the board of directors for approval in accordance with applicable rules, and the chairman may be authorized to allow loans to a single borrower within a specific limit per year via separate tranches or draw downs.

Note2 : Loans by ABECO amount and borrower limits:

1. For loans to companies or proprietorships with which we have a business relationship, the total amount of loans cannot exceed 20% of the Company's net value; and the amount of a single loan cannot exceed the value of the business transactions between the two parties in the most recent year. The term "business transaction value" refers to the value of purchases or sales between the two parties, whichever is higher.
2. For loans to companies or proprietorships that need short-term financing, the total amount of the loan cannot exceed 20% of ABICO NetCom's net value; and the amount of a single loan cannot exceed 10% of ABICO NetCom's net value.

Note3 : Loans by Jabon International and EKEEN PRECISION amount and borrower limits:

1. The loan amount to an individual borrower cannot exceed 30% of the lender's net worth.
2. The total amount of loans made cannot exceed 40% of the lender's net worth.

Note4 : Loans by IKKA HK, DaiichiKasei and SolPlus JP amount and borrower limits:

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

Note5 : The assessed recoverable amount was \$0.

ABICO AVY Co., Ltd. and Its Subsidiaries  
Endorsements/Guarantees Provided  
January 1 2023 - December 31, 2023

Table 2

Unit: NT\$ 1000  
(Unless Otherwise Specified)

No.	Endorsed/Guaranteed Party			Limits on Endorsement/ Guarantee amount provided to a Party	Maximum Balance for the Year	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum/ Endorsement/ Guarantee Amount Allowable	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by Subsidiary	Endorsement/ Guarantee to Subsidiary in the Main land Area	Note
	Endorsement Provider	Name	Relationship (Note 1)											
1	Gold Market	ABICO AVY Co., Ltd	3	\$ 1,358,899	\$ 100,000	\$ 100,000	\$ 100,000	\$ 111,360	3.68	\$ 2,717,798	N	Y	N	Note2
1	Gold Market	ABICO AVY Co., Ltd	3	1,358,899	150,000	150,000	150,000	168,465	5.52	2,717,798	N	Y	N	Note2
1	Gold Market	ABICO AVY Co., Ltd	3	1,358,899	200,000	200,000	-	146,200	7.36	2,717,798	N	Y	N	Note2
2	Avy High Tech	ABICO AVY Co., Ltd	3	149,766	140,000	140,000	-	164,890	46.74	299,532	N	Y	N	Note5
3	Jabon International	Best Select (Suzhou)	3	403,965	88,900	86,540	-	-	8.57	706,938	Y	N	Y	Note3
3	Jabon International	Jabon Precision	3	403,965	90,000	90,000	37,000	-	8.91	706,938	Y	N	N	Note3
3	Jabon International	Dongguan Qunsheng Powder Metallurgy	3	403,965	44,450	43,270	-	-	4.28	706,938	Y	N	Y	Note3
3	Jabon International	EKEEN PRECISION	3	403,965	20,000	20,000	-	-	1.98	706,938	Y	N	N	Note3
4	DaiichiKasei	IKKA HK	2	603,142	68,640	65,160	32,580	-	4.32	1,055,499	N	N	N	Note3
5	Sol-Plus HK	Sol-Plus JP	2	82,713	31,140	-	-	-	-	144,748	N	N	N	Note3
6	ABICO NetCom	Dongguan Ashine	2	271,601	113,488	46,058	-	-	6.78	679,003	Y	N	Y	Note4

ABICO AVY Co., Ltd. and Its Subsidiaries

Endorsements/Guarantees Provided  
January 1 2023 - December 31, 2023

Table 2

Unit: NT\$ 1000  
(Unless Otherwise Specified)

No.	Endorsed/Guaranteed Party			Limits on Endorsement/ Guarantee amount provided to a Party	Maximum Balance for the Year	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum/ Endorsement/ Guarantee Amount Allowable	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by Subsidiary	Endorsement/ Guarantee to Subsidiary in the Main land Area	Note
	Endorsement Provider	Name	Relationship (Note 1)											
6	ABICO NetCom	Aabiking	2	\$ 271,601	\$ 22,000	\$ 22,000	\$ 20,000	\$ -	3.24	\$ 679,003	Y	N	N	Note4
6	ABICO NetCom	Positive Energy Sport Co., Ltd.	2	271,601	30,000	-	-	-	-	679,003	Y	N	N	Note4 Note6
6	ABICO NetCom	SoJean	1	271,601	4,600	-	-	-	-	679,003	N	N	N	Note4
7	Prosper	Dongguan Ashine	2	271,601	32,425	30,705	30,705	-	4.52	679,003	Y	N	Y	Note4
8	Empower Technology Corporation.	Positive Energy Sport Co., Ltd.	2	271,601	30,000	30,000	20,000	-	4.42	679,003	Y	N	N	Note4 Note6

Note1 : Seven types of relationship between a guarantor and the beneficiary of the guarantee, and the codes for each relationship are explained as follows:

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

Note2 : The total amount of Gold Market's external endorsement/guarantees may not exceed its net value at that time. The amount of guarantees to a single enterprise shall not exceed 50% of its net value at that time, but for a single overseas affiliate, it cannot exceed 40% of the net value, and the guarantee for companies with which there is a transactional relationship shall not exceed the total amount of transactions with the Company in year to date (the purchase or sales amount between the two parties, whichever is higher). The net value is based on the latest financial statement as audited and certified or reviewed by an accountant.

ABICO AVY Co., Ltd. and Its Subsidiaries  
Endorsements/Guarantees Provided  
January 1 2023 - December 31, 2023

Table 2

Unit: NT\$ 1000  
(Unless Otherwise Specified)

No.	Endorsed/Guaranteed Party		Relationship (Note 1)	Limits on Endorsement/ Guarantee amount provided to a Party	Maximum Balance for the Year	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum/ Endorsement/ Guarantee Amount Allowable	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by Subsidiary	Endorsement/ Guarantee to Subsidiary in the Main land Area	Note
	Endorsement Guarantee Provider	Name												
Note3 :	Jabon International, DaiichiKasei and Sol-Plus HK's maximum endorsements/guarantees amount shall not exceed 70% of their net value based on the latest financial statement as audited and certified or reviewed by an accountant. The maximum amount of endorsements/guarantees to a single enterprise, for a subsidiary in which Jabon International directly holds more than 90% of the ordinary shares the maximum is 40% of the current net value based on the latest financial statement as reviewed or audited by an accountant, and for others the endorsements/guarantees cannot exceed 30% of the net value of the beneficiary of the guarantee.													
Note4 :	ABICO NetCom, Prosper and Empower Technology Corporation's total amount of endorsements/guarantees cannot exceed the net value as per their latest financial statements. The maximum amount of endorsements/guarantees to a single enterprise cannot exceed 40% of ABICO NetCom's net value as per its current financial statements.													
Note5 :	Avy High Tech's external endorsements/guarantees maximum amount cannot exceed its current net value. The maximum amount of endorsements/guarantees to a single enterprise cannot exceed 50% of its net value, but for a single overseas affiliate, it cannot exceed 40% of the net value, and the endorsements/guarantees for companies for companies with which there is a transactional relationship shall not exceed the total amount of transactions with the Company in year to date (the purchase or sales amount between the two parties, whichever is higher). The net value is based on the latest financial statement as audited and certified or reviewed by an accountant.													
Note6 :	ABICO NetCom has sold its shares in Positive Energy Sports Co., Ltd. to Empower Technology Corporation. (formerly known as TranSystem Incorporated) due to organizational restructuring. As a result, the company's direct and indirect voting rights in Positive Energy Sports Co., Ltd. have fallen below 50%. The related bank endorsement guarantees contracts have been updated to be provided by Empower Technology Corporation for Positive Energy Sports Co., Ltd.													

ABICO AVY Co., Ltd. and Its Subsidiaries  
 Securities Held at the End of the Period (Excluding Investment in Subsidiaries and Affiliates)  
 As at December 31, 2023

Table 3

Unit: NT\$ 1000  
 (Unless Otherwise Specified)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Issuer	General Ledger Account	As at December 31, 2023					
				Shares(1000)	Carrying Amount	Percentage of Ownership(%)	Fair Value	Note	
ABICO AVY Co., Ltd	Stock	Infinite Finance Co., Ltd.	-	Mandatory financial assets at fair value through profit or loss- Current	600	\$ 32,898	0.17	\$ 32,898	-
ABICO AVY Co., Ltd	Stock	TST Group Holding Ltd.	-	Mandatory financial assets at fair value through profit or loss- Non-Current	1,465	186,004	3.82	186,004	-
ABICO AVY Co., Ltd	Stock	Ocean Net Inc.	-	Mandatory financial assets at fair value through profit or loss- Non-Current	733	-	7.33	-	-
ABICO AVY Co., Ltd	Stock	1 Production Film Co.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	1,286	28,411	3.59	28,411	-
ABICO AVY Co., Ltd	Partnership	Ability Asia Capital II Excellent Transformation Growth Limited Partnership	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	123,169	152,729	11.45	152,729	-
ABICO AVY Co., Ltd	Stock	Mobility Holdings Ltd.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	113	32,822	3.20	32,822	-
ABICO AVY Co., Ltd	Stock	Living Robot Inc.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	20	-	4.51	-	-
ABICO AVY Co., Ltd	Stock	Starlux Airlines Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	8,654	201,990	0.41	201,990	-
ABICO AVY Co., Ltd	Stock	Yallvend Co., Ltd	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	2,400	30,000	7.83	30,000	-
ABICO AVY Co., Ltd	Partnership	Outstanding Capital Limited	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	9,000	8,280	4.86	8,280	-
ABICO AVY Co., Ltd	Stock	Abico Capital Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	5,000	50,000	8.33	50,000	-
ABICO AVY Co., Ltd	Stock	Li Zhi Development Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	3,000	30,000	7.32	30,000	-
Gold Market	Fund	EVENSTAR FD A	-	Mandatory financial assets at fair value through profit or loss- Current	1	77,680	-	77,680	-
Gold Market	Stock	NeuronBasic Technology Cayman Inc.	-	Mandatory financial assets at fair value through profit or loss- Non-Current	500	5,117	1.40	5,117	-
AVY High Tech	Fund	INFINITY VENTURES IV, L.P.	-	Mandatory financial assets at fair value through profit or loss- Non-Current	-	30,359	-	30,359	-
AVY High Tech	Stock	Mandarin Connoisseur Holding Limited	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	873	-	-	-	-
Viewquest Investment	Stock	Starlux Airlines Co., Ltd.	-	Mandatory financial assets at fair value through profit or loss- Current	2,000	46,680	0.10	46,680	-

ABICO AVY Co., Ltd. and Its Subsidiaries  
Securities Held at the End of the Period (Excluding Investment in Subsidiaries and Affiliates)  
As at December 31, 2023

Table 3

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Issuer	General Ledger Account	As at December 31, 2023				
				Shares(1000)	Carrying Amount	Percentage of Ownership(%)	Fair Value	Note
Viewquest Investment	Stock 1 Production Film Co.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	716	\$ 15,831	2.00	\$ 15,831	-
AVY Co., Ltd.	Fund FSITC Taiwan Money Market	-	Mandatory financial assets at fair value through profit or loss- Current	2,135	33,605	-	33,605	-
AVY Co., Ltd.	Stock ABICO AVY Co., Ltd	Holding company's parent company	Equity instruments measured at fair value through other comprehensive income- Current	984	23,711	0.58	23,711	Note2
Ability I	Stock Taiwan Sanyo Electric Co., Ltd.	The chairman of the Company is the same person as the director of Ability I	Mandatory financial assets at fair value through profit or loss- Current	4,104	158,004	1.53	158,004	-
Ability I	Stock Just Kitchen Holdings Corp.	-	Mandatory financial assets at fair value through profit or loss- Non-Current	800	928	0.80	928	-
Ability I	Stock Topping Cuisine International Holdings Limited	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	500	-	2.17	-	-
Ability I	Stock Chien Hwa Coating Technology Inc.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	995	-	1.44	-	-
Ability I	Stock Mirage Entertainment Holding Ltd.(Cayman)	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	3	-	2.41	-	-
Cheng Guang Metal	Financial product Jinding Wealth Management Dingding Series 91-day OEF (Non-Guaranteed) 金鼎理财鼎鼎系列 91 天开放式净值型(非保本)	-	Mandatory financial assets at fair value through profit or loss- Current	-	43,270	-	43,270	-
Cheng Guang Metal	Financial product "Yi Cun Tong" Structured Deposit 2023, Issue 500 (Guaranteed) 單位"益存通"结构性存款 2023 年第 500 期(保本)	-	Mandatory financial assets at fair value through profit or loss- Current	-	86,540	-	86,540	-
Cheng Guang Precision	Financial product Jinding Wealth Management Dingding Series 91-day OEF (Non-Guaranteed) 金鼎理财鼎鼎系列 91 天开放式净值型(非保本)	-	Mandatory financial assets at fair value through profit or loss- Current	-	64,905	-	64,905	-
Cheng Guang Precision	Financial product "Yi Cun Tong" Structured Deposit 2023, Issue 571 (Guaranteed) 單位"益存通"结构性存款 2023 年第 571 期(保本)	-	Mandatory financial assets at fair value through profit or loss- Current	-	86,540	-	86,540	-

ABICO AVY Co., Ltd. and Its Subsidiaries

Securities Held at the End of the Period (Excluding Investment in Subsidiaries and Affiliates)

As at December 31, 2023

Table 3

Unit: NT\$ 1000

(Unless Otherwise Specified)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Issuer	General Ledger Account	As at December 31, 2023				
				Shares(1000)	Carrying Amount	Percentage of Ownership(%)	Fair Value	Note
Cheng Guang Precision	Financial product "Yi Cun Tong" Structured Deposit 2023, Issue 671 (Guaranteed) 單位"益存通"结构性存款 2023 年第 671 期(保本)	-	Mandatory financial assets at fair value through profit or loss- Current	-	\$ 86,540	-	\$ 86,540	-
Cheng Guang Trading	Financial product Jinding Wealth Management Dingding Series 126-day OEF (Non-Guaranteed) 金鼎理財鼎鼎系列 126 天開放式淨值型(非保本)	-	Mandatory financial assets at fair value through profit or loss- Current	-	129,810	-	129,810	-
Cheng Guang Trading	Financial product Jinding Wealth Management Dingding Series 91-day OEF (Non-Guaranteed) 金鼎理財鼎鼎系列 91 天開放式淨值型(非保本)	-	Mandatory financial assets at fair value through profit or loss- Current	-	259,620	-	259,620	-
Cheng Guang Trading	Financial product "Yi Cun Tong" Structured Deposit 2023, Issue 572 (Guaranteed) 單位"益存通"結構性存款 2023 年第 572 期(保本)	-	Mandatory financial assets at fair value through profit or loss- Current	-	86,540	-	86,540	-
Cheng Guang Trading	Financial product "Yi Cun Tong" Structured Deposit 2023, Issue 605 (Guaranteed) 單位"益存通"結構性存款 2023 年第 605 期(保本)	-	Mandatory financial assets at fair value through profit or loss- Current	-	129,810	-	129,810	-
Cheng Guang Trading	Financial product "Yi Cun Tong" Structured Deposit 2023, Issue 616 (Guaranteed) 單位"益存通"結構性存款 2023 年第 616 期(保本)	-	Mandatory financial assets at fair value through profit or loss- Current	-	86,540	-	86,540	-
Jabon International	Stock RTR-TECH Technology Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	500	-	-	-	-
Jabon International	Stock Ensure Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	13	-	-	-	-
EKEEN PRECISION	Stock Mobility Holdings Ltd.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	113	32,822	-	32,822	-
EKEEN PRECISION	Partnership Outstanding Capital Limited	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	-	5,593	3.24	5,593	-
DaiichiKasei	Stock Sony Corporation	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	3	10,084	-	10,084	-
DaiichiKasei	Stock Panasonic Corporation	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	2	488	-	488	-

ABICO AVY Co., Ltd. and Its Subsidiaries

Securities Held at the End of the Period (Excluding Investment in Subsidiaries and Affiliates)

As at December 31, 2023

Table 3

Unit: NT\$ 1000

(Unless Otherwise Specified)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Issuer	General Ledger Account	As at December 31, 2023					
				Shares(1000)	Carrying Amount	Percentage of Ownership(%)	Fair Value	Note	
DaiichiKasei	Stock	Sumitomo Electric Industries	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	15	\$ 6,006	-	\$ 6,006	-
DaiichiKasei	Stock	Brother Industries, Ltd.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	10	4,649	-	4,649	-
IKKA Holdings	Stock	Jet Optoelectronics Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	1,177	62,436	1.96	62,436	-
IKKA Holdings	Partnership	Outstanding Capital Limited	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	-	2,796	1.62	2,796	-
Ability International	Stock	Ipevo Corporation	-	Mandatory financial assets at fair value through profit or loss- Current	547	12,592	2.02	12,592	-
Ability International	Stock	Yallvend Co., Ltd	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	1,200	15,000	3.91	15,000	-
ABICO NetCom	Stock	RTR-TECH Technology Co., Ltd.	-	Mandatory financial assets at fair value through profit or loss- Non-Current	500	-	0.69	-	-
ABICO NetCom	Stock	Renorigin Innovation Institute Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	294	1,256	5.18	1,256	-
ABICO NetCom	Stock	SoJean Technology Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	8	-	0.54	-	-
ABICO NetCom	Stock	EYES COLOR Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	500	9,990	6.04	9,990	-
ABECO	Stock	RTR-TECH Technology Co., Ltd.	-	Mandatory financial assets at fair value through profit or loss- Non-Current	500	-	0.69	-	-
ABECO	Stock	EVER OHMS Technology Co., Ltd.	-	Mandatory financial assets at fair value through profit or loss- Non-Current	300	7,300	0.34	7,300	-
Empower Technology	Stock	Coiler Corporation	-	Mandatory financial assets at fair value through profit or loss- Non-Current	554	421	7.12	421	-
Empower Technology	Stock	Alcon Technology Corporation	-	Mandatory financial assets at fair value through profit or loss- Non-Current	285	466	19.00	466	-



ABICO AVY Co., Ltd. and Its Subsidiaries  
 Securities Held at the End of the Period (Excluding Investment in Subsidiaries and Affiliates)  
 As at December 31, 2023

Table 3

Unit: NT\$ 1000  
 (Unless Otherwise Specified)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Issuer	General Ledger Account	As at December 31, 2023				
				Shares(1000)	Carrying Amount	Percentage of Ownership(%)	Fair Value	Note
Positive Energy Sport	Stock Perpetuum Online Corp.	-	Equity instruments measured at fair value through other comprehensive income- Non-Current	58	\$ -	5.48	\$ -	-
Lixing (Shenzhen)	Financial Product Steady Wealth (open as scheduled) (穩富(按期開放))	-	Mandatory financial assets at fair value through profit or loss- Current	-	22,252	-	22,252	-
Lixing (Shenzhen)	Financial Product Steady Wealth (closed) 穩富(封閉式)	-	Mandatory financial assets at fair value through profit or loss- Current	-	43,536	-	43,536	-
AVY SuZhou	Financial Product Bank of China, Linked Structured Deposit (中國銀行掛鉤型結構性存款)	-	Mandatory financial assets at fair value through profit or loss- Current	-	51,924	-	51,924	-

Note1 : Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 "Financial Instruments".

Note2 : The company regards the company's shares held by the subsidiary AVY Co., Ltd. as treasury shares. Please refer to Note 6 (20) of the consolidated financial statements for details.

ABICO AVY Co., Ltd. and Its Subsidiaries

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

As at December 31, 2023

Table 4

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Remark	
			Purchases (sales)	Amount	Percentage of total purchases(sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
Jabon International	Best Achieve HK	EKEEN PRECISION's Subsidiary	(Sales)	( \$ 872,315 )	( 9 )	Net 90 days	No material difference	Comparable to the general clients	( \$ 1,282 )	( 0 )	-
Jabon International	EKEEN PRECISION	ABICO AVY's Subsidiary	(Sales)	( 204,093 )	( 2 )	Net 90 days	No material difference	Comparable to the general clients	49,041	2	-
Jabon International	ART EMPIRE	Jabon International's Sub-subsiary	Purchases	850,697	11	Net 90 days	No material difference	Comparable to the general clients	20,997	1	-
EKEEN PRECISION	ART EMPIRE	Jabon International's Sub-subsiary	Purchases	57,697	1	Net 90 days	No material difference	Comparable to the general clients	( 215,811 )	( 15 )	-
EKEEN PRECISION	Best Achieve HK	ABICO AVY's Subsidiary	(Sales)	( 56,731 )	( 1 )	Net 90 days	No material difference	Comparable to the general clients	116,315	6	-
ART EMPIRE	DongGuan Best Achieve	Jabon International's Sub-subsiary	Purchases	867,322	11	Net 90 days	No material difference	Comparable to the general clients	( 225,735 )	( 16 )	-
IKKA HK	DaiichiKasei	Jabon International's Sub-subsiary	(Sales)	( 119,854 )	( 1 )	Net 60 days	No material difference	Comparable to the general clients	69,290	3	-
DaiichiKasei	IKKA Vietnam	Jabon International's Sub-subsiary	(Sales)	( 63,360 )	( 1 )	As agreed by the parties	No material difference	Comparable to the general clients	16,445	1	-
IKKA HK	IKKA Technology DongGuan	Jabon International's Sub-subsiary	(Sales)	( 67,918 )	( 1 )	Net 60 days	No material difference	Comparable to the general clients	46,446	2	-
IKKA Technology DongGuan	IKKA HK	Jabon International's Sub-subsiary	(Sales)	( 189,283 )	( 2 )	Net 60 days	No material difference	Comparable to the general clients	33,832	2	-
Lixing (Shenzhen)	Prosper	ABICO NetCom' s Subsidiary	(Sales)	( 298,263 )	( 3 )	Net 180 days	-	-	95,812	5	-

Note1 : The revenue disclosure method does not disclose the relative transaction.

ABICO AVY Co., Ltd. and Its Subsidiaries  
 Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital  
 As at December 31, 2023

Table 5 Unit: NT\$ 1000  
(Unless Otherwise Specified)

Creditor	Counterparty	Relationship	Balance	Turnover rate	Overdue Receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action Taken		
EKEEN PRECISION	Best Achieve HK	EKEEN PRECISION' s Subsidiary	Accounts Receivable - Related Party	0.49	\$ -	-	\$ 77,066	\$ -
			\$ 116,315					
ART EMPIRE	DongGuan Best Achieve	Jabon International's Sub-subsidiary	Accounts Receivable - Related Party					
			225,735	4.45	-	-	-	-
IKKA HK	DaiichiKasei	Jabon International's Sub-subsidiary	Accounts Receivable - Related Party					
			69,290	2.30	36,981	-	-	-

Note1 : Please fill in according to accounts receivable from related parties, notes, other receivables, etc

ABICO AVY Co., Ltd. and Its Subsidiaries  
Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts  
As at December 31, 2023

Table 6

Unit: NT\$ 1000  
(Unless Otherwise Specified)

No.	Company name	Counterparty	Relationship (Note)	Transaction			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount	Transaction Terms	
1	Jabon International	Best Achieve HK	3	Sales revenue	\$ 872,315	As agreed by the parties	9
1	Jabon International	Best Achieve HK	3	Accounts payable	1,282	Net 90 days	-
1	Jabon International	ART EMPIRE	3	Purchase	850,697	As agreed by the parties	9
1	Jabon International	ART EMPIRE	3	Accounts receivable	20,997	Net 90 days	-
1	Jabon International	EKEEN PRECISION	3	Sales revenue	206,473	As agreed by the parties	2
1	Jabon International	EKEEN PRECISION	3	Accounts receivable	49,041	Net 90 days	-
2	ART EMPIRE	Dongguan Qunsheng	3	Purchase	26,693	As agreed by the parties	-
2	ART EMPIRE	Dong Guan Best Achieve	3	Purchase	867,322	As agreed by the parties	9
2	ART EMPIRE	Dong Guan Best Achieve	3	Accounts payable	225,735	Net 90 days	1
2	ART EMPIRE	Best Select Suzhou	3	Purchase	58,448	As agreed by the parties	1
3	Dong Guan Best Achieve	Precise Plus Group Ltd.	3	Accounts payable	11,055	Net 90 days	-
4	Best Achieve HK	M.A.C. Technology (Malaysia)	3	Sales revenue	49,821	As agreed by the parties	1
5	IKKA HK	DaiichiKasei	3	Sales revenue	119,854	As agreed by the parties	1
5	IKKA HK	DaiichiKasei	3	Accounts receivable	69,290	Net 60 days	-
6	IKKA Technology DongGuan	IKKA HK	3	Sales revenue	189,283	As agreed by the parties	2
6	IKKA Technology DongGuan	IKKA HK	3	Accounts receivable	33,832	Net 60 days	-
7	Prosper	Lixing (Shenzhen)	3	Purchase	298,263	-	3
7	Prosper	Lixing (Shenzhen)	3	Accounts payable	95,812	Net 180 days	1

ABICO AVY Co., Ltd. and Its Subsidiaries  
Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts  
As at December 31, 2023

Table 6

Unit: NT\$ 1000  
(Unless Otherwise Specified)

No.	Company name	Counterparty	Relationship (Note)	Transaction			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount	Transaction Terms	
8	ABECO	VIET NAM ABECO	3	Sales revenue	\$ 24,332	-	-
9	Honlynn	Ability International	3	Sales revenue	53,968	-	1
9	Honlynn	Ability International	3	Accounts receivable	7,563	-	-
10	Ability International	Abico Japan Co., Ltd.	3	Sales revenue	4,982	-	-
10	Ability International	Abico Japan Co., Ltd.	3	Accounts receivable	20,139	-	-
10	Ability International	Jing Nen	3	Sales revenue	8,349	-	-
10	Ability International	Jing Nen	3	Accounts receivable	966	-	-
11	Emptech	Honlynn	3	Sales revenue	11,523	-	-
11	Emptech	Honlynn	3	Accounts receivable	3,887	-	-

Note1 : The information of transactions between the Parent company and the subsidiaries should be noted in "Number" column.

(1) Number 0 represents the Parent company.

(2) Subsidiaries are numbered in order from number 1.

Note2 : The transaction relationships with the counterparties are as follows (if it is the same transaction between the parent company and the subsidiary or between the subsidiaries, there is no need to repeat the disclosure. For example, if the parent company has disclosed the transaction between the parent company and the subsidiary, the subsidiary does not need to disclose the transaction again. If a subsidiary has already disclosed its transaction with the subsidiary, then does not need to disclose the transaction repeatedly)

(1) Parent company to subsidiary company

(2) Subsidiary to parent company

(3) Subsidiary to subsidiary

Note3 : In calculating the ratio of total revenue or total assets, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement.

ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.)(Investees in Mainland China Excluded)  
As at December 31, 2023

Table 7

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Investor	Investee	Location	Main business	Initial investment amount		Shares Held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership(%)	Book value			
ABICO AVY Co., Ltd	AVY Co., Ltd.	Taiwan	Manufacturing and sales of optical instruments, electronic products and components, and precision molds	\$ 841,360	\$ 841,360	59,597,571	100.00	\$ 958,508	\$ 3,945	\$ 3,649	Subsidiary
ABICO AVY Co., Ltd	Gold Market	Samoa	Investment and trade	1,670,193	1,670,193	3,917,053	68.52	1,873,634 (	13,532) (	9,272)	Subsidiary
ABICO AVY Co., Ltd	Avy High Tech	Samoa	Investment and trade	220,347	220,347	6,776,000	100.00	299,532	6,215	6,215	Subsidiary
ABICO AVY Co., Ltd	Avy Technology	Samoa	Investment and trade	-	1,328	-	-	-	11	5	Sub-subsubsidiary
ABICO AVY Co., Ltd	Jabon International	Taiwan	R&D, processing, manufacturing, and sales of metallurgical products such as shafts and bearings, mechanical components and magnetic materials for automobiles and scooters, electronic components, and precision ceramics.	113,419	330,865	28,479,278	100.00	559,121 (	21,414) (	21,414)	Subsidiary
ABICO AVY Co., Ltd	Ability I	Taiwan	Venture Investment	250,546	174,957	24,169,052	85.30	179,101	12,586	9,246	Subsidiary
ABICO AVY Co., Ltd	ABICO NetCom	Taiwan	Sales of business equipment components, electronic components, and optoelectronic products	145,742	143,847	7,199,413	13.88	130,841 (	42,640) (	5,863)	Subsidiary
ABICO AVY Co., Ltd	ABICO Optical	Hong Kong	Investment and trade	8,355	8,355	144	14.40	- (	32)	-	Sub-subsubsidiary
ABICO AVY Co., Ltd	Shine Trade	British Virgin Is.	Manufacturing and sales of plastic products and molds	-	51,972	-	-	- (	17,505) (	91)	Sub-subsubsidiary

ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.)(Investees in Mainland China Excluded)  
As at December 31, 2023

Table 7

Unit: NTS 1000  
(Unless Otherwise Specified)

Investor	Investee	Location	Main business	Initial investment amount		Shares Held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership(%)	Book value			
ABICO AVY Co., Ltd	Seinoh Optical	Taiwan	Manufacturing and sales of contact lenses	\$ 14,616	\$ 14,616	1,461,600	4.43	\$ 7,686	(\$ 36,129)	(\$ 1,601)	Sub-subsiidiary
ABICO AVY Co., Ltd	Honlynn	Taiwan	Sales of computer peripheral consumables	52,500	52,500	3,500,000	14.46	50,119	31,991	4,628	Subsidiary
ABICO AVY Co., Ltd	ABICO Asia	Taiwan	Venture Investment	280,000	280,000	28,000,000	18.16	286,432	( 42,006)	( 7,969)	Equity Method
ABICO AVY Co., Ltd	Ability Enterprise	Taiwan	Digital electronic cameras, optical products business	561,009	555,524	28,821,000	10.02	490,072	274,625	27,331	Equity Method
ABICO AVY Co., Ltd	G-Yen Hutong	Taiwan	Catering business	35,611	35,611	956,526	6.79	32,160	17,740	1,248	Equity Method
ABICO AVY Co., Ltd	IKKA Holdings	Cayman Is.	Investment	117,107	117,107	4,000,000	13.58	242,361	119,162	15,984	Sub-subsiidiary
ABICO AVY Co., Ltd	VIEWQUEST	Taiwan	Venture Investment	191,144	45,144	15,436,000	100.00	204,947	9,392	9,392	Subsidiary
ABICO AVY Co., Ltd	Abico Capital	Taiwan	Venture Investment	-	30,000	-	-	-	( 5,067)	( 5,067)	Subsidiary
ABICO AVY Co., Ltd	NENG DING	Taiwan	Venture Investment	100	-	10,000	100.00	84	( 16)	( 16)	Subsidiary
ABICO AVY Co., Ltd	EKEEN PRECISION	Taiwan	R&D, processing, domestic sales, and export of metallurgical products such as shafts and bearings, mechanical components and magnetic materials for automobiles and scooters, electronic components, and precision ceramics.	217,446	-	14,000,000	93.33	1,002,836	2,495	( 584)	Subsidiary
Avy High Tech	Avy Technology	Samoa	Investment and trade	1,228	-	40,000	100.00	1,037	11	6	Subsidiary

ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.)(Investees in Mainland China Excluded)  
As at December 31, 2023

Table 7

Unit: NTS 1000  
(Unless Otherwise Specified)

Investor	Investee	Location	Main business	Initial investment amount		Shares Held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership(%)	Book value			
AVY Co., Ltd.	Gold Market	Samoa	Investment and trade	\$ 61,075	\$ 61,075	1,799,688	31.48	\$ 844,164	(\$ 13,532)	(\$ 4,260)	Subsidiary
Gold Market	IKKA Holdings	Cayman Is.	Investment	142,677	143,518	1,706,718	5.79	140,084	119,162	6,857	Sub-subsiidiary
VIEWQUEST	Ability Enterprise	Taiwan	Digital electronic cameras, optical products business	59,745	50,078	2,100,000	0.73	61,198	274,625	1,667	Equity Method
Ability I	Seinoh Optical	Taiwan	Manufacturing and sales of contact lenses	22,037	22,037	2,203,700	6.68	11,591	( 36,129)	( 2,413)	Sub-subsiidiary
Ability I	ABICO Optical	Hong Kong	Investment and trade	30,550	30,550	513	51.30	-	( 32)	-	Sub-subsiidiary
Ability I	G-Yen Hutong	Taiwan	Catering business	30,000	30,000	796,203	5.65	30,313	17,740	970	Equity Method
Jabon International	Phoenix Place	British Virgin Is.	Investment and trade	329,322	640,384	10,150,000	100.00	535,132	( 26,191)	( 26,191)	Sub-subsiidiary
Jabon International	Jabon Precision	Taiwan	Manufacturing of industrial plastic products, aluminum casted and magnesium casted items, as well as computer and peripheral parts and molds.	-	274,445	-	-	-	( 15,853)	( 14,398)	Sub-subsiidiary
Jabon International	EKEEN PRECISION	Taiwan	R&D, processing, domestic sales, and export of metallurgical products such as shafts and bearings, mechanical components and magnetic materials for automobiles and scooters, electronic components, and precision ceramics.	31,710	10,000	1,000,000	6.67	36,278	2,495	3,079	Subsidiary
Jabon International	IKKA Holdings	Cayman Is.	Investment	246,920	246,920	10,900,000	37.01	664,788	119,162	43,571	Sub-subsiidiary



ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.)(Investees in Mainland China Excluded)  
As at December 31, 2023

Table 7

Unit: NTS 1000  
(Unless Otherwise Specified)

Investor	Investee	Location	Main business	Initial investment amount		Shares Held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership(%)	Book value			
Jabon International	JCHENG Software Inc.	Taiwan	Electronics Components Manufacturing, Computer and Peripheral Equipment Manufacturing, Data Storage Media Manufacturing and Duplicating, and Automatic Control Equipment Engineering.	\$ -	\$ 2,000	-	-	\$ -	\$ 1,995	\$ 2,186	Sub-subsidiary
Jabon International	Best Select	British Virgin Is.	Investment	-	-	-	-	-	( 38,316)	( 19,104)	Sub-subsidiary
Jabon International	Best Achieve HK	Hong Kong	Trade	-	-	-	-	-	( 273)	2,404	Sub-subsidiary
Jabon International	ABICO Asia	Taiwan	Venture Investment	-	9,600	-	-	-	( 42,006)	-	Equity Method
EKEEN PRECISION	Jabon Precision	Taiwan	Manufacturing of industrial plastic products, aluminum casted and magnesium casted items, as well as computer and peripheral parts and molds.	274,445	274,445	100,000	100.00	( 20,038)	( 15,853)	( 15,853)	Sub-subsidiary
EKEEN PRECISION	JCHENG Software Inc.	Taiwan	Electronics Components Manufacturing, Computer and Peripheral Equipment Manufacturing, Data Storage Media Manufacturing and Duplicating, and Automatic Control Equipment Engineering.	2,000	2,000	200,000	100.00	4,577	1,995	1,995	Sub-subsidiary
EKEEN PRECISION	Best Achieve HK	Hong Kong	Trade	1,265	1,265	50,000	100.00	989	( 273)	( 273)	Sub-subsidiary

ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.)(Investees in Mainland China Excluded)  
As at December 31, 2023

Table 7

Unit: NTS 1000  
(Unless Otherwise Specified)

Investor	Investee	Location	Main business	Initial investment amount		Shares Held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership(%)	Book value			
EKEEN PRECISION	Best Select	British Virgin Is.	Investment	\$ 309,796	\$ 309,796	9,050,000	100.00	\$ 282,507	(\$ 38,316)	(\$ 38,316)	Sub-subsidiary
EKEEN PRECISION	ABICO Asia	Taiwan	Venture Investment	9,600	-	960,000	0.62	9,600	( 42,006)	-	Equity Method
Phoenix Place	Best Achieve	British Virgin Is.	Trade	25,802	25,802	493,000	100.00	-	( 2)	( 2)	Sub-subsidiary
Phoenix Place	Cranmer	British Virgin Is.	Investment and trade	235,930	235,930	7,450,000	100.00	253,425	( 11,351)	( 11,351)	Sub-subsidiary
Phoenix Place	Best Select	British Virgin Is.	Investment	-	280,411	-	-	-	( 38,316)	( 38,316)	Sub-subsidiary
Phoenix Place	Precise Plus	British Virgin Is.	Trade	83,972	83,972	2,650,000	100.00	121,662	2,825	2,825	Sub-subsidiary
Phoenix Place	Sinobridge	Samoa	Trade	11,316	11,316	350,000	100.00	149,335	( 106)	( 106)	Sub-subsidiary
Phoenix Place	Best Achieve HK	Hong Kong	Trade	-	1,510	-	-	-	( 273)	( 273)	Sub-subsidiary
Phoenix Place	ART EMPIRE	Hong Kong	Trade	1,510	1,510	50,000	100.00	10,709	507	507	Sub-subsidiary
IKKA Holdings	DaiichiKasei	Japan	Manufacturing and sales of plastic parts and products, transportation, storage, and warehousing management of automobiles, insurance agency, real estate trading, as well as leasing and management business	627,091	627,091	64,081	100.00	1,507,855	173,220	173,220	Sub-subsidiary
IKKA Holdings	Sol-Plus HK	Hong Kong	Investment	282,535	282,535	7,000,000	100.00	206,784	6,794	6,794	Sub-subsidiary
Sol-Plus HK	Sol-Plus JP	Japan	Manufacturing and sales of plastic products and molds	191,587	191,587	3,404,019,254	100.00	145,717	4,891	4,891	Sub-subsidiary
Sol-Plus JP	Hiraiseimitsu	Thailand	Manufacturing and sales of plastic products and molds	250,708	250,708	2,500,000	100.00	47,105	( 1,650)	( 1,650)	Sub-subsidiary

ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.)(Investees in Mainland China Excluded)  
As at December 31, 2023

Table 7

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Investor	Investee	Location	Main business	Initial investment amount		Shares Held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership(%)	Book value			
DaiichiKasei	M.A.C. Technology (Malaysia)	Malaysia	Manufacturing and packaging of CD and CD ROM, computer printers, electronic and industrial precision ceramics and molds, plastic injection components for the electronics and the camera industries	\$ 380,603	\$ 380,603	41,665,000	100.00	\$ 123,967	(\$ 18,555)	(\$ 18,555)	Sub-subsidiary
DaiichiKasei	IKKA Vietnam	Vietnam	Production, operation, and processing of plastic and metal parts commonly used in automobiles, scooters, and office equipment	58,346	58,346	2,500,000	100.00	420,593	65,514	65,514	Sub-subsidiary
DaiichiKasei	IKKA HK	Hong Kong	Investment and trade	292,545	292,545	80,067,000	100.00	478,948	31,866	31,866	Sub-subsidiary
ABICO NetCom	Ability 1	Taiwan	Venture Investment	6,286	6,286	567,000	2.00	4,217	12,586	-	Subsidiary
ABICO NetCom	ABICO Asia	Taiwan	Venture Investment	24,000	24,000	2,400,000	1.56	24,170	( 42,006)	-	Equity Method
ABICO NetCom	ABECO	Taiwan	Distribution of electronic components	12,200	12,200	4,729,000	49.80	99,454	45,802	22,805	Sub-subsidiary
ABICO NetCom	ABICO FS	Samoa	Investment	297,311	297,311	10,000,000	100.00	276,754	5,276	5,276	Sub-subsidiary
ABICO NetCom	Prosper	Hong Kong	Plastics business	185,543	185,543	5,050,000	100.00	404,566	17,554	17,743	Sub-subsidiary
ABICO NetCom	Seinoh Optical	Taiwan	Manufacturing and sales of contact lenses	314,720	314,720	27,487,000	83.29	142,432	( 36,129)	( 27,373)	Sub-subsidiary
ABICO NetCom	Empower Technology	Taiwan	Manufacturing of electronic products and wireless broadband devices	42,000	42,000	4,527,000	15.64	32,328	6,472	721	Sub-subsidiary

ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.)(Investees in Mainland China Excluded)  
As at December 31, 2023

Table 7

Unit: NTS 1000  
(Unless Otherwise Specified)

Investor	Investee	Location	Main business	Initial investment amount		Shares Held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership(%)	Book value			
ABICO NetCom	Positive Energy Sport	Taiwan	Sales and wholesale of sporting goods	\$ -	\$ 35,388	-	-	\$ -	\$ 4,289	\$ 418	Sub-subsidiary
ABICO NetCom	Aabiking	Taiwan	Bicycle business	33,850	33,850	3,664,000	81.42	6,063 (	7,870) (	6,411)	Sub-subsidiary
ABICO NetCom	Ho Vision	Taiwan	Sales of peripheral products in the entertainment industry	7,400	7,400	476,000	95.20	3,978 (	67) (	66)	Sub-subsidiary
ABICO NetCom	Kkck Corporation Ltd.	Taiwan	Cosmetic beauty business	15,500	15,500	1,550,000	50.82	8,227 (	4,357) (	2,214)	Sub-subsidiary
ABICO NetCom	Newec Corporation	Taiwan	Operation of an e-commerce platform of sporting goods	26,000	26,000	5,000,000	100.00	18,182 (	2,999) (	3,460)	Sub-subsidiary
ABICO NetCom	Leader Sport Training	Taiwan	Sports Training	5,487	-	495,000	63.44 (	1,471) (	12,036) (	6,462)	Sub-subsidiary
ABICO NetCom	ABICO Plus Entertainment Limited	Taiwan	Film production and release	18,000	18,000	350,000	35.00	- (	2,821)	-	Equity Method
ABICO NetCom	Honlynn	Taiwan	Sales of computer peripheral consumables	37,500	37,500	2,500,000	10.33	35,806	31,991	3,305	Subsidiary
ABICO NetCom	I lens International Co., Ltd.	Taiwan	Contact lenses business	46,000	30,000	1,800,000	40.00	3,579 (	43,610) (	17,352)	Equity Method
ABICO FS	AVY International	Samoa	Investment and trade	314,217	314,217	5,000,000	100.00	239,517	3,047	2,025	Sub-subsidiary
Prosper	Fit Active Vietnam	Vietnam	Manufacturing and processing of steel molds, aluminum molds, copper-aluminum stamped products, and optoelectronic parts	62,600	62,600	-	67.80	116,253	7,345	5,003	Sub-subsidiary
Prosper	Shine Trade	British Virgin Is.	Manufacturing and sales of plastic products and molds	144,859	144,859	2,000	100.00 (	17,561) (	22,637) (	23,472)	Sub-subsidiary
Prosper	Prosper SAMOA	Samoa	Investment	48,433	48,433	1,500,000	100.00	53,967 (	1,810) (	1,810)	Sub-subsidiary

ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.)(Investees in Mainland China Excluded)  
As at December 31, 2023

Table 7

Unit: NTS 1000  
(Unless Otherwise Specified)

Investor	Investee	Location	Main business	Initial investment amount		Shares Held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Prosper SAMOA	Fit Active Vietnam	Vietnam	Manufacturing and processing of steel molds, aluminum molds, copper-aluminum stamped products, and optoelectronic parts	\$ 31,227	\$ 31,227	-	32.20	\$ 55,360	\$ 7,345	\$ 2,365	Sub-subsidiary
ABECO	VIET NAM ABECO	Vietnam	Distribution of electronic components	53,614	53,614	-	100.00	39,392	( 4,079)	( 4,079)	Sub-subsidiary
Empower Technology	Positive Energy Sport	Taiwan	Sales and wholesale of sporting goods	12,715	-	1,478,000	51.99	14,336	4,289	2,118	Sub-subsidiary
Positive Energy Sport	Itravel Tech	Taiwan	Wholesale and retail of cloth, garments, and clothing	25,900	25,900	790,000	100.00	4,519	-	-	Sub-subsidiary
SEINOH Optical	S&G Global Inc	Taiwan	Wholesale and retail of medical equipment and glasses business	1,800	1,800	180,000	60.00	948	( 981)	( 588)	Sub-subsidiary
Leader Sport Training	Leader Integrated Marketing	Taiwan	Sports Training	1,000	-	-	100.00	( 3,318)	109	109	Sub-subsidiary
Honlynn	Ability International	Taiwan	Sales, rental, and maintenance of office equipment and office furniture	214,200	214,200	12,000,000	100.00	210,492	299	299	Sub-subsidiary
Honlynn	Emptech	Taiwan	Trading of computers and relevant electronic products	4,000	4,000	400,000	80.00	4,251	5,029	4,023	Sub-subsidiary
Honlynn	Catchtech	Taiwan	Software Design Services	1,020	1,020	1,020,000	51.00	( 530)	( 202)	98	Sub-subsidiary
Ability International	TISI	Taiwan	Trading, maintenance, and rental of microform and consumables	14,291	14,291	2,000,000	100.00	38,122	7,661	7,661	Sub-subsidiary
Ability International	Jingnen	Taiwan	Sales, rental, and maintenance of office equipment and office furniture	10,398	10,161	1,000	54.35	13,128	1,674	911	Sub-subsidiary

ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.)(Investees in Mainland China Excluded)  
As at December 31, 2023

Table 7

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Investor	Investee	Location	Main business	Initial investment amount		Shares Held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Ability International	Ability	Samoa	Investment	\$ 23,931	\$ 23,931	800,000	100.00	\$ 2,853	(\$ 10,692)	(\$ 10,692)	Sub-subsidiary
Ability International	ENERTEC	Anguilla	Investment	1,626	1,626	124,000	27.19	437	18	5	Equity Method
Ability International	Ability Biotech	Taiwan	Wholesale and retail of medical equipment, household appliances and supplies business	9,391	9,391	1,000,000	100.00	9,760	1,100	1,100	Sub-subsidiary
Ability International	Ability Anchor	Taiwan	Recycling of machines	6,600	6,600	660,000	55.00	2,551	( 652)	( 358)	Sub-subsidiary
Ability International	ABICO Living Robot	Taiwan	Electric Appliance Installation	1,400	1,400	140,000	50.00	1,202	( 68)	( 34)	Sub-subsidiary
Ability International	Ability International Green Energy	Taiwan	Lighting Equipment Manufacturing	5,000	5,000	500,000	100.00	4,917	75	75	Sub-subsidiary
Ability	Abico HK	Hong Kong	Investment	2,769	2,769	750,000	100.00	6,819	( 1,440)	( 1,440)	Sub-subsidiary
Ability	Abico JP	Japan	International trade business	5,532	5,532	-	100.00	( 10,758)	( 7,465)	( 7,465)	Sub-subsidiary

ABICO AVY Co., Ltd. and Its Subsidiaries  
Investment in Mainland China—Basic Information  
As at December 31, 2023

Table 8

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Investee Company	Main Business	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Profit (Loss) of Investee	Direct or Indirect Percentage of Ownership	Recognition of Investment Gains and Losses in the Current Period (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Remark
					Outward (Note 6)	Inward							
Dong Guan Cheng Guang Metal Products Co., Ltd. (Note 6)	Manufacturing and sales of metal casings and accessories for mobile phones and cameras	\$ 242,440	2	\$ 276,570	\$ -	\$ -	\$ 276,570	(\$ 3,679)	100.00	(\$ 3,679)	\$ 149,480	\$ -	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (Gold Market as investor)
Dong Guan Cheng Guang Precision Industry Co., Ltd. (Note 6)	Manufacturing and sales of metal casings and accessories for mobile phones and cameras	568,421	2	648,442	-	-	648,442	( 26,295)	100.00	( 26,295)	534,879	-	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (Gold Market as investor)
Dong Guan Cheng Guang Trading Co., Ltd (Note 6)	Manufacturing and sales of metal casings and accessories for mobile phones and cameras	881,600	2	1,005,708	-	-	1,005,708	7,170	100.00	7,170	875,338	-	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (Gold Market as investor)
Jilin Province Can Fine Glasses Co., Ltd. (Note1)	Sales of medical equipment, etc.	31,687	2	18,548	-	-	18,548	-	65.70	-	-	-	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (ABICO Optical as investor)

ABICO AVY Co., Ltd. and Its Subsidiaries  
Investment in Mainland China—Basic Information  
As at December 31, 2023

Table 8

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Investee Company	Main Business	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Profit (Loss) of Investee	Direct or Indirect Percentage of Ownership	Recognition of Investment Gains and Losses in the Current Period (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Remark
					Outward (Note 6)	Inward							
DongGuan Qunsheng Powder Metallurgy Ltd. (Note1, 3)	Production and sales of powder metallurgy products and assembly of actuators	\$ 202,138	2	\$ 202,138	\$ -	\$ -	\$ 202,138	(\$ 11,350)	100.00	(\$ 11,350)	\$ 246,542	\$ -	Investment and establishment of a company at a third jurisdiction to invest in Mainland China, Phoenix Place Holdings Ltd.'s subsidiary, Cranmer Enterprises Ltd. as investor
Best Select Industrial (SuZhou) Co., Ltd. (Note1, 4)	Production and research and development of non-ferrous metal composite materials, new alloy materials, and relevant products and sales of self-produced products	282,260	2	282,260	-	-	282,260	( 38,316)	100.00	( 38,316)	283,640	-	Investment and establishment of a company at a third jurisdiction to invest in Mainland China, EKEEN PRECISION CO., LTD.'s subsidiary, Best Select Industrial Ltd. as investor
DongGuan Best Achieve Industrial Ltd.	Production and sales of power tools and relevant spare parts	83,863	2	83,863	-	-	83,863	2,823	100.00	2,823	121,545	-	Investment and establishment of a company at a third jurisdiction to invest in Mainland China, Phoenix Place Holdings Ltd.'s subsidiary, Precise Plus Group Ltd. as investor



ABICO AVY Co., Ltd. and Its Subsidiaries  
Investment in Mainland China—Basic Information

As at December 31, 2023

Table 8

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Investee Company	Main Business	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Profit (Loss) of Investee	Direct or Indirect Percentage of Ownership	Recognition of Investment Gains and Losses in the Current Period (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Remark
					Outward (Note 6)	Inward							
IKKA Technology DongGuan Co., Ltd. (IKKA)	Production and sales of precision plastic parts, hardware parts, bearings, and molds	\$ 232,837	2	\$ -	\$ -	\$ -	\$ -	\$ 22,223	56.38	\$ 12,529	\$ 351,195	\$ -	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (IKKA HK as investor)
Lixing Plastic (Shenzhen) Co., Ltd.	Production and sales of computer plastic spare parts and components	171,948	2	188,731	-	-	188,731	48,108	100.00	45,503	313,253	130,693	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (Prosper as investor)
AVY Precision Metal Components (SuZhou) Co., Ltd.	Production and processing of dies, precision molds, standard mold parts, and relevant products and components	125,891	2	323,121	-	-	323,121	9,166	100.00	9,166	207,488	239,499	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (AVY International as investor)
Suzhou Xiyingli Optical Co., Ltd.(Note 1)	Wholesale and import of contact lens	23,029	2	23,029	-	-	23,029	( 398)	100.00	( 398)	7,409	-	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (ABICO FS as investor)
Dongguan Ashine Precision Plastics Co., Ltd. (Note 2)	Manufacturing and sales of plastic products and molds	194,690	2	59,588	15,353	-	74,941	( 22,637)	100.00	( 23,472)	( 17,561)	-	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (Shine Trade as investor)

ABICO AVY Co., Ltd. and Its Subsidiaries  
Investment in Mainland China—Basic Information  
As at December 31, 2023

Table 8

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Investee Company	Main Business	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Profit (Loss) of Investee	Direct or Indirect Percentage of Ownership	Recognition of Investment Gains and Losses in the Current Period (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Remark
					Outward (Note 6)	Inward							
Ability International (Shanghai) Ltd.	Warehousing, wholesale, and international trade	\$ 15,353	2	\$ 13,925	\$ -	\$ -	\$ 13,925	(\$ 1,760)	24.79	(\$ 1,760)	\$ 6,173	\$ -	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (Ability as investor)
Abico (GuangZhou) International Tarding Co., Ltd	International trade	1,044	2	3,251	-	-	3,251	( 804)	24.79	( 804)	861	-	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (ABICO HK as investor)

Note1: Other than Jilin Province Can Fine Glasses Co., Ltd., DongGuan Best Achieve and Suzhou Seinoh Optical Co.,Ltd., the others are recognized in accordance with the valuation as per the financial statements as audited by accountants.

Note 2: Cumulative investment in DongGuan Ashine is \$194,690 (US\$6,340 thousand), which includes cash investment of \$143,868 (US\$4,685 thousand), and machinery investment of \$50,822 (US\$1,655 thousand).

Note 3: Cumulative investment in DongGuan Best Achieve is \$202,138 thousand (US\$6,450 thousand), which includes cash investment of \$170,321 thousand (US\$5,528 thousand), and machinery investment of \$31,817 thousand (US\$922 thousand).

Note 4: Cumulative investment in Best Select Suzhou is \$282,260 thousand (US\$9,000 thousand), which includes cash investment of \$278,521 thousand (US\$8,885 thousand), and machinery investment of \$3,739 thousand (US\$115 thousand).

Note 5: There are three types of investment:

1. Direct investment in Mainland China.
2. Invest in Mainland China via a third jurisdiction.
3. Other methods.

Note 6: On March 29, 2021 Gold Market Investments Ltd.'s board of directors approved, in order to optimize industrial capabilities and improve operational performance, a split-up of Dong Guan Cheng Guang Metal Products Co., Ltd. into three companies. Following the split-up, Dong Guan Cheng Guang Metal Products Co., Ltd. will survive with metal surface treatment processes as its main business; two other companies will be established, Dong Guan Cheng Guang Precision Industry Co., Ltd. and Dong Guan Cheng Guang Precision Industry Co., Ltd. Dong Guan Cheng Guang Precision Industry Co., Ltd.'s business focus will be metal manufacturing and processing, and Dong Guan Cheng Guang Trading Co., Ltd.'s business focus will be metal processing products trading. After the split-up, the three companies will have the same structure, each 100% owned by Gold Market investments Ltd. The relevant registration and licensing procedures have been completed. The cumulative capital remitted from Taiwan in this period, \$1,930,720, was remitted to Dong Guan Cheng Guang Metal Products Co., Ltd. before the split-up.

ABICO AVY Co., Ltd. and Its Subsidiaries  
Investment in Mainland China—Basic Information

As at December 31, 2023

Table 8

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Investee Company	Main Business	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Profit (Loss) of Investee	Direct or Indirect Percentage of Ownership	Recognition of Investment Gains and Losses in the Current Period (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Remark
					Outward (Note 6)	Inward							
Company Name	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023		Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amoun of Investment Stipulated by Investment Commission, MOEA									
ABICO AVY Co., Ltd.	\$	1,809,368	\$	1,809,368	\$	3,343,049							
AVY		183,140		183,140		576,431							
Ability I		14,565		14,639		126,549							
Jabon International (Note 7, 8)		591,927		635,229		-							
ABICO NetCom		239,630		262,652		591,382							
	\$	<u>2,838,630</u>	\$	<u>2,905,028</u>	\$	<u>4,637,411</u>							

Note 7: The difference between the accumulated investment amount remitted from Taiwan to the mainland at the end of the current period by Jabon International and the cumulative investment amount remitted from Taiwan at the end of the current period of 32,398 thousand (US\$1,046 thousand) is due to cumulative losses that arise from the liquidation of Qunsheng Powder Metallurgy Ltd. (Changshu) in 2007.

Note 8: Jabon International in April 2023 received the recognition documentation from the Ministry of Economic Affairs Industrial Development Bureau pursuant to the “Identification Regulations for Operational Headquarters”, the effective period is April 2023 to April 2026, therefore no limit applies.

ABICO AVY Co., Ltd. and Its Subsidiaries

Investments in the Mainland Area – Significant Transactions with Investee Companies In Mainland China, Either Directly or Indirectly Through a Third Area

As at December 31, 2023

Table 9

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Name of the z Invested Company in China	Sales (Purchase)		Property Transaction		Accounts Receivable (Payable)		Note Endorsements/Guarantees or Provision of Collateral		Financing Facility				
	Amount	%	Amount	%	Balance	%	Balance as at December 31, 2023	Purpose	Highest Balance	Balance as at December 31, 2023	Interest rate range	Current rate	Others
ART EMPIRE	(\$ 850,697)	(11)	\$ -	-	\$ 20,997	1	\$ -	-	\$ -	\$ -	-	\$ -	-

ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Major Shareholders  
As at December 31, 2023

Table 10

List of major shareholders	Shares	
	Shares Held	Shareholding Ratio
Abico International Co., Ltd.	22,095,328	13.07%
Ability Enterprise Co., Ltd.	17,264,223	10.21%

ABICO AVY Co., Ltd.  
Statement of Cash and Cash Equivalents  
December 31, 2023

Statement 1

Unit: NT\$ thousand

Item	Summary	Amount
Petty cash		\$ 100
Checking deposit		305
Demand deposit		
- NTD deposit		142,209
- Foreign-currency deposit	USD 1,187 thousand at an exchange rate of 1 USD to 30.705 NTD	36,455
	JPY 22,511 thousand at an exchange rate of 1 JPY to 0.217 NTD	4,889
	HKD 1,158 thousand at an exchange rate of 1 HKD to 3.929 NTD	4,549
Time deposits		
- Foreign-currency deposit	USD 1,050 thousand at an exchange rate of 1 USD to 30.705 NTD, interest rate 5.5%, with the maturity date on January 6, 2024	32,240
		\$ 220,747

ABICO AVY Co., Ltd.  
Statement of Changes in Investments Accounted For Using the Equity Method  
For the Year Ended December 31, 2023

Statement 2

Unit: NT\$ thousand

Name of investee	Opening balance		Increase during this period		Decrease during this period		Other adjustments	Investment income (loss) recognized for the current period	Exchange differences on translation of the financial statements of foreign operations	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	Remeasurement of defined benefit plans	Ending balance		Market price or net worth of equity		
	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount						Shareholding	Amount	Unit price	Total price	
Subsidiaries:																
AVY	59,598	\$ 966,139	-	\$ -	-	\$ -	\$ 1,010	\$ 3,649	(\$ 13,559)	\$ 456	\$ 813	59,598	100.00%	\$ 958,508	\$ 16.08	\$ 958,508
Gold Market	3,917	1,909,499	-	-	-	-	1,553	( 9,272)	( 29,512)	993	373	3,917	68.52%	1,873,634	478.33	1,873,634
Avy High Tech	6,776	293,454	-	-	-	-	-	6,215	( 139)	2	-	6,776	100.00%	299,532	44.20	299,532
Avy Technology	40	1,026	-	-	( 40)	( 1,049)	-	5	18	-	-	-	-	-	-	-
Ability I Venture Capital	15,180	95,035	11,629	75,589	-	-	( 753)	9,246	8	( 24)	-	26,809	85.30%	179,101	6.68	179,101
ABICO Optical	-	-	-	-	-	-	-	-	-	-	-	-	14.40%	-	-	-
Jabon International	83,079	1,611,062	-	-	( 54,600)	( 1,050,102)	20,824	( 21,414)	7,571	( 12,300)	3,480	28,479	100.00%	559,121	19.63	559,121
IKKA Holdings	4,000	243,066	-	-	-	( 11,961)	( 827)	15,984	( 7,669)	2,491	1,277	4,000	13.58%	242,361	60.59	242,361
ABICO NetCom	7,075	143,285	124	1,895	-	( 3,600)	539	( 5,863)	( 4,764)	( 651)	-	7,199	13.88%	130,841	18.17	130,841
Shine Trade	10	53	-	-	( 10)	37	-	( 91)	1	-	-	-	-	-	-	-
Seinoh Optical	1,462	9,287	-	-	-	-	-	( 1,601)	-	-	-	1,462	4.43%	7,686	5.26	7,686
Abico Capital	3,000	29,237	-	-	( 3,000)	( 30,000)	5,110	( 5,067)	-	720	-	-	-	-	-	-
Honlynn	3,500	48,707	-	-	-	( 3,220)	9	4,628	38	-	( 43)	3,500	14.46%	50,119	14.32	50,119
VIEWQUEST	836	50,986	14,600	146,000	-	( 1,000)	629	9,392	( 204)	( 851)	( 5)	15,436	100.00%	204,947	13.28	204,947
NENG DING	-	-	10	100	-	-	-	( 16)	-	-	-	10	100.00%	84	8.4	84
EKEEN PRECISION	-	-	14,000	1,018,691	-	-	-	( 584)	( 31,560)	16,289	-	14,000	93.33%	1,002,836	71.63	1,002,836

**ABICO AVY Co., Ltd.**  
**Statement of Changes in Investments Accounted For Using the Equity Method**  
**For the Year Ended December 31, 2023**

Statement 2

Unit: NT\$ thousand

Name of investee	Opening balance		Increase during this period		Decrease during this period		Other adjustments	Investment income (loss) recognized for the current period	Exchange differences on translation of the financial statements of foreign operations	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	Remeasurement of defined benefit plans	Ending balance		Market price or net worth of equity		
	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount						Shareholding	Amount	Unit price	Total price	
Affiliates:																
Ability Enterprise	28,591	\$ 463,745	230	\$ 5,486	-	(\$ 12,866)	\$ 1,093	\$ 27,331	(\$ 3,663)	\$ 9,022	(\$ 76)	28,821	10.02%	\$ 490,072	\$ 17.00	\$ 490,072
G-yen Hutong	956	31,695	-	-	-	( 574)	20	1,248	( 411)	182	-	956	6.79%	32,160	33.64	32,160
ABICO Asia	28,000	318,121	-	-	-	( 47,040)	55,145	( 7,969)	-	( 31,825)	-	28,000	18.16%	286,432	10.23	286,432
		<u>\$ 6,214,397</u>		<u>\$ 1,247,761</u>		<u>(\$1,161,375)</u>	<u>\$ 84,352</u>	<u>\$ 25,821</u>	<u>(\$ 83,845)</u>	<u>(\$ 15,496)</u>	<u>\$ 5,819</u>			<u>\$ 6,317,434</u>		<u>\$ 6,317,434</u>

Note 1: Investments held by the Company using the equity method were not pledged as collateral.

Note 2: The increase for this period includes the number of acquisitions and the figures obtained after the organizational restructuring of Jabon International and EKEEN PRECISION.

Note 3: The decrease for this period includes the number of sales, the cash dividends obtained from the investees, the capital returned from the investees to reduce capital during this period, and a decrease in the organizational restructuring of Jabon International and EKEEN PRECISION.

Note 4: In response to other adjustments made by AVY, the shares in the Company held by the parent and subsidiaries are regarded as the Company's treasury shares. Thus, for the cash dividends paid out by the Company to subsidiaries, "capital surplus- treasury stock" was adjusted for \$297, "undistributed earnings" was decreased by \$8 due to the treasury stock retired of subsidiary, and changes in the net worth of subsidiary's equity result in an increase of \$190 in "capital surplus" and an increase of \$531 in "undistributed earnings".

Note 5: Other adjustments made by Gold Market are a decrease of \$16 in "undistributed earnings" due to the treasury stock retired of subsidiary, and changes in the net worth of subsidiary's equity result in an increase of \$414 in "capital surplus" and an increase of \$1,155 in "undistributed earnings".

Note 6: Other adjustments made by Ability I Venture Capital are due to changes in the net worth of subsidiary's equity, so "capital surplus" was decreased \$753.

Note 7: Other adjustments made by Jabon International are due to changes in the net worth of subsidiary's equity, so "capital surplus" was adjusted for an increase of \$20,824.

Note 8: Other adjustments made by IKKA Holdings are due to changes in the net worth of the subsidiary's equity, so "capital surplus" was adjusted for a decrease of \$572, a decrease of \$56 in "undistributed earnings" base on the treasury stock retired by the subsidiary, and an adjustment of \$199 in "management expense" for the subsidiary's share-based payment transaction with the parent company.

Note 9: Other adjustments made by ABICO NetCom are due to changes in the net worth of the subsidiary's equity, so "capital surplus" was adjusted for an increase of \$610, and "undistributed earnings" was adjusted for a decrease of \$71.

Note 10: Other adjustments made by Abico Capital are that when the subsidiary disposed of financial assets at fair value through other comprehensive income, the cumulative gains previously recognized in other comprehensive income were reclassified to retained earnings, so "undistributed earnings" was adjusted for an increase of \$5,110.

Note 11: Other adjustments made by Honlynn are due to changes in the net worth of the subsidiary's equity, so "capital surplus" was adjusted for an increase of \$9.

Note 12: Other adjustments made by VIEWQUEST are due to changes in the net worth of the subsidiary's equity, so "capital surplus" was adjusted for an increase of \$629.

Note 13: Other adjustments made by Ability Enterprise are due to changes in the net worth of the subsidiary's equity, so "capital surplus" was adjusted for an increase of \$1,086 and the subsidiary's adjustment of restricted stock awards resulted in a change in the number of newly issued shares available. As a result, "undistributed earnings" was increased by \$7.

Note 14: Other adjustments made by G-YEN HUTONG are due to changes in the net worth of subsidiary's equity, so "capital surplus" was adjusted for an increase of \$20.

Note 15: Other adjustments made by ABICO Asia are that when the subsidiary disposed of financial assets at fair value through other comprehensive income, the cumulative gains previously recognized in other comprehensive income were reclassified to retained earnings, so "undistributed earnings" was adjusted for an increase of \$55,145.



ABICO AVY Co., Ltd.  
Statement of Short-Term Borrowings  
December 31, 2023

Statement 3

Unit: NT\$ thousand

<u>Types of borrowings</u>	<u>Description</u>	<u>Ending balance</u>	<u>Contract period</u>	<u>Interest rate range</u>	<u>Maximum financing amount</u>	<u>Collateral</u>	<u>Remarks</u>
Unsecured borrowings	Taiwan Cooperative Bank	\$ 23,500	2023.06.09-2024.06.08	1.80%	\$ 23,500	None	
Unsecured borrowings	Shanghai Commercial Bank	100,000	2023.08.25-2024.08.25	1.75%	100,000	"	
Unsecured borrowings	Cathay United Bank	100,000	2023.10.27-2024.01.26	1.77%	100,000	"	
Unsecured borrowings	CTBC Bank	40,000	2023.11.10-2024.02.07	1.90%	40,000	"	
Unsecured borrowings	CTBC Bank	97,500	2023.12.28-2024.03.28	1.90%	110,000	"	
Unsecured borrowings	Yuanta Commercial Bank	80,000	2023.11.29-2024.02.26	1.70%	80,000	"	
Unsecured borrowings	Far Eastern International Bank	70,000	2023.12.26-2024.03.25	1.85%	100,000	"	
Unsecured borrowings	First Commercial Bank	50,000	2023.12.28-2024.06.28	2.00%	50,000	"	
		<u>\$ 561,000</u>			<u>\$ 603,500</u>		

ABICO AVY Co., Ltd.  
Statement of Employee Benefits, Depreciation, Depletion, and Amortization Expenses During the Period by Function  
For the Year Ended December 31, 2023

Statement 4

Unit: NT\$ thousand

By nature \ By function	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary and wages	\$ 2,448	\$ 25,533	\$ 27,981	\$ 3,119	\$ 33,570	\$ 36,689
Labor and health insurance costs	236	1,458	1,694	286	1,496	1,782
Pension	131	759	890	168	732	900
Remuneration to directors	-	960	960	-	-	-
Other employee benefit expenses	86	914	1,000	115	805	920
Depreciation expense	-	2,418	2,418	-	2,408	2,408

Note:

1. The number of employees for this year and the prior year was 23 and 24, respectively, of which the number of directors who did not serve as employees concurrently was 6 in both years.
2. Companies whose stocks have been listed on TWSE or traded on TPEX shall disclose the information below additionally:
  - (1) The average employee benefit expense for this year was \$1,857 and that for the prior year was \$2,238.
  - (2) The average salary and wages for this year were \$1,646 and that for the prior year was \$2,038.
  - (3) The average employee salary decrease was 19.23%.
  - (4) The Company has established an Audit Committee, so there is no supervisors' remuneration.
  - (5) Please specify your company's remuneration policy (including directors, supervisors, managers, and employees).
    - A. Directors: As per the Articles of Incorporation, the Remuneration Committee shall draw up a distribution proposal based on the performance of the Board of Directors as a whole, the Company's operating performance, future operations, and risk appetite, and report it to the shareholders' meeting after it is approved by the resolution of the Board of Directors.
    - B. Managers: The Company determines the remuneration to managers according to the general salary level for the position in the industry, the scope of responsibility and duty for the position in the Company, and their contribution to the Company's business goals.

ABICO AVY Co., Ltd.  
Statement of Employee Benefits, Depreciation, Depletion, and Amortization Expenses During the Period by Function  
For the Year Ended December 31, 2023

Statement 4

Unit: NT\$ thousand

- C. Employee: The remuneration includes salary, executive differential pay, pension, and various bonuses. We provide reasonable remuneration based on the Company's overall operating performance as well as individuals' performance and their contribution to the Company. Moreover, we have established an Employee Welfare Committee to handle various activities, employee training courses, employee group insurance, and other benefits.

VI. Financial difficulties experienced by the Company and its affiliated companies in the most recent year or during the current year up to the date of publication of the annual report: None.

## Seven. Financial Position and Operating Performance Review Analysis and Risk Management

### I. Financial position

The main reasons for the material changes in assets, liabilities, and equity in the most recent two years, and the impact thereof, as well as a future response plan if the impact is significant:

Unit: NT\$ thousand; %

Item	Year		Difference	
	2022	2023	Amount	Increase/ Decrease(%)
Current assets	8,840,551	9,024,399	183,848	2.08
Property, plant and equipment	2,974,593	2,688,960	(285,633)	(9.60)
Intangible assets	165,854	162,275	(3,579)	(2.16)
Other assets	3,383,461	3,463,130	79,669	2.35
Total assets	15,364,459	15,338,764	(25,695)	(0.17)
Current liabilities	5,066,414	5,289,066	222,652	4.39
Non-current liabilities	2,841,732	2,573,438	(268,294)	(9.44)
Total liabilities	7,908,146	7,862,504	(45,642)	(0.58)
Share capital	1,699,640	1,689,590	(10,050)	(0.59)
Capital surplus	2,596,552	2,599,661	3,109	0.12
Retained earnings	1,394,903	1,665,288	270,385	19.38
Other adjustments to shareholders' equity	(271,778)	(377,077)	(105,299)	38.74
Treasury shares	(29,773)	(5,714)	24,059	(80.81)
Total equity attributable to owners of the parent	5,389,544	5,571,748	182,204	3.38
Non-controlling interests (including prior equity under the same ultimate parent company)	2,066,769	1,904,512	(162,257)	(7.85)
Total equity	7,456,313	7,476,260	19,947	0.27

- Reason for increase/decrease: (The increase/decrease in percentage is 10% or more, and the increase/decrease in amount reaches 1% of the total assets of the year)
  - Retained earnings: Mainly due to the profit from the disposal of Other comprehensive income based on Fair value measurement's Equity tools.
  - Other adjustments to shareholders' equity: Mainly due to the increase in the recognition of cumulative exchange rate conversion adjustments of the invested company due to exchange rate changes.
  - Treasury shares: Mainly due to the cancelation of Treasury shares.
- If any changes in assets, liabilities, or equity have a significant impact, please specify a future response plan: The increase/decrease in the total assets, total liabilities, or total equity did not exceed 20% between the two years, so it does not apply.

## II. Financial performance

### 1. Comparative analysis of financial performance

Unit: NT\$ thousand; %

Item \ Year	2022	2023	Increase/ Decrease (amount)	Increase/ Decrease (%)
Operating revenue	10,518,257	9,420,948	(1,097,309)	(10.43)
Operating cost	8,914,462	7,892,316	(1,022,146)	(11.47)
Gross profit	1,603,795	1,528,632	(75,163)	(4.69)
Operating expenses	1,587,521	1,516,670	(70,851)	(4.46)
Operating income	16,274	11,962	(4,312)	(26.50)
Non-operating income and expenses	160,202	219,258	59,056	36.86
Net income before tax	176,476	231,220	54,744	31.02
Income tax expense	150,018	113,439	(36,579)	(24.38)
Net income for this period	26,458	117,781	91,323	345.16

#### 1. Analysis of changes:

- (1) Operating revenue: Mainly due to the impact of the overall economic downturn in the first half of the year, and the end customers focus on destocking, resulting in a sharp decrease in orders.
- (2) Operating costs: Mainly due to the impact of the original supplies and the increase in labor costs.
- (3) Non-operating income and expenses: Mainly due to the increase in income from the valuation of financial products in accordance with fair value measurement and equity through profit and loss.
- (4) Net profit before tax and Net Profit: As a result of the above, net profit increased.

#### 2. Expected sales volume and its possible impact on the Company's future financial operations and response plans

We did not disclose the financial forecast for 2023, so we did not plan to disclose our estimated sales volume.

## III. Cash flow

### 1. The analysis of changes in the cash flow changes in the most recent year is described:

Unit: NT\$ thousand; %

Item \ Year	2022	2023	Increase/ Decrease (amount)	Change in proportion (%)
Net cash inflow (outflow) from operating activities	1,214,895	782,802	(432,093)	(35.57)
Net cash inflow (outflow) from investing activities	(681,875)	(161,191)	520,684	76.36
Net cash inflow (outflow) from financing activities	(396,085)	(540,196)	(144,111)	(36.38)
Increase (Decrease) in cash and cash equivalents for this period	86,850	61,282	(25,568)	(29.44)

- (1) Decrease in cash inflow from operating activities: Mainly due to the increase in fair value measurement financial Assets in the current period.
  - (2) Decrease in cash inflow from investing activities: Mainly due to the decrease in the acquisition of property, plant and equipment in the current period.
  - (3) Increase in cash outflow from financing activities: mainly due to Repayments of long-term debt in the current period.
  - (4) To sum up, cash and cash equivalents for this period decreased
2. Improvement plan for insufficient liquidity: N/A.
  3. Cash flow liquidity analysis (consolidated financial statements) for the upcoming year (2024)

Unit: NT\$ thousand

Opening balance of cash	Annual net cash flow of operating activities	Annual cash outflows	Cash flow surplus (deficit) amount	Remedial measures for cash flow deficit	
				Investment plan	Financial management plan
3,564,069	912,518	(736,011)	3,740,576	-	-
1. Analysis of the movement in the cash flow in the upcoming year: (1) Operating activities: Mainly due to the expected cash inflow from the Company's operational growth in 2024. (2) Investing activities: Mainly due to the cash outflow arising from the acquisition of assets. (3) Financing activities: Mainly due to the cash outflow from the repayment of loans and Cash dividends paid.					
2. Remedial measures for the estimated cash flow deficit and liquidity analysis: None					

IV. Influence of major capital expenditures on financial business in the most recent year: None.

V. Investment policy for the most recent year, the main reasons for profit or loss, an improvement plan, and an investment plan for the following year:

1. Investment policy:

The Group's investment policy is mainly focused on businesses related to the core business, and we will also formulate the Company's investment plan based on industry conditions and market trends.

When implementing the investment plan, the Group's execution departments follow the investment cycle under the internal control system and the Procedures for Asset Acquisition and Disposal. Relevant investment procedures and the regulations or systems adopted are discussed and approved by the board of directors or the shareholders' meeting.

2. The main reasons for the profit or loss on the investees in the most recent year and an improvement plan:

Unit: NT\$ thousand

Investee	Investment profit or loss for the most recent year	Principal business	Profit or loss and main reasons	Improvement plan	Other future investment plans
ABICO Asia Capital Corporation	(42,006)	Venture Investment	The equity invested is affected by sales or market prices.	N/A	None
Ability Enterprise Co., Ltd.	274,625	Digital cameras and optical products	Benefitted from the increase in the shipment frequency of several AI optical products.	Continue to develop AI products, image applications and new automotive self-driving products	None
G-YEN HUTONG CO., LTD.	17,740	Other catering industry	The peak season for dinner at the end of the year, the increase in revenue from various physical stores and the continuous growth of e-commerce business.	N/A	None
I lens International Co., Ltd.	(43,610)	Contact lens industry	The operation is still in the adjustment stage.	Actively develop the market and promote products, and strengthen the effectiveness of Inventories and the control of purchase volume.	None
Enertec Corporation	18	Investment in other businesses	Sales or market price valuation of the underlying equity of the investment.	N/A	None

3. Any investment plan for the coming year: None.

VI. Any risk events in the most recent year and up to the publication date of this annual report

1. Effects of changes in interest rates, foreign exchange rates and inflation on corporate finance, and future response measures:

To effectively control financial risks, maintain appropriate liquidity, and effectively measure and control business risks, the Company adopts different control strategies for different risks with appropriate consideration for the economic environment, external competition, and market- risks. The details of the strategies are as follows:

(1) Exchange rate risks

The Group's operating bases are widely distributed, so the fair value of its export sales and purchases is affected by various currencies and will change with market exchange rate fluctuations, mainly in US dollars and RMB. At

present, due to the proper financial operation of foreign currency assets and liabilities, it is expected that no significant market risk will arise. After that, considering that many transactions involve foreign currency transactions, in order to effectively control the exchange rate risk, the Group tries to use the same currency for transactions when buying and selling goods. When quoting with customers, the price difference caused by exchange rate changes will also be considered together to achieve the principle of natural hedging. The Group will also maintain a close and good relationship with financial institutions, collect and monitor exchange rate changes at any time, and minimize exchange rate risks.

## (2) Interest rate risks

The Group's interest rate risk arises from the bank borrowings. Borrowings taken out at floating rates expose the Group to the cash flow interest rate risk, and part of the risk is offset by cash and cash equivalents held at floating rates. Borrowings taken out at fixed rates expose the Group to the fair value interest rate risk.

The Group simulated various solutions and analyzed the interest rate risks thereof by considering refinancing, renewal of the existing positions, and other available financing and hedging strategies, to calculate the impact of changes in specific interest rates on our profit and loss. For each simulation scenario, we adopted the same movement for the rates of all currencies. These simulation scenarios are applied to the significant positions of interest-bearing liabilities.

## (3) Inflation

According to the annual growth rate of 2.5% of the consumer price index for 2023 issued by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, the inflation pressure has gradually slowed down compared to last year, and the international Supplies price has dropped. In 2023, the Central Bank of Taiwan will continue to tighten monetary policy to suppress inflation; In response to international trends, the Company will increase interest rates and deposit reserve ratios. In the foreseeable future, it is estimated that inflation will not cause any significant impact on the Company.

2. Policies, main causes of gain or loss and future response measures with respect to high-risk, high-leveraged investments, lending or endorsement guarantees, and derivatives transactions:
  - (1) The Group handles all investment matters in accordance with the "Procedures for Acquisition or Disposal of Assets"
  - (2) The Group follows "Procedures for Endorsement and Guarantee" and "Procedures for Lending Funds to Other Parties" to handle matters related to endorsement and guarantee and loans to other parties.
  - (3) The companies within the Group provide endorsement and guarantee and funds to Bank loan, which has no profit or loss. In addition, the Company and its subsidiaries have not engaged in high-risk, high-leverage and derivative commodity transactions.



3. Future R&D plan and estimated R&D expenses:

Regarding metal processing products and plastic products, our R&D team has always adhered to the principle of mastering advanced technology and creating competitive advantages, and has continuously improved process capabilities, increased production efficiency, and increased product added value. We actively import Japanese technology patents, apply plastic forming and metal combination technology to metal CNC manufacturing process, with a metal appearance and a plastic inner structure, supplemented by a more diverse high-gloss 3D surface treatment process. Not only can it meet the increasingly complex design needs of customers, but it can also highlight the uniqueness of products, and at the same time, it is more competitive in price and market.

Regarding electric tools and powder metallurgy, aiming at the existing motor drive gearbox product line, we further enhance the research and development capabilities and the vertical integration capabilities of upstream and downstream, with a view to a more complete and complete electric tool machine product line project. We provide customers with one-time sales and service capabilities, enhance the corporate image of professional product value-added marketing and internationalization, and at the same time operate emerging markets and strengthen business development capabilities.

Regarding precision plastic injection products, we will develop towards auto parts and components, and gradually increase the proportion of revenue from auto and motorcycle parts products to provide diversified product and service items. In response to the trend of autonomous driving of automobiles, the development of high value-added parts related to electronic control of automotive parts is also expected.

4. The influence of the changes in important policies and regulatory environment at home or abroad on the Company's financial business, and countermeasures:

The Company and our subsidiaries operate business in accordance with applicable laws and regulations at home and abroad and pay close attention to the changes in critical policies and laws at home and abroad at any time to make plans and respond in a timely manner. It is expected that the Company's finance will not be affected adversely in the future due to such changes.

5. The influence of changes in technology and the industry as well as the cyber security risk on the Company's financial business and countermeasures:

In the mainstream direction of 3C products, with the trend led by major brands, ultra-thin, high-precision and quality, etc., we continue to improve our R & D capabilities and production equipment to meet customer needs, closely cooperate with brand manufacturers, and provide customers with a full range of services, maintain our competitive advantage, and create a win-win situation. To maximize shareholders' profits, we put forth following measures to enhance the Company's performance and increase the company's profits to maintain a stable financial structure.

- (1) Improve production process efficiency and yield to maintain competitive advantage.

- (2) Accelerate the development of main products to be produced in the future in response to price trends.
- (3) Expand business opportunities other than existing customers and reduce the risk of reliance.
- (4) Reinvestment in related process technology integration to reduce costs and improve competitiveness.
- (5) Actively seek joint development direction and opportunities with strategic partners.
- (6) Regarding information security risks, the Group has not suffered any losses caused by major information security incidents in the most recent year and up to the date of publication of the annual report. The Group has established a cyber security incident management specification to set up the incident level, notification and handling procedures.

6. The influence of a change in corporate image on corporate crisis management and countermeasures:

In the most recent year and as of the publication date of the annual report, the Group has not encountered any crisis due to changes in corporate image. The Group is committed to maintaining its corporate image and complying with the relevant laws and regulations. If there is any incident that affects the corporate image or violates laws and regulations, a project team will be formed to formulate countermeasures.

7. Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken:

The Group did not have any M&A plans during the most recent year and up to the publication date of this annual report. If there is an M&A plan, we will carefully evaluate and consider the overall synergy from the M&A to safeguard shareholders' equity.

8. Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be take:

The Company and the subsidiary are committed to maintaining its corporate image and complies with applicable laws and regulations. In the case of any incident that affects the corporate image or in violation of laws and regulations, we will form a task force to formulate countermeasures. As of the date of publication. There was no incident that affected the corporate image.

9. Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration:

(1) Purchase

The Group avoids a single source/supplier for each major item to be purchased, except for those who supply products with unique quality or who are certified by clients. Overall, the Group works with many suppliers for the main raw materials needed for production; compares prices, analyzes product quality, and negotiates with new suppliers to control the risk of supplier concentration.

(2) Sales

The Company's sources of purchase are decentralized. There are no suppliers accounting for more than 10 percent of the total purchase amount in 2022 and 2023, and there is no concentration of a single supplier. The Company has a good relationship with each supplier, and under a long-term stable cooperative relationship, to ensure the stability of the source of supply of the original Supplies.

In addition, in 2022, the Company did not have a customer whose net revenue accounted for more than 10% of the net sales of the period total, and there was no single customer who accounted for more than 30% of the current revenue; In 2023, there is a customer that accounts for more than 10% of the net sales of the period total net revenue, but there is no single customer that accounts for more than 30% of the current revenue, so there should be no concentration of sales.

In addition to actively maintaining positive partnerships with the existing clients, the Company strives to develop new clients and new businesses to expand the revenue scale and reduce our dependence on a single client.

10. Effect upon and risk to the company in the event a major quantity of shares belonging to director, a supervisor, or major shareholders in which the company holds more than 10 percent of the shares has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:

There have been no major transfers of shares of Director or major shareholders with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

11. Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.

12. Court cases or non-contentious cases:

Any court case, non-contentious case, or administrative proceedings with the final ruling made or still in court with the result thereof may significantly affect shareholders' equity or stock price:

- (1) Jabon International, a subsidiary of the Company, was approved by the shareholders' meeting to merge with Abico Avy Co., Ltd. (formerly known as AVY PRECISION TECHNOLOGY INC.) on March 27, 2019. Hanlong Co., Ltd., Chung-Chuan Wu, and Hsueh-Ju Shen requested the Company to repurchase 1,886,252 shares, 500,684 shares and 1,004,814 shares held by them, respectively, at the then fair values of NT\$20.5 and NT\$21 per share, respectively, but Jabon International believed that the closing price of the stock on the day the shareholders' meeting approving the merger should be adopted, that is NT\$17.45 per share. Both parties could not reach a consensus after negotiation. The Company applied for

the court's ruling on the purchase price of said shares as per law. After the case was heard by the Taiwan Hsinchu District Court (Case No.: 2019-Si No. 12), it ruled on December 30, 2019 that purchase price should be NT\$21 per share. However, the Company refused to accept the ruling and filed an interlocutory appeal in accordance with the law. However, the collegial panel of the Taiwan Hsinchu District Court of the second instance ruled that the appeal was rejected on September 28, 2020 (Case No.: 2020-Kang No. 21). The Company filed a further appeal in accordance with the law. The court, i.e. Taiwan High Court, ruled to abandon the above second-instance ruling and returned it to the court of second instance for a retrial (Case No.: 2021-Kang-Geng-I No. 1). On January 21, 2022, the Taiwan Hsinchu District Court ruled that the purchase price was NT\$21 per share.

- (2) Former employee Gukou OO (hereinafter referred to as Gukou) forged the transaction documents for outsourcing services from April 2013 to September 2018, causing the company to believe that he had outsourced design services to Japanese manufacturers, but actually embezzled company cash for Gukou, resulting in events that affect the company's financial and business conditions. The amount paid by IKKA in Japan was 40,470,624 yen. This event also made IKKA in Japan been punished for a fine of 20,565,315 yen by the National Taxation Bureau of Japan. IKKA in Japan requested a total of 61,035,939 yen in damages from Gukou. This case was ruled by the Utsunomiya District Court on August 24, 2022, and the former employee Gukou paid a total of 27,800,000 yen in damages to IKKA in Japan, and settled this case.
- (3) The claimant Lu, Zutong, a former employee, filed an application for arbitration against IKKA Technology DongGuan Co., Ltd. to the Shilong Arbitration Tribunal of Dongguan Labor and Personnel Dispute Arbitration Institute regarding unpaid wages and compensation for illegal termination of the labor contract. Lu, Zutong claimed that IKKA Technology DongGuan Co., Ltd. should pay him RMB 95,838.12 in compensation for illegal termination of labor relationship and RMB 2,679.49 in wages, totaling RMB 98,517.61. The Shilong Arbitration Tribunal of Dongguan Labor and Personnel Dispute Arbitration Institute rejected all the arbitration claims of the claimant.
- (4) Honlynn Co., Ltd., a subsidiary of the Company, claims against DingChen System Co., Ltd. for NT \$607 thousand (100% allowance for bad debts has been set aside), which has obtained the court's distribution of more than NT \$9 thousand and NT \$598 thousand for compulsory enforcement. The case has been closed by the Taiwan New Taipei District Court with the issuance of a debt certificate under 2018 Si-Zhi-Zi No. 80399. In 2021, the former employee stolen NT \$8,762 thousand (100% allowance for bad debts already provided) of Inventories and filed an appeal in accordance with the law. The case is currently being heard by the court (Case No.: 2021 Chien Zi No. 1665).

Based on the assessment of the above lawsuits, we have determined that they will not cause a significant impact on our financial position and business, and the result has been determined, so they should not have a significant impact on our shareholders' equity or affect our stock trading price.

13. Other important risks and countermeasures: None.

VII. Other important matters: None.

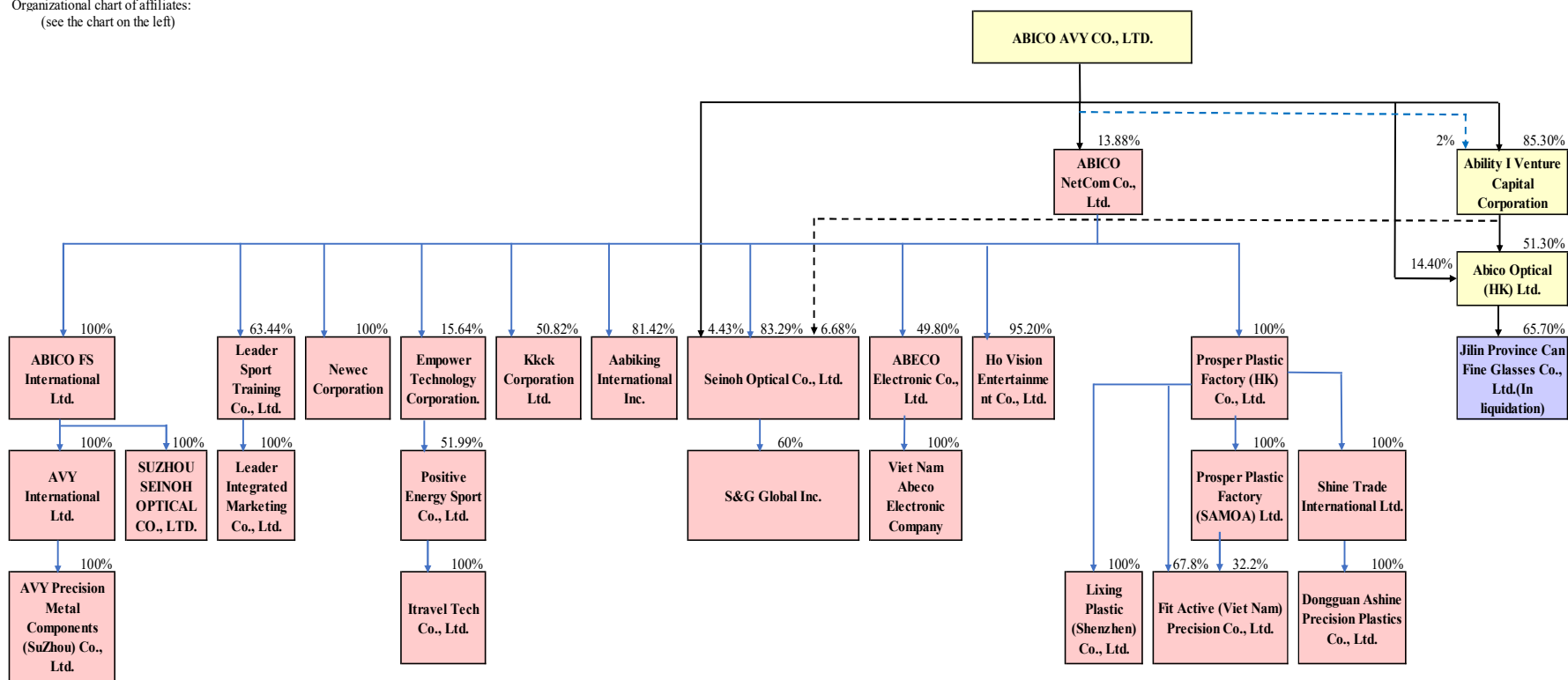
## Eight. Special Matters

### I. Relevant information on affiliates

#### (I) Business affiliation report of affiliates (record date: December 31, 2023)

##### 1. Organizational chart of affiliates:

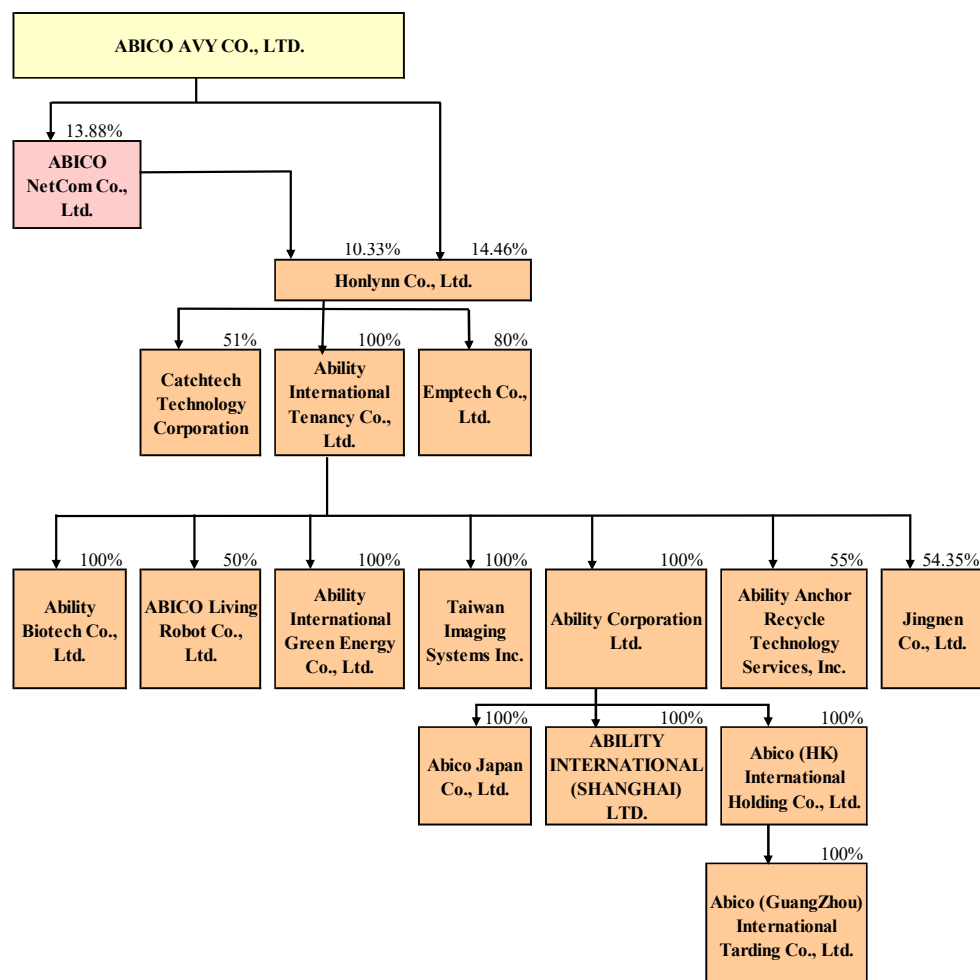
Organizational chart of affiliates:  
(see the chart on the left)



(I) Business affiliation report of affiliates (record date: December 31, 2023)

1. Organizational chart of affiliates:

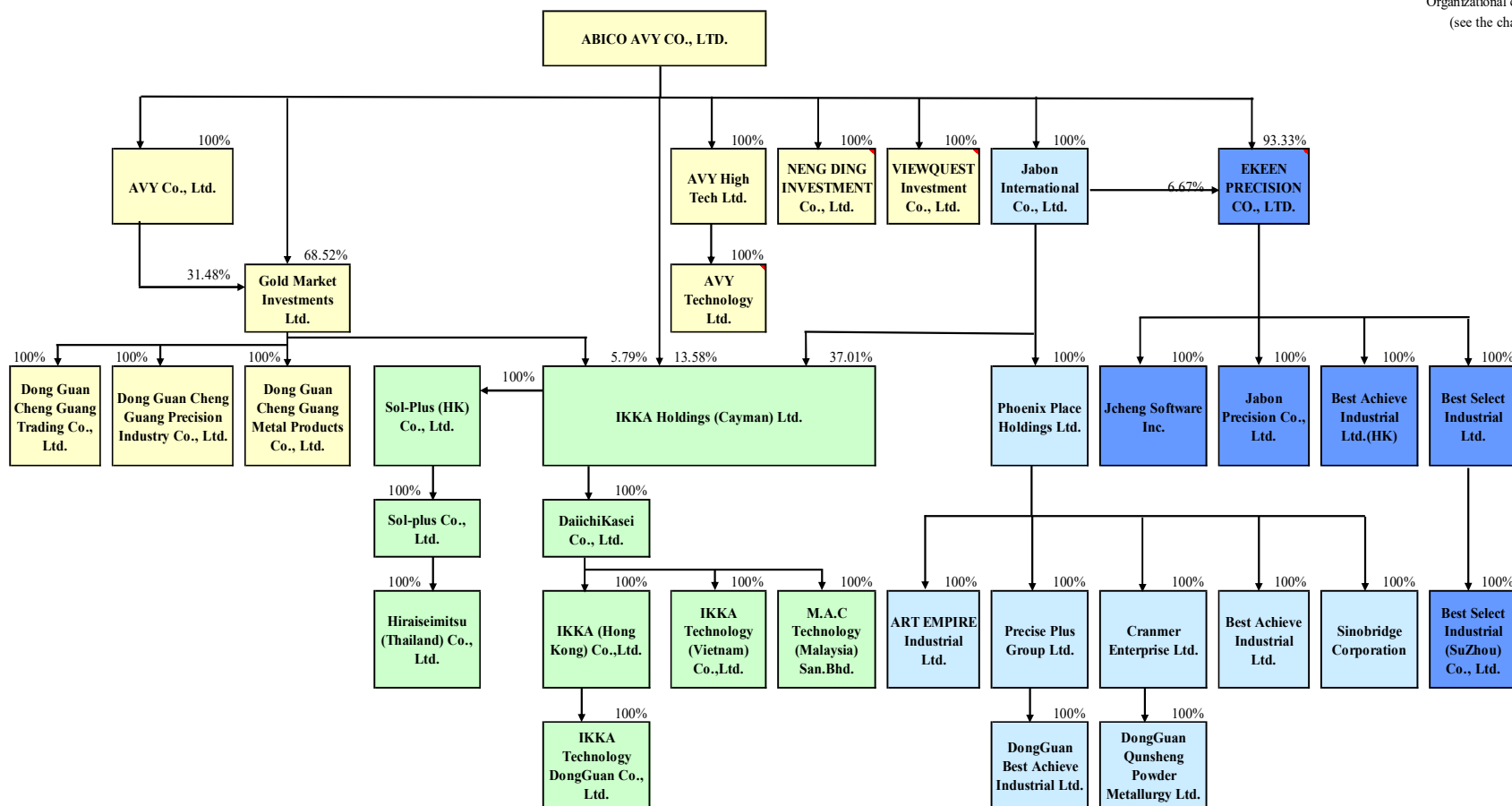
Organizational chart of affiliates:  
(see the middle chart)



(I) Business affiliation report of affiliates (record date: December 31, 2023)

1. Organizational chart of affiliates:

Organizational chart of affiliates:  
(see the chart on the right)





2. The name, address, paid-in capital, and business scope of each affiliate:

Each affiliate's basic information

Unit: In thousand of NTD/USD/CNY/HKD/JPY/THB

Name	Date of Registration	Address	Paid-in capital	Main business scope or items produced
AVY Co., Ltd.	64.05.03	No. 56, Sec. 2, Yatan Rd., Tanzi Dist., Taichung City	595,976	Manufacturing and sales of optical instruments, electronic products and components, and precision molds
Gold Market Investments LTD.	89.04.03	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD5,717	Investment in other businesses and trade
Dong Guan Cheng Guang Metal Products Co., Ltd.	89.08.01	Xintang Management District, Houjie Town, Dongguan City, Guangdong Province	RMB55,000	Parts and accessories of electronic products and cameras
AVY Technology LTD.	95.08.11	Portcullis Chambers, P.O. Box 1225, Apia, Samoa	USD40	Investment in other businesses and trade
AVY High Tech LTD.	96.10.26	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD6,776	Investment in other businesses and trade
Ability I Venture Capital Corporation	100.10.13	10 F., No. 101, Fuxing N. Rd., Songshan Dist., Taipei City	283,342	Venture Investment
Jabon International Co., Ltd.	65.12.09	No. 3-1, Shengkengzi, Beishan Vil., Guanxi Township, Hsinchu County	284,793	R&D, processing, manufacturing, and sales of metallurgical products such as shafts and bearings, mechanical components and magnetic materials for automobiles and scooters, electronic components, and precision ceramics.
ABICO NetCom Co., Ltd.	82.06.29	13 F.-1, No. 27, Ln. 169, Kangning St., Xizhi Dist., New Taipei City	518,543	Sales of business equipment components, electronic components, and optoelectronic products
Abico Optical (HK) Ltd.	102.10.17	Room 1204, Yu Sung Boon Bldg., 107-111 Des Voeux Road Central, Hong Kong	HKD10	Investment in other businesses and trade
SOL-PLUS(HK) CO., LIMIED	108.07.10	Flat/RM A 12F ZJ 300, 300 Lockhart Road, Wan Chai, Hong Kong	USD7,000	Investment in other businesses and trade
SOL-PLUS CO., LTD.	55.09.03	22-9 Hirai Hinodemachi Nishitamagun Tokyo, JAPAN	JPY50,000	Manufacturing and sales of plastic products and molds
HIRASEIMITSU (THAILAND) CO., LTD.	84.08.08	600/37 Moo 11, Sukhapiban 8 Road, Nongkham, Sriracha, Chonburi 20230.	THB250,000	Manufacturing and sales of plastic products and molds
Phoenix Place Holdings Ltd.	90.09.01	British Virgin Islands	USD10,150	Investment in other businesses

Name	Date of Registration	Address	Paid-in capital	Main business scope or items produced
Jabon Precision Co., Ltd.	99.01.29	No. 8, Minyou Rd., Tongluo Industrial Park, Tongluo Township, Miaoli County	1,000	Manufacturing of industrial plastic products, aluminum casted and magnesium casted items, as well as computer and peripheral parts and molds.
EKEEN PRECISION CO., LTD.	101.07.05	No. 3-1, Shengkengzi, Beishan Vil., Guanxi Township, Hsinchu County	150,000	R&D, processing, and sales of metallurgical products such as shafts and bearings, mechanical components and magnetic materials for automobiles and scooters, electronic components, and precision ceramics.
Jcheng Software Inc.	105.10.11	No. 3-1, Shengkengzi, Guanxi Township, Hsinchu County	2,000	Electronics Components Manufacturing, Computer and Peripheral Equipment Manufacturing, Data Storage Media Manufacturing and Duplicating, and Automatic Control Equipment Engineering.
Best Select Industrial Ltd.	90.09.01	British Virgin Islands	USD9,050	Investment in other businesses
Cranmer Enterprises Ltd.	89.12.01	British Virgin Islands	USD7,450	Investment in other businesses
Best Achieve Industrial Ltd.	91.07.01	British Virgin Islands	USD493	Trade
Precise Plus Group Ltd.	92.07.01	British Virgin Islands	USD2,650	Investment in other businesses
Sinobridge Corporation.	92.03.01	Samoa	USD350	Trade
DaiichiKasei Co.,Ltd.	52.02.22	154, Shimokoyama, Shimotsuke Shi, Tochigi Ken, 329-0502, Japan	JPY310,000	Import, export, manufacturing, and sales of plastic parts and products, transportation, storage, and warehousing management of automobiles, insurance agency, real estate trading, as well as leasing and management business
M.A.C Technology(Malaysia)San.Bhd	81.02.21	Lot 16, Jalan Bunga Tanjung 2 Senawang Industrial Park 70400 Seremban Negeri Sembilan Darul Khusus	MYR41,665	The assembly of CD and CD ROM, computer printers, electronic and industrial precision ceramics and molds, and plastic injection components for the electronic and camera industries
IKKA Technology(Vietnum)Co.,Ltd.	97.06.16	Lot 6.3, Tan Truong Industrial Zone Cam Giang, Hai Duong, Vietnam	USD2,500	Production, operation, and processing of plastic and metal parts commonly used in automobiles, scooters, and office equipment

Name	Date of Registration	Address	Paid-in capital	Main business scope or items produced
IKKA(Hong Kong)Co.,Ltd.	84.11.07	UNIT 1507C, 15/F, EASTCORE 398 KWUN TONG ROAD KWUN TONG KL	HKD80,067	Investment in other businesses and trade
DongGuan Qunsheng Powder Metallurgy Ltd.	90.12.26	Wusha Sixth Industrial Zone, Zhenan Avenue, Changan Town, Dongguan City, Guangdong Province	USD6,450	Production and sales of powder metallurgy products and assembly of transmission
DongGuan Best Achieve Industrial Ltd.	95.01.26	No. 17 Haibin Road, Wusha Sixth Industrial Zone, Zhenan Avenue, Changan Town, Dongguan City, Guangdong Province	USD2,600	Production and sales of power tools and relevant spare parts
Best Select Industrial (SuZhou) Co., Ltd.	94.09.01	No. 40, Hudang Road, Caohu Street, Xiangcheng Economic Development Zone, Suzhou	USD9,000	Production and research and development of non-ferrous metal composite materials, new alloy materials, and relevant products and sales of self-produced products
IKKA Technology DongGuan Co., Ltd.	98.07.13	No. 15, Shihong Information Industrial Land, Xihu District, Shilong Town, Dongguan City, China	USD4,500	Production and sales of precision plastic parts, hardware parts, bearings, and molds
ABICO FS International Ltd.	94.07.12	Maystar Chambers, P.O. Box 3269, Apia, Samoa	USD10,000	Investment in other businesses
ABECO Electronic Co., Ltd.	99.07.02	13 F.-2, No. 27, Ln. 169, Kangning St., Xizhi Dist., New Taipei City	94,962	Distribution of electronic components
Ho Vision Entertainment Co., Ltd.	100.07.20	13 F.-2, No. 27, Ln. 169, Kangning St., Xizhi Dist., New Taipei City	5,000	Sales of peripheral products in the entertainment industry
Prosper Plastic Factory (HK) Co., Ltd.	82.06.08	Room 1618, Star House, 3 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong	USD5,050	Plastics business
Seinoh Optical Co., Ltd.	96.09.07	No. 102, Wugong Rd., Wugu Dist., New Taipei City	330,000	Manufacturing and sales of contact lenses
Positive Energy Sport Co., Ltd.	105.10.13	13 F.-1, No. 27, Ln. 169, Kangning St., Xizhi Dist., New Taipei City	28,440	Sales and wholesale of sporting goods
Honlynn Co., Ltd.	71.03.02	6 F., No. 114, Wugong 2nd Rd., Wugu Dist., New Taipei City	242,000	Sales of computer peripheral consumables
AVY International Ltd.	93.11.08	Le Sanalele Complex, Gold-In Chambers, Vaea Street, Apia, Samoa	USD4,098	Investment in other businesses and trade
Fit Active (Viet Nam) Precision Co., Ltd.	94.01.06	No. 20, Guangming Industrial Park, Mai Ling County, Hanoi City, Vietnam	HKD58,713	Manufacturing and processing of steel molds, aluminum molds, copper-aluminum stamped products, and optoelectronic parts
SHINE TRADE INTERNATIONAL LIMITED	93.10.19	Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD2,000	Manufacturing and sales of plastic products and molds

Name	Date of Registration	Address	Paid-in capital	Main business scope or items produced
Prosper Plastic Factory (SAMOA) Ltd.	104.01.30	Le Sanalele Complex, Gold-In Chambers, Vaea Street, Apia, Samoa	USD1,692	Investment in other businesses
Viet Nam Abeco Electronic Co.	105.05.27	2F, Building A, 8 km, Me Linh Plaza Trade Center, Shenglong-Neipai Expressway, Guangming Town, Muling County, Hanoi City, Vietnam	USD1,800	Distribution of electronic components
Itravel Tech Co., Ltd.	95.04.17	2 F., No. 129, Guangming 9th Rd., Doulun Vil., Zhubei City, Hsinchu County	7,900	Wholesale and retail of cloth, garments, and clothing
Ability International Tenancy Co., Ltd.	87.08.29	2 F., No. 37, Dongxing Rd., Xinyi Dist., Taipei City	120,000	Trading, rental and maintenance of office machinery and office furniture
Emptech Co., Ltd.	106.11.14	6 F., No. 114, Wugong 2nd Rd., Wugu Dist., New Taipei City	5,000	Computer equipment installation and wholesale of precision instruments and information software
Taiwan Imaging Systems Inc.	72.08.26	4 F.-2, No. 356, Sec. 5, Nanjing E. Rd., Songshan Dist., Taipei City	20,000	Trading, maintenance, and rental of microform and consumables
Jingnen Co., Ltd.	80.10.28	No. 413, Sec. 2, Jiankang Rd., South Dist., Tainan City	18,400	Trading, rental and maintenance of office machinery and office furniture
Ability Corporation Ltd.	106.06.08	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD800	Investment in other businesses
Dongguan Ashine Precision Plastics Co., Ltd.	101.11.23	Room 202, Building 1, No. 305 Chung Pak Road Liaobu Town, Dongguan City, Guangdong Province	USD6,341	Manufacturing and retail of electronic components and molds
Lixing Plastic (Shenzhen) Co., Ltd.	83.08.09	1F-4F, No. 101, Building 4, Tianliao, Tianliao Community, Yutang Street, Guangming District, Shenzhen City	USD5,600	Production of plastic parts, such as computers
AVY Precision Metal Components (SuZhou) Co., Ltd.	90.01.12	No. 7, Chunqiu Road, Panyang Industrial Park, Xiangcheng District, Suzhou City	USD4,100	Processing of dies and manufacturing of precision molds
SUZHOU SEINOH OPTICAL CO., LTD.	104.05.13	No. 7, Chunqiu Road, Panyang Industrial Park, Xiangcheng District, Suzhou City	USD750	Wholesale and import and export of contact lens
ABILITY INTERNATIONAL (SHANGHAI) LTD.	106.11.24	Room 579, Building 1, No. 2 Tongji Road, Baoshan District, Shanghai	USD500	Warehousing, wholesale, and international trade
Ability Biotech Co., Ltd.	107.04.27	14 F., No. 665, Bannan Rd., Zhonghe Dist., New Taipei City	10,000	Wholesale and retail of medical devices, household appliances, and supplies
IKKA Holdings(Cayman) Limited	105.03.31	P.O.Box472,2nd.Floor,Harbour Place,103 South Church Street George Town KY1-1106,Grand Cayman,Cayman Islands.	294,524	Investment in other businesses

Name	Date of Registration	Address	Paid-in capital	Main business scope or items produced
Ability Anchor Recycle Technology Services, Inc.	108.09.18	2 F., No. 39, Dongxing Rd., Xinyi Dist., Taipei City	12,000	Wholesale of machines
Abico (GuangZhou) International Tarding Co., Ltd.	93.02.03	Room 2805B13, No. 140-148 Eastern Road, , Tianhe District, Guangzhou City	USD34	International trade
ABICO (H.K.) INTERNATIONAL HOLDING COMPANY LIMITED	90.10.10	UNITS 3&5 7/F, LAWS COMMERCIAL PLAZA ,NO.788 CHEUNG SHA WAN ROAD, K. L., HONG KONG	HKD750	Investment in other businesses
Jilin Province Can Fine Glasses Co., Ltd.	102.09.04	No. 101, Building C and D, Taohuayuan, Yatai Garden, Dongsheng Street, Erdao District, Changchun	RMB7,400	Sales of medical devices
Best Achieve Industrial Ltd.(Hong Kong)	108.08.01	Kiu Fu Commercial Building, 300-306 Lockhart Road, Wan Chai, Hong Kong	USD50	Trade
ART Empire Industrial Ltd.	108.08.28	HongKong	USD50	Trade
Catchtech Technology Corporation	103.10.21	6 F., No. 114, Wugong 2nd Rd., Wugu Dist., New Taipei City	2,000	Information software services
Aabiking International Inc.	105.03.17	13 F.-2, No. 27, Ln. 169, Kangning St., Xizhi Dist., New Taipei City	45,000	Bicycle business
Abico Japan Co., Ltd.	109.08.20	13F, Pacific Century Place 1-11-1 Marunouchi, Chiyoda-ku, Tokyo, 100-6213 Japan	JPY20,000	Trade
ABICO Living Robot Co., Ltd.	109.11.24	4 F.-2, No. 356, Sec. 5, Nanjing E. Rd., Songshan Dist., Taipei City	2,800	Electric Appliance Installation
Empower Technology Corporation.	79.12.03	3 F., No. 31, Kezhong Rd., Zhunan Township, Miaoli County	289,503	Electronic parts
Newec Corporation	108.04.15	13 F., No. 27, Ln. 169, Kangning St., Xizhi Dist., New Taipei City	50,000	Electronic information services
Ability International Green Energy Co., Ltd.	110.08.09	4 F.-2, No. 356, Sec. 5, Nanjing E. Rd., Songshan Dist., Taipei City	5,000	Lighting Equipment Manufacturing
Kkck Corporation Ltd.	105.07.26	5 F., No. 552, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City	30,500	Cosmetics
Dong Guan Cheng Guang Precision Industry Co., Ltd.	110.12.28	Building 2, No. 272, Kangle South Road, Houjie Town, Dongguan City, Guangdong Province	RMB128,952	Parts and accessories of electronic products and cameras
Dong Guan Cheng Guang Trading Co., Ltd.	110.12.28	Building 2, No. 272, Kangle South Road, Houjie Town, Dongguan City, Guangdong Province	RMB200,000	Parts and accessories of electronic products and cameras

Name	Date of Registration	Address	Paid-in capital	Main business scope or items produced
VIEWQUEST Investment Co., Ltd.	105.04.21	10 F., No. 101, Fuxing N. Rd., Songshan Dist., Taipei City	154,360	Venture Investment
S&G Global Inc.	111.11.09	5 F., No. 102, Wugong Rd., Wugu Dist., New Taipei City	3,000	Wholesale and retail of medical equipment and glasses
Leader Sport Training Co., Ltd.	110.07.12	13 F., No. 27, Ln. 169, Kangning St., Xizhi Dist., New Taipei City	7,800	Sports training industry
Leader Integrated Marketing Co., Ltd.	103.05.13	13 F., No. 27, Ln. 169, Kangning St., Xizhi Dist., New Taipei City	1,000	Sports training industry
NENG DING INVESTMENT Co., Ltd.	112.11.17	10 F., No. 101, Fuxing N. Rd., Songshan Dist., Taipei City	100	Venture Investment

3. Information on the shareholders shared by those presumed to be controlling and controlled companies: None.

4. The industries covered by the business operated by the affiliates overall: electronic components, automotive electronic components, entertainment peripherals, business machines, contact lenses, sporting goods, and beauty and skin care products.

5. Information on directors, supervisors, and general managers of each affiliate

Unit: thousand shares; %

Name	Title	Name or Representative	Shareholding	
			Number of shares (thousand shares)	Shareholding
AVY Co., Ltd.	Chairman	ABICO AVY CO., LTD. Representative: Chun-Jen Tong	59,598	100.00%
	Director	ABICO AVY CO., LTD. Representative: Chun-Yi Tong, Che-Yi Chou		
	Supervisor	ABICO AVY CO., LTD. Representative: Chu-Chen Chiang		
Gold Market Investments LTD.	Director	Ching-Hsi Tong	5,717	100.00%
	Director	Ching-Hsiung Tong		
	Director	Yi-Nai Tung		
	Director	Chun-Jen Tong		
	Director	Chun-Yi Tong		

Name	Title	Name or Representative	Shareholding	
			Number of shares (thousand shares)	Shareholding
Dong Guan Cheng Guang Metal Products Co., Ltd.	Chairman	Gold Market Investments Ltd. -Representative: Chun-Yi Tong	242,440 (註 1)	100.00%
	Director	Gold Market Investments Ltd. - Representatives: Chih-Hsiung Lee and Chun-Jen Tong		
	General Manager	Chih-Hsiung Lee		
	Supervisor	Hong-Bin Yang		
Dong Guan Cheng Guang Precision Industry Co., Ltd.	Chairman	Gold Market Investments Ltd. -Representative: Chun-Yi Tong	568,421 (註 1)	100.00%
	Director	Gold Market Investments Ltd. - Representatives: Chih-Hsiung Lee and Chun-Jen Tong		
	General Manager	Chih-Hsiung Lee		
	Supervisor	Hong-Bin Yang		
Dong Guan Cheng Guang Trading Co., Ltd.	Chairman	Gold Market Investments Ltd. -Representative: Chun-Yi Tong	881,600 (註 1)	100.00%
	Director	Gold Market Investments Ltd. - Representatives: Chih-Hsiung Lee and Chun-Jen Tong		
	General Manager	Chih-Hsiung Lee		
	Supervisor	Hong-Bin Yang		
AVY Technology LTD.	Director	Ching-Hsiung Tong	40	100.00%
	Director	Chun-Jen Tong		
	Director	Chun-Yi Tong		
AVY High Tech LTD.	Director	Ching-Hsi Tong	6,776	100.00%
	Director	Ching-Hsiung Tong		
	Director	Chun-Jen Tong		
	Director	Chun-Yi Tong		
VIEWQUEST Investment Co., Ltd.	Chairman	ABICO AVY CO., LTD. Representative: Chun-Jen Tong	15,436	100.00%
NENG DING INVESTMENT Co., Ltd.	Chairman	ABICO AVY CO., LTD. Representative: Chun-Jen Tong	10	100.00%
Ability I Venture Capital Corporation	Chairman	ABICO AVY CO., LTD. Representative: Chun-Yi Tong	24,169	85.30%
	Director	ABICO AVY CO., LTD. Representative: Chun-Yi Tong		
	Supervisor	ABICO AVY CO., LTD. Representative: Chun-Jen Tong, Shiang-Chi Hu	3,031	10.70%

Name	Title	Name or Representative	Shareholding	
			Number of shares (thousand shares)	Shareholding
Abico Optical (HK) Ltd.	Director	Ability Enterprise Co., Ltd. Representative: Chu-Chen Chiang	144	14.40%
Jabon International Co., Ltd.	Chairman	Shiang-Chi Hu	28,479	100.00%
	Director	ABICO AVY CO., LTD. Representative: Shiang-Chi Hu		
	Director	ABICO AVY CO., LTD. Representative: Chun-Jen Tong		
	Director	ABICO AVY CO., LTD. Representative: Chun-Yi Tong		
	Supervisor	ABICO AVY CO., LTD. Representative: Chao-Yu Yang		
Phoenix Place Holdings Ltd.	Director	ABICO AVY CO., LTD. Representative: Che-Yi Chou	10,150	100.00%
Best Achieve Ind Ltd.	Director	Phoenix Place Holdings Ltd-Chao-Yu Yang.	493	100.00%
Cranmer Enterprisr Ltd.	Director	Phoenix Place Holdings Ltd-Chao-Yu Yang.	7,450	100.00%
Precise Plus Group Ltd.	Director	Phoenix Place Holdings Ltd-Chao-Yu Yang.	2,650	100.00%
Sinobridge Corporation.	Director	Phoenix Place Holdings Ltd-Chao-Yu Yang.	350	100.00%
ART Empire Industrial Ltd.	Director	Phoenix Place Holdings Ltd-Shiang-Chi Hu.	50	100.00%
IKKA Holdings(Cayman)Limited.	Chairman	ABICO AVY CO., LTD. Representative: Shiang-Chi Hu	16,607	56.38%
	Director	ABICO AVY CO., LTD. Representative: Chun-Jen Tong		
	Director	ABICO AVY CO., LTD. Representative: Chun-Yi Tong		
	Director	ABICO AVY CO., LTD. Representative: MASAMI OBARA		
	Director	Shanshan Jinping	0	0.00%
	Director	YUYA TAKAHASHI	0	0.00%
	Independent Director	Wei-Yu Chen	0	0.00%
	Independent Director	Tien-Sung Lin	0	0.00%
Independent Director	Che-Sheng Chen	0	0.00%	



Name	Title	Name or Representative	Shareholding	
			Number of shares (thousand shares)	Shareholding
DaiichiKasei Co.,Ltd.	Chairman Director Director Director Director Supervisor	MASAMI OBARA CHU CHIH,TA-NAN Chun-Jen Tong Chun-Yi Tong Shiang-Chi Hu Chao-Yu Yang	64	100.00%
M.A.C Technology(Malaysia)San.Bhd.	Chairman Director Director Director	Shiang-Chi Hu Chih-Liang Hsu Chao-Yu Yang Ren Xiren	41,665	100.00%
IKKA Technology(Vietnum)Co.,Ltd.	Chairman Director Director Supervisor	HIROSHI AOKI MASAMI OBARA CHU CHIH,TA-NAN Xiwei Shengwu Shang-Lin	2,500	100.00%
IKKA(Hong Kong)Co.,Ltd.	Director	Shiang-Chi Hu	80,067	100.00%
DongGuan Qunsheng Powder Metallurgy Ltd.	Chairman Director Director	Cranmer Enterprises Ltd-Chao-Yu Yang. Cranmer Enterprises Ltd-Hsi-Jen Jen Cranmer Enterprises Ltd-Shuo-Yen Chiang	6,450	100.00%
DongGuan Best Achieve Industrial Ltd.	Chairman Director Director	Precise Plus Group Ltd-Chao-Yu Yang. Precise Plus Group Ltd-Hsi-Jen Jen Precise Plus Group Ltd-Shuo-Yen Chiang	2,600	100.00%
IKKA Technology DongGuan Co., Ltd.	Chairman Director Director Director Supervisor	KATSUMI NAKAGAWA MASAMI OBARA CHU CHIH,TA-NAN Si, Nai-Li Shiang-Chi Hu Shang-Lin Lin	8,000	100.00%

Name	Title	Name or Representative	Shareholding	
			Number of shares (thousand shares)	Shareholding
Sol-Plus(HK)Co.,Ltd.	Director Director Director	Chun-Jen Tong Chun-Yi Tong Shiang-Chi Hu	7,000	100.00%
Sol-Plus Co.,Ltd.(Sol-Plus JP)	Director Director Director Director Director Director Supervisor	HIROSHI YOSHIDA YASUNORI HIRATA Chun-Jen Tong Chun-Yi Tong Shiang-Chi Hu TAKEKI MIZOGUCHI MASAMI OBARA Che-Yi Chou	3,404,019	100.00%
Hiraiseimitsu (Thailand) Co., Ltd.	Chairman Director Director Director Director Director Director Director Director	YASUNORI HIRATA Chun-Jen Tong Chun-Yi Tong Shiang-Chi Hu HIROSHI YOSHIDA TAKEKI MIZOGUCHI Yamaguchi Yoshida Yoshida MASAMI OBARA Tsai-Fa Hung	2,500	100.00%
EKEEN PRECISION CO., LTD.	Chairman Director Director Supervisor	Jabon International Co., Ltd Representative: Shiang-Chi Hu Jabon International Co., Ltd Representative: Chao-Yu Yang Jabon International Co., Ltd Representative: Che-Yi Chou ABICO AVY CO., LTD. Representative: Chun-Jen Tong	1,000 14,000	6.67% 93.33%
Jabon Precision Co., Ltd.	Chairman Director Director Supervisor	EKEEN PRECISION CO., LTD. Representative: Shiang-Chi Hu EKEEN PRECISION CO., LTD. Representative: Chao-Yu Yang EKEEN PRECISION CO., LTD. Representative: Che-Yi Chou EKEEN PRECISION CO., LTD. Representative: Shuo-Yen Chiang	100	100.00%

Name	Title	Name or Representative	Shareholding	
			Number of shares (thousand shares)	Shareholding
Jcheng Software Inc.	Chairman	EKEEN PRECISION CO., LTD. Representative: Shiang-Chi Hu	200	100.00%
	Director	EKEEN PRECISION CO., LTD. Representative: Chao-Yu Yang		
	Director	EKEEN PRECISION CO., LTD. Representative: Li, Ying-Sung		
	Supervisor	EKEEN PRECISION CO., LTD. Representative: Shuo-Yen Chiang		
Best Achieve Ind Ltd.(Hong Kong)	Director	EKEEN PRECISION CO., LTD. Representative: Chao-Yu Yang	50	100.00%
Best Select Ind.Ltd.	Director	EKEEN PRECISION CO., LTD. Representative: Chao-Yu Yang	9,050	100.00%
Best Select Industrial (SuZhou) Co., Ltd.	Director	Best Select Ind.Ltd-Chao-Yu Yang.	9,000	100.00%
	Director	Best Select Ind.Ltd-Shuo-Yen Chiang		
	Director	Best Select Ind.Ltd-ANPEI CHA		
ABICO FS International Ltd	Director	ABICO NetCom Co., Ltd. Representative: Shiang-Chi Hu	10,000	100.00%
AVY International Ltd	Director	ABICO FS International Ltd Representative: Shiang-Chi Hu	5,000	100.00%
AVY Precision Metal Components (SuZhou) Co., Ltd.	Director	AVY International Ltd Representative: Shiang-Chi Hu	Captial contribution USD10,523	100.00%
	Director	MASAMI OBARA		
	Director and General Manager	KATSUMI NAKAGAWA		
SUZHOU SEINOH OPTICAL CO., LTD.	Director	ABICO FS International Ltd Representative: Chih-Hsiung Liu	Captial contribution USD750	100.00%
	Supervisor	Ju-Hsia Huang	0	0.00%
Prosper Plastic Factory (HK) Co., Ltd.	Director	ABICO NetCom Co., Ltd. Representative: TAKEKI MIZOGUCHI	Captial contribution HKD5,050	100.00%
	Director	ABICO NetCom Co., Ltd. Representative: Shiang-Chi Hu		
	Director	ABICO NetCom Co., Ltd. Representative: Chih-Hsiung Liu		
	Director and General Manager	ABICO NetCom Co., Ltd. Representative: Tsai-Fa Hung		

Name	Title	Name or Representative	Shareholding	
			Number of shares (thousand shares)	Shareholding
Lixing Plastic (Shenzhen) Co., Ltd	Director	Prosper Plastic Factory (HK) Co., Ltd. Representative: Shiang-Chi Hu	Captial contribution HKD30,660 & USD2,223	100.00%
	Supervisor	Chih-Hsiung Liu	0	0.00%
	General Manager	Tsai-Fa Hung	0	0.00%
PROSPER PLASTIC FACTORY (SAMOA) LIMITED	Director	Prosper Plastic Factory (HK) Co., Ltd. Representative: Shiang-Chi Hu	1,692	100.00%
Fit Active (Viet Nam) Precision Co., Ltd.	Director	Prosper Plastic Factory (HK) Co., Ltd. Representative: Shiang-Chi Hu	Captial contribution USD2,000	100.00%
	General Manager	Po-Fong Huang	0	0.00%
SHINE TRADE INTERNATIONAL LIMITED	Director	Prosper Plastic Factory (HK) Co., Ltd. Representative: Shiang-Chi Hu	Captial contribution USD4,717	100.00%
Dongguan Ashine Precision Plastics Co., Ltd.	Director	SHINE TRADE INTERNATIONAL LIMITED Representative: Shiang-Chi Hu	Captial contribution USD2,441	100.00%
	General Manager	Tsai-Fa Hung	0	0.00%
Kkck Corporation Ltd.	Director and General Manager	ABICO NetCom Co., Ltd. Representative: Shiang-Chi Hu	1,550	50.82%
	Director	ABICO NetCom Co., Ltd. Representative: Chih-Hsiung Liu		
	Director	Tun-Tzu Sun	113	3.69%
	Supervisor	Xinkai Zeng	491	16.09%

Name	Title	Name or Representative	Shareholding	
			Number of shares (thousand shares)	Shareholding
Empower Technology Corporation.	Director and General Manager	ABICO NetCom Co., Ltd. Representative: Shiang-Chi Hu	4,527	15.64%
	Director	ABICO NetCom Co., Ltd. Representative: Mike Sung		
	Director	Shen Guo Ying	983	3.39%
	Director	Sheng-Che Chueh	1,295	4.47%
	Independent Director	Yu-Wen Wang	0	0.00%
	Independent Director	Chih-Mao Lin	0	0.00%
	Independent Director	Xiaochun Yuan	0	0.00%
Newec Corporation	Director and General Manager	ABICO NetCom Co., Ltd. Representative: Shiang-Chi Hu	5,000	100.00%
Ho Vision Entertainment Co., Ltd.	Director	ABICO NetCom Co., Ltd. Representative: Shiang-Chi Hu	476	95.20%
	Director	ABICO NetCom Co., Ltd. Representative: Chien-Ho Cheng		
	Director and General Manager	Ming-Yi Li	12	2.40%
	Supervisor	ITORCTEC Technology Co., Ltd. Representative: Zhi Guo Wang	12	2.40%
Aabiking International Inc.	Director	ABICO NetCom Co., Ltd. Representative: Shiang-Chi Hu	3,664	81.41%
	Director	ABICO NetCom Co., Ltd. Representative: Chun-Jen Tong		
	Director	ABICO NetCom Co., Ltd. Representative: Chun-Fa Chen		
	Supervisor	Wei-Chyun, Yan	118	2.62%
	General Manager	Chih-Yu Chiang	0	0.00%
Positive Energy Sport Co., Ltd.	Director	Empower Technology Corporation. Representative: Shiang-Chi Hu	1,478	51.99%
	Director	Empower Technology Corporation. Representative: Chih-Hsiung Liu		
	Director and General Manager	Empower Technology Corporation. Representative: Shih-Fang Hsiao		
	Supervisor	Representative: Kai-Hsuan Shih	97	3.41%

Name	Title	Name or Representative	Shareholding			
			Number of shares (thousand shares)	Shareholding		
Itravel Tech Co., Ltd.	Director and General Manager	Positive Energy Sport Co., Ltd. Representative: Shih-Fang Hsiao	790	100.00%		
	Director	Positive Energy Sport Co., Ltd. Representative: Shiang-Chi Hu				
	Director	Positive Energy Sport Co., Ltd. Representative: Chih-Hsiung Liu				
	Supervisor	Positive Energy Sport Co., Ltd. Representative: Wang Yunfei				
ABECO Electronic Co., Ltd.	Director	ABICO NetCom Co., Ltd. Representative: Shiang-Chi Hu	4,729	49.80%		
	Director and General Manager	ABICO NetCom Co., Ltd. Representative: Fang-Jui Hsu				
	Director	Sfi Electronics Technology Inc. Technology Co., Ltd. Representative: Ching-Hung Lien			930	9.80%
	Director	Ever Ohms Technology Co., Ltd. Representative: Chan, Ching-Huei			930	9.80%
	Director	Li-Hua Wang			0	0.00%
	Supervisor	Powerleader Capital Consulting Corp. Representative: Chih-Hsiung Liu			97	1.02%
VIET NAM ABECO ELECTRONIC COMPANY	Director	Abeco International Co., Ltd. Representative: Shiang-Chi Hu	Capital contribution USD1,800	100.00%		
Seinoh Optical Co., Ltd.	Director and General Manager	ABICO NetCom Co., Ltd. Representative: Shiang-Chi Hu	27,487	83.29%		
	Director	ABICO NetCom Co., Ltd. Representative: Chun-Jen Tong				
	Director	ABICO NetCom Co., Ltd. Representative: Chun-Yi Tong				
	Director	ABICO NetCom Co., Ltd. Representative: Che-Yi Chou				
	Director	ABICO NetCom Co., Ltd. Representative: Wang Zhi Guo				
	Supervisor	ABICO AVY CO., LTD. Representative: Chu-Chen Chiang			1,462	4.43%
S&G Global Inc.	Director and General Manager	Seinoh Optical Co., Ltd. Representative: Shiang-Chi Hu	180	60.00%		
	Director	Seinoh Optical Co., Ltd. Representative: Wang, Yu-Chi				
	Director	Representative: Dong Xiaoqing			120	40.00%
	Supervisor	Chih-Hsiung Liu			0	0.00%

Name	Title	Name or Representative	Shareholding	
			Number of shares (thousand shares)	Shareholding
Leader Sport Training Co., Ltd.	Director	ABICO NetCom Co., Ltd. Representative: Shiang-Chi Hu	495	63.44%
	Director	ABICO NetCom Co., Ltd. Representative: Chih-Hsiung Liu		
	Director and General Manager	Fan Baolian	162	20.77%
	Supervisor	Yao-Yu Wu	23	2.88%
Leader Integrated Marketing Co., Ltd.	Director and General Manager	Leader Sport Training Co., Ltd. Representative: Fan, Pao-Lien	Capital contribution NTD1,000	100.00%
Ability International Tenancy Co., Ltd.	Chairman	Hsiao-Chi Chang	12,000	100.00%
	Director	Chun-Jen Tong		
	Director	Yao-Jen Chang		
	Supervisor	Hsiao-Ju Huang		
Taiwan Imaging Systems Inc.	Chairman	Yao-Jen Chang	2,000	100.00%
	Director	Shi Mei-Hui		
	Director	Hsiao-Ju Huang		
	Supervisor	Mei-Ling Wu		
Jingnen Co., Ltd.	Chairman	Yincheng Chen	1	54.35%
	Director	Hsiao-Chi Chang		
	Director	Chun-Jen Tong		
	Supervisor	Hsiao-Ju Huang		
Ability Biotech Co., Ltd.	Chairman	Hsiao-Chi Chang	1,000	100.00%
	Director	Yao-Jen Chang		
	Director	Hsiao-Ju Huang		
	Supervisor	Mei-Ling Wu		

Name	Title	Name or Representative	Shareholding	
			Number of shares (thousand shares)	Shareholding
Ability Anchor Recycle Technology Services, Inc.	Chairman Director Director Supervisor	Hsiao-Chi Chang Yao-Jen Chang IKARI TAKASHI Hsiao-Ju Huang	660	55.00%
ABICO Living Robot Co., Ltd.	Chairman Director Director Director Director Supervisor Supervisor	Hsiao-Chi Chang Yao-Jen Chang Yoshihiko Uyama Mitsukoshi Kung Tadashi Miyama Ando SATO Hsiao-Ju Huang	280	50.00%
Ability International Green Energy Co., Ltd.	Chairman Director Director Supervisor	Hsiao-Chi Chang Yao-Jen Chang Hsiu-Chun Pan Hsiao-Ju Huang	500	100.00%
Ability Corporation Ltd.	Director Director	Yao-Jen Chang Mei-Ling Wu	Captial contribution USD800	100.00%
ABILITY INTERNATIONAL (SHANGHAI) LTD.	Representative Supervisor	Yao-Jen Chang Mei-Ling Wu	Captial contribution USD500	100.00%
Abico (HK) International Holding Co., Ltd.	Director	Hsiao-Chi Chang	Captial contribution HKD750	100.00%
Abico (GuangZhou) International Tarding Co., Ltd.	Representative	Yao-Jen Chang	Captial contribution USD34	100.00%



Name	Title	Name or Representative	Shareholding	
			Number of shares (thousand shares)	Shareholding
Abico Japan Co., Ltd.	Representative	Fujisaki Noboru	Capital contribution JPY20,000	100.00%
Honlynn Co., Ltd.	Chairman	Hsiao-Chi Chang	0	
	General Manager and Director	Chao-Pi Lin	1,802	7.44%
	Director	Chun-Jen Tong	0	0.00%
	Director	Chun-Yi Tong	0	0.00%
	Director	Chao-Chih Lin	688	2.84%
	Supervisor	Yao-Jen Chang	0	0.00%
	Supervisor	Hung-Jung Chang	0	0.00%
Emptech Co., Ltd.	Person in charge	Chi-Feng Wei	100	20%
	Director	Hsiao-Chi Chang	0	0.00%
	Director	Chao-Pi Lin	0	0.00%
	Supervisor	Hsiao-Ju Huang	0	0.00%
Catchtech Technology Corporation	Person in charge	LIN, RUEI-CHUN	Capital contribution NTD980	49%
	Representative	Chao-Pi Lin		0.00%

Note 1: The companies in China are not incorporated with shares, so the amounts of capital are presented instead.

## 6. Overview of affiliates' operations

Unit: NT\$ thousand

Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Profit or loss for this period (after tax)	Earnings (loss) per share (NT\$) (after tax)
AVY Co., Ltd.	595,976	1,012,499	51,781	960,718	60,428	3,995	3,945	0.07
Gold Market Investments LTD.	175,533	2,748,115	30,317	2,717,798	0	(26,054)	(13,532)	(1.62)
AVY High Tech LTD.	208,057	305,673	6,141	299,532	0	(8,163)	6,215	0.92
AVY Technology LTD.	1,228	1,037	0	1,037	0	0	11	0.28
Jabon International Co., Ltd.	284,793	1,460,051	450,139	1,009,912	1,088,994	(37,433)	(21,414)	(0.27)
Ability I Venture Capital Corporation	283,342	212,306	1,391	210,914	0	(1,824)	12,586	0.38
ABICO NetCom Co., Ltd.	518,543	1,202,363	523,360	679,003	7,782	(25,555)	(42,640)	(0.82)
ABICO Optical (HK) Ltd.	36,894	2,047	40	2,007	0	(41)	(32)	(4.56)
Dong Guan Cheng Guang Metal Products Co., Ltd.	242,440	445,756	296,275	149,481	0	(46,670)	(3,679)	—
VIEWQUEST Investment Co., Ltd.	154,360	206,063	1,066	204,997	0	(3,038)	9,392	11.23
Dong Guan Cheng Guang Precision Industry Co., Ltd.	568,421	556,831	21,952	534,879	211,428	(67,943)	(26,295)	—
Dong Guan Cheng Guang Trading Co., Ltd.	881,600	876,132	794	875,338	0	11,747	7,170	—
NENG DING INVESTMENT Co., Ltd.	100	84	0	84	0	(17)	(16)	(1.65)
Phoenix Place Holdings Ltd.	329,322	535,132	0	535,132	0	0	(26,191)	(2.58)
Best Achieve Ind Ltd.	25,802	0	0	0	0	(1)	(2)	(0.00)
Cranmer Enterprisr Ltd.	231,791	301,866	48,441	253,425	0	0	(11,351)	(1.52)
ART Empire Industrial Ltd.	1,510	507,212	496,503	10,709	973,787	401	507	10.14
Precise Plus Group Ltd.	83,972	169,498	47,836	121,662	0	0	2,825	1.07
Sinobridge Corporation.	11,316	281,952	132,617	149,335	0	0	(106)	(0.30)
IKKA Holdings (Cayman) Limited	294,524	3,847,941	2,049,393	1,798,548	3,645,414	176,028	119,162	3.99

Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Profit or loss for this period (after tax)	Earnings (loss) per share (NT\$) (after tax)
DaiichiKasei Co., Ltd.	627,091	2,680,462	1,172,607	1,507,855	1,570,911	137,148	173,220	2,703.14
M.A.C Technology (Malaysia) San. Bhd.	380,603	161,587	37,620	123,967	187,974	(18,643)	(18,555)	(0.45)
IKKA Technology(Vietnam)Co.,Ltd.	58,346	566,388	145,795	420,593	764,091	81,875	65,514	26.21
IKKA(Hong Kong)Co.,Ltd.	292,545	562,782	83,834	478,948	286,128	7,551	31,866	—
Sol Plus Co.,Ltd (JP)	191,587	266,457	120,740	145,717	153,177	114,947	4,891	—
Sol Plus(HK)co.,ltd	282,535	207,527	743	206,784	0	1,597	6,794	—
Hiraseimitsu (Thailand) Co., Ltd.	250,708	298,069	250,964	47,105	403,058	37,158	(1,650)	—
DongGuan Qunsheng Powder Metallurgy Ltd.	202,138	376,496	129,954	246,542	294,804	(9,445)	(11,350)	—
DongGuan Best Achieve Industrial Ltd.	83,863	609,537	487,992	121,545	1,000,567	5,442	2,823	—
IKKA Technology DongGuan Co., Ltd.	232,837	700,985	349,790	351,195	840,844	36,289	22,223	—
Best Select Industrial Ltd.	283,917	282,507	0	282,507	0	0	(38,316)	(4.23)
Best Achieve Industrial Ltd.(HK)	1,510	260,628	259,639	989	929,046	(508)	(273)	(5.46)
Best Select Industrial (SuZhou) Co., Ltd.	282,260	409,004	126,497	282,507	304,380	(40,991)	(38,316)	0.00
Jabon Precision Co., Ltd.	1,000	69,371	89,409	(20,038)	68,513	(14,199)	(15,853)	(158.53)
EKEEN PRECISION CO., LTD.	150,000	1,139,239	595,338	543,901	1,161,943	78,825	28,514	1.90
Jcheng Software Inc.	2,000	7,634	3,057	4,577	9,426	1,986	1,995	9.98
ABICO FS International Ltd	307,050	277,732	978	276,754	7,719	3,379	5,276	—
AVY International Ltd	153,525	213,506	2,565	210,941	0	(38)	3,047	—
AVY Precision Metal Components (SuZhou) Co., Ltd.	125,891	248,626	41,138	207,488	234,534	10,754	9,166	—
SUZHO SEINOH OPTICAL CO., LTD.	23,029	8,235	826	7,409	1,399	(667)	(398)	—
Prosper Plastic Factory (HK) Co., Ltd.	155,060	564,674	160,108	404,566	319,378	8,250	17,554	—

Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Profit or loss for this period (after tax)	Earnings (loss) per share (NT\$) (after tax)
Lixing Plastic (Shenzhen) Co., Ltd.	171,948	362,559	45,440	317,119	464,546	33,917	48,108	—
PROSPER PLASTIC FACTORY (SAMOA) LIMITED	51,953	55,568	1,603	53,965	0	(4,193)	(1,810)	—
Fit Active (Viet Nam) Precision Co., Ltd.	290,162	203,298	31,384	171,914	228,404	1,868	7,345	—
SHINE TRADE INTERNATIONAL LIMITED	61,410	75,418	87,611	(12,194)	23,261	(23,146)	(22,637)	—
Kkck Corporation Ltd.	30,500	16,952	1,937	15,016	8,643	(4,473)	(4,357)	(1.43)
Empower Technology Corporation.	289,503	172,915	25,196	147,719	115,070	2,248	6,472	0.22
Newec Corporation	50,000	14,060	1,810	12,251	874	(3,143)	(2,999)	(0.60)
Ho Vision Entertainment Co., Ltd.	5,000	8,091	3,913	4,178	8,921	(103)	(67)	(0.13)
Aabiking International Inc.	45,000	47,456	40,023	7,432	14,013	(7,262)	(7,870)	(1.75)
Positive Energy Sport Co., Ltd.	28,440	76,021	48,232	27,790	155,868	7,753	4,289	1.51
Itravel Tech Co., Ltd.	7,900	28	0	28	0	0	0	0.00
ABECO Electronic Co., Ltd.	94,962	489,931	290,094	199,837	762,177	63,244	45,802	4.82
VIET NAM ABECO ELECTRONIC COMPANY	49,734	49,558	9,848	39,710	30,049	(3,340)	(4,079)	—
Seinoh Optical Co., Ltd.	330,000	246,679	73,163	173,516	103,339	(34,189)	(36,129)	(1.09)
S&G GLOBAL INC	3,000	3,370	1,425	1,945	29	(1,230)	(981)	(3.27)
Leader Sport Training Co., Ltd.	7,800	13,583	16,875	(3,292)	6,760	(6,421)	(12,036)	(15.43)
Leader Integrated Marketing Co., Ltd.	1,000	55	3,373	(3,318)	2,097	(1,406)	109	—
Honlynn Co., Ltd.	242,000	1,111,304	764,699	346,605	1,306,851	40,494	31,991	1.32
Ability International Tenancy Co., Ltd.	120,000	529,021	319,962	209,059	374,418	8,583	299	0.02
Emptech Co., Ltd	5,000	8,085	2,396	5,689	11,523	5,967	5,029	10.06
Catchtech Technology Corporation	2,000	4,352	2,051	2,301	6,655	(267)	(202)	—
Taiwan Imaging Systems Inc.	20,000	60,617	22,495	38,122	53,657	9,396	7,661	3.83

Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Profit or loss for this period (after tax)	Earnings (loss) per share (NT\$) (after tax)
Jingnen Co., Ltd.	18,000	33,301	11,356	21,945	46,124	2,113	1,674	0.93
Ability Biotech Co., Ltd.	10,000	20,416	10,498	9,918	9,112	1,338	1,100	1.10
Ability Anchor Recycle Technology Services, Inc.	12,000	4,846	208	4,638	230	(675)	(652)	(0.54)
ABICO Living Robot Co., Ltd.	2,800	2,444	40	2,404	15	(43)	(68)	(0.24)
Ability International Green Energy Co., Ltd.	5,000	4,951	34	4,917	105	50	75	0.15
Ability Corporation Ltd.	22,144	3,030	0	3,030	0	(36)	(10,692)	(4.83)
ABICO (H.K.) INTERNATIONAL HOLDING COMPANY LIMITED	2,662	7,351	350	7,001	0	0	(1,440)	(2.39)
Abico Japan Co., Ltd.	4,810	12,696	23,453	(10,758)	7,939	(6,092)	(7,465)	—
ABILITY INTERNATIONAL (SHANGHAI) LTD.	13,840	6,118	(54)	6,173	557	(1,749)	(1,759)	—
Abico (GuangZhou) International Tarding Co., Ltd.	941	917	65	852	0	0	(804)	—

Note: The exchange rates in the balance sheet are as follows: 1 USD = 30.7050 NTD; 1 RMB = 4.3270 NTD; 1 HKD = 3.9290 NTD; 1 JPY = 0.2172 NTD

Note: The exchange rates in the income statement are as follows: 1 USD = 31.1548 NTD; 1 RMB = 4.3954 NTD; 1 HKD = 3.9794 NTD; 1 JPY = 0.2221 NTD

(II) Consolidated financial statements of affiliates

ABICO AVY Co., Ltd. and Its Subsidiaries

Representation Letter

The affiliates that are required to be included in the Company's consolidated financial statements as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10. In addition, the information required to be disclosed in the combined financial statements of affiliates is included in said consolidated financial statements. Consequently, a separate set of combined financial statements of affiliates will not be prepared.

Sincerely,

Name of company: ABICO AVY Co., Ltd.

Person in Charge: Chun-Jen Tong

March 27, 2024

(III) Affiliation report: N/A.

II. Private placement of securities in the most recent year up to the publication date of this annual report: None.

III. Subsidiaries holding or disposing of the Company's shares in the most recent year up to the publication date of this annual report:

Unit: NT\$ thousand; shares; %

Name of subsidiary	Paid-in capital	Sources of funds	The Company's shareholding	Date of acquisition or disposal	Number and amount of shares acquired	Number and amount of shares disposed of	Investment profit or loss	The number and amount of shares held as of the publication date of this annual report	Pledging of shares	Amount of endorsements/guarantees provided by the Company to subsidiaries	Amount of loans provided by the Company to subsidiaries
AVY Co., Ltd.	595,976	Self-owned funds	0	2004	5,017,000 shares; \$50,170 thousand	0	0	5,017,000 shares; \$50,170 thousand	0	0	0
			100%	As of the publication date of this annual report	We received the 2006 stock dividends of 155,462 shares in 2007; the 2007 stock dividends of 202,823 shares in 2008; the 2008 stock dividends of 136,052 shares in 2009; the 2010 stock dividends of 34,316 shares in 2011; the 2014 stock dividends of 64,858 shares in 2015; the 2016 stock dividends of 44,122 shares in 2017; the 2017 stock dividends of 91,259 shares in 2018; the 2018 stock dividends of 43,575 shares in 2019; and the 2019 stock dividends of 19,406 shares in 2020.	4,825,000 shares; NT\$382,280 thousand	NT\$346,160 thousand	983,873 shares; NT\$24,548 thousand	None (Note)	0	0

Note: The shares pledged and its impact on the Company's operating performance or financial position as of the publication date of this annual report: None.

IV. Other necessary supplementary information: None.

Nine. Any event specified in Article 36, paragraph 2, subparagraph 2 of the Securities and Exchange Act with a material impact on shareholders' rights and interests or securities prices in the most recent year up to the publication date of this annual report: None

# ABICO AVY CO., LTD.

(formerly known as AVY PRECISION TECHNOLOGY INC.)

Chairman: Chun-Jen Tong