

**Stock Code:**

**5243**

# **Eson Precision Ind. Co., Ltd.**

## **2023 ANNUAL REPORT**

Taiwan Stock Exchange Market Observation Post System: <http://mops.twse.com.tw>

ESON annual report is available at <https://www.eson.tw>

Printed on April 21, 2024

## **I 、Headquarters And Branch**

### 1.Headquarters : Eson Precision Ind. Co., Ltd.

Address : P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205  
Cayman Islands

Tel : (886)2-2267-3272

### 2.Branch : Eson Precision Ind. Co., Ltd. Taiwan Branch

Address : 12F.-3, No.2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City 236, Taiwan

Tel : (886)2-2267-3272

### 3.Branches in China & Hong Kong

#### (1) Kunshan Eson Precision Engineering Co., Ltd.

Address : No. 88, Yuanfeng Road, Yushan Town, Kunshan City, Jiangsu Province, China

Tel : (86)512-5757-2938

#### (2) Yantai Zheng Yi Precision Electronics Co., Ltd.

Address : No. 88, Tianjin South Road, Economy and Technology Development Area A-7, Yantai,  
Shandong Province, China

Tel : (86)535-2168-888

#### (3) Wuxi Xinguan Metal Science & Technology Co., Ltd.

Address : North of Furong 4th Road, Xishan Economic Development Zone, Wuxi City, Jiangsu  
Province, China

Tel : (86)510-8380-9000

#### (4) Dongguan Yihong Precision Mould Co., Ltd.

Address : No.6, Xin Yuan South Road,Ke Yuan Cheng,Tangxia Town,Dongguan City, Guangdong  
Province, China

Tel : (86)769-8791-9391

#### (5) Kunshan Kang Rui Package Material Co., Ltd.

Address : No. 88, Yuanfeng Road, Yushan Town, Kunshan City, Jiangsu Province, China

Tel : (86)512-5757-2938

(6) Heng Xie Enterprises Limited

Address : Suites1222, 12/F., Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong.

Tel : (886)2-2267-3272

(7) Kong Eagle International Limited.

Address : Suites1222, 12/F., Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong.

Tel : (886)2-2267-3272

4.Branches in Singapore

(1) Multiwin Precision Ind Pte. Ltd

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Tel : (886)2-2267-3272

(2) Eson Precision Industry (Singapore) Pte. Ltd.

Address : 54 Genting Lane #03-05 Ruby Land Complex Singapore

Tel : (886)2-2267-3272

5.Branches in Mexico

(1) Multiwin De Mexico S.A. De C.V.

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Tel : (52)664-250-6721

(2) Esonmex Monterrey S.A. De C.V.

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Tel : (886)2-2267-3272

## 7.Branches in Mauritius

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Tel : (886)2-2267-3272

(2) Grand Liberty Co., Ltd.

Address : Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius

Tel : (886)2-2267-3272

(3) Ample Wealth Enterprise Ltd.

Address : Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius

Tel : (886)2-2267-3272

(4) Zeal International Co., Ltd.

Address : Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius

Tel : (886)2-2267-3272

(5) Unique Champion Co., Ltd.

Address : Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius

Tel : (886)2-2267-3272

(6) Zenith Profits Co., Ltd.

Address : Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius

Tel : (886)2-2267-3272

## 8.Branches in Samoa

(a) All Spacer Enterprises Co., Ltd.

Address : Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa

Tel : (886)2-2267-3272

## 9.Branches in Malaysia

(1) Eson Precision Engineering (Malaysia) Sdn. Bhd.

Address : Lot 3, Jalan P/10, Kawasan Perusahaan Seksyen 10, 43650 Bandar Baru Bangi Selangor, Malaysia.

Tel : (60)3-8920-0270

(2) Eson Batupahat Precision Engineering Sdn. Bhd.

Address : Plo-2,Kawasan Perindustrian Sri Gading,83009 Batupahat Johor, Malaysia.

Tel : (60)7-455-8266

#### 10.Branches in Vietnam

(1) Eson (VN) Precision Industry Co., Ltd.

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Tel : (886)2-2267-3272

#### 11.Branches in America

(1) Blackyotta Inc

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Tel : (52)664-250-6721

## **II 、 Spokesperson & Deputy Spokesperson**

Spokesperson: Lin, You-Ching

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Tel.: (886) 2-2267-3272

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Deputy Spokesperson: Liu, Li-Ling

Title: Manager

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## **III 、 Agent And Litem**

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Title: Chairman

Tel.: (886) 2-2267-3272

E-mail: ESON-IR@eson.tw

## **IV 、 Stock Transfer Agent**

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## **V 、 Auditors**

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CPA Firm : Deloitte & Touche

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Website : <http://www.deloitte.com.tw>

## **VI 、 Overseas Securities Exchange: No**

## **VII 、 Company Website: <https://www.eson.tw>**

### VIII 、Members of the Board of Directors

Title	Name	Nationality/ Place of Incorporation	Experience ( Education )
Chairman	Ace Progress Holdings Limited	SAMOA	-Taipei Municipal Shilin High School of Commerce -Chairman of Chen Shuen Industry Co., Ltd -Chairman of Kuan Hung Precision Co., Ltd
	Representative : Tsai, Chia-Hsiang	R.O.C	
Director	Ace Progress Holdings Limited	SAMOA	-Master of Industrial management, National Taiwan University of Science and Technology -Retirement -Vice President of Hon Hai Precision Ind. Co., Ltd.
	Hsiung, Ping-Cheng	R.O.C	
Director	Golden Harvest Management Limited	PANAMA	-Master of Business Administration, Soochow University -Senior Director of Hon Hai Precision Ind. Co., Ltd. -President of Foxconn Technology Co., Ltd.
	Representative : Lee, Kuang-Yao	R.O.C	
Director	Golden Harvest Management Limited	PANAMA	-Master of Business Administration, George Washington University -Director of Hon Hai Precision Ind. Co., Ltd. -Financial Vice President of Brite Semiconductor (Shanghai) Corporation -Senior Manager of Lite-on Technology Corporation
	Representative : Lee, Wei-Kang	R.O.C	
Independent Director	Kao, Chih-Chien	R.O.C	-Master of Accounting, Chung Yuan Christian University - Certified Public Accountant
Independent Director	Lin, Chih-Chung	R.O.C	-Master of Law, Soochow University -Certified Public Accountant -Attorney
Independent Director	Lee, Chien-Ming	R.O.C	-Doctor of Economics, National Taipei University -Retirement -Professor of National Taipei University

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## 1 Letter to Shareholders

### I. 2023 Business Report

#### 1. Business Plan Implementation Results

The company's consolidated turnover in 2023 was NT\$11.562 billion, a decrease of 17.60% from the previous year. The global economy has yet to recover significantly over the past year, resulting in weak demand for consumer electronics and network cloud products related to people's daily necessities on the terminal end while related industries are also more cautious in promoting production and investment; however, the demand for automobile products still maintains an upward trend and the growth potential of switching from traditional fuel engine engines to electric engines continues to exist. Altogether, the net profit after tax attributable to the equity holders of the Company for the entire year amounted to NT\$597 million. In the future, the Company will continue to focus on expanding the niche product mix strategy, continuous refinement of production processes, and effective control of business costs.

I would like to express my deepest respect on behalf of ESON's management team. We are truly grateful for the continued support and encouragement of all our shareholders. This support has enabled our management team to work harder to create value for our stakeholders and march together toward a better future.

#### 2. Financial Status and Profitability :

In Thousands of New Taiwan Dollars

Item	2023	2022	Increase/Decrease (%)
Operating Revenue	11,562,007	14,031,536	(17.60)
Operating Costs	9,269,382	11,797,376	(21.43)
Gross Profit	2,292,625	2,234,160	2.62
Operating Expenses	1,428,153	1,397,490	2.19
Operating Income	864,472	836,670	3.32
Non-operating Revenue and Expenses	42,337	226,163	(81.28)
Net Income Before Tax	906,809	1,062,833	(14.68)
Net Income After Tax	597,466	800,915	(25.40)
Net income belongs to :			
Owners of ESON	597,466	800,915	(25.40)
Non-controlling Interests	-	-	-

Item	2023	2022
ROA (%)	5.58	7.52
ROE (%)	8.38	12.46
Operating income to paid-in capital ratio (%)	51.30	49.65
Income before tax to paid-in capital ratio (%)	53.81	63.07
Net profit ratio (%)	5.17	5.71
EPS (NT\$)	3.55	4.75

## II. Technology development :

- (I) Strengthen product development capabilities: Expand the existing global product development center and shorten the mold design and development lead time to meet customer needs. With the assistance of CAE simulation analysis software, design problems can be discovered early, so that adjustments can be made as quickly as possible, thereby reducing the number of mold trials, shortening product development time, and improving competitiveness.
- (II) Implementation of production automation: As the quality requirements for high-precision products are becoming more and more stringent, quality control continues to be challenging in manual operations due to unfamiliarity or negligence of personnel while rising labor costs and the coordination of production safety and digitization have resulted in the necessity of implementing automation. Future automation design includes unmanned production, automatic production line inspections, and considers flexible production models shared by multiple products to maximize comprehensive benefits.
- (III) Information management: ESON's global strategy requires the support of a more powerful information system to enable rapid response and effective management. In terms of operation and management, strengthening and upgrade to the ERP system and cloud database has allowed the company to correctly grasp information related to operations. In terms of product development, the parallel deployment of PLM systems is extremely beneficial for the recording, data sharing, progress control, and linking of development and mass production throughout the product development process. In terms of production and manufacturing, the implementation of MES can help control production progress in real time to facilitate rapid response and adjustments to satisfy both client delivery deadlines and on-site quality management.
- (IV) New product integration and development: Integrate existing production technologies to meet client needs, take on the challenge of increasing high value-added process integration and provide clients with additional options to increase the Company's competitiveness.
- (V) Thermal compression molding technology: Preheating plastic can improve process efficiency, reduce labor and production costs, and expand the application scope of molding technology. Main applications are in automotive exterior parts, plastic leather production, and meeting client requirements for diversified products.

## III. Future Outlook

In the face of the 2023 global recession and uncertainty of the following year, the company relies on excellent product development capabilities, regional manufacturing capabilities to coordinate with nearby clients, and the competitive advantages of vertical integration of development and manufacturing to stand out in the highly competitive environment. As a result, ESON has earned the acknowledgment of many major international clients. The current product strategy continues to focus on automobiles, cloud products, communications and consumer electronic products. Emerging AI-related products, including AI PCs and AI servers will be another opportunity for the company. In order to achieve the mission of sustainable operation and continuous growth, the relevant development and planning will be carried out in response to market demand. The 2024 product and supply chain strategy are as planned in the following:

- (I) Developed in one place, global mass production: Currently, the global product development center located in Kunshan simultaneously features mass production capabilities and serves as support for global

production; the remaining factories, including those in China, Asia, and North America, are responsible for mass production and delivery and in principle service the needs of nearby clients. Resources from various locations are integrated to provide mutual support.

- (II) Electric vehicle products: The Company has accumulated many years of experience in the EV industry. Strong growth and the continuing penetration of new energy vehicles will result in related products to be mainstream. The company will expand the supply of components and enter the field of secondary product assembly to meet client needs in related products to boost revenue growth and profits in the EV sector.
- (III) AI and server products: With the in-depth application of cloud, AI, big data, as well as the popularization of 5G wireless communications, it's clear that the demand for servers and server racks will continue to grow. The Company will expand and consolidate our domestic and overseas resources to meet the demand for market growth to boost both our quality and production capacity.
- (IV) Consumer products: With both household and enterprise demand growing towards large-screen TVs, the Company will draw upon its outstanding production technology and advanced equipment to consolidate production at overseas sites. Strengthening production capacity for large high-end TV components will establish a solid foundation for meeting client expectations and generate more revenue. At the same time, games console will always maintain a certain share as they continue to meet people's daily needs for leisure and entertainment, which will establish them as an important product for the company's revenue growth.
- (V) Communication products: The increasing demand for low orbit satellite communications will also result in continued growth in the demand for bandwidth and transmission latency. The Company is actively investing in new product partnerships and coordinate with clients to rapidly improve production capacity, logistics, and management to strengthen the overall quality of services.

#### IV. Effects of the competitive environment, the regulatory environment, and the macroeconomic environment

- (I) Global production continues to be overcapacity with fierce overall competition. The declining competitiveness of certain clients has resulted in impact to the Company. The Company continues to improve production and operation capabilities, strengthen the coordination of production capacity across factories, and continues to utilize the advantages of vertical integration to develop new high-quality customers and products. A continuing growth trend is expected despite the turbulent environment.
- (II) Many countries around the world are holding elections and there is increasing uncertainty arising from geopolitics or the appointment of new leaders. The company will strengthen its financial and capital management in order to maintain a certain level of capital operation capability despite current risks to cope with future changes.
- (III) As ESG is a current international trend, the Company will comply with the relevant regulations of various countries and client demands by gradually implementing practices related to environmental protection (Environment), social responsibility (Social), and corporate governance (Governance). Actions such as energy conservation and carbon reduction, upholding corporate social responsibility, and improving work environments will demonstrate the Company's values in contributing to the international society.

Finally, we would like to express our most sincere gratitude to you, our shareholders, investors, and employees, for your continued support. Join us as we advance steadily forward and enjoy the fruits of our success. We look forward to your feedback. We wish you health and prosperity

Chairman : Tsai, Chia-Hsiang

President : Lin, Yu-Chuan

Accounting Manager : Lin, You Ching

## 2 Company Profile

### 2.1 Introduction of the Company

#### 2.1.1 Establishment Date and Introduction of the Company

Eson Precision Ind. Co., Ltd. (the “Company”), formerly known as Multiwin Precision Ind. Co., Ltd., was incorporated in the Cayman Islands on June 17, 2008 and changed its name after resolution of the shareholders in the shareholders’ meeting in February 2012.

After the establishment, the Company exchanged all the shares of the two shareholders with new shares from an increase in capital to improve the investment structure and integrate resources, and subsequently reinvest according to business development needs. Up until now, there are 25 subsidiaries and 1 branch company, mainly engaged in the design, research and development, production and sales of molds, plastics, hardware products, new electronic components and flat panel displays.

#### 2.1.2 Affiliated Companies Chart

Refer to page 101.

### 2.2 Company Milestones

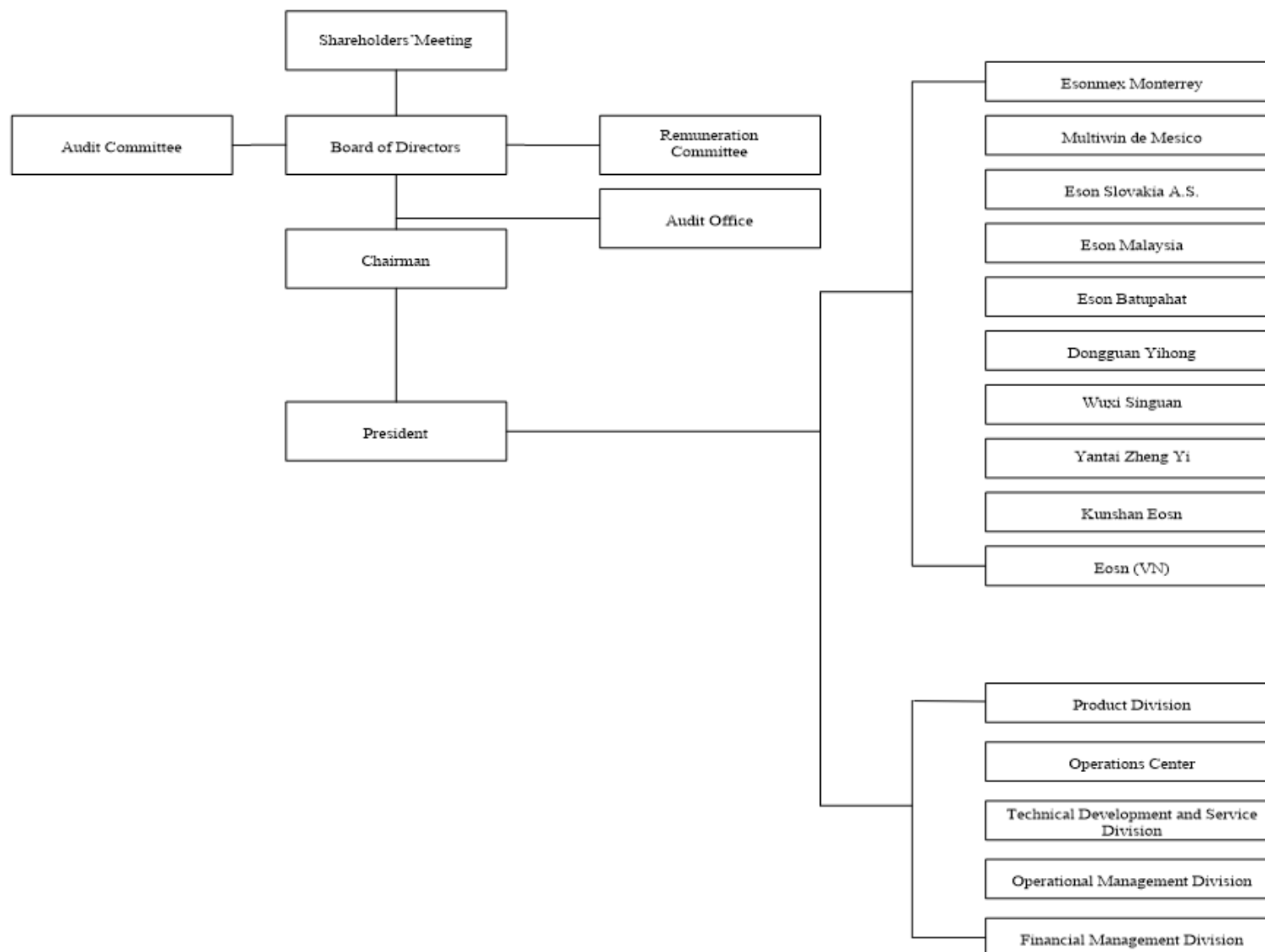
Year	Company Milestones
1999	● All Spacer Enterprises Co., Ltd. was incorporated in June
2001	● Global Sun Trading Co., Ltd. was incorporated in May (Global Sun) ● Kunshan Eson Precision Engineering Co., Ltd. was incorporated in August
2002	● Passed ISO9001 certification.
2004	● Dongguan Yihong Precision Mould Co., Ltd. was incorporated in September
2005	Passed SONY Green Partner certification in April.
2006	● Wuxi Xinguan Metal Science & Technology Co., Ltd. was incorporated in December ● Obtained the PS3 order of SONY and manufactured from injection molding
2007	● Obtained the home appliance mold of Wirlpool & GE
2008	● Adaption RHCM injection molding technology to manufacture Tv parts of SONY ● Obtained the Tv parts order of VIZIO ● Multiwin Precision Ind. Co., Ltd. was incorporated in Cayman in June and started its organization restructure. Multiwin issued new share to exchange with All Spacer and Global Sun ● Passed ISO14001 certification in December.
2009	● Multiwin Precision Ind Pte. Ltd. was incorporated in September. ● Eson Precision Engineering S.A. De C.V. was incorporated in September. ● Yantai Zheng Yi Precision Electronics Co., Ltd. was incorporated in September. ● Develment Nokia Netcom products
2010	● Passed OHSAS18001 certification. ● Obtained the server order of Netcom customer ● Obtained the car mold order of FORD
2011	● Obtained the Tv parts order of Sharp Kunshan Eson got a certificate of high technology enterprise.
2012	● Development Ericsson/Cisco Netcom products ● Multiwin Precision Ind. Co., Ltd. renamed as Eson Precision Ind. Co., Ltd. by shareholders meeting in February ● Pre-listing tutoring in June and planning primary listing in TWSE ● Multiwin De Mexico S.A.De C.V. was incorporated in September by Eson and Multiwin Precision Ind Pte. Ltd. ● Re-elected the 7 directors including 3 independent directors. Set up the Audit and Remuneration Committees. Conversion of stock par value to NT\$10 and capital surplus transferred to capital. Paid-in capital of the company reached NT\$1,528,273 thousands.

Year	Company Milestones
2013	<ul style="list-style-type: none"> <li>●Eson Precision Engineering (Malaysia) Sdn. Bhd. was incorporated in May</li> <li>●Eson got listed in TWSE in November. Paid-in capital of the company reached NT\$1,719,323 thousands.</li> </ul>
2014	<ul style="list-style-type: none"> <li>●Eson conducted capitalization from earnings for NT\$85,966 thousands. (stock dividend NT\$0.5 per share) in September. Paid-in capital of the company reached NT\$1,805,289 thousands.</li> </ul>
2015	<ul style="list-style-type: none"> <li>●Obtained the electric car mold and parts order of North America</li> </ul>
2016	<ul style="list-style-type: none"> <li>●Eson Batupahat Precision Engineering Sdn. Bhd. was incorporated in May</li> </ul>
2018	<ul style="list-style-type: none"> <li>●Blackyotta Inc. was incorporated in December</li> </ul>
2020	<ul style="list-style-type: none"> <li>●Eson (VN) Precision Industry Co., Ltd was incorporated in May</li> </ul>
2021	<ul style="list-style-type: none"> <li>●Esonmex Monterrey S.A. De C.V. was incorporated in November by Global Sun Trading Co., Ltd. and Eson Precision Industry (Singapore) Pte. Ltd.</li> </ul>

### 3 Corporate Governance

#### 3.1 Organization Structure

##### 3.1.1 Organization Chart





### 3.1.2 Department Function

Department	Main Responsibilities
Chairman	Promote the operation and communication of various divisions within the group according to the contractual schedules and standards agreed upon with customers to achieve targets, and collaborate with New Business Development Division to expand market share.
Audit Committee	Auditing and evaluating the compliance of internal policies, procedures and operations based on governing regulations.
Remuneration Committee	Establishing and evaluating performance of directors and managers compensation policy and salary of directors and managers regularly.
President	Execute resolutions made by the Board of Directors, comprehensive execution of the Company's business operations, promote sustainable development, direct and supervise the operations of each department.
Audit Office	Audit the Company's system and the enforcement of internal regulations, procedures, and authorization with corrective actions offered.
Product Division	Establish business divisions for products such as cars, consumer electronics, servers, and netcom. Promote the operation and communication of various divisions within the group according to the contractual schedules and standards agreed upon with customers and collaborate with the New Business Development Division to expand market share.
Operations Center	Establish operation centers in North America and Asia to manage production operations of plants set up under them and ensure that manufactured products comply with quality and standards.
Technical Development and Service Division	This division is responsible for the group's core technologies, managing mold plants and engineering and automation departments as well as provide assistance in the development, guidance, and transfer of technology within each plant.
Operational Management Division	Responsible for managing the Company's operation analysis, strategy planning, human resource planning, and the group's strategic procurement.
Financial Management Division	Responsible for the Company's accounting, planning accounting policies and standards, and performing work related to the planning and scheduling of funds. Responsible for the planning of the Company's informatization policy, planning and maintaining information systems, and the planning, implementation, and maintenance of network communications. Responsible for the Company's legal compliance, contract review, and handling of litigation cases.

### 3.2 Directors, Supervisors and Management Team

#### 3.2.1 Directors

##### 1.Introduction of Board of Directors

April 21, 2024 ; Shares: In thousands

Title	Nationality/ Place of Incorporation	Name	Gender/ Age	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	SAMOA	Ace Progress Holdings Limited	Male 51~60 Years old	2021/07/07	3	2008/10/07	15,351	9.11%	15,351	9.11%	-	-	-	-	-Taipei Municipal Shilin High School of Commerce -Chairman of Chen Shuen Industry Co., Ltd -Chairman of Kuan Hung Precision Co., Ltd	Note1	-	-	-	-
	R.O.C	Representative : Tsai, Chia-Hsiang					-	-	-	-	-	-	-	-			-	-		
Director	SAMOA	Ace Progress Holdings Limited	Male 51~60 Years old	2021/07/07	3	2018/06/21	15,351	9.11%	15,351	9.11%	-	-	-	-	- Master of Industrial management, National Taiwan University of Science and Technology - Retirement - Vice General Manager of Hon Hai Precision Ind. Co., Ltd.	Note1	-	-	-	-
	R.O.C	Representative : Hsiung, Ping-Cheng					32	0.02%	32	0.02%	-	-	-	-			-			
Director	PANAMA	Golden Harvest Management Limited	Male 51~60 Years old	2021/07/07	3	2021/07/07	44,613	26.47%	44,613	26.47%	-	-	-	-	-Master of Business Administration, Soochow University-President of Foxconn Technology Co., Ltd.	Note1	-	-	-	-
	R.O.C	Representative : Lee, Kuang-Yao					-	-	-	-	-	-	-	-						
Director	PANAMA	Golden Harvest Management Limited	Male 51~60 Years old	2021/07/07	3	2021/07/07	44,613	26.47%	44,613	26.47%	-	-	-	-	-Master of Business Administration, George Washington University -Financial Vice President of Brite Semiconductor (Shanghai) Corporation -Senior Manager of Lite-on Technology Corporation	Note1	-	-	-	-
	R.O.C	Representative : Lee, Wei-Kang					-	-	-	-	-	-	-	-						
Independent Director	R.O.C	Kao, Chih-Chien	Male 41~50 Years old	2021/07/07	3	2012/10/31	-	-	-	-	-	-	-	-Master of Accounting, Chung Yuan Christian University - Certified Public Accountant	Note1	-	-	-	-	

Title	Nationality/ Place of Incorporation	Name	Gender/ Age	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C	Lin, Chih-Chung	Male 61~70 Years old	2021/07/07	3	2013/05/10	-	-	-	-	-	-	-	-	-Master of Law, Soochow University -Certified Public Accountant -Attorney	Note1	-	-	-	-
Independent Director	R.O.C	Lee, Chien-Ming	Male 61~70 Years old	2021/07/07	3	2021/07/07	-	-	-	-	-	-	-	-	-Retirement -Doctor of Economics, National Taipei University -Retirement -Professor of National Taipei University	Note1	-	-	-	-

Note1 : Other Position

Title	Name	Other Position
Chairman	Ace Progress Holdings Limited Representative : Tsai, Chia-Hsiang	Director of Ace Progress Holdings Limited Chairman of Kunshan Eson Precision Engineering Co., Ltd. Chairman of Yantai Zheng Yi Precision Electronics Co., Ltd. Chairman of Wuxi Singuan Metal Science & Technology Co., Ltd. Chairman of Dongguan Yihong Precision Mould Co., Ltd. Chairman and President of Eson (VN) Precision Industry Co., Ltd.
Director	Ace Progress Holdings Limited Representative : Hsiung, Ping-Cheng	Director of Champion Way Ventures Limited
Director	Golden Harvest Management Limited Representative : Lee, Kuang-Yao	Chairman of Pan-International Co., Ltd. Chairman of Shandong Fujikang Intelligent Manufacturing Co., Ltd. Director of FARobot, Inc. Director of DUDOO Senior Director of Hon Hai Precision Ind. Co., Ltd.
Director	Golden Harvest Management Limited Representative : Lee, Wei-Kang	Director of Hon Hai Precision Ind. Co., Ltd.
Independent Director	Kao, Chih-Chien	CPA of DS Certified Public Accountants Independent Director of Bright Sheland International Co., Ltd. Independent Director of Yankey Engineering Co., Ltd. Director of Dingjun Management Consulting Co., Ltd. Director of Qianyun Investment Co., Ltd.

Title	Name	Other Position
Independent Director	Lin, Chih-Chung	Managing Attorney of AY Commercial Law Offices · CPA of Ancheng Certified Public Accountants · Supervisor of An Yong Health Management Consulting Co., Ltd. Supervisor of Dnc Holdings Co., Ltd.
Independent Director	Lee, Chien-Ming	None

2. Supervisors : The company set up an audit committee, no supervisor.

3. Major Shareholders of Institutional Shareholders

(1) Major Shareholders

Name of Institutional Shareholders	Major Shareholders
Golden Harvest Management Limited	Foxconn (Far East) Limited-Cayman(100%)
Ace Progress Holdings Limited	Tsai, Chia-Hsiang (95.52%) · Tsai, Chin-Chan(4.48%)

(2) Major shareholders of the Company's major institutional shareholders

Name of Institutional Shareholders	Major Shareholders
Foxconn (Far East) Limited-Cayman	Hon Hai Precision Industry Co., Ltd.(100%)

### 1. Professional qualifications and independence of directors

Condition Name	Professional qualifications and Experiences	Independence status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Ace Progress Holdings Limited Representative : Tsai, Chia-Hsiang	Possesses five or more years of work experience required for the Company's business. None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law.	Not Applicable	0
Ace Progress Holdings Limited Representative : Hsiung, Ping-Cheng	Possesses five or more years of work experience required for the Company's business. None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law.		0
Golden Harvest Management Limited Representative : Lee, Kuang-Yao	Possesses five or more years of work experience required for the Company's business. None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law.		0
Golden Harvest Management Limited Representative : Lee, Wei-Kang	Possesses five or more years of work experience required for the Company's business. None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law.		0
Independent Director Kao, Chih-Chien	Possesses five or more years of work experience required for the Company's business. None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law.	All of the following situations apply to each and every of the Independent Directors: 1. Satisfy the requirements of Article 14-2 of "Securities and Exchange Act" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" (Note 2) issued by Taiwan's Securities and Futures Bureau 2. Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any TSMC shares 3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service"	2
Independent Director Lin, Chih-Chung	Possesses five or more years of work experience required for the Company's business. None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law.		0
Independent Director Lee, Chien-Ming	Possesses five or more years of work experience required for the Company's business. None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law.		0

Note 1 : The company set up an audit committee, no supervisor

Note 2: A person shall not act in a management capacity for a company, and if so appointed, must be immediately discharged if they have been:

1. Convicted for a violation of the Statutes for the Prevention of Organizational Crimes and: has not started serving the sentence; has not completed serving the sentence; or five years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
2. Convicted for fraud, breach of trust or misappropriation, with imprisonment for a term of more than one year, and: has not started serving the

- sentence; has not completed serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
- 3.Convicted for violation of the Anti-Corruption Act, and: has not started serving the sentence; has not completed serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
- 4.Adjudicated bankrupt or adjudicated to commence a liquidation process by a court, and having not been reinstated to his or her rights and privileges;
- 5.Sanctioned for unlawful use of credit instruments, and the term of such sanction has not expired yet;
- 6.if she/he does not have any or limited legal capacity; or
- 7.if she/he has been adjudicated to require legal guardianship and such requirement has not been revoked yet

Note 3: During the two years before being elected and during the term of office, meet any of the following situations:

- 1.Not an employee of the Company or any of its affiliates.
- 2.Not a director or supervisor of the Company or any of its affiliates. (The same does not apply, in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds in accordance with domestic or local regulations.)
- 3.Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- 4.Not the managers as item 1 or a spouse, relative within the second degree of kinship, lineal relative within the third degree of kinship of the person as item 2 & 3.
- 5.Director, supervisor, or legal shareholders who are not directly holding more than 5% of the company's total issued shares, or appointing representatives as company directors or supervisors in accordance with Article 27, paragraph 1 or 2 of the Company Law Employee (but if the independent directors established by the company and its parent company, subsidiary company or subsidiary of the same parent company in accordance with this law or local national laws and regulations are concurrently held by each other, it is not limited to this)
- 6.More than half of the shares that are not on the board of directors of the company or have voting rights are the directors, supervisors or employees of other companies controlled by the same person (but if it is the company or its parent company, subsidiary, or subsidiary of the same parent company (The independent directors established by the laws or local laws and regulations of the country serve concurrently with each other, this is not the case)
- 7.Directors (directors), supervisors (supervisors) or servants of other companies or organizations who are not the same person or spouse with each other and are the same person or spouse (Or independent directors set up by subsidiaries of the same parent company in accordance with this law or local national laws and regulations serve concurrently, not subject to this limit)
- 8.Directors (directors), supervisors (supervisors), managers or shareholders holding more than 5% of a specific company or organization that does not have financial or business dealings with the company (but if a specific company or organization holds 20% of the company's total issued shares Above, not more than 50%, and the independent directors established by the company and its parent company, subsidiary company or subsidiary of the same parent company in accordance with this law or local national laws and regulations concurrently serve each other, not limited to this)
- 9.Professionals, sole proprietorships, partnerships, business owners of companies or institutions that do not provide audits for companies or related companies or business, legal, financial, accounting and other related services that have not received more than NT\$ 500,000 in cumulative compensation in the past two years Partners, directors (directors), supervisors (supervisors), managers and their spouses. However, members of the Compensation Committee, Public Takeovers Review Committee, or M&A Special Committee performing their functions and powers in accordance with the relevant laws and regulations of the Securities Exchange Act or the Corporate M&A Act are not limited to this.
- 10.Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- 11.Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

## 2. Diversity and independence of the Board of Directors:

### (1) Diversity of the Board of Directors:

Based on the policy of diversification and strengthening of corporate governance in order to promote the sound development of the Company's board composition and structure. In addition, the Company has, based on its own operations, operational patterns and developmental needs, formulated appropriate diversification policies including but not limited to the following:

- ① Basic conditions and value: gender, age, nationality and culture.
- ② Professional knowledge and skills: operational judgment capability, accounting and financial analysis capability, business management capability, risk management capability, industry knowledge, international market outlook, leadership capability, and decision-making capability.

The current Board of Directors of the Company consists of seven directors. The specific management objectives of the board diversity policy and their achievement status are as follows:

Diversity management objectives	Achievement status
The number of independent directors exceeds one third of the board seats	Done
Adequate and diverse professional knowledge and skills	Done

The implementation status of the board diversity policy is as follows:

Core of diversify  Name		Basic composition								Professional background		Professional knowledge and capabilities								
		Nationality	Gender	Employee	Age			Tenure and seniority of independent directors (less than 3 years)			Accounting	Industry	Law	Operational judgment capability	Business management capability	Leadership and decision making capability	Risk management capability	Industry knowledge	International Market outlook	
					41~50	51~60	61~70	3	3~9	9										
Director	Tsai, Chia-Hsiang	R.O.C.	Male	v		v						v		v	v	v	v	v	v	
	Hsiung, Ping-Cheng		Male			v							v		v	v	v	v	v	v
	Lee, Kuang-Yao		Male			v							v		v	v	v	v	v	v
	Lee, Wei-Kang		Male			v							v		v	v	v	v	v	v
Independent director	Kao, Chih-Chien		Male		v					v	v			v	v	v	v	v	v	v
	Lin, Chih-Chung		Male				v			v	v	v		v	v	v	v	v	v	v
	Lee, Chien-Ming		Male				v	v					v		v	v	v	v	v	v

(2) Independence of the Board of Directors: The Board of Directors of the Company consists of seven directors, of which three are independent directors and four directors (42.86% and 57.14% of all directors) As of 2023.12.31, In addition, all of independent directors comply with the regulations of the Securities and Futures Bureau and none of the circumstances prescribed in paragraph 3 and paragraph 4, Article 26-3 of the Securities Exchange Act exist among the directors and independent directors. The Board of Directors of the Company is independent (Please refer to page 12 of this Annual Report - Disclosure of information on professional qualifications of directors and independence of independent directors). The Experience(Education), Gender and Work Experience(Please refer to page 9-11 of this Annual Report - Information of directors)



### 3.2.2 Management Team

Apr 21, 2024 ; Shares: In thousands

	Name	Gender	Nationality	On-board Date	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
					President	Tsai, Chia-Hsiang (Note 1)	Male	R.O.C	2021/08/26	-			-	-	-	
President	Lin, Yu-Chuan (Note 1)	Male	R.O.C	2023/03/13	-	-	-	-	-	-	Department of Electronic Engineering, Chung Yuan Christian University Factory Chief, Dongguan Sootum Electronics Co., Ltd. Section Chief, Jabil Green Point Co., Ltd.	-	-	-	-	-
Vice President	Lai, An-Sheng	Male	R.O.C	2021/07/01	-	-	-	-	-	-	Department of Mechanical Engineering, National Pingtung University of Science and Technology Senior Manager, Jarly Technology Ltd. Senior Manager, Innolux Corporation	-	-	-	-	-
Vice President	Liu, Yuan-Kai (Note 2)	Male	R.O.C	2022/03/18	-	-	-	-	-	-	Department of Mechanical Engineering, National Sun Yat-sen University President, Elite Optoelectronic Co., Ltd. Vice President of Sales, HOYAN	-	-	-	-	-
Vice President	Hsiao, Hao-Chou	Male	R.O.C	2023/03/13	15	0.01%	-	-	-	-	Master of Industrial Engineering, University of Michigan, Ann Arbor Manager, Formosa Prosonic	-	-	-	-	-
Vice President	Tsai, Jia-Hua	Female	R.O.C	2023/05/10	-	-	-	-	-	-	Ph.D. of College of Management, National Taiwan University Operations Manager, Jabil Inc. Assistant Manager, Wuxi Xinguan Metal Science & Technology Co., Ltd.	-	-	-	-	-
Chief Financial Officer/ Accounting Supervisor	Lin, You-Ching (Note 3)	Male	R.O.C	2021/03/23	-	-	-	-	-	-	Master of College of Management, National Taiwan University Director of Finance and Accounting Department of L & K Engineering Co., Ltd. Manager of Pricewaterhouse Coopers Taiwan	-	-	-	-	-
Manager	Liu, Li-Ling	Female	R.O.C	2020/03/19	-	-	-	-	-	-	Department of Accounting, Shih Chien University - Assistant Manager of KPMG Assistant Manager of Phonic Corporation	-	-	-	-	-
Auditor Assistant Manager	Ku, Hui-Chien	Female	R.O.C	2016/05/10	-	-	-	-	-	-	Shih Chien University - Audit Section Manager of Premier Technology Co., Ltd. Audit Junior Manager of Hon Hai Precision Ind. Co., Ltd.	-	-	-	-	-

Note 1 : The Company's Board of Director resolved to appoint Mr. Lin, Yu-Chuan as the President on March 13, 2023.

Note 2 : Vice Presidents Liu, Yuan-Kai resigned on July 21, 2023.

Note 3 : The chairman and the President of the company are the same person. The company has a succession training plan. Use the talent pool of personnel in key positions as the training, select the successor to take over board of directors and for key positions. The company has three independent directors, more than half of the directors are not concurrently employees or managers. The Company's Board of Director resolved to appoint Mr. Lin, Yu-Chuan as the President on March 13, 2023.

### 3.2.3 Remuneration of Directors, Supervisors, President, and Vice Presidents

#### 1. Directors, presidents and executive vice presidents remuneration in the latest year

##### (1) Remuneration of Directors (including independent Directors)

Unit: NT\$ thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from non-consolidated affiliates
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		From ESON	From all Consolidated Entities	From ESON	From all Consolidated Entities	From ESON	From all Consolidated Entities	From ESON	From all Consolidated Entities	From ESON	From all Consolidated Entities	From ESON	From all Consolidated Entities	From ESON	From all Consolidated Entities	Cash	Stock	Cash	Stock	From ESON	From all Consolidated Entities	
Chairman	Ace Progress Holdings Limited Representative : Tsai, Chia-Hsiang	-	-	-	-	669	669	25	25	694	694	1,800	1,800	-	-	-	-	-	-	2,494	2,494	-
Director	Ace Progress Holdings Limited Representative : Hsiung Ping-Cheng	-	-	-	-	669	669	15	15	684	684	-	-	-	-	-	-	-	-	684	684	-
Director	Golden Harvest Management Limited Representative : Lee, Kuang-Yao	-	-	-	-	669	669	15	15	684	684	-	-	-	-	-	-	-	-	684	684	-
Director	Golden Harvest Management Limited Representative : Lee, Wei-Kang	-	-	-	-	668	668	25	25	693	693	-	-	-	-	-	-	-	-	693	693	-
Independent Director	Kao, Chih-Chien	-	-	-	-	668	668	20	20	688	688	-	-	-	-	-	-	-	-	688	688	-
Independent	Lin, Chih-Chung	-	-	-	-	668	668	25	25	693	693	-	-	-	-	-	-	-	-	693	693	-

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from non-consolidated affiliates
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		From ESON	From all Consolidated Entities	From ESON	From all Consolidated Entities	From ESON	From all Consolidated Entities	From ESON	From all Consolidated Entities	From ESON	From all Consolidated Entities	From ESON	From all Consolidated Entities	From ESON	From all Consolidated Entities	Cash	Stock	Cash	Stock	From ESON	From all Consolidated Entities	
Director										0.12	0.12									0.12	0.12	
Independent Director	Lee, Chien-Ming	-	-	-	-	668	668	20	20	688	688	-	-	-	-	-	-	-	-	688	688	-
										0.12	0.12									0.12	0.12	

1. Illustrate the remuneration policies, system, standards and structure for independent directors, and describe the relevance of the amount of remuneration with its responsibilities, risks, engaged time and other factors:

The remuneration policy for independent directors of the company is determined annually by the Compensation Committee after reviewing their responsibilities, contribution value to operations, and referencing industry standards. The committee submits recommendations to the board of directors for approval.

2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements and reinvestment companies in the most recent year to compensate directors for their services, such as being independent contractors.: None

Note1 : Remuneration distributed from the 2022 annual surplus is the proposed number, which shall take effect following resolution of the shareholders' meeting on June 19, 2024.

Note2 : The proposed number for employee compensation is calculated based on the actual allotment ratio from last year.

(2) Remuneration of Supervisor : The company set up an audit committee, no supervisor

## 2. Remuneration of the President and Vice Presidents

Unit: NT\$ thousands

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration received from all investee companies (other than subsidiaries) or the parent company
		From ESON	From all Consolidated Entities	From ESON	From all Consolidated Entities	From ESON	From all Consolidated Entities	From ESON		From all Consolidated Entities		From ESON	From all Consolidated Entities	
								Cash	Stock	Cash	Stock			
President	Tsai, Chia-Hsiang	-	13,183	-	-	-	1,120	3,983	-	3,983	-	3,983	18,286	-
Vice President	Lai, An-Sheng													
Vice President	Liu, Yuan-Kai													
Vice President	Hsiao, Hao-Chou													
Vice President	Tsai, Jia-Hua													
Chief Financial Officer	Lin, You-Ching													

Note 1 : The proposed number for employee compensation is calculated based on the actual allotment ratio from last year.

Note 2 : Vice Presidents Liu, Yuan-Kai resigned on July 21, 2023.

### Remuneration Bracket

Range of Remuneration	Name of President and Vice Presidents	
	From ESON	From all Consolidated Entities
Below NT\$1,000,000	Lai, An-Sheng · Tsai, Jia-Hua · Hsiao, Hao-Chou	Liu, Yuan-Kai
NT\$1,000,000 (Incl.) ~NT\$2,000,000 (Excl.)	Lin, You-Ching · Lin, Yu-Chuan	Tsai, Chia-Hsiang · Tsai, Jia-Hua
NT\$2,000,000 (Incl.) ~NT\$3,500,000 (Excl.)		Lai, An-Sheng
NT\$3,500,000 (Incl.) ~NT\$5,000,000 (Excl.)		Lin, You-Ching · Lin, Yu-Chuan · Hsiao, Hao-Chou
NT\$5,000,000 (Incl.) ~NT\$10,000,000 (Excl.)		
NT\$10,000,000 (Incl.) ~NT\$15,000,000 (Excl.)		
NT\$15,000,000 (Incl.) ~NT\$30,000,000 (Excl.)		
NT\$30,000,000 (Incl.) ~NT\$50,000,000 (Excl.)		
NT\$50,000,000 (Incl.) ~NT\$100,000,000 (Excl.)		
Over NT\$100,000,000		
<b>Total</b>	<b>5 People</b>	<b>7 People</b>

### 3. Remuneration to the Five Highest Remunerated Management Personnel

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration received from all investee companies (other than subsidiaries) or the parent company
		From ESON	From all Consolidated Entities	From ESON	From all Consolidated Entities	From ESON	From all Consolidated Entities	From ESON		From all Consolidated Entities		From ESON	From all Consolidated Entities	
								Cash	Stock	Cash	Stock			
Chief Financial Officer	Lin, You-Ching	-	1,768	-	-	-	1,120	1,190	-	1,190	-	1,190 0.20	4,078 0.68	-
President	Tsai, Chia-Hsiang	-	2,288	-	-	-	-	1,550	-	1,550	-	1,550 0.26	3,838 0.64	-
Vice President	Hsiao, Hao-Chou	-	3,186	-	-	-	-	530	-	530	-	530 0.09	3,716 0.62	-
Vice President	Lai, An-Sheng	-	1,280	-	-	-	-	710	-	710	-	710 0.12	1,990 0.33	-
Vice President	Tsai, Jia-Hua	-	1,593	-	-	-	-	-	-	-	-	-	1,593 0.27	-

### 4. Employees' Compensation of the Management Team

	Title	Name	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	President	Tsai, Chia-Hsiang	-	3,983	3,983	0.67
	Vice President	Lai, An-Sheng				
	Vice President	Liu, Yuan-Kai				
	Vice President	Hsiao, Hao-Chou				
	Vice President	Tsai, Jia-Hua				
	Chief Financial Officer	Lin, You-Ching				

Note : As of the date of printing of the annual report, the list of distribution of employees' compensation has not yet been decided. According to the regulations, the proposed number of allotments this year will be calculated according to the actual distribution ratio from last year.

**3.2.4 Compare and state the ration of total remuneration paid to the Company’s Directors, President and Vice Presidents by the company and the companies in the consolidated financial statements to net income in the past two years. Please also describe the policy, criteria, packages, and rules relation to the remuneration, as well as its relation to business performance and future risks.**

1. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, president, and vice presidents of the Company, to the net income.

Unit: NT\$ thousand

Item	2022 Year		2023 Year	
	Amount	Ratio of Total Amount to Net Income (%)	Amount	Ratio of Total Amount to Net Income (%)
Total remuneration paid to directors, president and vice presidents	18,796	2.35%	23,110	3.87%
Net income in the consolidated	800,915	100.00%	597,466	100%

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.

(I) The policies and standards of paying remunerations, and packages of remuneration:

1. The Company has established a Remuneration Committee with all independent directors serving as members. The remuneration policy for directors and managers is based on their responsibilities, the value of their contribution from participation in operations, and references the Company's business performance and industry standards. Their remuneration is periodically determined each year and reviewed by the Remuneration Committee, and recommendations are submitted to the Board of Directors for resolution. The remuneration evaluation process takes into account business performance and risks.
2. In addition, if the Company makes a profit in the current year, according to the Company's Articles of Incorporation, 2%-8% of the profit shall be allocated as employee bonuses and no more than 0.5% as directors' remuneration. The results of performance evaluations conducted by the Company in accordance with the "Performance Management Regulations" are referenced when distributing bonuses to managers. Manager performance evaluation items are divided into 1. Financial indicators: The contribution of each business group to the Company's profits based on the Company's profit and loss statement, and the manager's target achievement rate is also referenced. 2. Non-financial indicators: The remuneration for business performance is calculated based on two parts, ability to practice the Company's core values and manage operations, and participation in sustainability management. The remuneration system is reviewed at any time based on the actual business conditions and relevant laws and regulations.

(II) Procedure for determining remuneration:

The reasonableness of performance evaluations and remuneration of the Company's directors and managers are periodically reviewed by the Remuneration Committee and the Board of Directors each year. Besides considering the achieving rate of individual performance targets and contribution to the Company, the Company's overall business performance, as well as future risks and development trends of the industry are also taken into consideration. The remuneration system is reviewed based on the business situation and relevant laws and regulations whenever appropriate. Reasonable remuneration is determined after considering current corporate governance trends, in order to achieve a balance between the Company's sustainable development and risk management. The actual amount of remuneration paid to directors and managers in 2023 was reviewed by the Remuneration Committee and then submitted to the Board of Directors for a decision.

(III) Connection with business performance and future risk:

The remuneration evaluation process takes into account business performance and risks.

### 3.3 Implementation of Corporate Governance

#### 3.3.1 Board of Directors

1. A total of 4(A) meetings of the Board of Directors were held in 2023. The attendance of director were as follows

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairman	Ace Progress Holdings Limited Representative : Tsai, Chia-Hsiang	4	-	100.00	-
Director	Ace Progress Holdings Limited Representative : Hsiung Ping-Cheng	3	1	75.00	-
Director	Golden Harvest Management Limited Representative : Lee, Kuang-Yao	3	1	75.00	-
Director	Golden Harvest Management Limited Representative : Lee, Wei-Kang	4	-	100.00	-
Independent director	Kao, Chih-Chien	3	1-	75.00	-
Independent director	Lin, Chih-Chung	4	-	100.00	-
Independent director	Lee, Chien-Ming	4	-	100.00	-

2. Other mentionable item

A. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified

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

Meeting Date	The resolutions	Matters listed in Article 14-3 of "Securities and Exchange Act"	Independent Director had a dissenting opinion or qualified opinion
2023.03.13	1. Proposal for appointing the Company's certified public accountants and determine fees	✓	None
	2. The capital reduction of USD 10,800,000 in Heng Xie Enterprises Limited.	✓	None
	3. The capital increase of USD 25,000,000 in Esonmex Monterrey S.A. De C.V. through subsidiary Eson Precision Industry (Singapore) Pte. Ltd. and Global Sun Trading Co., Ltd.	✓	None
	Opinions of Independent directors : None		
	Company's treatment of the opinions. : None		
2024.03.13	1. The capital reduction of USD 8,900,000 in Grand Liberty Co., Ltd.	✓	None
	2. Amendments to the Company's "Operational Procedures for Loaning Funds to Other Parties".	✓	None
	Opinions of Independent directors : None		
	Company's treatment of the opinions. : None		

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

B. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of



motion, causes for avoidance and voting should be specified:

Meeting Date	Contents of motion	Directors' name	Causes for avoidance	Voting should be specified
2023.08.24	Remuneration of employees and directors	All directors	Due to concerns over directors' remuneration, the directors present recused themselves from their personal interests in directors' remuneration.	Not participating in discussions and voting

C. TWSE/TPEX listed companies shall disclose information such as evaluation cycle and period, evaluation scope, method and content of evaluation of the self-evaluation (or peer evaluation) of the Board of Directors:

(1) Evaluation implementation status of the Board of Directors:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once per year	2023.1.1-2023.12.31	Performance evaluation of the overall board of directors, individual board members, and functional committees (audit committee and remuneration committee)	Internal evaluation of the board. Self-evaluation by individual board members.	(Note 1)

Note 1: Evaluation content as follow:

(1) The Company shall take into consideration its condition and needs when establishing the criteria for evaluating the performance of the board of directors, which should cover, at a minimum, the following five aspects:

1. Participation in the operation of the company;
2. Improvement of the quality of the board of directors' decision making;
3. Composition and structure of the board of directors;
4. Election and continuing education of the directors; and
5. Internal control.

(2) The criteria for evaluating the performance of the board members (on themselves or peers), should cover, at a minimum, the following six aspects:

1. Alignment of the goals and missions of the company;
2. Awareness of the duties of a director;
3. Participation in the operation of the company;
4. Management of internal relationship and communication;
5. The director's professionalism and continuing education; and
6. Internal control.

(3) The criteria for evaluating the performance of functional committees should cover, at a minimum, the following five aspects:

1. Participation in the operation of the company;
2. Awareness of the duties of the functional committee;
3. Improvement of quality of decisions made by the functional committee;
4. Makeup of the functional committee and election of its members and
5. Internal control.

D. Measures taken to strengthen the functionality of the board: The Board of Directors has established

an Audit Committee and a Remuneration Committee to assist the board in carrying out its various duties.

- (1) Strengthening the functionality of the board of Directors
  - (a) The Board complies with the “Rules Governing the Conduct of Board Meetings” which has been established according to statutory regulations.
  - (b) The company elected three independent directors on December 31,2012. The Board also has established an Audit committee to assist the board in carrying out its various duties.
- (2) Improve information transparency of the board of Directors: The company has spokesman and deputy spokesman to deal with suggestions from shareholders and appointed personnel in charge of disclosing the Market Observation Post system (MOPS)

### **3.3.2 Audit Committee**

The Audit Committee assists the Board in fulfilling its oversight of the quality and integrity of the accounting, auditing, reporting, and financial control practices of the Company.

The Audit committee is responsible to review the following major matters:

- (1)The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- (2)Assessment of the effectiveness of the internal control system.
- (3)The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of Funds to Other Parties, and endorsements or guarantees for others.
- (4)Matters in which a director is an interested party.
- (5)Asset transactions or derivatives trading of a material nature.
- (6)Loans of funds, endorsements, or provision of guarantees of a material nature.
- (7)The offering, issuance, or private placement of equity-type securities.
- (8)The hiring or dismissal of a certified public accountant, or their compensation.
- (9)The appointment or discharge of a financial, accounting, or internal audit officer.
- (10)Annual and semi-annual financial reports.
- (11)Other material matters as may be required by this Corporation or by the competent authority.

1.A total of 4 (A) Audit Committee meetings were held in 2023. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent director	Kao, Chih-Chien	3	1	75.00	-
Independent director	Lin, Chih-Chung	4	-	100.00	-
Independent director	Lee, Chien-Ming	4	-	100.00	-

2.Other mentionable items:

1.If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

(1)Matters referred to in Article 14-5 of the Securities and Exchange Act.

Date	The resolutions	Matters listed in Article 14-5 of Securities and Exchange Act	Any resolution which was not approved by the Audit Committee but was approved by two-thirds or more of all Directors	Independent directors' objections, reservations or major suggestions
2023.03.13	1.The Company's 2022 business report and consolidated financial statements.	✓	None	None
	2.Approving 2022 Assessment of the effectiveness of the internal control system and Statement of Internal Control System.			
	3.Proposal for appointing the Company's certified public accountants and determine fees.			
	4.The capital reduction of USD 10,800,000 in Heng Xie Enterprises Limited.			
	5.The capital increase of USD 25,000,000 in Esonmex Monterrey S.A. De C.V. through subsidiary Eson Precision Industry (Singapore) Pte. Ltd.and Global Sun Trading Co., Ltd.			
	Resolution of Audit Committee: The Audit Committee unanimously approved the proposal.			
	The Company's response to the opinions from Audit Committee: The Board unanimously approved the proposal.			
2023.08.24	1.The Company's consolidated financial statements for the six months ended June 30,2023.	✓	None	None
	Resolution of Audit Committee: The Audit Committee unanimously approved the proposal.			
	The Company's response to the opinions from Audit Committee: The Board unanimously approved the proposal.			

Date	The resolutions	Matters listed in Article 14-5 of Securities and Exchange Act	Any resolution which was not approved by the Audit Committee but was approved by two-thirds or more of all Directors	Independent directors' objections, reservations or major suggestions
2024.03.13	1.The Company's 2023 business report and consolidated financial statements.	✓	None	None
	2.Approving 2023 Assessment of the effectiveness of the internal control system and Statement of Internal Control System.			
	3.Amendments to the Company's "Operational Procedures for Loaning Funds to Other Parties".			
	4.The capital reduction of USD 8,900,000 in Grand Liberty Co., Ltd.			
	Resolution of Audit Committee: The Audit Committee unanimously approved the proposal.			
	The Company's response to the opinions from Audit Committee: The Board unanimously approved the proposal.			

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

2.If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified : None

3.Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.) : The company set up an audit committee on October 31,2012. The Internal Auditors have sent the audit reports to the members of the Audit Committee periodically to improve information transparency. The Independent Directors examine the financial statements periodically. The communication channel between the Audit Committee and the Independent Auditors functioned well.

The communications between the independent directors, the internal auditors and the independent auditors are listed in the table below :

Date	Communications between the Independent Directors and the Internal Auditors	Communications between the Independent Directors and the Independent Auditors
2023.03.13	Reviewing the Internal Auditor's report Reviewing and approving 2022 Statement of Internal Control System	Reviewing key audit matters Reviewing regulatory developments
2023.05.10	Reviewing the Internal Auditor's report	Reviewing key audit matters Reviewing regulatory developments
2023.08.24	Reviewing the Internal Auditor's report	Reviewing key audit matters Reviewing regulatory developments
2023.11.06 (Pre-meeting)	Group Audit Human Resources Report Review of Group Audit Matters for 2023	Year-end inventory audit recommendations
2023.11.06	Reviewing the Internal Auditor's report Reviewing and approving the 2023 Internal Audit Plan	None
2024.03.13	Reviewing the Internal Auditor's report Reviewing and approving 2023 Statement of Internal Control System	Reviewing key audit matters Reviewing regulatory developments

### 3.3.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1.Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The company formulated and duly disclosed corporate governance best practice principles pursuant to the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies “. Corresponding norms and regulations are observed and implemented in accordance with the spirit of corporate governance. In the future, the company will continue to strengthen information transparency and board functionality through the amendment of relevant management regulations with the goal of promotion corporate governance.	No deviation
2.Shareholding structure & shareholders’ rights				
(1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		(1) The Company has designed the specialist to handle shareholders’ suggestions, disputes, etc. and coordinate the relevant departments for implementation.	No deviation
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(2) Stock service agency organization can be used to provide actual information and keep track of the shares held by directors, managers and shareholders who own more than 5% of shares.	No deviation
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(3) All affiliates are independently responsible for the management of their assets and finances in accordance with the internal control system of the company to ensure the implementation of the risk control and firewall mechanism.	No deviation
(4) Does the company establish internal rules against insiders trading with undisclosed	✓		(4) The company has formulated “Procedures for Ethical Management and Guidelines for Conduct “against insiders trading with undisclosed.	No deviation
3.Composition and Responsibilities of the Board of Directors				
(1) Does the Board established a diversity policy, specific management goals and implemented it accordingly?	✓		(1) The board has formulated diversified policies with regard to membership composition. The company has also established three independent director positions. Kao, Chih-Chien, Lee, Chien-Ming and Lin, Chih-Chung currently serve as independent directors. Lin, Chih-Chung has a legal background, while Kao, Chih-Chien is a finance and accounting specialist and Lee, Chien-Ming has professor of department of Resource management background. The three independent directors set up household registration in Taiwan. The company disclose the Board develop a diversified policy for the	No deviation °

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	(2) The company establish the Remuneration Committee and the Audit Committee and will consider adding ones while it is necessary in the future.	No deviation
(3) Does the company establish a standard to measure the performance of the Board, and implement it annually, report the results of the performance appraisal to the board of directors and apply the results for reference regarding individual directors’ remuneration and re-appointments	✓		<p>(3) The company has formulated rules procedures for governing the board performance evaluation on March. 22,2019. The board committee's charters shall be subject to review at least once a year as part of the Company's regulations governing performance evaluation for internal committees. Internal board performance evaluations shall be completed before the end of the first quarter of the following year.</p> <p>The company shall take into consideration its condition and needs when establishing the criteria for evaluating the performance of the board of directors, which should cover, at a minimum, the following five aspects:</p> <ol style="list-style-type: none"> <li>1.Participation in the operation of the company;</li> <li>2.Improvement of the quality of the board of directors' decision making;</li> <li>3.Composition and structure of the board of directors;</li> <li>4.Election and continuing education of the directors; and</li> <li>5.Internal control.</li> </ol> <p>The criteria for evaluating the performance of the board members (on themselves or peers), should cover, at a minimum, the following six aspects:</p> <ol style="list-style-type: none"> <li>1.Alignment of the goals and missions of the company;</li> <li>2.Awareness of the duties of a director;</li> <li>3.Participation in the operation of the company;</li> <li>4.Management of internal relationship and communication;</li> <li>5.The director's professionalism and continuing education; and</li> <li>6.Internal control.</li> </ol> <p>The criteria for evaluating the performance of functional committees should cover, at a minimum, the following five aspects:</p> <ol style="list-style-type: none"> <li>1.Participation in the operation of the company;</li> </ol>	No deviation

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>2.Awareness of the duties of the functional committee;  3.Improvement of quality of decisions made by the functional committee;  4.Makeup of the functional committee and election of its members and  5.Internal control.</p> <p>The units performing evaluations will collect information about the activities of the board of directors and distribute self-evaluation questionnaires. When electing or nominating members of the board of directors, the Company shall base its election on the evaluation results of the performance of the board and shall base its determination of an individual director's remuneration on the evaluation results of his or her performance.</p> <p>The unit responsible for evaluation or the secretariat of the board will collect all information, give scores based on the evaluation, record the evaluation results in a report, and submit the report to the board of directors for discussion and improvement.</p> <p>The 2023 board performance evaluation is carried out by the Secretariat of the Board (STB) in early 2024. STB collect related information about activities of the board of Directors and distribute “the Questionnaire of self-Evaluation of Performance of the Board “to Board members for self-evaluation. The evaluation period is from Jan. 1 to Dec. 31, 2023, the evaluation scoop includes whole board of directors, individual board members, and functional Committee: Audit committee and Remuneration Committee. When nomination members of the board of directors, the company will base its election on the evaluation results of individual Board member.</p> <p>Board Report Evaluation Results on March 13, 2024.Based on the performance evaluation results of the Board of Directors for the year 2023, the self-assessment of the Board of Directors' performance, the Audit Committee's self-assessment of performance, the Compensation Committee's self-assessment of performance, the self-assessment of the Board members' performance, the self-assessment of the Audit Committee members' performance, and the self-assessment of the Compensation Committee members' performance have all</p>	



Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company regularly evaluate the independence of CPAs?	✓		<p>achieved a score of 4 or above, which is rated as “very good”.(1poor,2fair,3good,4very good,5excellent)</p> <p>(4) The Committee requires that the signing accountants provide a "Statement of Independence" and "Audit Quality Indicators (AQIs)" and evaluate the accountants based on the standards of the questionnaire and AQI indicators. It is confirmed that the accountants have no other financial interests or business relationships with the Company other than fees for signing and tax cases, and that their family members do not violate independence requirements. Based on AQI information, the Committee confirms that the accountants and their firm have better audit experience and training hours than the industry standard. Furthermore, the Company will continue to introduce digital auditing tools to enhance audit quality. Evaluation results are reported to the Audit Committee and Board of Directors on May 8, 2024 for their review and approved accordingly.</p>	No deviation
4.Does the TWSE/TPEX listed company been equipped with competent and appropriate numbers of corporate governance personnel, and designated a CGO responsible for corporate governance-related affairs (including but not limited to providing directors and supervisors with the information required for business execution, assisting directors and supervisors with legal compliance, handling matters related to board meetings and shareholders meetings in accordance with the law, and producing meeting minutes for board of directors meetings and shareholders meetings)?	✓		<p>The company appointed Liu, Li-Ling of Manager for a chief corporate governance officer by the board of directors on March 19, 2020. The governance officer Liu, Li-Ling shall be a qualified for at least three years in a public company in handling legal affairs, financial affairs, stock affairs, or corporate governance affairs.</p> <p>It is required that the corporate governance affairs mentioned include handling matters relating to board meetings and shareholders meetings according to laws, producing minutes of board meetings and shareholders meetings, assisting in onboarding and continuous development of directors and supervisors, furnishing information required for business s execution by directors and supervisors, assisting directors and supervisors with legal compliance, reporting the nomination, election, and appointment of independent directors and whether their qualifications comply with all relevant laws and regulations to the board, handle matters related to the change of directors, and other matters set out in the articles of incorporation or contracts.</p> <p>The main duties of this year are as follows.</p>	No deviation

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<ol style="list-style-type: none"> <li>1. Develop appropriate corporate mechanisms and organizational structures to promote the independence of the board of directors, and fulfillment of operation transparency, regulatory compliance, and internal audit of internal control. °</li> <li>2. Consult director’s opinions before planning and formulating the board meeting agenda, and notify all directors to attend the meeting with sufficient meeting information provided at least even days before the meeting held in order to help directors understand the content of relevant issues. If the content is related the interested parties and should Be avoided at least seven days before the meeting held in order to help directors understand the content of relevant issues. If the content is related to the interested parties and should be avoided, they will be reminded beforehand.</li> <li>3. Register the date of annual shareholder’s meeting before due date in accordance with law, and report meeting notice, meeting manual and meeting minute before deadline, as well as report the change of registration upon the amendment of articles and re-election of directors.</li> <li>4. Reviews the annual corporate governance appraisal index published by corporate governance center, and screen item-by-item to ensure the achievement.</li> </ol> <p>The corporate governance affairs training records: Note 2</p>	
5.Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The company has established a stakeholder section on the company has established a stakeholder identity, issues which have been concerned by major stakeholders and provide the channel for communication.	No deviation
6.Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company engaged Registrar & transfer Agency department of Grand Fortune Securities Co., Ltd. to host annual general shareholders’ meeting.	No deviation
7.Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of	✓		(1) The company has set up a website to disclose information regarding the company’s financials and business.	No deviation

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>corporate governance?</p> <p>(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?</p> <p>(3) Does the Company announce and report the annual financial report as early as possible within two months after the end of the fiscal year, and announce and report the first, second and third quarter financial reports and the operating status of each month as early as possible before the required deadlines?</p>	<p>✓</p>	<p>✓</p>	<p>(2) The company has set up a Chinese/English website to disclose financials, business and corporate governance status. The company has established a spokesman system. Investor conference information is disclosed on the corporate website according to the regulation of TWSE.</p> <p>(3) The company announces and reports annual financial statements, Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit.</p>	<p>No deviation</p> <p>To announce and report financial reports before the required deadlines.</p>
<p>8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?</p>	<p>✓</p>		<p>(1) The Company emphasizes employee rights and open communication channels, and provides ample education training and reasonable compensation and welfare measures. °</p> <p>(2) The Company maintains open communication channels and information exchange for investors and other stakeholders, and respects and protects their entitled rights and interests.</p> <p>(3) The Company maintains a good relationship with both suppliers and customers and seeks mutually beneficial growth through cooperation.</p> <p>(4) The Company has established various internal control systems and internal management rules in accordance with laws and regulations. The audit room submits an audit plan based on risk assessment to the Board of Directors for approval. The actual audit situation and report are submitted to the audit committee for review. In addition, after completing the internal control self-assessment for the year, the relevant departments of the Company will report a statement on internal control on a yearly basis according to the Taiwan Stock Exchange and disclose the statement in the annual report of the shareholders’ meeting.</p> <p>(5) The company annually purchases insurance for directors. The company didn’t set up supervisors.</p>	<p>No deviation</p>

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			(6) Directors’ training records : Note 3.	

9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.

(1) Situation after Improvement:

Item	Evaluation Item	Specific Improvements
1.15	Has the company established and disclosed internal regulations on its website prohibiting directors or employees, among others, from trading securities based on undisclosed information? The content includes (but is not limited to) directors not being allowed to trade their stocks during the 30 days prior to the announcement of annual financial reports, and 15 days before the announcement of quarterly financial reports, along with explanations of enforcement measures.	Since 2023, our company has disclosed Company’s Corporate Governance Practice Principles on the company website, which include internal regulations prohibiting directors or employees from trading securities using undisclosed information in the market.

(2) Measures Adopted for Improvement:

Item	Evaluation Item	Specific Improvements
1.18	Whether the company records the important content of shareholders’ questions and the company’s replies in the minutes of shareholders’ regular meetings?	The company will record shareholders’ questions and the company’s responses in the minutes of the 2024 regular meeting.
2.16	Whether the company’s board of directors contains at least one female director ?	The company’s list of directors to be re-elected in 2024 includes a female director

Note 1 : Assessment criteria of accountant's independence

Assessment	Assessment Result(Y/N)	Independence(Y/N)
Does the designated accountant not have direct or indirect financial interest relationship with the Company?	N	Y
Does the designated accountant have a financing or guarantee relationship with the Company or any director of the Company?	N	Y
Does the designated accountant have close business relationship or potential employment relationship with the Company?	N	Y
Does / Did the designated accountant currently/ in the recent two years serve as a director, manager of the Company or play a role having significant influence on the audit case?	N	Y
Does the non-audit service that the firm of the designated accountant offered to the Company not have direct influence on any important items of the audit case?	N	Y
Does the designated accountant promote or act as an intermediate for the shares or other securities issued by the Company?	N	Y
Does the designated accountant serve as the advocate of the Company nor as the representative of the Company to mediate the dispute between the Company and any third party?	N	Y
Does the designated accountant have kinship with any director, supervisor, or manager of the Company or the person having significant influence on the audit service?	N	Y
The CPA receives any kind of commission	N	Y
The CPA provides other non-attestation services that affect his or her independence	N	Y

Note 2 : The corporate governance affairs training records:

Title	Name	Study period	Training hours	Sponsoring Organization	Course
Chief Corporate Governance Officer	Liu, Li-Ling	2023.06.09	3	Securities & Futures Institute	Prevention of Insider Trading Promotion Conference
		2023.07.13	3	Taiwan Stock Exchange	Listed and Over-the-Counter Companies Sustainable Development Action Plan Promotion Conference
		2023.08.18	9	Taiwan Corporate Governance Association	Net Zero Sustainable Talent Development Program - Corporate Low-Carbon Transformation Strategy

Note 3 : Directors' training records:

Title	Name	Study period	Training hours	Sponsoring Organization	Course
Director of Representative and Chairman	Tsai, Chia-Hsiang	2023.09.28	3	Securities & Futures Institute	Transformation Opportunities and Challenges for Taiwanese Industries Amid Geopolitical Dynamics
		2023.10.04	3	"	How Non-Financial Background Directors and Supervisors Review Financial Statements
Director of Representative	Hsiung Ping-Cheng	2023.12.11	6	Accounting Research and Development Foundation	Legal Responsibilities and Practical Internal Control/Audit Measures for "Employee Fraud"
Director of Representative	Lee, Kuang-Yao	2023.07.04	6	Taiwan Stock Exchange	Cathay Sustainable Finance and Climate Change Summit
Director of Representative	Lee, Wei-Kang	2023.10.12	3	Securities & Futures Institute	Advanced Seminar for Directors, Supervisors (including Independent), and Corporate Governance Executives
		2023.11.08	3	"	Advanced Seminar for Directors, Supervisors (including Independent), and Corporate Governance Executives
Independent director	Lin, Chih-Chung	2023.10.28	3	The National Federation of CPA Associations of the R.O.C.	Latest Trends and Practices in Anti-Money Laundering
		2023.11.08	3	"	Practical Operations Analysis for Independent Directors and Audit Committees
Independent director	Kao, Chih-Chien	2023.08.15	3	"	Overview and Quick Guide to ESG
		2023.08.16	3	"	Analysis of Money Laundering and Insider Trading Patterns and Cases
Independent director	Lee, Chien-Ming	2023.10.10	3	Accounting Research and Development Foundation	How Board of Directors and Senior Executives Review ESG Sustainability Reports
		2023.10.22	3	"	Understanding Corporate Governance Evaluation Indicators Correctly

### 3.3.4 Composition, Responsibilities and Operations of the Remuneration Committee

1. The Remuneration Committee consists of three Independent Directors with approval by the board of directors on April 30, 2013. The members evaluate and determine the remuneration of directors and managers.

#### Professional Qualifications and Independence Analysis of Remuneration Committee Members

Condition Name	Professional qualifications and Experiences	Independence status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director	Note
Independent Director Lin, Chih-Chung	Please refer to 4. Disclosure of professional qualifications of directors and independence of independent directors on page 12 for the relevant content.	All of the following situations apply to each and every of the Independent Directors: 1. Satisfy the requirements of Article 14-2 of "Securities and Exchange Act" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by Taiwan's Securities and Futures Bureau 2. Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any Eson shares 3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service"	-	-
Independent Director Kao, Chih-Chien (Convener)			2	-
Independent Director Lee, Chien-Ming			-	-

2. The Remuneration Committee charter has the approval by the board of directors on April 30, 2013. The Remuneration Committee shall perform the following functions honestly with due diligence and submit their motions to the Board of Directors for discussion.

- (1) Determine and periodically review the performance appraisal on directors and managers, and remuneration policy, system, standard and structure.
- (2) Periodically evaluate and determine the remuneration for directors and managers.

3. A total of 4 (A) Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows.

- (1) The Remuneration Committee consists of three Independent Directors.
- (2) The tenure of office is from July 7, 2021 to July 6, 2024.

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【 B/A 】	Remarks
Convener	Kao, Chih-Chien	3	1	75.00	-
Committee Member	Lin, Chih-Chung	4	-	100.00	-
Committee Member	Lee, Chien-Ming	4	-	100.00	-

(3) Other mentionable items:

- A. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
- B. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.
- C. The resolutions of the Remuneration Committee and the Company's response to the Audit Committee's opinion should be specified in recent year

Date	The resolutions	Remuneration Committee resolutions	The Company's handling of the opinions of the Remuneration Committee
2023.03.13	1. 2022 Remuneration of employees and directors	Unanimously approved by all the members in attendance	Submitted to the Board of Directors for approval by all the directors in attendance
	2. Proposal to adjust remuneration for the Company's promotion of executive assistant to president and associate level managers to vice president		
2023.08.24	1. The remuneration of directors	Unanimously approved by all the members in attendance	Submitted to the Board of Directors for approval by all the directors in attendance
2023.11.06	1. 2022 Remuneration of management	Unanimously approved by all the members in attendance	Submitted to the Board of Directors for approval by all the directors in attendance
	2. The bonus of management		
2024.03.13	1. 2023 Remuneration of employees and directors	Unanimously approved by all the members in attendance	Submitted to the Board of Directors for approval by all the directors in attendance



### 3.3.5 Fulfillment of CSR and Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
<p>1.Does the Company establish a governance structure to promote sustainable development, established a dedicated (part-time) unit to promote sustainable development; and did the Board of Directors authorize senior management to handle it and report the supervisory status to the Board of Directors? <b>(implementation, not compliance or interpretation)</b></p>		✓	<p>1. The Company's implementation of matters related to sustainable development are coordinated by the Office of the President and executed by various departments. Comply with the operating concept of Plan, Do, Check, and Acting (P-D-C-A) to regularly assess response measures for sustainable development. Each quarter, executives propose strategic advancements to the board, who then evaluate the viability of successful strategies and review strategic development.</p> <p>2. According to the content outlined in the Financial Supervisory Commission's "Sustainable Development Pathway for Listed Companies," our company reported the work items and schedule planning for greenhouse gas inventory verification to the board of directors on June 24, 2022. On November 8, the establishment of the Carbon Inventory Promotion Organization structure was reported to the board of directors, with Chairman Tsai, Chia-Hsiang serving as the management representative and CFO Lin, You Ching as the chief commissioner. They are responsible for overseeing and providing support for the coordination and allocation of resources for greenhouse gas inventory verification implementation.</p> <p>3. The group's carbon inventory is implemented in two stages. The first stage, covering the Americas factories, completed the carbon inventory in 2023 and was verified by a third party. The second stage, involving Asian factories, is scheduled to complete the carbon inventory and third-party verification in 2024. Progress on the execution of greenhouse gas inventory and verification operations is regularly reported to the board of directors on a quarterly basis.</p>	The company will implement such policy in accordance with applicable laws in the future.
<p>2.Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies? <b>(implementation, not compliance or interpretation)</b></p>		✓	<p>1. The Company conducts risk assessments for important issues based on the principle of materiality. Risk management policies or strategies are established according to evaluated risks as shown in the following: (1) Environment: Environmental protection and ecological conservation A. ISO 14064-1 : 2018 The carbon inventory for the Americas factories has been completed, and a greenhouse gas verification report opinion</p>	The company will implement such policy in accordance with applicable laws in the future.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>letter has been issued by a third-party verification organization.</p> <p>B. ISO 14001 : 2015</p> <p>The Company has obtained ISO 14001:2015 certification for environmental management systems and complies with government laws and regulations, international conventions, and environmental regulations. The environmental management system is utilized in a manner that fits the characteristics and scale of the organization, and it is regularly reviewed and improved to publicly disclose the Company's implementation of environmental management.</p> <p>(2) Social responsibility:</p> <p>A. Product safety</p> <p>Products manufactured by the Company have passed and will continue to be maintained according to international quality management system certifications. The car product division has obtained IATF 16949: 2016 certification, the remaining product divisions have passed international quality management system ISO 9001: 2015 certification.</p> <p>B. Social welfare</p> <p>(a) Southern Malaysia was hit by heavy rain in March, resulting in severe flooding in Johor state. The factory initiated voluntary teams to participate in post-disaster reconstruction work around the local government.</p> <p>(b) The factory's labor union spontaneously participated in the "2023 Lucheng Love" online fundraising event and "Charity Day Donation".</p> <p>(3) Corporate governance:</p> <p>Criteria established by the Company in accordance with the latest "Corporate Governance Evaluation" reviews and improves the Company's various operations and practices to comprehensively advance the quality of governance. The appropriate adjustments are made to the Company's internal management mechanisms through information provided by the competent authority and external consultants in the hopes of implementing the latest corporate governance trends into daily operations.</p>	
<p>3.Environmental issues</p> <p>(1) Does the company establish proper environmental management systems based on the characteristics of</p>	✓		<p>In order to perform effective environmental management systems, the Company's affiliated enterprises such as Kunshan ESON, Multiwin Mexico, and Eson Batupahat have each obtained ISO14001:2015</p>	No deviation

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
their industries?			certification in environmental management systems to ensure that plants are operated in compliance with regulations.	
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		The Company has implemented an environmental safety department responsible for the supervision of matters related to environmental management and industrial safety. The management rules have established "Management Standards for Environmental Substances" to ensure that all raw materials comply with regulations such as RoHS and REACH by directly managing raw materials with lower environmental impact at the source of production. By obtaining a IECQ compliant certification, the Company establishes rigorous systems to control hazardous substances and further reinforce the control and management of hazardous substances used in products.	No deviation
(3) Does the Company assess the potential risks and opportunities climate change brings to the Company, now and in the future, and take measures to respond to climate-related issues?	✓		After assessing the potential risks and opportunities of climate change in the present and future, the Company has found that the sustainable development constraints on energy and environment have become more severe. In the many potential applications of renewable energy, distributed solar photovoltaic power generation has become a critical solution due to its many advantages of pollution-free, sustainable, high volume, wide distribution, and variety of utilization forms. We built a 5MW distributed photovoltaic power station in our Kunshan plant to accelerate the development of green factories and a green manufacturing system, which is the key to maintaining long-term competitiveness.	No deviation
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?		✓	The Company has obtained the ISO14001 environmental management system certification and implemented various energy conservation plans. We compiled statistics of resource use and management, thoroughly implementing energy conservation and recycling and reuse to reduce resource waste: 1. Lighting in the production workshop was replaced with light guide plate LED lamps to save energy and reduce carbon emissions. 2. The dust disposal tower was modified to effectively suppress dust and prevent environmental pollution. 3. Implemented dynamic balance testing of tap water and installed check valves to prevent water pollution and cherish water resources. 4. The Company has built a 5MW distributed photovoltaic power station in the Kunshan Plant, and began use in May 2023. The plant consumed a total of 3,159,560 kWh of electricity generated by the photovoltaic power plant. The emission reduction benefits include: 1,036 tons of standard coal, 3,150 tons of carbon dioxide, 95 tons of sulfur dioxide, 47 tons of nitrogen oxides, and 4,107 tons of purified	The company will implement such policy in accordance with applicable laws in the future.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			water.	
4.Social issues				
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		<p>The Company complies with labor regulations and is committed to the guiding principles of international human rights conventions such as The Universal Declaration of Human Rights, United Nations Guiding Principles on Business and Human Rights, and International Labour Organization. We support and respect internationally recognized human rights including prohibiting the use of child labor, eliminating all forms of forced labor, eliminating employment discrimination, and preventing unlawful infringement in the workplace. The Company's policies and measures are revised according to local labor regulations to meet current conditions.</p> <p>1.The Company established the "Regulations for the Prevention, Complaint, and Punishment of Sexual Harassment" in accordance with the Act of Gender Equality in Employment to protect the rights and interests of employees at work. The Company has set up a dedicated mailbox for complaints to prevent employees from being sexually harassed in the workplace and provide a safe and friendly workplace environment. We also implement workplace sexual harassment prevention and awareness campaigns for new employees.</p> <p>2.The Company's female employees accounted for 45% of all employees in 2023, while the 27% of managers were female, which is higher than the target of 20%, actively creating employee diversity and equal opportunity.</p>	No deviation
(2) Does the Company formulate and implement reasonable employee benefits measures (including compensation, leaves and other benefits), and appropriately reflect operational performance or achievement in employee compensation?	✓		<p>By law, the Company participates in labor insurance (payments for work injury or disease, disability, childbirth, and death) and national health insurance; additionally, employees enjoy additional guarantees with group insurance (accident, medical, and overseas emergency rescue insurance) available from their first day of employment. In accordance with the "Labor Standards Act" and related laws and regulations, employees are provided with parental leave without pay, family leave, menstrual/maternity leave, paternity leave, and more based on their physiological condition and family requirements. Employees may schedule leave based on their actual needs.</p> <p>Also, the Company participates in surveys of remuneration and welfare policies as reference to establish reasonable employee remuneration</p>	No deviation

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		and welfare policies that are competitive within markets. Subsidies such as gifts for birthdays, weddings, and funerals as well as annual employee health examinations are provided. Performance evaluations are conducted annually to offer opportunities for promotions, salary adjustments, and year-end bonuses based on individual performance to share operating results with employees. Also, a "Procedures for Reward and Discipline" has been established to offer a clear reward and punishment system that is reflected in employee remuneration. The Company has obtained certification ISO45001 for the management systems of occupational health and safety and its active implementation with regular verification and review by a third party. Regularly organize activities related to employee safety and health education to reinforce awareness of occupational safety and health. The Company provides health examinations for current employees and has dedicated personnel in partner health institutions that allow employees to engage in health consultations. In 2023, there were no cases of major occupational accidents. The number of fire incidents, casualties, and the ratio of casualties to total employees were all zero. In order to implement proactive management, the legally mandated education and training courses are being disseminated to enhance safety awareness among employees.	No deviation
(4) Does the company setup a communication channel with employees on a regular basis, as well as reasonably inform employees of any significant changes in operations that may have an impact on them?	✓		The Company conducts new employee training for new hires and establishes an effective career development training program for employees.	No deviation
(5) Does the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	✓		The Company comply with relevant laws, regulations, and international standards with respect to customer health and safety, customer privacy, marketing and labeling of products and services, and develop relevant consumer interest’s protection policies and complaint procedures	No deviation
(6) Does the Company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and its implementation situation?	✓		The Company and its subsidiaries and the supplier conduction business transactions with the suppliers in conformity to the procedures for the control of suppliers, and evaluation the suppliers through the annual supplier conference and supplier evaluation mechanisms.	No deviation
5.Does the company reference internationally accepted reporting		✓	The company and subsidiaries have not yet mapped our any plan on	The company will implement such

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
standards or guidelines, and prepare reports that disclose non-financial information of the company, such as Corporate Sustainability Report? Do the reports above obtain assurance from a third party verification unit?			corporate social responsibility and the plan of compiling Corporate Sustainability Report.	policy in accordance with applicable laws in the future.
6.Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies: The Board of Directors of the Company has passed the corporate social responsibility code of practice. The Company will fulfill corporate social responsibilities and implement according to the directions.				
7.Other useful information for explaining the status of corporate social responsibility practices:				
(1) The Company has participated in the establishment of charitable associations to provide regular financial assistance to vulnerable groups such as nursing homes and low-income households.				
(2) Passed certification:				
	Item	Certification Date	Valid Period	
	IATF16949:2016	2020/4/14	2023/4/5	2026/4/6
	IATF16949:2016	2021/9/9	2021/9/9	2024/9/8
	IECQ	2020/9/23	2023/9/23	2026/9/22
	ISO14001:2015	2004/10/1	2022/9/1	2025/9/30
	ISO14001:2015	2009/4/3	2021/9/2	2024/9/13
	ISO14001:2015	2013/12/26	2022/11/23	2025/10/22
	ISO14001:2015	2022/6/12	2022/6/12	2025/6/12
	ISO45001:2018	2013/12/26	2022/11/23	2025/12/26
	ISO45001:2018	2022/6/12	2022/6/12	2025/6/11
	ISO9001:2015	1997/4/1	2023/3/21	2026/3/31
	ISO9001:2015	2009/3/12	2021/9/2	2024/9/13
	ISO9001:2015	2010/7/31	2023/7/31	2026/7/31
	ISO9001:2015	2015/12/9	2021/10/15	2024/12/8
	ISO9001:2015	2021/11/29	2021/11/29	2024/11/29

### Implementation of climate-related disclosure

Item	Execution status
<p>1. Describe the board of directors' and management's oversight and governance of climate related risks and opportunities.</p>	<p>The Company recognizes the importance of climate change and adopted the framework of the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to supervise and manage climate change-related actions. The framework is implemented from the top down through the Board of Directors, responsible units, and operating units, and effectively incorporates climate change issues into the organization's operations, which are implemented accordingly. The Board of Directors continues to monitor plans for the identification and response to the Company's climate-related risks and opportunities, and monitors the implementation status of climate-related risks and opportunities on a quarterly basis.</p>
<p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</p>	<p>The climate risks and opportunities identified by the Company are as follows:</p> <p>Risks - 1 significant risk was identified and is a long-term climate risk</p> <p>Average temperature rise brings many risks to the Company, including natural disasters caused by climate change and energy and resource instability. The Company continues to compile its GHG inventory, reduce energy consumption, and improve energy-consuming equipment.</p> <p>Opportunities - 2 significant opportunities were identified as follows:</p> <ol style="list-style-type: none"> <li>1. After assessing the potential risks and opportunities of climate change in the present and future, the Company has found that the sustainable development constraints on energy and environment have become more severe. In the many potential applications of renewable energy, distributed solar photovoltaic power generation has become a critical solution due to its many advantages of pollution-free, sustainable, high volume, wide distribution, and variety of utilization forms. We built a 5MW distributed photovoltaic power station in our Kunshan plant to accelerate the development of green factories and a green manufacturing system, which is the key to maintaining long-term competitiveness.</li> <li>2. The Company has obtained the ISO14001 environmental management system certification and implemented various energy conservation plans. We compiled statistics of resource use and management, thoroughly implementing energy conservation and recycling and reuse to reduce resource waste.</li> </ol>
<p>3. Describe the financial impact of extreme weather events and transition actions.</p>	<p>Increase in operating costs; Disaster losses caused by extreme weather, such as blocking transportation of raw materials and finished products and property losses.</p>

Item	Execution status
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	In addition to identifying the operational risks brought by climate change, the Company also refers to the Task Force on Climate-Related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB), and incorporated the four core disclosures of "Governance," "Strategy," "Risk Management," and "Metrics and Targets" into our operations management.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	None.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	None.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	None.
8. If climate related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified	None.
1. Greenhouse gas inventory and assurance status (filled out separately below in 1-1 and 1-2).	Not applicable.

**3.3.6 Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons**

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs (1) Does the Company formulated an ethical management policy approved by the board of directors, and clearly stated the policies and practices of ethical management, and the commitment to actively implement management policies by the board of directors and senior management in the regulations,	✓		(1) The Company has established an ethical code of conduct that sets out the relevant rules to align the conduct of the Company's directors and managers with ethical standards and to enable stakeholders to better understand the Company's ethical code of conduct.	No deviation



Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
rules, and external documents?				
(2) Does the Company established an evaluation mechanism for the risk of dishonest behaviors, regularly analyzed and evaluated business activities with a higher risk of dishonest behaviors in the business scope, and thus formulated a plan to prevent dishonest behaviors, which at least covered the preventive measures provided in Subparagraphs of Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies?	✓		(2) In the prevention plan, the Company specifically stipulates that the Company's personnel should prohibit bribery, illegal political contributions, improper charitable donations or sponsorships, and unreasonable gifts, hospitality or other improper benefits when conducting business. Education and training related to business integrity (including compliance with ethical business integrity regulations, taxation, auditing systems and internal controls) conducted by the Company with 5,078 person, a total of 6,844 hours.	No deviation
(3) Does the Company clearly set out the operating procedures, behavior guidelines, punishment, and complaint system for violations in the plan to prevent dishonest behaviors, and implemented and regularly reviewed and amended the aforesaid plan?	✓		(3) In the aforementioned specifications, the Company defined behavioral guidelines for conflicts of interest, confidentiality of customer information, and business dealings, and regularly or timely promotes education and training so that employees can truly understand and comply.	No deviation
2.Fulfill operations integrity policy				
(1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	✓		(1) The Company has specified the "Customer Credit Management Operations" and “Supplier Control Procedures” to prevent exchange with those who do not meet the standards or reduce the transaction amount; In addition, the terms of good faith have been specified in the commercial contract.	No deviation
(2) Does the Company set up a dedicated unit under the board of directors to promote ethical corporate management, and regularly (at least once a year) reported to the board of directors regarding its ethical management policy, its plan to prevent dishonest behaviors, and supervised the implementation status?	✓		(2) The Company has set up the audit office directly under the Board of Directors, and reports to the Board of Directors regularly or irregularly. If employees find any relevant breach of corporate integrity, they should also report to the audit office or relevant units in accordance with regulations to timely handle the matter.	No deviation
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		(3) The Company has established procedures for dealing with conflicts of interest in the aforementioned specifications.	No deviation
(4) Has the Company established an effective accounting system and internal control system for the implementation of ethical	✓		(4) The Company has established an accounting system and an internal control system, and internal auditors will conduct audit operations on a regular or	No deviation

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
management, and had the internal audit unit draw up relevant audit plans based on the evaluation results of the dishonest behavior risks to check the compliance status of the plan to prevent dishonest behaviors or commission a CAP conducting an audit? (5) Does the company regularly hold internal and external educational trainings on operational integrity?	✓		irregular basis.  (5) The Company promotes corporate culture and integrity management obligations through various conferences.	No deviation
3.Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?  (2) Does the Company established the standard operating procedures for investigations after accepting reports, the follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms?  (3) Does the company provide proper whistleblower protection?	✓		(1) The Company has the "Employee Communication and Complaint Management Methods" and "EICC Code of Conduct" with special mailboxes for employees and external personnel, which are handle by designated personnel with specific rewards (merit records and cash rewards).  (2) The Company has established standard operating procedures for investigating reported cases and related confidentiality mechanism in accordance with specific reporting and reward systems.  (3) The company agrees to take measures to protect the prosecutor from improper treatment due to the report, and is willing to discuss relevant protection measures.	No deviation  No deviation  No deviation
4.Strengthening information disclosure (1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	✓		(1) The company has set up a website, and will gradually build up the disclosure of information related to integrity management in the future.	No deviation
5.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. The company has established an integrity management code and implemented the contents thereof.				
6.Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies). The company signs a “vendor commitment letter” with the supplier, stating that the supplier should ensure that business activities are carried out in a transparent and fair manner. Transactions with clients shall be carried out with honesty. Notes shall be added to the trading contract as appropriate to show the company's determination to operate with integrity.				

### 3.3.7 Corporate Governance Guidelines and Regulations

Please refer to the Company’s website at [www.eson.com.cn](http://www.eson.com.cn)

### **3.3.8 Other Important Information Regarding Corporate Governance**

None

### **3.3.9 Internal Control Systems**

1. Declaration of Internal Control

Eson Precision Ind. Co., Ltd.  
Internal Control System Statement

Date: 3/13/2024

The Company states the following with regard to its internal control system during fiscal year 2024, based on the findings of self-assessment:

1. The Company is fully aware that establishing, operating, and maintain an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), the reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, and effective internal control system can provide only reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. However, the internal control system of the Company contains self-monitoring mechanisms, the Company takes corrective actions as soon as a deficiency is identified.
3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the “Regulations”). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1.control environment 2.risk assessment 3.control activities 4.information and communications 5.monitoring activities. Each element further contains several items. Please refer to the Regulations for details.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that as of 12/31/2023 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, the reliability, timeliness, transparency, and regulatory compliance of the reporting, and compliance with applicable laws, regulations, and bylaws, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
6. This Statement will become a major part of the content 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, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors Meeting of the Company held on 3/13/2024, where 0 of the 7 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Eson Precision Ind. Co., Ltd.  
Chairman/President: Tsai, Chia-Hsiang  
General Manager: Tsai, Chia-Hsiang

2. For the CPAs specifically commissioned to review the internal control system, the Independent Auditor's Report should be disclosed: None.

**3.3.10 The punishment rendered to the Company and its internal staff lawfully, the disciplinary action brought against the internal personnel who had violated the internal control system, and the major nonconformities and the corrective action in the most recent year and up to the printing date of the annual report: None**

### 3.3.11 Major Resolutions of Shareholders' Meeting and Board Meetings

#### 1. Shareholders' meeting

Date	Major resolutions
2023.06.20	<p>1. Adoption of the 2022 Business Report and Financial Statements. Execution : Resolution passed.</p> <p>2. Adoption of the Proposal for Distribution of 2022 Profits. Execution : To resolve September 4, 2023 as dividend record date and September 28, 2023 as cash dividend distribution date. (a cash dividend of NT\$1.6 per share).</p> <p>3. Amendment to the "Articles of Incorporation". Execution : Resolution passed.</p>

#### 2. Board meeting

Date	Major resolutions
2023.03.13	<p>1. Approval of the 2022 Remuneration of employees and directors.</p> <p>2. Approval of the 2022 Business Report and Consolidated Financial Statement.</p> <p>3. Approval of the 2022 Assessment of the effectiveness of the internal control system and statement of internal control system.</p> <p>4. Approval of amendment to the 'CPA's independent and performance management measures'.</p> <p>5. Approval of periodically evaluate CPA's independent and competent.</p> <p>6. Approval of the Company's certified public accountants and determine fees.</p> <p>7. Approval of the 2023 distribution of 2022 profit.</p> <p>8. Approval of amendment to the 'Articles of Incorporation'.</p> <p>9. Approval of amendments to the Company's procedures for "Corporate Governance Best Practice Principles".</p> <p>10. Approval of the Associate Director Promoted to Deputy General Manager.</p> <p>11. Ratified proposal to establish "General Rules for Pre-Approval of Non-Assured Services" in the Company.</p> <p>12. Approval of amendment to the 'Organizational Regulations of Salary and Compensation Committee'.</p> <p>13. Approval of the capital increase of USD 25,000,000 in Esonmex Monterrey S.A. De C.V. through subsidiary Eson Precision Industry (Singapore) Pte. Ltd. and Global Sun Trading Co., Ltd.</p> <p>14. Approval of the convening of the 2023 General Shareholders' Meeting.</p> <p>15. Ratified proposal to promote the Company's executive assistant Lin Yu-Chuan to President and associate manager Hsiao Hao-Chou to Vice President and adjust their remuneration</p>
2023.05.10	<p>1. Approving of Financial Statements for the First Quarter of 2023.</p> <p>2. Approval of the promotion of Vice Managers Lai, An-Sheng, and Tsai, Chia-Hua, of this company to Vice President, along with their compensation packages.</p>
2023.08.24	<p>1. Approving of Financial Statements for the Second Quarter of 2023.</p>

Date	Major resolutions
	2.Approving of Directors' Remuneration. 3.Approving of Authorized to sign Letter of Support to E.Sun Commercial Bank, Ltd.Singapore Branch, Taishin International Bank Co., Ltd. Singapore Branch and Taipei Fubon Commercial Bank.
2023.11.06	1.Approving of Financial Statements for the Third Quarter of 2023. 2.Approving of 2024 Internal Audit Plan. 3.Approving of 2024 Business Plan. 4.Approving of Amendments to the Company's Corporate Governance Best Practice Principles. 5.Approving of 2022 Employee profit-sharing compensation to managerial officers. 6.Approving of Year-end bonus to managerial officers.
2024.03.13	1.Approving of the 2023 Remuneration of employees and directors. 2.Approving of the 2023 Business Report and Consolidated Financial Statement. 3.Approving of the 2023 Assessment of the effectiveness of the internal control system and statement of internal control system. 4.Approving of the 2024 distribution of 2023 profit. 5.Approval of amendments to the Company's procedures for "Loaning Funds to Other Parties". 6.Ratified proposal to establish "General Rules for Pre-Approval of Non-Assured Services" in the Company. 7.Approval of the proposed reduction of USD 8.9 million in capital for Grand Liberty Co., Ltd., a subsidiary of our company. 8.Approval of re-election of directors. 9.Approval of the convening of the 2023 General Shareholders' Meeting.

**3.3.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors**

None

**3.3.13 Resignation or Dismissal of the Company’s Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D**

Title	Name	Date appointed	Date dismissed	Reason for resignation or dismissal
President	Tsai, Chia-Hsiang	2021.8.26	2023.3.13	Position adjustment

**3.4 Information Regarding CPA Fees**

Accounting Firm	Name of CPA		Period Covered by CPA’s Audit	Audit Fee	Non-audit Fee	Total	Remarks
Deloitte & Touche	Wu, Ke-Chang	Chiu, Ming-Yu	2023.01.01-2023.12.31	7,450	3,530	10,980	-

**3.4.1 Non-inspection fees for CPAs, accounting firms, and its affiliates account for over one quarter of inspection fee:**

None

**3.4.2 Replacement of accounting firm and auditing fee for the replacement year is lower than amount in the year prior to the replacement:**

None

**3.4.3 Auditing fee decreases by over 15% from the previous year:**

None

**3.4.4 Non-audit fees include System Design, Translation of English Financial Statements and tax compliance audit.**

**3.5 Information on Change of CPA**

None.

**3.6 Whether the Company’s chairman, presidents, and managers in charge of its financial and accounting operations have held any positions in Company’s independent auditing firm or its affiliates business in the most recent year:**

None

**3.7 Particulars about Change in shareholding and shares pledge of directors, managers and major shareholders who own 10% or more of ESON's Shares during the most recent year and as of the date of this Annual Report.**

**3.7.1 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders**

Unit: Shares

Title	Name	2023		As of Apr. 21, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Ace Progress Holdings Limited	-	-	-	-
	Representative : Tsai, Chia-Hsiang	-	-	-	-
Director	Ace Progress Holdings Limited	-	-	-	-
	Representative : Hsiung Ping-Cheng	-	-	-	-
Director	Golden Harvest Management Limited	-	-	-	-
	Representative : Lee, Kuang-Yao	-	-	-	-
Director	Golden Harvest Management Limited	-	-	-	-
	Representative : Lee, Wei-Kang	-	-	-	-
Independent Director	Kao, Chih-Chien	-	-	-	-
Independent Director	Lin, Chih-Chung	-	-	-	-
Independent Director	Lee, Chien-Ming	-	-	-	-
President	Lin, Yu-Chuan	-	-	-	-
Vice President	Hsiao, Hao-Chou	(10,000)	-	-	-
Vice President	Tsai, Jia-Hua	-	-	-	-
Vice President	Lai, An-Sheng	-	-	-	-
Chief Financial Officer/ Accounting Supervisor	Lin, You Ching	-	-	-	-
Manager	Liu, Li-Ling	-	-	-	-

**3.7.2 The counterparty of equity transfer is a related party:**

None

**3.7.3 The counterparty of equity pledge is a related party:**

None



### 3.8 The Relations of the Top Ten Shareholders

As of Apr 21,2024 ; Unit: shares

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Golden Harvest Management Limited	44,613,345	26.47%	-	-	-	-	-	-	-
Representative : Lee, Kuang-Yao	-	-	-	-	-	-	-	-	-
Ace Progress Holdings Limited	15,351,375	9.11%	-	-	-	-	-	-	-
Representative : Tsai, Chia-Hsiang	-	-	-	-	-	-	-	-	-
Standard Chartered bank in custody-Liechtenstein bank	7,113,000	4.22%							
TS Bank in custody-Actmax International Limited	4,892,000	2.90%	-	-	-	-	-	-	-
Legend Company Ltd.	2,841,078	1.69%	-	-	-	-	-	-	-
Representative : WU DEAN	-	-	-	-	-	-	-	-	-
Hung, Chih-Ting	1,927,000	1.14%	-	-	-	-	-	-	-
Huang, Ji-Zhe	1,212,000	0.72%							
Zhu, Ming-Zhang	850,000	0.50%	-	-	-	-	-	-	-
Standard Chartered bank in custody-LGT Bank Singapore	838,000	0.50%	-	-	-	-	-	-	-
Zhu, Yung-Rui	827,117	0.49%	-	-	-	-	-	-	-

### 3.9 Long-Term Investment Ownership

As of April 21,2024 ; Unit: shares

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Multiwin Precision Ind Pte. Ltd.	19,800,001	100.00	-	-	19,800,001	100.00
Global Sun Trading Co., Ltd.	2,810,000	100.00	-	-	2,810,000	100.00
All Spacer Enterprises Co., Ltd.	1,800,000	100.00	-	-	1,800,000	100.00
MultiwinDe Mexico S.A.De C.V.	1,063,371	100.00	-	-	1,063,371	100.00
Heng Xie Enterprises Limited	410,514,868	100.00	-	-	410,514,868	100.00
Eson Europe S.R.O.	Note 1	100.00	-	-	Note 1	100.00
Grand Liberty Co., Ltd.	24,100,000	100.00	-	-	24,100,000	100.00
Ample Wealth Enterprise Ltd.	1	100.00	-	-	1	100.00
Zeal International Co., Ltd.	1	100.00	-	-	1	100.00
Eson Precision Industry (Singapore) Pte. Ltd.	19,000,000	100.00	-	-	19,000,000	100.00
Eson (VN) Precision Industry Co., Ltd.	Note 1	100.00	-	-	Note 1	100.00
Eson Precision Engineering (Malaysia) Sdn. Bhd.	31,000,000	100.00	-	-	31,000,000	100.00
Eson Batupahat Precision Engineering Sdn. Bhd.	19,000,000	100.00	-	-	19,000,000	100.00
Unique Champion Co., Ltd.	1	100.00	-	-	1	100.00
Eson Slovakia A.S.	230	100.00	-	-	230	100.00
Kong Eagle International Limited.	13,505,712	100.00	-	-	13,505,712	100.00
Zenith Profits Co., Ltd.	1	100.00	-	-	1	100.00
Blackyotta Co., Ltd.	200,000	100.00	-	-	200,000	100.00
ESONMEX Monterrey S.A. De C.V.	6,653,671	100.00	-	-	6,653,671	100.00
Kunshan Eson Precision Engineering Co., Ltd.	Note 1	100.00	-	-	Note 1	100.00
Yantai Zheng Yi Precision Electronics Co., Ltd.	Note 1	100.00	-	-	Note 1	100.00
Wuxi Xinguan Metal Science & Technology Co., Ltd.	Note 1	100.00	-	-	Note 1	100.00
Dongguan Yihong Precision Mould Co., Ltd.	Note 1	100.00	-	-	Note 1	100.00
Kunshan Kang Rui Package Material Co., Ltd.	Note 1	100.00	-	-	Note 1	100.00

Note 1 : Limited Companies with no shares

## 4 Funding Status

### 4.1 Capital and shares

#### 4.1.1 History of capitalization

##### 1.Type of shares

As of April 21, 2024 / Unit: thousands Shares

Type of Shares	Authorized Shares			Remarks
	Outstanding Shares	Unissued shares	Total	
common stock	168,529	131,471	300,000	Listing

##### 2.Issued Shares

As of April 21, 2024

Month / Year	Par value (NT\$)	Authorized shares		Paid-in Capital		Remarks		
		Shares (thousands)	Amount (NT thousands)	Shares (thousands)	Amount (NT thousands)	Source of capital	Capital Increased by Assets Other than Cash	Other
2008/06	USD 0.1	1(shares)	USD0.1(dollars)	1(shares)	USD0.1(dollars)	Initial Capital	No	No
2008/07	USD0.78067	200,000	USD20,000	97,749	USD 9,774	Capital Increased by Cash	No	Note 1
2009/01	USD0.89144	200,000	USD20,000	132,827	USD 13,283	Capital Increased by Cash	No	Note 2
2012/08	USD 1	200,000	USD20,000	152,827	USD 15,283	Capital Increased by Cash	No	Note 3
2012/10	-	152,827	NTD 1,528,273	45,848	NTD 458,482	Transferring currency	No	Note 4
2012/10	-	152,827	NTD 1,528,273	152,827	NTD 1,528,273	Capital Surplus Transferred to Capital	No	Note 5
2013/11	NTD36	200,000	NTD2,000,000	171,932	NTD1,719,323	Capital Increased by Cash	No	Note 6
2014/09	-	200,000	NTD2,000,000	180,529	NTD1,805,289	Stock dividends of Common Stock	No	Note 7
2015/11	-	200,000	NTD2,000,000	173,529	NTD1,735,289	Treasury Stock Retired	No	Note 8
2019/03	-	200,000	NTD2,000,000	168,529	NTD1,685,289	Treasury Stock Retired	No	Note 9

Note 1 : Capital Increased 97,749,099 shares by Cash.

Note 2 : Capital Increased 35,078,200 shares by Cash.

Note 3 : Capital Increased 20,000,000 shares by Cash.

Note 4 : The company changed the par value from USD 1 dollar to NTD 10 dollars.

Note 5 : Capital Surplus Transferred to Capital on NTD 1,069,791,100 dollar.

Note 6 : Approved Jing- Kuan- Zheng- Fa –Zi No. 1020040802

Note 7 : Approved Tai-Jeng-Shang-Er-Zi No.10300189191

Note 8 : Approved Tai-Jeng-Shang-Er-Zi No. 10400239291

Note 9 : Approved by TWSE on March 29, 2019

##### 3.Information regarding shelf registration: None.

#### 4.1.2 Composition of Shareholders

As of Apr 21, 2024 / Unit: Shares

Status Number	Government Agencies	Financial Institutions	Investment institutions in China	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	-	2	-	182	22,630	72	22,886
Shareholding (shares)	-	4,000	-	1,043,324	87,622,298	79,859,293	168,528,915
Percentage	-	0.00%	-	0.62%	51.99%	47.39%	100.00%

Note: The definitions of "individual" and "foreign institutions and foreigners" are based on whether their nationality is the Republic of China (ROC). Therefore, the term "individual" in this table refers to a person who is the national of the Republic of China, while "foreign institutions and foreigners" refer to non-ROC legal persons (entities) and individuals.

#### 4.1.3 Shareholding Distribution Status

##### 1. Common shares :

As of Apr 21, 2024 / Unit: People 、 Shares

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1~ 999	5,956	495,372	0.29%
1,000~ 5,000	14,153	27,248,431	16.17%
5,001~ 10,000	1,462	11,776,495	6.99%
10,001~ 15,000	442	5,697,754	3.38%
15,001~ 20,000	286	5,348,974	3.17%
20,001~ 30,000	218	5,653,322	3.36%
30,001~ 40,000	104	3,763,050	2.23%
40,001~ 50,000	56	2,621,398	1.56%
50,001~ 100,000	119	8,468,593	5.03%
100,001~ 200,000	59	8,681,504	5.15%
200,001~ 400,000	12	3,269,800	1.94%
400,001~ 600,000	6	2,908,000	1.73%
600,001~ 800,000	3	2,131,307	1.26%
800,001~1,000,000	3	2,515,117	1.49%
1,000,001 or over	7	77,949,798	46.25%
Total	22,886	168,528,915	100.00%

##### 2. Preferred shares : None.

#### 4.1.4 List of Major Shareholders

As of Apr 21, 2024/ Unit: Shares

Shareholder's Name	Shareholding	Shares	Percentage
Golden Harvest Management Limited		44,613,345	26.47%
Ace Progress Holdings Limited		15,351,375	9.11%
Standard Chartered bank in custody-Liechtenstein bank		7,113,000	4.22%
TS Bank in custody-Actmax International Limited		4,892,000	2.90%
Legend Company Ltd.		2,841,078	1.69%
Hung, Chih-Ting		1,927,000	1.14%
Huang, Ji-Zhe		1,212,000	0.72%
Zhu, Ming-Zhang		850,000	0.50%
Standard Chartered bank in custody-LGT Bank Singapore		838,000	0.50%
Zhu, Yung-Rui		827,117	0.49%
Total		80,464,915	47.74%

#### 4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$ / thousands shares

Items		Year	2022	2023
<b>Market Price per Share</b>	Highest Market Price		72.10	91.90
	Lowest Market Price		55.20	56.50
	Average Market Price(Note 1)		64.00	74.80
<b>Net Worth per Share</b>	Before Distribution		40.82	43.75
	After Distribution		39.22	Not distribution
<b>Earnings per Share</b>	Weighted Average Shares (thousand shares)		168,529	168,529
	Earnings Per Share (Note 2)	Before Adjustment	4.75	3.55
		After Adjustment	4.75	3.55
<b>Dividends per Share</b>	Cash Dividends		1.6	1.6
	Stock Dividends	Dividends from Retained Earnings	-	-
		Dividends from Capital Surplus	-	-
	Accumulated Undistributed Dividends		-	-
<b>Return on Investment (Note3)</b>	Price / Earnings Ratio		13.06	18.72
	Price / Dividend Ratio		38.78	41.53
	Cash Dividend Yield Rate		2.58%	2.41%

Data : Financial statements certification by CPA and financial statements reviewed by CPA.

Note 1 : Listed the highest and the lowest market price per share in every year and the average market price were calculated based on the trading amount and volume.

Note 2 : Earnings per share (attributable to owners of the company) listed. The appropriation of earnings for 2023 are not yet subject to the resolution of the shareholders in the shareholders' meeting.

Note 3 : Price / Earnings Ratio = Average Market Price / Earnings per Share

Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

#### 4.1.6 The company's dividend policies and execution

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

The Board may, subject to approval by the Members by way of Ordinary Resolution or, in the case of Article 11.4(a), Supermajority Resolution and subject to these Articles and any direction of the Company in general meeting, declare a Dividend to be paid to the Members in proportion to the number of shares held by them, and such Dividend may be paid in cash, shares or, subject to Article 13.2, wholly or partly in specie. No unpaid Dividend shall bear interest as against the Company.

Subject to the Law, Article 11.4(a) and this Article and except as otherwise provided by the rights attached to any shares, the Company may distribute profits in accordance with a proposal for profits distribution approved by the Board and sanctioned by the Members by an Ordinary Resolution, in general meetings. No Dividends or other distribution shall be paid except out of profits of the Company, realization or un realization, out of share premium account or any reserve, fund or account as otherwise permitted by the Law. Except as otherwise provided by the rights attached to any shares, all Dividends and other distributions shall be paid according to the number of the shares that a Member holds. If any share is issued on terms providing that it shall rank for Dividend as from a particular date, that share shall rank for Dividends accordingly.

Upon the final settlement of the Company's accounts, if there is "surplus profit" (as defined below), the Company shall set aside two per cent (2%) to eight per cent (8%) as compensation to employees ("**Employees' Compensation**") and Employees' Compensation may be distributed to employees of the Company and its Subsidiaries, who meet certain qualifications. The Company shall, from the surplus profit, set aside no more than zero point five per cent (0.5%) thereof as remuneration for the Directors ("**Directors' Remuneration**"). The distribution proposals in respect of Employees' Compensation and Directors' Remuneration shall be approved by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors and submitted to the shareholders' meeting for report. However, if the Company has accumulated losses, the Company shall reserve an amount thereof for making up the losses before proceeding with the abovementioned distributions and allocation. The "surplus profit" referred to above means the net profit before tax and for the avoidance of doubt, such amount is before any payment of compensation to employees and remuneration for the Directors and is exclusive of the earnings accumulated from previous years.

In determining the Company's dividend policy, the Board recognizes that the Company operates in a mature industry, and has stable profit streams and a sound financial structure. In determining the amount, if any, of the Dividend or other distribution it recommends to Members for approval in any financial year, the Board:

- (a) may take into consideration the earnings of the Company, overall development, financial planning, capital needs, industry outlook and future prospects of the Company in the relevant financial year, so as to ensure the protection of Members' rights and interests; and
- (b) shall set aside out of the profits of the Company for each financial year: (i) a reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses incurred in previous years; (iii) ten per cent (10%) as a general reserve ("**Statutory Reserve**") (unless the

Statutory Reserve has reached the total paid-up capital of the Company), and (iv) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules or a reserve as determined by the Board pursuant to Article 14.1.

Subject to compliance with the Law and after setting aside the amounts for Employees' Compensation and Directors' Remuneration in accordance with Article 13.4 and such amounts as the Board deems fit in accordance with the distribution policy set out in Article 13.5, the Board shall recommend to Members for approval to distribute no less than ten per cent (10%) of the earnings generated from the immediately preceding financial year (exclusive of those accumulated from previous years) out of the distributable amount as Dividend to the Members and the allocation will be made upon the passing of the resolution by the Members.

Dividends to the Members and the Employees' Compensation may be distributed, in the discretion of the Board, by way of cash or by way of applying such sum in paying up in full unissued shares or a combination of both for allocation and distribution to employees or the Members, provided that, in the case of a distribution to Members, no less than fifty per cent (50%) of the total amount of such Dividend shall be paid in cash. No unpaid Dividend and compensation shall bear interest as against the Company.

#### 2. Proposed Dividend Distribution :

The Board approved the proposal NTD\$1.6 of per share for 2023 dividend distribution at its meeting on March 13, 2024. The proposal will become effective according to the relevant regulations, upon the approval of shareholders at the Annual General Shareholders' Meeting.

Beginning retained earnings		Unit: NTD \$ 1,774,730,340
Add: net profit after tax	597,466,323	
Less: 10% legal reserve	(59,746,632)	
Distributable net profit	537,719,691	537,719,691
Distributable items:		
Dividend to shareholders ( NTD\$1.6 of per share )		(269,646,264)
Unappropriated retained earnings		2,042,803,767
1.The cash dividend distribution will be calculated to the nearest NT dollar, the cash dividend distribution with NT dollar.		
2.According to convert the functional currency into NT dollar.		

#### 3. Anticipation of significant changes in the dividend policy :

None

#### 4.1.7 The impact of the stock dividend resolved in the current shareholders' meeting on the Company's business performance and earnings per share

Not applicable.

#### 4.1.8 Remuneration to employees and directors

1. Remuneration to employees and directors stipulated in the Company's Articles of Incorporation.

Upon the final settlement of the Company's accounts, if there is "surplus profit" (as defined below), the Company shall set aside two per cent (2%) to eight per cent (8%) as compensation to employees ("**Employees' Compensation**") and Employees' Compensation may be distributed to employees of the Company and its Subsidiaries, who meet certain qualifications. The Company shall, from the surplus profit, set aside no more than zero point five per cent (0.5%) thereof as remuneration for the Directors ("**Directors' Remuneration**"). The distribution proposals in respect of Employees' Compensation and Directors' Remuneration shall be approved by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors and submitted to the shareholders' meeting for report. However, if the Company has accumulated losses, the Company shall reserve an amount thereof for making up the losses before proceeding with the abovementioned distributions and allocation. The "surplus profit" referred to above means the net profit before tax and for the avoidance of doubt, such amount is before any payment of compensation to employees and remuneration for the Directors and is exclusive of the earnings accumulated from previous years.

2. Accounting treatment applied to the difference between actual and estimated remuneration to employees and directors.

Shall there be any difference between the actual amount of remuneration approved by Annual Shareholders' Meeting and that of the estimation, it will be deemed as the changes in accounting estimated and will be recognized in the profit and loss account of the distributing year.

3. Distribution of remuneration to employees resolved by the Board of Directors:

- (1) The Company distributes employees' compensation in the amount of NT\$37,432,926 and distributes directors' remuneration in the amount of NT\$4,679,104. The distribution will take place in cash.
- (2) Regarding allocation of staff cash compensation, stock remuneration and directors' compensation, in case of any discrepancy between the amounts and the amortized estimates for the year, the differences, reasons, and responses should be disclosed: Earnings undistributed due to reasons such as considerations of allotting 10% of the general reserve by the end of the current period shall fall within a specific percentage range according to the Company's Articles of Incorporation. When the actual allotment and the estimate differ after resolution of the Shareholders' meeting, the accountant's estimated change shall be adopted and implemented in the books following resolution on the annual adjustment at the Shareholders' meeting.
- (3) The ratio of the proposed distribution of stock shares as remuneration to employees to the total net income and remuneration to employees on the individual financial statements: not applicable.
- (4) The imputed earnings per share after distributing the remuneration to employees, directors, and supervisors is to be proposed for distribution.



Not applicable due to employee remuneration, directors and supervisors' compensation being recognized as expenses.

4.The actual distribution of remuneration to employees, directors and supervisors in previous year

The Company's Board of Director resolved 2022 director and employee remuneration and reported shareholders' meeting on June 20, 2022. The directors' compensation amount is as follows:

Item	Amount (NT\$)
Remuneration to employees	45,868,241
Remuneration to directors	5,733,526

The aforementioned director and employee remuneration amount had been recognized as expenses in 2022. The amount listed in the books is consistent with the allotted amounts resolved in the Shareholders' meeting.

**4.1.9 Buyback of Treasury Stock**

None

**4.2 Issuance of Corporate Bond**

None

**4.3 Preference Shares**

None

**4.4 Issuance of Global Depository Receipts**

None

**4.5 Employee Stock Option and Employee Restricted Stocks**

None

**4.6 Status of New Share Issuance in Connection with Mergers and Acquisitions**

None

**4.7 Financing Plans and Implementation**

None

## 5 Overview of Business Operation

### 5.1 Content of business

#### 5.1.1 Business scope

1. The main contents of the business service

The company is mainly engaged in the design, development, manufacturing and sales of various consumer electronic components and molds.

2. Business ratio of main products

Unit : NT\$ thousands

Main products	2022		2023	
	Amount	%	Amount	%
Automobile parts	6,230,656	44.41%	7,008,222	60.61%
Server	3,301,905	23.53%	1,982,126	17.14%
TV	3,715,667	26.48%	1,827,752	15.81%
Mechanical Parts				
Molds and Other	783,308	5.58%	743,907	6.44%
Total	14,031,536	100.00%	11,562,007	100.00%

3. The Company's current products (service)

- A. Mold design and production sales

Starting with precision molds, we have accumulated many years of professional technology to satisfy various customers' mold requirements, and to produce them for self-use and external sales.

- B. Design and manufacturing of various consumer electronic components

According to customer needs, we specialize in the production of various sizes of TV, NB, PC, Server, telecommunication, game console, home appliance and other components.

- C. Product appearance processing

Surface treatment of mechanical part materials such as metal/plastic surface spray coating, electrocoating, anodizing, laser engraving, evaporation and heat/water transfer printing and other processes.

4. New products (service) planned for development

- A. TV products: The popularization of 8K TVs, MiniLED, artificial intelligence, and IoT technology as well as the annual price decrease of large TVs will be the key factors that impact development of the TV industry in 2023. Due to stimulation from new technologies, price decreases, and the launch of 8K gaming machines, demand for TV replacements have gradually spread in the market; it's estimated that the TV product market will exhibit slight growth in 2023 compared to 2022. ESON's outstanding mold technology and advanced equipment can satisfy production capacity and generate excellent revenue.

- B. Application of new energy car products: Sales of electric vehicles increased drastically from 2020-2022. The trend of replacing traditional gas vehicles with electric vehicles is gradually

becoming clear. Additionally, since 2020, countries have actively promoted infrastructure, such as charging stations on highways, parking spots with charging equipment, and more for electric vehicles. This has further expanded the market scale of new energy vehicles. For nearly a decade, ESON's dedication to the new energy vehicle process chain has resulted in the accumulation of in-depth experience in car part development, allowing the Company to transition into an assembly supplier in 2020. In the future, ESON will focus on the planning and product development of parts related to charging piles; additionally, the Company will actively strategize to become an assembly supplier for new energy vehicles.

- C. Communication products: Low orbit satellite communications provides high performance internet services at low cost to users in remote areas who are not covered by global optical cable and base station networks. As a result, the number of Starlink users has exceeded 1 million in 2022 and continues to grow by 20% annually. The future vision of internet availability everywhere is becoming reality. As such, IoT applications are becoming more widespread. According to "The mobile economy 2022" report published by GSMA, the number of global IoT connections will reach 23.3 billion in 2025. ESON's development experience in cars and consumer electronics offers exceptional mold technology and advanced equipment that can satisfy production capacity and generate outstanding revenue for netcom equipment, especially in the aspect of low orbit satellite communications.
- D. Server products: The application and evolution of new technologies such as artificial intelligence (AI), virtual reality (VR), augmented reality (AR), and 5G have driven sustained growth in servers. The server industry has exhibited increased growth in recent years and it's estimated that the trend will continue in 2023. The primary growth driver of servers will be demand from cloud service providers, impacting changes to the back-end supply chain. The low growth of servers will become a key point of focus in supply chains; competition will be inevitable in the areas of core processors to the design and manufacturing of servers. ESON will leverage advantages in overseas production equipment and regional location to initiate collaboration opportunities with local communications device suppliers.

## 5.1.2 Industry overview

### 1. Industrial status and development

The global manufacturing market is undergoing rapid change. With the rise of emerging markets and the rapid development of technologies, the manufacturing industry is currently shifting to emerging markets. At the same time, developed countries are also working hard to maintain their competitive advantages through technological innovation and industry upgrade. The competitive landscape of the global manufacturing market is changing, and companies need to continue to innovate and adapt to the changing market environment.

Development trends of the manufacturing industry include digital transformation, intelligent manufacturing, and green manufacturing. Digital transformation can improve production efficiency, reduce costs, and optimize supply chain management. Intelligent manufacturing can improve product quality and the automation level of production lines. Green manufacturing can reduce energy consumption and emissions and improve resource utilization efficiency. These trends bring tremendous opportunities and challenges to the Company.

The Company is actively developing products for various fields in response to changes in industry

dynamics, and its structural parts and assembled parts are mainly used in LCD TV-related industries, automotive industries, servers, and low-orbit satellite network. Industry changes in end products will also directly affect the Company's business development:

### A. LCD TVs

The global TV industry is facing new development opportunities and challenges. Future TV products will pay more attention to user experience and personalized needs, and will also face more intense market competition and pressure from technological innovations.

With the rapid development of technology, the global TV industry is undergoing unprecedented changes. New display technologies, the popularization of the Internet, and big data and AI applications are all bringing huge changes to this industry. Future development trends are as follows:

1. New display technology: New display technologies such as OLED, QLED, and Micro LED are gradually replacing traditional LCD technology, providing users with higher contrast, wider color gamut and deeper black performance.
2. Internet connection: More and more TV content is provided through online platforms, further integrating TV and the Internet.
3. Smart TV: With the development of AI technology, smart TVs have become mainstream and provide users with personalized content recommendations and a richer interactive experience.

The popularization of 8K TVs, OLED, and smart TV technology, the annual price decrease of large TVs, and the rise of emerging markets, such as India, Mexico, and Vietnam, will be the key factors that impact the future development of the TV industry. In 2024, due to the influence of the Olympic Games Paris and the European Nations Cup, global TV shipments are expected to increase 1.1%.



全球電視每年出貨量(百萬台)	Worldwide TV Shipment Volume per year (million units)
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Source: Global TV shipments from 2010 to 2024, provided by AVC REVO

### B. New energy vehicle related industries

The new energy vehicle industry has shifted from policy-driven development entered a new stage of high-quality market-oriented development. The new energy vehicle market has maintained high-speed growth for many consecutive years. As of October 2023, monthly retail sales of the new energy passenger vehicle market reached 772,000 units, up 38.5% YoY. Cumulative retail sales reached 5.968 million units, up 34.6% YoY. The background of "carbon peaking and carbon neutrality" further highlights the importance of the new energy vehicle industry.

New energy vehicles still play a significant role in driving upstream and downstream development of the industry chain. The upstream of the industry will be affected by advancements in AI, and automotive chips and sensors will maintain a relatively high growth rate. The downstream industry is affected by the increase in the overall number of new energy vehicles and the total number of retired vehicles. Charging services, power battery recycling, and after-market services are expected to have huge market potential in the future.

China's new energy passenger vehicle market doubled in 2021-2022, and entered a stable development period in 2023 with overall growth slowing down. However, from the perspective of market growth and stock, pure electric vehicles still account for the highest percentage of the new energy passenger vehicle market. In 2023 Q3, 900,000 pure electric passenger vehicles were sold, accounting for 70.3% of all new energy vehicle sales.

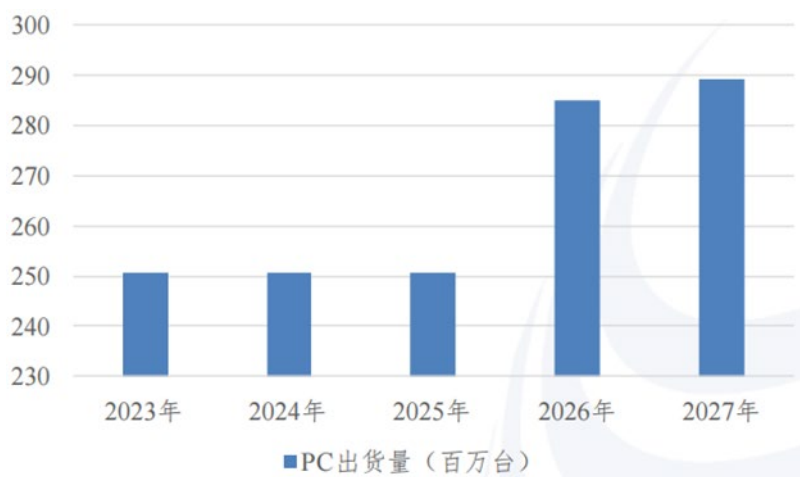


Source: China Industrial Research Institute, the scale of China's intelligent connected vehicle (ICV) industry, particularly in the high-level intelligent vehicle segment, is expected to experience substantial growth. (From 2021 to 2025)

產業規模(億元)	Industry Scale (100 million RMB)
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### C. PC industry

Global traditional PCs include desktops, laptops, and workstations, in which laptops have the highest PC market share. At the center of collaboration in the office, demand on PCs is expected to resume growth as business activity increases after the pandemic. Reviewing the PC demand trend from 2021 to 2023, PC demand for remote work, learning, and entertainment surged during the COVID-19 pandemic. Global PC shipments in 2021 was up approximately 15% YoY, reaching the highest point in the past 10 years. Entering the post-epidemic period, the global personal computer market has been sluggish due to reduced consumer spending, stagnant demand, and excessive repeat orders in the overall economic environment. Inventory issues of PCs and PC parts persisted until early 2023. According to the latest data from the IDC, global PC shipments in 2023 Q3 was 68.2 million units, down 7.6% YoY and up 10.7% QoQ; the downward trend has eased. In addition, IDC said that AIGC is expected to become a turning point for the PC industry. As more AI-related equipment comes out next year, PC demand is expected to rise quarter by quarter, boosting the profits of related industry chains.

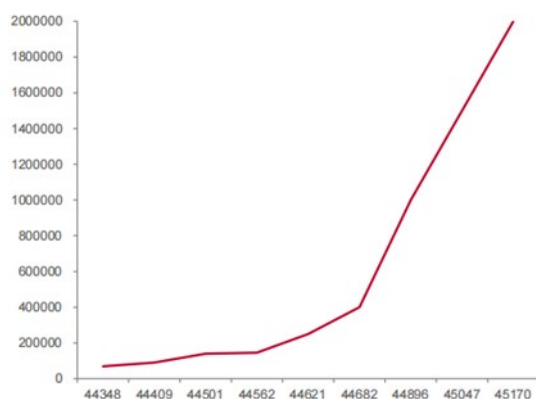


Source: IDC 2023-2027 PC Shipment Estimates

PC 出貨量(百萬台)	PC Shipment Volume (Million Units)
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#### D. Low Earth Orbit Satellite Communications

In the early stages of satellite Internet, infrastructure construction in space and on the ground segment will be first. Upstream satellite manufacturing, satellite launch and ground station construction will be the first to benefit. Satellite platforms and payloads are the two core parts of the production process. Satellite platforms include structural system, power supply system, propulsion system, remote sensing and control system, and thermal control system. Satellite loads include antenna subsystem, transponder subsystem, and other metallic/non-metallic materials and electronic components. Ground equipment mainly includes fixed ground stations, mobile ground stations, and user terminals. From the perspective of industry value distribution, the midstream and downstream account for a higher proportion of the value. As technology and infrastructure are completed, applications will be a stage of rapid development.



Source: Starlink 2021-2023 Starlink User Count (Households)

#### 2. Correlation of upstream, midstream, and downstream industry

The Company is engaged in precision mold manufacturing, metal stamping, plastic injection molding and other components products. Upstream raw materials are supplied by well-known domestic and foreign manufacturers and downstream customers are internationally renowned manufacturers. The company's long-term stable operation management has established excellent

partnerships with upstream and downstream manufacturers and can obtain first-hand information to facilitate decision-making. The following figure shows the upstream, midstream and downstream relations of the industry at the current stage:

Upstream	Midstream	Downstream
Raw materials Metallic materials	Design, manufacturing Mold making	Application customers Consumer electronic customers
Plastic materials	Metal stamping	Communication industry customers
Coating material	Plastic injection molding	Information industry customers
	Secondary processing / CNC machining, grinding, tapping, welding	Home appliance industry customers
	Casing surface treatment / coating, electroplating, anodization, electrodeposition, printing, laser carving	Automotive industry customers

### 3. Product development trend and competition

The internal and external components produced by the Company have a wide range of applications, and are currently mainly used in new energy vehicles, consumer electronics, servers, and low-orbit satellite network products. Therefore, changes in the economic situation and technological developments have a considerable impact on our production and sales.

At present, new energy vehicles and low-orbit satellite network products not only compete in product functions, but also emphasize the combination of multiple processes for parts. This highlights the importance of developing new processes or improve existing processes. We added processes such as IML, IMD, and insert molding of stamping parts to current plastic injection molding processes. In addition, the proportion of functional plastic particles is gradually increasing, and the application of plastics with high hardness, high weather resistance, and high impact resistance is expanding in engineering.

In addition to competition in terms of functionality, consumer electronics products now emphasize the diversity of appearance. Therefore, for the selection of materials for machine components, the proportion of metallic materials used is gradually increasing from the early plastic materials. Due to the high heat dissipation and high strength properties of metallic materials, and the integrated molding process, products can be made thinner and lighter, can be placed into more powerful electronic components without affecting its performance, and can be surface treated to improve the quality of appearance. These advantages have made metal components an increasingly popular application.

In terms of future development, plastic raw materials remain the most cost effect material and can also be surface treated to improve quality. Therefore, end sellers can select different raw materials for product parts to differentiate products based on price, appearance and function. Moreover, as market economy continues to develop, it will continue to draw demand for various consumer electronic products, driving growth in the machine component industry.

#### 4. Market Competition

The Company's primary products include components for new energy vehicles, low-orbit satellite structures, and the design and manufacturing of molds. Key competitors include listed companies such as Yanfeng and Dongshan Precision Manufacturing. Despite facing fierce competition, the Company maintains strong customer relationships and enjoys long-term stable cooperation with international giants. This has led to consistent order acquisition due to high product yields, recognized by customers. With expertise in metal stamping, plastic injection molding, and various composite processes, the Company meets diverse customer demands. Continual expansion of production capacity, facility automation upgrades, and proactive new product development initiatives further enhance its competitiveness in the industry, ensuring sustainable growth.

### 5.1.3 Technological research and development

#### 1. Technical level and R&D of the business

##### A. Technical level:

Along with the flourishing trend of diversified new energy vehicles, the demand for components is becoming more sophisticated, and the requirements for product appearance are also elevating. Therefore, the technical capacities of mechanical parts manufacturers will be healthy challenges. In response to the various needs of customers, the Company continues to strive for breakthroughs and innovations, and has introduced the following technologies and manufacturing processes:

As new energy vehicles flourish under the influence of various trends, higher requirements are being set for the precision of components, as well as the appearance of products. This poses a healthy challenge to the technical capabilities of mechanical parts manufacturers. We introduced the following technologies and processes in response to the different needs of customers and their continued demand on breakthroughs and innovation:

- a. Ultra glossy metal polishing technology offers new options for metal exterior aesthetics.
- b. CAE (Computer Aided Engineering) software reduces the risk of abnormal product structure and mold design.
- c. Development of molding technology for thin materials.
- d. Precision sheet metal deep drawing mold technology is widely used in consumer electronics and automotive products.
- e. Aluminum composite panel stamping processing technology and precision side fine groove processing technology.
- f. 3D hair-line surface treatment technology
- g. Unibody base frame product technology.
- h. Installation of a visual inspection system to replace manual inspection in traditional workstations to improve yield and reduce labor costs.
- i. Introduction of automotive exterior process technologies, including coating, foaming,

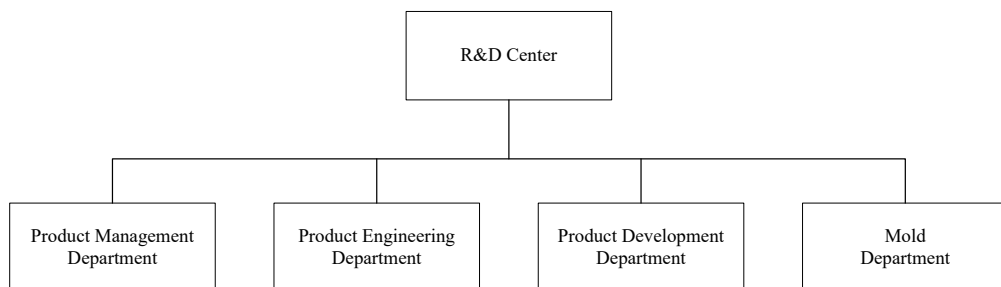


decorative stitching, and other processes.

- j. In summary, the introduction of automated production lines replaces the manual production and inspection roles in traditional workstations to improve yield and decrease labor costs.
- k. Introduction of technology processes such as ultrasonic welding of plastic parts, in-mold tapping, and riveting.
- l. Process research and introduction of insert molding of medium and large stamping parts for plastic parts.

B. Technology development:

The Company has set up an R&D department at the time of its establishment. After successive integration and restructuring, it now has an R&D center, which is mainly responsible for product development, testing, mold design and development, product mass production and customer technical support. The product development department is responsible for product development and testing. The mold design department is responsible for the research and development of new mold technology, the design and development of new product molds and the configuration of forming processes. The product management department is responsible for reporting new product schedules to the customer, providing the necessary technical support to relevant departments and leading technical reviews with customers during the early stages of new projects. The product engineering department is responsible for the improvement of production process development and improvement and provides necessary technical support to relevant departments and customers. The organization chart of the R&D center is as follows:



(1) R&D expense invested in the last five years

Unit : NT\$ thousands

Year \ Item	2019	2020	2021	2022	2023
R&D expense	189,286	195,630	199,936	152,333	140,038
Operating revenues	10,102,252	9,889,935	12,042,445	14,031,536	11,562,007
Ratio of R&D expenses to operating income (%)	1.87	1.98	1.66	1.09	1.21

2. Successful developed technologies or products in the last five years

Year	Research and development achievements	Explanation of research and development achievements	Scope of applications
2019	A high-strength plastic application for TV base	In the context of the rapid development of new flat-panel TV technology, the base is not only a carrier for support but also a new competitive edge by providing aesthetic and unique appearance. This forces us to optimize and innovate the production process. Compared with other processes, the composite plastic molding technology we use can make the products lighter, save raw materials, improve production efficiency, and enhance product formability.	Suitable for TV base support
	A quick release base technology	A quick-release base function is designed to facilitate the arrangement of cables on the back of the TV. The TV cables seen on the market are cluttered and exposed, undermining the simplistic styles of TV designs. The quick-release base tidies abrupt cables and the external appearance. The improved convenience can hardly be replaced in the near future. Due to the low production cost, diverse advantages, and high functionality, successful development of this technology will see widespread applications in the future market.	Suitable for TV base support
	A fast maintenance structure applied to courier cabinets	In the context of the rapidly developing new smart courier cabinet, to identify the user's express delivery item number, a printer is frequently used to print the barcode and have it attached to the express item for identification. The existing courier box is mostly a fixed box-type structure, and the printer is secured by screws inside the box unit, rendering the replenishment of printer materials a cumbersome process. As a result, this project was designed to improve the convenience of repairing and replacement of accessories, thereby cutting maintenance cost.	Suitable for courier cabinets
2020	A jig structure for injection molding processes	A new robotic arm jig structure that can complete material gathering and loading actions within molds was designed. Activating the control system returns the gathering board to its original position. The robotic arm moves upward along with the jig and rotates the jig when the position is reached. The robotic arm continues moving until it is out of the injector. When it reaches the loading position outside of the machine, the suction cup will activate and remove the finished product.	Automated material gathering for injection molding
	A hot pressing process for vehicle interior trims	An in-mold, edge cutting and hot press process was developed. The product's contour is formed in a single operation through in-mold thermal cutting jigs, reducing the need for later secondary processing.	Vehicle carpet interior trim
	A friction welding process	A plastic friction welding process was developed. The jig presses the contact surfaces of the two assemblies to be welded together, causing them to heat by friction. The surfaces melt under the heat and fuse together under the pressure. The weld seal is firm and can withstand 0.3 Mpa under pressure resistance tests.	Car speaker parts and products that cannot be ultrasonically welded
2021	A composite process for vehicle interior trims	A composite technology suitable for vehicle interior trims was developed. The special jig fixes the plastic parts of the substrate and a foaming machine is used for foaming at the armrests. Then, the sewn PVC leather is placed on the jig and the spray glue process glues the two together, and finally the compression molding flexer-flanger	Suitable for vehicle interior trims

Year	Research and development achievements	Explanation of research and development achievements	Scope of applications
		completes the fastening.	
	A car seat frame welding process	A car seat frame welding process was developed. A special clamping jig fixes the product and a robotic arm performs the CO2 welding. The components are tested for weld-bead quality with a penetration tester.	Suitable for car seat frames and other body brackets
	An automated vehicle battery assembly process	An automated vehicle battery assembly process was developed. A handling robotic arm, butt-welding robotic arm, riveter, and air tightness tester uses a master controller to control the actions of each device to complete multiple processes on one assembly line.	Suitable for the assembly of battery parts
2022	A type of padding for car seats	A plastic ultrasound welding technique was developed where the contact surfaces of two assemblies were pressed together in jigs then heated through ultrasonic vibrations. The contact surfaces are melted by the heat and welded into one assembly through the continued application of pressure. The weld location can withstand tensile forces of up to 50 kg.	Suitable for vehicle interior trims
	A type of automotive ventilation conduit	A plastic friction welding process was developed. The jig presses the contact surfaces of the two assemblies to be welded together, causing them to heat by friction. The surfaces melt under the heat and fuse together under the pressure. The product assembly can withstand tensile forces of up to 20 kg.	Suitable for vehicle interior trims
	Single type of wire harness and pipe clamp for cars	The utility model patent is applicable to car products, especially in products with complex structures and a wide range of integrated circuits which have higher requirements for the arrangement and structural deployment of wires. The utility model patent is for a new type of wire harness and pipe clamp that acts as an assistive tool for cable management in cars. It features the advantages of a simple structure, broad applications, low price, and strong applicability.	Applicable to cars
	A type of storage box	With the production transformation of China, single-use turnover boxes are now requiring features such as eco-friendly and maximized cost-savings; the project is a new type of recyclable plastic box: it offers outstanding features such as aesthetics, structurally strong, low cost, and ease of production. Not only does the product feature high applicability, it can be customized to the shape and size of various products to drastically reduce shipping costs for short-range logistics and product turnover.	Packaging and transportation
	A type of device for the securing and removal of servers	The server securing and removal device developed by the Company utilizes a die-cast material molded once then assembled to form a set of modular parts. It offers the advantage of low costs for opening molds, ease of cleaning or replacing damaged parts, and can be disassembled without tools. It's excellent for reducing manufacturing processes, reducing costs, and facilitates the production, assembly, and after-sale servicing of products. It will offer greater survival and technical	Applicable to servers

Year	Research and development achievements	Explanation of research and development achievements	Scope of applications
		advantages in the future of the server market.	
2023	A new type of server switch device and housing	This invention patent discloses a new type of server switch device and housing, which aims to solve the problems of complicated switch device structure and difficulty of assembly in the prior art. The lighting improves assembly efficiency and makes operation more convenient and faster.	Applicable to servers
	A multifunctional auxiliary production fixture structure	The utility model discloses a multifunctional auxiliary production fixture structure, which includes a fixture base structure, a stub bar cutting device and an attached foam structure. The auxiliary production fixture is an auxiliary tool for the production of parts, and mainly reduces labor costs and increases production efficiency. The function of this auxiliary production fixture is to save manpower and work station content for removing the stub bar and attaching the foam. The auxiliary production fixture has a simple structure, is easy to disassemble, saves assembly time, and has high production efficiency.	Applicable to production lines
	An electric vehicle console base structure and overall console structure	The utility model has a reasonable structural design, is small in size, is easy to install, and the air outlet of the air conditioner has an odor removal element that can reduce the odor generated inside the air conditioner, creating a good driving environment for the driver. In addition, a cleaning component is installed at the lower end of the in-vehicle panel installation platform to keep the in-vehicle panel clean and tidy, so that dust will not affect viewing. The device has a complete set of buttons to meet the purpose of installing multi-purpose components.	Applicable to new energy vehicles
	A convenient and easy-to-assemble waterway and mold inside an angle lifter	Disclosed is an angle lifter structure and a mold. The angle lifter structure includes a core and a slot on its outer surface, and the slot extends along the axial direction of the core. The angle lifter includes the body and a block. One end of the angle lifter body passes through the core, the other end of the angle lifter body extends along the axial direction of the core, and the block is located on the other end of the angle lifter body. The block can be connected to the slot, which is used to limit the movement of the angle lifter in the radial direction of the core. Its benefits are: It can prevent the angle lifter from deforming or shaking, so that the angle lifter can move smoothly.	Applicable to production lines

#### 5.1.4 Short-term and long-term business development plans

##### 1. Short-term development

- A. Compete for repeat orders and develop new customers.
- B. Cultivate the relationships between customers and upstream manufacturers and cooperate to create mutually beneficial situations.
- C. Improve process efficiency, expedite production and improve consistency, and enhance product value.

D. Strengthen the design capacity of the R&D team, and deepen research on TV bases, IoT products, and traditional industrial products and processes.

2. Long-term development:

A. Continue research and development, expand diverse market product lines, and maintain competitive edge.

B. Carry out overseas strategic planning, provide local customer service and create business opportunities.

C. Provide one-stop service, optimize the design R&D to production process, shorten design cycle, enhance product quality, lower production cost, and thus improving customer satisfaction.

## 5.2 Market and sales overview

### 5.2.1 Market analysis

1. Main products (services) sales (providing) area

Unit : NT\$ thousands

Sales Area	2022		2023	
	Amount	Ration (%)	Amount	Ration (%)
China	2,740,444	19.53	1,176,591	10.18
America and Europe	9,002,432	64.16	8,886,132	76.85
Other	2,288,660	16.31	1,499,284	12.97
Total	14,031,536	100.00	11,562,007	100.00

2. Market share

The Company is a professional mechanical assembly plant with vertical integration capacity from product and mold design, metal stamping, plastic molding, various surface treatment processes, to parts assembly. The products are widely used in the automotive industry, information industry, communication equipment, and even lighting products. The Company has accumulated years of experience in mold development, design and manufacturing over a wide range of product specifications. It has professional mold development and design capabilities, and its operating income is growing year by year. The Company has established a foothold in the industry in terms of company scale, production technology and order-taking capacity.

3. Future market supply and demand and the growth

The machine components currently produced by the Company are mainly used in LED TVs、new energy vehicles and server. At present, large-size TV has established itself a market trend as a mainstream commodity. Moreover, to increase product quality and support strength, large-size TVs require an integrally formed metal frame as a backbone support. Therefore, manufacturers with integrated molding process capacity and surface treatment technology will benefit from this growth trend.

ESON also has experience in large plastic part and stamped aluminum part manufacturing, which can be transformed for use in alternative fuel vehicle part development, achieving continuous revenue growth as the alternative fuel vehicle market expands day by day.

The Company is currently one of the few companies in the industry who are capable of designing and manufacturing large-size LED TV components and new energy vehicle components. The mechanical parts industry is expected to maintain a certain growth momentum in the face of continued growth in market demand and a relatively tight supply of large-size products.

#### 4. Competitive niche

##### A. R&D design and independent mold making capacity

The Company has excellent ODM research and development capacities, and has authorized and applied over 31 patents, has the capacity to produce its own molds, and improve processing technology and production line efficiency through improvement of mold designs.

##### B. Complete production line

The Company started its business in the field of metal molds and metal stamping, and subsequently participated in plastic injection molding process, plastic mold manufacturing and surface treatment. These processes cover most of the machine components. In response to various requirements for product materials of the end consumer market, the wide range of processes can also divert market risks.

##### C. Overseas planning, close collaboration with customers

The Company's customers are mostly international OEMs and renowned brand manufacturers. To meet the local customer shipment requirements, reduce shipping time and shipping costs, and substantially shorten the length of the supply chain, the Company has launched strategic overseas plans since its establishment. Currently, the Company has factories in China, Mexico and Vietnam.

In addition, the Company sees future growth opportunities in the ASEAN and has added the Malaysian plant to meet the production needs of the Southeast Asian market.

##### D. A wide range of products, expand new business opportunities

In addition to the current large-size TV products, the Company is involved in a range of competitive niche to sustain continued future development, including current development of cloud server infrastructure and automotive and home appliance molds, and joint product development with a number of new venture businesses.

#### 5. Advantages and disadvantages of future development and the countermeasures

##### A. Advantages of future development

###### a. Excess market penetration of large-size TVs

Due to a large increase in global shipments of 4K LED TV panels, especially driven by the demand for new stock products and public events, the increase in panel size has resulted in the growing penetration of large-size LED TVs.

###### b. High technical and capital thresholds, establish competitive edge

In order to meet customization requirements, metal machine components require high mold development technology and surface treatment capacities. For example, complex unibody molding machine components must be processed using large CNC milling

machines, which require extremely high production costs.

The Company has vertical integration capabilities from product and mold design, metal stamping, plastic molding, to various surface treatment processes and parts assembly. In recent years, it has actively purchased CNC machines to manufacture large-sized machine components and continues to expand overseas in response to order demands. Therefore, the Company has established a foothold in the industry, with a clear competitive edge.

- c. Establish long-term stable cooperative relations with international manufacturers  
The Company's main customers are international assembly and brand manufacturers. To serve customers, the Company has gradually set up factories overseas to locally take orders and locally ship products, thus expediting and improving the quality of customer communications. Moreover, based on excellent technical capacities, the Company has obtained customer trust and professional certifications, thereby establishing stable long-term cooperative relations. ◦

#### B. Disadvantages of future development and the countermeasures

- a. New entrants increase competition and drive down profitability  
To participate in industry transformation and increase profitability, traditional plastic injection molding manufacturers started to partake metal components production and compete for market share with low product prices.  
Response measures:  
Based on excellent technology and design capacities, the Company continues to improve processes and production line efficiency. At the same time, it has a well-established strategic overseas layout. The Company has established a competitive advantage and strong foothold in terms of customer relations, capacity expansion and product applications.
- b. Impact of alternative raw materials  
In response to lightweight and compact requirements, 3C products need to use high-strength, high-heat-dissipating materials. Based on the common materials used in current mechanical components, metallic materials are superior to plastic materials in terms of strength and heat dissipation. However, the development of plastic (polymer) composite materials, such as glass fiber and carbon fiber materials, are now on par with metallic materials in terms of strength and heat dissipation, which will impact the development of metal mechanical parts.  
Response measures:  
The choice of material of the machine component will affect the appearance and durability of the product. Considering material cost and strength, the metallic components remain the mainstream option. The Company will follow closely the development trend and continue to assess the feasibility of new material applications and refine the existing technology to enhance competitiveness.

## 5.2.2 Application of Major Products

### 1. Major products and their main uses

Major Products	Main Use
Mechanical parts	Various consumer electronics, optoelectronic products
Tooling	Automotive mold and machine component mold development

### 2. Major products and their products process

A. Mechanical parts manufacturing process		B. Mold making process
Forming	Stamping	Mold making 3D Model
Blanking	Blanking	Product view
Injection molding	Stamping Punching/embossing/burring punch/tapping	Mold diagram design review
Applying protective film	Full inspection	Mold processing assembly
Clean oil stain	Package	Mold test
Burring	Shipment	Production/transfer molding
Package		
Shipment		

## 5.2.3 Supply of major raw materials

Major raw materials	Supply Situation
Plastic pellets	Good
Steel	Good
Tooling steel	Good

## 5.2.4 Major Customers with over 10% net sales and Suppliers with over 10% total purchases of the last two fiscal years

### 1. Major Suppliers of the last two fiscal years

Unit : NT\$ thousands

2022				2023			
Suppliers Name	Amount	%	Relationship with the issuer	Suppliers Name	Amount	%	Relationship with the issuer
N	1,797,655	21.45	-	N	1,834,883	30.42	-
S	967,122	11.54	-	S	855,670	14.19	-
Other	5,614,843	67.01	-	Other	3,340,961	55.39	-
Net Purchases	8,379,620	100.00	-	Net Purchases	6,031,514	100.00	-

Due to the sale volume decreased for Sever Parts and TV Mechanical Parts, the steel purchase in decrease.



## 2. Major Customers of the last two fiscal years

2022				2023			
Company Name	Amount	%	Relationship with the issuer	Company Name	Amount	%	Relationship with the issuer
C	5,092,646	36.30	-	C	6,247,504	54.03	-
D	2,184,676	15.57	-	D	650,899	5.63	-
A	1,936,940	13.80	Note1	A	1,105,973	9.57	Note1
Other	4,817,274	34.33	-	Other	3,557,631	30.77	-
Net Sales	14,031,536	100.00	-	Net Sales	11,562,007	100.00	-

Note 1 : Investor company and its subsidiaries that account for the Company using the equity method ◦

Due to the sale volume decreased for Sever Parts and TV Mechanical Parts, the overall sale amount decreased.

### 5.2.5 The production volume and value of the last two years

Major product	2022			2023		
	Capacity	Volume	Value	Capacity	Volume	Value
TV Mechanical Parts	48,625,000	38,900,000	4,089,000	24,250,000	19,400,000	2,010,000
Automobile Parts	40,875,000	32,700,000	6,850,000	43,625,000	34,900,000	7,704,000
Server Parts	50,625,000	40,500,000	3,635,000	21,000,000	16,800,000	2,176,000
Molds and Other	48,213,625	38,570,900	862,050	66,785,375	53,428,300	817,880
Total	188,338,625	150,670,900	15,436,050	155,660,375	124,528,300	12,707,880

Due to the sale volume decreased for TV Mechanical Parts, so overall production value decreased.

### 5.2.6 Sales quantities and values of the last two fiscal years

Major product	2022				2023			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
TV Mechanical Parts	-	-	35,274,935	3,715,667	-	-	17,540,774	1,827,752
Automobile Parts	-	-	29,726,460	6,230,656	-	-	31,714,048	7,008,222
Server Parts	-	-	36,734,803	3,301,905	-	-	15,231,348	1,982,126
Molds and Other	-	-	35,045,837	783,308	-	-	48,506,320	743,907
Total	-	-	136,782,035	14,031,536	-	-	112,992,490	11,562,007

The growth of electric vehicles in 2023 led to an increase in the sales of mechanical car parts.

### 5.3 Status of Employees

Unit : People ; Year ; Year Old

Year		2022	2023	March 31, 2024
Number of employees	Direct labor	2,603	2,593	2,893
	Indirect labor	1,164	1,020	1,063
	Total	3,767	3,613	3,956
Average age		33.1	33.5	29.5
Average years of service		4.00	3.33	2.83
Academic qualification	Doctor Degree	-	-	-
	Master's Degree	0.24%	0.28%	0.35%
	Bachelor's Degree	15.10%	16.44%	12.34%
	High School	24.18%	27.10%	26.72%
	Below High School	60.47%	56.18%	60.59%

### 5.4 Expenditure on Environmental Protection

**5.4.1 According to laws and regulations, the following details the applications, payment, or establishment of pollution facility establishment permit, pollution discharge permit, pollution prevention cost or environmental protection personnel.**

The Company is required to apply for pollution discharge permits in accordance with local laws and regulations due to the production process, as follows:

(1) Pollution facility establishment, pollutant discharge permit

Plants	License	Expiry date	Certificate number
Wuxi Singuan	Pollution discharge permit	2023.01.16-2028.01.15	91320205795372851M001X
Multiwin de Mexico S.A. De C.V.	Wastewater discharge license	Patent pending	TIJ-123004-TC18
Multiwin de Mexico S.A. De C.V.	Exhaust emission license	Patent pending	TIJ-881/13E5

(2) Establish environmental protection special units responsible for environmental protection projects such as environmental protection engineering construction and technology development, environmental operation performance management, energy conservation and emission reduction promotion, and waste resource recovery technology development.

**5.4.2 Explain the Company's improvement of environmental pollution for the recent year and until the issuance of the annual report, and any pollution disputes and its disposal.**

None

**5.4.3 Explain the total amount of damages (including compensation) and the company's future response measures (including improvement measures) and possible expenses (including the estimated amount of loss, disposition and compensation incurred due to failure to take countermeasures; if it cannot be reasonably estimated, explanation shall be provided that it cannot be reasonably estimated) in the past two years until the issuance of the annual report.**

None

**5.4.4 Explain the current impact of pollution prevention and improvement on the Company's earnings, competitive advantage and capital expenditures and the estimated major environmental capital expenditures in the next two years.**

(1) The current impact of pollution prevention and its improvement on the Company's earnings, competitive position, and capital expenditure.

In the past two years until the issuance of the annual report, the Company has not had any impact on the surplus, competitive advantage, and capital expenditure due to pollution.

(2) Major environmental capital expenditures expected in the coming years:

Equipment name	Quantity	Expected date of acquisition	Estimated investment cost	Use and anticipated benefit
Operation and maintenance of online surveillance instrument for sewage station	1	per year	RMB 468,000	(COD, ammoniacal nitrogen, total phosphorus, total nickel and other water pollution factors) Equipment maintenance and Monitor wastewater discharge compliance
Operation and maintenance of pollution source online monitoring system (volatile organic compounds)	2	per year	RMB 300,000	VOCs online monitor operation and maintenance, monitor exhaust emission compliance
Maintenance of eco-friendly waste gas facilities	1	per year	RMB 500,000	Replacement of activated carbon in waste gas management facilities and the replacement and repair of fans.

**5.5 Employer and Employee Relationships**

**5.5.1 Employee benefit policies, continuing education and training, work environment for the employees and personal safety protection, the retirement system and the implementation of the system, labor-management consultation and agreement, and the protection of labor rights.**

(1) Employee welfare measures

In addition to the health insurance and labor insurance requirements of the Labor Standards Act of the Republic of China, the employee welfare measures of the Company's Taiwan branch include accident insurance and the labor individual retirement account system to protect employee-related benefits.

In addition to social insurance and housing deposit reserve, Chinese employees have regular promotion opportunities each year to reward outstanding employees and year-end bonuses based on the Company's operating performance. During major holidays, the Company organizes dinner parties and provides annual meal subsidies for various central departments; year-end lottery; to encourage employees in all positions to increase efficiency and reduce costs, bonuses are paid to working proposals.

The employee welfare measures of other overseas operating locations are basically in line with local social security requirements.

(2) Education and training

The Company pays attention to personnel and on-the-job training to improve overall employee

quality and work skills:

A. Pre-employment training

The new recruits are trained by the management department according to function of the work post and new recruit conditions prior to work, so that the new recruits can understand the Company's development history, corporate culture, management rules, industrial safety, environmental management, production process, quality control, GP/GA knowledge and relevant legal contents, and concepts.

B. Professional training prior to assuming post

Before special and professional staff and personnel of nationally specified risky/special positions officially assume post, the management department shall guide the units of employment to carry out professional pre-employment training or commissioned external training. The management department shall maintain and manage relevant training and qualification records of job transfers.

C. On-the-job training (including senior management)

Train current on-the-job employees in the Company. The management department timely organizes or uses external training or video education to conduct management training to various levels of the management.

D. Professional skills training

On-the-job product designers or engineers should maintain proficiency over applicable basic skills and receive training to ensure they meet the skills requirements, with emphasis on improving current skills.

(3) Retirement system and implementation status

The Taiwan branch has established an employee retirement-related system in accordance with the Labor Standards Act. The pension is paid by the Company at 6% monthly salary to the individual's labor pension account.

The Company's main operating base is located in China. The Company has been paying five social security funds on a monthly basis, including employee pension security to the local social security bureau. Upon reaching the statutory retirement age, the employee can apply for a pension from the social security bureau.

The employee pension system of other overseas operating locations are basically in line with local social security requirements.

(4) Employer-employee relations and employee rights maintenance measures

The Company's relevant provisions of the collective bargaining agreement are handled in accordance with the law. In addition, the Company greatly values employee's rights and interests. To strengthen labor relations and enhance employee's cohesion, the Company actively communicates with employees, and strives for people-oriented management. In addition to setting up a complaints window and a service team, employees can provide feedback at any time via e-mail or mail box. At present, the labor-management communications channel is open and in good operating condition.

(5) Preventive measures taken to protect safe working environment and employees' personal safety

The company has passed ISO14001 environmental management system standards, OHSAS18001 occupational safety and health management and ISO/TS6949 automotive and quality management systems.

The Company has established the "Safe Production Reward and Punishment Measures" to achieve zero injuries and zero accidents through pre-employment training, professional job training, on-the-job training, and professional skills training.

### **5.5.2 Any current or potential loss resulting from labor disputes and prevention actions for the past two years and as of the date of this annual report**

The labor-management disputes of the Company are mostly compensation for work-related injuries caused by traffic accidents, or occupational injuries caused by improper machine operations. At present, all relevant labor disputes have reached settlements. Because the dispute cases are small compensations, they have no substantial impact on the operation of the Company.

## **5.6 Cyber security management:**

I、State clearly the cybersecurity risk management structure, cybersecurity policy, specific management plan, and resources invested in the management of cybersecurity:

The Company has adopted the rule of cyber security. The Information Technology department is responsible for coordinating with department heads of information, each business unit, internal audit, legal compliance, and human resource, holding regular meetings to announce and inform about cyber security events, making decisions about cyber security matters and further managing and promoting such matters. All of above are to implement the rule of cyber security, to protect cyber security and rights of stockholders, and to achieve the goals of cyber security.

Cyber security threats that the Company currently faces include mainly unexpected interruption of service, data loss, confidential information leakage and all sorts of cyberattack, and the Company has taken the following cyber security protective measures:

- 1.Unexpected interruption of service and data loss: The Company has adopted a hyper-converged host infrastructure, a virtual host for remote backup, and two copies of data backup on two storage media with one of the copies located offsite. Data backup and recovery and remote backup drills are held on a regular basis to ensure uninterrupted operation and no data loss.
- 2.Confidential information leakage: The Company has strengthened its authorization management mechanism and established an authorization management platform to control the real-time authorization status for each system. Confidential documents and key information are controlled by the restriction copies, downloads and outward mail ensuring the security of confidential information.
- 3.Cyberattack: The Company has reinforced its firewall defense, increased inspection on cyber activities from high-risk regions, checked updates for anti-virus software and operation system daily and randomly, built functions such as blacklist filter and credit score system to block malicious mail, and promoted the concept of cyber security regularly to prevent threats of cyberattacks.

II、State clearly any losses, possible impacts, and countermeasures caused by significant cybersecurity incidents in the year prior to the annual report publication date; if they cannot be reasonably estimated, an explanation must be made as to the fact that they cannot be reasonably estimated:

None

## 5.7 Important Contracts

Item	Agreement	Counterparty	Period	Major Contents	Restrictions
1	Financing Contract	CTBC Bank Co.,Ltd.	2024/1/1~2024/12/31	Short term loan	None
2	Financing Contract	Taipei Fubon Bank	2022/5/18~2024/5/18	Short term loan	None
3	Financing Contract	Taipei Fubon Bank (Singapore)	2023/5/31~2025/5/30 2023/5/18~2024/5/18 2023/5/18~2025/5/18	Short term loan	None
4	Financing Contract	Taishin International Bank	2023/9/30~2024/9/30	Short term loan	None
5	Financing Contract	Taishin International Bank (Singapore)	2022/9/30~2025/9/30 2023/12/31~2024/12/30	Short term loan	None
6	Financing Contract	E.Sun Bank	2023/12/5~2024/12/5 2023/9/21~2024/9/21	Short term loan	None
7	Financing Contract	Citi Bank	2024/1/2~2025/1/1	Short term loan	None
8	Financing Contract	Citi Bank (Malaysia)	2023/12/10~2024/12/10	Short term loan	None
9	Financing Contract	Citi Bank (Singapore)	2023/4/5~2024/4/4	Short term loan	None
10	Financing Contract	ICBC Kunshan Branch Kunshan Eson	2023/5/30~2024/5/29	Short term loan	None
11	Financing Contract	Bank of China Kunshan Branch Kunshan Eson	2023/11/10~2024/11/9	Short term loan	None
12	Self-Construction Contract	Estructuras Inteligentes S.A. DE C.V. · Esonmex Monterrey S.A. De C.V.	2023/5/12	Build factory	None

## 6 Financial Information

### 6.1 Five-Year Financial Summary

#### 6.1.1 Condensed Balance Sheet

##### 1. Condensed Balance Sheet (consolidated)

Unit: NT\$ thousands

Item	Year	Financial information in the past five years				
		2019	2020	2021	2022	2023
Current Assets		6,536,197	6,942,661	6,447,239	7,314,122	6,585,542
Property, plant and equipment		2,163,198	2,279,419	3,238,217	4,054,505	4,543,665
Intangible Assets		2,929	19,644	13,289	7,647	4,582
Other Assets		256,126	542,710	427,263	610,901	797,354
Total Assets		8,958,450	9,784,434	10,126,008	11,987,175	11,931,143
Current Liabilities	Before allocation	2,974,836	3,742,165	4,047,011	4,342,680	3,818,265
	After allocation	3,278,188	4,028,664	4,282,951	4,612,326	4,087,911
Total non-current liabilities		113,831	112,751	103,292	765,456	739,466
Total	Before	3,088,667	3,854,916	4,150,303	5,108,136	4,557,720

Liabilities	allocation					
	After allocation	3,392,019	4,141,415	4,386,243	5,377,782	4,827,366
Equity attributable to shareholders of the parent		5,864,381	5,924,417	5,975,705	6,879,039	7,373,423
Share capital		1,685,289	1,685,289	1,685,289	1,685,289	1,685,289
Capital surplus		2,382,955	2,349,249	2,349,249	2,349,249	2,349,249
Retained earnings	Before allocation	2,399,141	2,590,464	2,767,746	3,332,721	3,660,541
	After allocation	2,129,495	2,303,965	2,531,806	3,063,075	3,390,895
Other Equity		(603,004)	(700,585)	(826,579)	(488,220)	(321,656)
Treasury shares		-	-	-	-	-
Non-controlling interest		5,402	5,101	-	-	-
Total Equity	Before allocation	5,869,783	5,929,518	5,975,705	6,879,039	7,373,423
	After allocation	5,566,431	5,643,019	5,739,765	6,609,393	7,103,777

## 2. Five-Year Financial Analysis

Unit: NT\$ thousands

Item \ Year	Financial information in the past five years				
	2019	2020	2021	2022	2023
Operating revenue	10,102,252	9,889,935	12,042,445	14,031,536	11,562,007
Gross Profit	1,661,531	1,722,965	1,808,916	2,234,160	2,292,625
Operating Income	653,462	674,021	642,955	836,670	864,472
Non-operating Income and Expenses	9,357	(61,992)	(35,100)	226,162	42,337
Profit before income tax	662,819	612,029	607,855	1,062,832	906,809
Income (Losses) from Continuing Operations for the year	499,593	460,937	463,871	800,915	597,466
Losses from Discontinued Operations	-	-	-	-	-
Profit for the year (Losses)	499,593	460,937	463,871	800,915	597,466
Other comprehensive income for the year (Net of income tax)	(171,109)	(97,850)	(125,994)	338,359	166,564
Total comprehensive income for the year	328,484	363,087	337,877	1,139,274	764,030
Profit attributable to shareholders of the parent	499,541	460,969	463,781	800,915	597,466
Profit attributable to Non-controlling interests	52	(32)	-	-	-
Total comprehensive income attributable to shareholders of the parent	328,201	363,388	337,787	1,139,274	764,030

Total comprehensive income attributable to Non-controlling interests	283	(301)	-	-	-
Earnings per share (non-retroactive)	2.96	2.74	2.75	4.75	3.55

Note1: The quarterly information till the printing date of this annual report has been reviewed by CPA

### 6.1.2 Auditors' Opinions in the past five years

Auditing Year	CPAs	Accounting Firm	Opinions
2019	Shyu, Wen-Yea 、Huang, Yi-Min	Deloitte & Touche	Unqualified Opinion
2020	Huang, Yi-Min 、Shyu, Wen-Yea	Deloitte & Touche	Unqualified Opinion
2021	Wu, Ke-Chang 、Chiu, Ming-Yu	Deloitte & Touche	Unqualified Opinion
2022	Wu, Ke-Chang 、Chiu, Ming-Yu	Deloitte & Touche	Unqualified Opinion
2023	Wu, Ke-Chang 、Chiu, Ming-Yu	Deloitte & Touche	Unqualified Opinion



## 6.2 Five-Year Financial analysis

### 6.2.1 Consolidated Financial Analysis – Based on IFRS

Item		Year	Financial Analysis for the Last Five Years (Note 1)					
			2019	2020	2021	2022	2023	
Financial structure (%)	Debt Ratio		34.48	39.40	40.99	42.61	38.20	
	Ratio of long-term capital to property, plant and equipment		271.35	260.13	184.54	169.66	171.81	
Solvency (%)	Current ratio		219.72	185.53	159.31	168.42	172.47	
	Quick ratio		190.42	149.10	112.00	123.35	126.53	
	Interest earned ratio (times)		34.65	89.04	67.11	28.35	11.35	
Operating ability	Accounts receivable turnover (times) (Note 3)		4.34	4.77	5.11	5.09	4.92	
	Average collection period		84.10	76.51	71.42	71.70	74.18	
	Inventory turnover (times) (Note 3)		8.19	8.37	7.40	6.79	5.79	
	Accounts payable turnover (times) (Note 3)		4.22	3.77	4.38	5.16	4.50	
	Average days in sales		44.56	43.60	49.32	53.75	63.03	
	Property, plant and equipment turnover (times) (Note 3)		4.27	4.45	4.37	3.85	2.69	
	Total assets turnover (times) (Note 3)		1.07	1.06	1.21	1.27	0.97	
Profitability	Return on total assets (%) (Note 3)		5.44	4.98	4.73	7.52	5.58	
	Return on stockholders' equity (%) (Note 3)		8.56	7.82	7.79	12.46	8.38	
	Pre-tax profit to paid-in capital	Profit of operation (%) (Note 3)		38.77	39.99	38.15	49.65	51.30
		Pre-tax profit (%) (Note 3)		39.33	36.32	36.07	63.07	53.81
	Profit ratio (%)		4.94	4.66	3.85	5.71	5.17	
Cash flow	Earnings per share (NT\$)		2.96	2.74	2.75	4.75	3.55	
	Cash flow ratio (%)		67.99	12.53	(7.79)	32.07	63.18	
	Cash flow adequacy ratio (%)		201.37	173.68	92.28	91.16	94.66	
Leverage	Cash reinvestment ratio (%)		20.09	1.91	(6.58)	10.69	18.62	
	Operating leverage		1.70	1.55	1.69	1.67	1.67	
	Financial leverage		1.03	1.01	1.01	1.05	1.11	

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Interest earned ratio (times) decreases which was mainly due to the increases of interest expenses.
2. Property, plant and equipment turnover (times) decreases which was mainly due to the construction of new factory buildings.
3. Total assets turnover (times) decreases which was mainly due to the construction of new factory buildings.
4. Return on total assets increases which was mainly due to the construction of new factory buildings.
5. Return on stockholders' equity increases which was mainly due to the decreases of Exchange Differences on Translation of Financial Statements of Foreign Operations.
6. Earnings per share decreases which was mainly due to the decreases of profit for the year.
7. Cash flow ratio increases which was mainly due to the increases in cash flows from operating activities.
8. Cash reinvestment ratio increases which was mainly due to the increases in cash flows from operating activities.

Note 1: The financial information from past five years has been audited by CPA

Note 2: The formula is as follow:

#### 1. Financial structure

(1) The ratio of total liabilities to total assets = total liabilities / total assets

(2) Ratio of long-term capital to property, plant and equipment = (Total equities + noncurrent liabilities) / property, plant and equipment.

#### 2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets – inventories – prepaid expense) / current liabilities.

(3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.

### 3. Operating efficiency

- (1) Receivable (including accounts receivable and notes receivable arising from business operation) Turnover = Net sales / average receivable (including accounts receivable and notes receivable arising from business operation) balance.
- (2) Days sales in account receivable = 365 / Account receivable turnover (times).
- (3) Inventory turnover (times) = Cost of goods sold / average inventory amount
- (4) Payable (including accounts payable and notes payable arising from business operation) Turnover = Cost of goods sold / Average payable (including accounts payable and notes payable arising from business operation) balance.
- (5) Average days in sales = 365 / Inventory turnover (times).
- (6) Property, plant, and equipment turnover (times) = Net sales / Net average property, plant, and equipment
- (7) Total assets turnover (times) = Net sales / Average total assets

### 4. Profitability

- (1) Return on assets = (after tax net profit + interest expenses x (1 - tax rate)) / average asset balance.
- (2) Return on shareholders' equity = after tax net profit / total average equity.
- (3) Profit ratio = net income / net sales.
- (4) Earnings per share = (profits or loss attributable to owners of the parent company – preferred stock dividend) / weighted average stock shares issued.

### 5. Cash flow

- (1) Cash flow ratio = net cash flow from operating activities / current liabilities
- (2) Cash flow adequacy ratio = net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years.
- (3) Cash re-investment ratio = (net cash flow from operating activity – cash dividend) / (gross property, plant, and equipment + long-term investment + other noncurrent assets + working capital). (Note 4)

### 6. Leverage:

- (1) Operating leverage = (Net operating income - Changes in operating cost and expense) / Operating profit.
- (2) Financial leverage = Operating profit / (Operating profit - interest expense).

Note 3: If the Company's stock is without a face value or without a NT\$10 par value, the ratio to paid-in capital in the preceding paragraph is then based on the shareholder's equity ratio of the parent company in the balance sheet instead.

### 6.3 Audit Committee's Review Report

#### Audit Committee Agreement Report

The Audit Committee agrees with the consolidated financial statements, business reports and proposal for earnings distribution in 2023, as decided by the Board of Directors. Among which, the consolidated financial statements of the Company in 2023 have been issued with an unqualified opinion audit report after audit by Deloitte Touche Tohmatsu Limited which was hired by the Board of Directors.

The Audit Committee is responsible for supervising the financial reporting process of the Company.

A certified public accountant has attested to the Company's consolidated financial statements for 2023 and communicated with the Audit Committee on the following matters:

- 1.No critical findings were discovered in the scope and time of the audit as planned by the certified public accountant.
- 2.The certified public accountant has offered the Audit Committee an accountant who is affiliated with the firm and follows the criterion of being independent as indicated in the Norm of Professional Ethics for Certified Public Accountant. No discovery was made that may be considered as affecting the independence of the accountants and other matters.
- 3.Among matters discussed between the certified public accountant and the Audit Committee, the certified public accountant has, in its audit report, clearly described the key audit matters that affect the Company's consolidated financial statements. There are no laws that do not allow specific matters to be publicly disclosed or in very rare cases, the certified public accountant decides not to audit for specific matters discussed in the report

The Audit Committee agrees with the consolidated financial statements, business reports and proposal for earnings distribution in 2023, as decided by the Board of Directors. All are in compliance with relevant laws and regulations and are reported as stipulated in Article 219 of the Company Act.

Please review.

To:

Eson Precision Engineering Co. Ltd. 2024 General Shareholders' Meeting

Audit Committee convener: Lin, Chih-Chung

Date: March 13, 2024

#### 6.4 Consolidated Financial Statements of the Parent Company and Subsidiary in the Most Recent Year

Refer to pages 117 to 175.

#### 6.5 Financial Difficulties Encountered By the Company and the Related Party in the Most Recent Year and Up to the Date of the Annual Report

None.

### 7 Review of Financial Position, Management Performance and Risk Management

#### 7.1 Analysis of Financial Status

Unit: NT\$ thousands

Item	Year	2022	2023	Difference	
				Amount	%
Current Assets		7,314,122	6,585,542	(728,580)	(9.96)
Funds & Investments		4,876	4,794	(82)	(1.68)
Fixed Assets		4,054,505	4,543,665	489,160	12.06
Intangible Assets		7,647	4,582	(3,065)	(40.08)
Other Assets		606,025	792,560	186,535	30.78
<b>Total Assets</b>		<b>11,987,175</b>	<b>11,931,143</b>	<b>(56,032)</b>	<b>(0.47)</b>
Current Liabilities		4,342,680	3,818,265	(524,415)	(12.08)
Long-term Liabilities		602,150	435,975	(166,175)	(27.6)
Other Liabilities		163,306	303,480	140,174	85.84
<b>Total Liabilities</b>		<b>5,108,136</b>	<b>4,557,720</b>	<b>(550,416)</b>	<b>(10.78)</b>
Capital stock		1,685,289	1,685,289	-	-
Capital surplus		2,349,249	2,349,249	-	-
Retained Earnings		3,332,721	3,660,541	327,820	9.84
Exchange differences on translation of financial statements of foreign operations		(482,603)	(316,039)	166,564	(34.51)
Total other equity interest		(5,617)	(5,617)	-	-
Treasury shares		-	-	-	-
Non-controlling interests		-	-	-	-
<b>Total Stockholders' Equity</b>		<b>6,879,039</b>	<b>7,373,423</b>	<b>494,384</b>	<b>7.19</b>
Description of major changes: (The amount changed by more than 10%, and reached 1% of the total assets of the year, which is NT\$119,311 thousands)					
Fixed assets increased: Mainly due to increase in land, plant and equipment.					
Other assets increased: Mainly due to increase in investment property.					
Current Liabilities decreased: Mainly due to decrease in short-term loan and account payable.					
Long-term Liabilities decreased: Mainly due to decrease in long-term loan.					
Other Liabilities increased: Mainly due to increase in deferred tax liabilities.					
Total Liabilities decreased: Mainly due to decrease in short-term loan and accounts payable.					
Exchange differences on translation: The impact of exchange rate changes.					
Total Stockholders' Equity increased: Mainly due to increase in retained earnings					

Data : The financial information has been audited by CPA

## 7.2 Analysis of Operation Results

### 1. Comparative Analysis of Financial Performance

Unit: NT\$ thousands

Item \ Year	2022	2023	Difference	
			Amount	%
Net Sales	14,031,536	11,562,007	(2,469,529)	(17.60)
Cost of Sales	11,797,376	9,269,382	(2,527,994)	(21.43)
Gross Profit	2,234,160	2,292,625	58,465	2.62
Operating Expenses	1,397,490	1,428,153	30,663	2.19
Operating Income	836,670	864,472	27,802	3.32
Non-operating Income and expenses	226,162	42,337	(183,825)	(81.28)
Income Before Tax	1,062,832	906,809	(156,023)	(14.68)
Net Income	800,915	597,466	(203,449)	(25.40)
Description of major changes: (The amount changed by more than 10%, and reached 1% of the total assets of the year, which is NT\$119,311 thousands) : (1) Net Sales decrease: Mainly due to decrease in Server Parts and TV Mechanical Parts. (2) Cost of Sales decrease: Mainly due to decrease in Net Sales. (3) Non-operating Income and expenses increase: Mainly due to increase in Net Sales. (4) Income Before Tax decrease: Mainly due to decrease in foreign exchange gain. (5) Net Income decrease: Mainly due to decrease in foreign exchange gain.				

Data : The financial information has been audited by CPA

### 2. Expected Sales Volume and Basis:

The company has not prepared or disclosed any financial forecasts; therefore, this is not applicable.

## 7.3 Analysis of Cash Flow

### 7.3.1 Cash flow Analysis for the Current Year

Item \ Year	2022	2023	Increase (Decrease) Amount	(%)
Operating Activities	1,392,773	2,412,363	1,019,590.00	73.21
Investing Activities	(1,143,654)	(918,938)	224,716.00	(19.65)
Financing Activities	312,045	(516,677)	(828,722.00)	(265.58)
Analysis of financial change : Net cash inflow from operating activities increased: Mainly due to increase in accounts receivable. Cash outflow from investing activities decreased: Mainly due to the decrease of payment for property, plant and equipment. Cash outflow from financing activities increased: Mainly due to decrease in long-term borrowings.				

Data : The financial information has been audited by CPA

### 7.3.2 Remedy for Cash Deficit and Liquidity Analysis and Cash flow Analysis for the Coming Year

Not applicable.

## 7.4 Major Capital Expenditure

None

## 7.5 Investment Policy in Last year, Main Causes for Profits or Losses, Improvement Plans, and the investment Plans for the Coming Year

### 7.5.1 Investment Policy in Last Year

The Company's current investment policy mainly focuses on basic business-related investment targets

and is not engaged in investments in other industries. Relevant executive departments adhere to the “Subsidiary Operation Management Measures”, “Investment Cycle” of the internal control system and “Acquisition or Disposal of Assets”. The aforementioned methods or procedures are discussed and approved by the board of directors or at the shareholders meeting.

## 7.5.2 Main Causes for Profits or Losses, Improvement plan

As of Dec 31, 2023 ; Unit ; NT\$ thousands

Name of Company	Investment gain of loss in last year	Main Causes
Multiwin Precision Ind Pte. Ltd.	80,310	Good operating condition
Global Sun Trading Co., Ltd.	541,527	Good operating condition
All Spacer Enterprises Co., Ltd.	12,124	Good operating condition
Multiwin de Mexico S.A. de C.V.	75,856	Good operating condition
Heng Xie Enterprises Limited	(44,045)	Mainly due to reduced production orders, resulting in losses
Eson Europe S.R.O.	(2,599)	Due to poor European consumer market conditions under the influence of the European debt crisis, the Company will reposition Eson Europe SRO as a customer service base in Europe. In addition to serving existing customers, it will conduct local market research and business marketing, and provide other companies within the group opportunities to take production orders. Local production equipment has been transferred to other plant locations for use or direct disposal.
Grand Liberty Co., Ltd.	34,873	Good operating condition
Ample Wealth Enterprise Ltd.	(6,821)	Mainly due to reduced production orders, resulting in losses
Zeal International Co., Ltd.	(45,144)	Mainly due to reduced production orders, resulting in losses
Eson Precision Industry (Singapore) Pte. Ltd.	673,889	Good operating condition
Eson (VN) Precision Industry Co., Ltd	(36,972)	Mainly due to reduced production orders, resulting in losses
Esonmex Monterrey, S.A. de C.V.	(97,579)	Mainly due to completed at the end of the year, resulting in a short production period for orders, leading to losses.
Eson Precision Engineering (Malaysia) Sdn Bhd	(10,859)	Mainly due to reduced production orders, resulting in losses
Eson Batupahat Precision Engineering Sdn. Bhd.	(44,414)	Mainly due to reduced production orders, resulting in losses
Unique Champion Co., Ltd.	11	Good operating condition
Eson Slovakia A.S.	(1,541)	Due to poor European consumer market conditions under the influence of the European debt crisis, the Company will reposition Eson Europe SRO as a customer service base in Europe. In addition to serving existing customers, it will conduct local market research and business marketing, and provide other companies within the group opportunities to take production orders. Local production equipment has been transferred to other plant locations for use or direct disposal.
Kong Eagle International Limited.	12,436	Good operating condition
Zenith Profits Co., Ltd.	(109)	Mainly due to reduced production orders, resulting in losses
Blackyotta Inc.	(162)	Mainly due to reduced production orders, resulting in losses
Kunshan Eson Precision Engineering Co., Ltd.	(27,205)	Mainly due to reduced production orders, resulting in losses
Yantai Zheng Yi Precision Electronics Co., Ltd.	24,866	Good operating condition
Wuxi Xinguan Metal Science & Technology Co., Ltd.	35,104	Good operating condition
Dongguan Yihong Precision Mould Co., Ltd.	12,562	Good operating condition
Kunshan Kang Rui Package Material Co., Ltd.	(651)	Mainly due to reduced production orders, resulting in losses

### 7.5.3 The investment Plans for the Coming Year

In the future, the company's main investment strategy is to focus on customers' strategic needs and basic business-related investments. The scale of operations will be expanded on a case-by-case basis, and relevant executive departments will adhere to the internal control system and "Procedure for Acquisition or Disposal of Assets."

## 7.6 Analysis of Risk Management

### 7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation of Corporate Finance, and Future Response Measures

#### 1. Interest Rate

The interest rate risk of the Company is mainly derived from the long-term and short-term bank loans required to support business and investment activities. In addition to strengthening close contact with banks and understanding interest rate movements to obtain the most favorable loan interest rates, the Company will also effectively use various financial instruments through sound financial planning to reduce the risk of fluctuating interest rates.

#### 2. Foreign Exchange Rate

The daily operations of the Company use US dollars as a functional currency; The Company is mainly affected by fluctuations in the exchange rates of the renminbi to the US dollar. However, relevant risks on the Company's profits and losses are manageable. In response to the potential exchange risk and the impact of exchange rate fluctuations on profit and loss, the Company collects market information, conducts trend judgment and risk assessment, and maintains close contact with banks to fully grasp the trends in exchange rates and make appropriate adjustments, thereby reducing the risk of exchange rate fluctuations.

#### 3. Inflation

The company's profit and loss has not been significantly affected by inflation. The Company will keep abreast of fluctuations in market prices and maintain good interaction with customers and suppliers, and suitably adjust its procurement and sales strategies. Therefore, the Company should be able to respond to the impact of future economic changes due to inflation or austerity, thereby reducing the impact on profit and loss.

### 7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-Risk, High-Leverage Investment, Loaning or Endorsement Guarantees and Derivatives Transactions

The Company's financial policy is based on stable and conservative principles, and does not engage in high-risk, highly leveraged investment; In addition, the Company has established the "Operating Procedures for Lending Funds to Other Parties", "Operating Procedures for Endorsement Guarantees" and "Procedures for Engaging in Derivatives Trading". All relevant operations are carefully implemented after considering risk conditions and related regulations. Other than Company-subidiaries and subsidiaries-subidiaries relations, the Company does not have endorsement guarantees and capital loans with other companies. Additionally, those already applied for endorsement guarantees and capital loan are handled in accordance with relevant operating procedures. The Company has not engaged in any derivative trading.

### **7.6.3 Future Research & Development Projects and Corresponding Budget**

The Company's R&D expenditure in 2023 and 2022 were NT\$140,038,000 and NT\$152,333,000, accounting for 1.21% and 1.09% of the year's operating income. The combination of ESON's business and customer resources allowed for the use of engineering analysis in R&D design and resource integration to manufacture new products (cooling systems). In the future, this will be expanded to high-value applications with high heat flux density.

➤ Future R&D plans:

1. Design and development of high power CPU cooling systems
2. Introduce assembly and welding technology for cooling systems

➤ Expected future R&D investment: Approximately 1.7% to 2.5% of the annual net revenue.

### **7.6.4 Effects of and response to changes in policies and regulations relating to corporate finance and sales**

The country of registration of the Company is the Cayman Islands, and its main operating countries include China, Singapore, Malaysia and Mexico. Each of the Company's business is executed in accordance with the legal requirements and relevant policies of the country of registration and the country of major operation. Moreover, the Company is well informed of policy changes and development trends and responds to changes in the market environment and takes appropriate measures in a timely manner. The Company has not had a significant impact on its financial business due to changes in important policies and laws at home and abroad.

### **7.6.5 Effects of and response to changes in technology and the industry relating to corporate finance and sales**

The Company stays abreast of the changes in the technology and product demand of the industry, grasps the market trend, and evaluates its impact on the Company's operation. In the past year at the time of issuance of the annual report, the Company has not had a significant impact due to a major technological or industrial change.

### **7.6.6 The impact of changes in corporate image on corporate risk management, and the Company's response measures**

Since establishment, the Company has focused on its business operations. Business results and company reputation have been excellent. In the past year at the time of issuance of the annual report, and there has not been any change in corporate image causing corporate crisis.

### **7.6.7 Expected benefits from, risks relating to and response to merger and acquisition plans**

The Company has not had plans of mergers in the past year and up to the date of report. However, if there is a merger and acquisition plan, it will be handled according to the "Procedures for Acquisition or Disposal of Assets" of the Company. Moreover, to reduce possible risks, if the company discovers the potential merger target company in the future, it will carefully evaluate and consider the merger and the effects thereof, and consult relevant professionals. The merger decision shall be prepared and handled timely and with reasonable conditions to ensure the Company's interests and overall shareholders' rights.



### **7.6.8 Expected benefits from, risks relating to and response to factory expansion plans**

The Company founded Esonmex Monterrey S.A. de C.V. in December 2021 in response to orders from customers in North America. Production commenced in November 2023.

### **7.6.9 Risks relating to and response to excessive concentration of purchasing sources and excessive customer concentration**

#### **1. Purchasing**

The Company avoids single supplier sources for each major purchase item except for suppliers with unique quality factors and customer certification. The purchase ratio of the largest supplier in 2022 and 2023 is 21.45% and 30.42% respectively. The top ten suppliers' purchase ratios were 52.10% and 62.90%, respectively. The overall purchase did not focus on a single supplier. The main raw materials required for the production of components of consumer electronic products at the Company, including metal materials, composite parts and plastic parts, are available from a wide range of suppliers. There is no concentration of purchases from a single supplier risking out-of-stock worries.

#### **2. Sales**

The Company's main sales target are international OEMs and brand manufacturers of consumer electronics products such as TV, computer, and ICT. The sales ratios of the customers of the largest sales in 2022 and 2023 are 36.27% and 54.03%, respectively. The sales ratios of the top ten customers were 87.58% and 90.33% respectively. Although there are concentrated sales of goods, due to industrial characteristics, downstream brand manufacturers are mostly concentrated on orders from international OEMs. In addition, due to the excellent technical capacities, the Company has won recognitions of international OEMs and brand manufacturers, and thus established a dominant position in the industry, and has long-term stable cooperative relations with major sales targets. The Company is also actively involved in R&D of new products, thereby reducing the risk of concentration of sales.

#### **7.6.10 Effects of risks relating to and response to large share transfers or changes in shareholdings by directors, supervisors, or shareholders with shareholdings of over 10%**

The Company has not had any of the described share transfers in the past year and up to the date of report.

#### **7.6.11 Effects of risks relating to and response to the changes in management rights**

In order to strengthen corporate governance, the Company held a full re-election of directors at the shareholders' meeting on October 31, 2012, and introduced independent directors, set up an audit committee to enhance the protection of the overall shareholders' equity. The operating performance of the Company's management team is sound and should continue to receive support from major shareholders.

#### **7.6.12 Other major risks and responses**

1. International raw material prices fluctuate greatly, and wages are high, which reduces the risk of profit margins.

In recent years, the cost of international raw materials has increased. Among them, steel plates are the main raw materials for the production of metal stamping components required for TV. Due to the increase in the prices of raw materials, the cost of parts production has increased significantly. This is expected to be the case in the future; In addition, the product process of machine components is labor intensive, but provinces in the mainland have increased their wages, and it is estimated that there will still be room for improvement in the next few years. Therefore, the high cost has become a problem for all component manufacturers.

##### Response measures

- A. Strengthen production processes, reduce unnecessary manpower in the production process, and train employees to enhance work efficiency and reduce the impact of rising labor costs on operations.
  - B. Establish solid long-term interaction with a number of upstream raw material suppliers to mitigate the impact of raw material price fluctuations and ensure the stability of supply.
  - C. Strengthen inventory and liquidity management to mitigate the impact of fluctuations in raw material prices.
2. Risk of retaining customer orders

Machine component manufacturers have expanded their production capacity and actively upgraded their technology to secure new orders. Under the continuous growth in overall production capacity and competition in the industry, and the rapid changes in consumer market products, the ability to continue to obtain customer orders to maintain high utilization rate at the production line has a huge impact on the Company's operations.

##### Response measures

The Company is a professional manufacturer of products such as mold development, plastic molding, metal stamping and related surface treatment technology. It can flexibly adjust the appearance of

consumer products and can provide customers with one-stop purchase service. The Company operates through diverse products to divert operational risks.

In addition, the Company will increase and meet the customer's order demand with a strategy of serving customers nearby. It has the advantages of economies of scale, which raises the barrier for new market entrants. In the future, it will continue to deepen the cooperation relationship with customers to consolidate the source of orders.

### 3. Risk of change in technology and major raw materials

In response to lightweight and compact requirements, 3C products need to use high-strength, high-heat-dissipating materials. Based on the common materials used in current mechanical components, metallic materials are superior to plastic materials in terms of strength and heat dissipation. However, the development of plastic (polymer) composite materials, such as glass fiber and carbon fiber materials, are now on par with metallic materials in terms of strength and heat dissipation, which will impact the development of metal mechanical parts.

#### Response measures

The choice of material of the machine component will affect the appearance and durability of the product. Considering material cost and strength, the metallic components remain the mainstream option. The Company will follow closely the development trend and continue to assess the feasibility of new material applications and refine the existing technology to enhance competitiveness.

### 4. Risks related to statements made in this annual report

#### A. Facts and statistics

Certain information and statistics of this annual report are compiled from different statistical publications. However, external publications may be inaccurate, incomplete or not up to date. The Company makes no declaration as to the authenticity or accuracy of such statements in external publications, and investors should not place undue reliance on such information for investment judgment.

#### B. Forward-looking statements and risks and uncertainties contained in this annual report

Certain forward-looking statements and information about the Company and its related companies contained in this annual report. These statements and information are based on the beliefs, assumptions and current information of the management of the Company. In the current report, "predict", "believe", "can", "expect", "future", "intention", "or will", "must", "plan", "estimate", "seek", "shall", "will", "may", "likely" and similar statements, when used by the management of the Company, are forward-looking statements. Such statements reflect current views of the Company's management on future events, operations, liquidity, and sources of funding, some of which may not realize or may change. These statements are subject to certain risks, uncertainties and assumptions, including other risk factors as described in this annual report. Investors should carefully consider the known and unknown risks and uncertainties involved in relying on any forward-looking statements. The risks and uncertainties faced by the Company may affect the accuracy of the forward-looking statements, including but not limited to the following:

- Chapter 5 of this annual report, description of operations overview
- Statements in this annual report regarding prices, volume, operations, profit trends, overall market trends, risk management and exchange rates.

The Company will not update the forward-looking statements of this annual report or make changes in response to future events or information. In the light of these risks and other risks, uncertainties and assumptions, the forward-looking statements and circumstances of this annual report may or may not occur in the manner expected by the Company or may not occur at all. Therefore, investors should not rely on any of the forward-looking statements.

For other important risks and countermeasures related to the operation of the Company, please refer to the favorable, unfavorable factors and countermeasures of the Company's development prospects on page 77 of this annual report. However, despite these countermeasures, the implementation may still be subject to force majeure and other factors that cannot be fully implemented, and the related risks may still affect the Company's business, operating results, and financial status.

5. Challenges the management team faces in becoming a listed company for the first time

The Company's management team has rich experience in the operation of the industry. However, after stock listing, the Company needs to face a large number of investors or professional investment institutions. The Company is also a foreign company and needs to adapt to the laws and regulations of Taiwan.

Response measures

Before applying for listing, the Company has successively recruited qualified talents required by the various operating locations around the world and has organized excellent team members as a strong backing for management. Moreover, some management personnel have also worked in Taiwan's well-known listed and OTC companies in Taiwan and are thus familiar with relevant local laws and regulations. Therefore, the company is prepared to meet the challenges of becoming a listed company.

6. The Company is a holding company that relies on the performance of its subsidiaries and their ability to distribute dividends and is subject to restrictions on the distribution of dividends and the transfer of funds.

The Company is a holding company established in the Cayman Islands with no commercial operations and revenue sources. The Company has no other assets and liabilities other than stock rights to the subsidiaries. Therefore, the profit source mainly relies on its operating subsidiaries. The Company's subsidiaries in China and in Singapore are the source of profit for the Group's important operations. Therefore, the issuance of cash dividends of the Company will be affected by the cash dividends of the subsidiaries or the surplus reserves.

However, the cash dividends issued by the subsidiaries will be subject to the restrictions on the local state dividends, regulations on repatriation of revenues, cash transfers and foreign exchange controls, and will be affected by exchange rate changes. The Company has no full control over these factors.

In addition, the subsidiaries of the Company are separate and independent legal entities. When a subsidiary goes bankrupt, loses its liquidity, reorganizes, liquidates, or realizes its assets, the

Company's acquired assets or distribution order will be inferior to the creditors of the subsidiary, including the trading subject of the subsidiaries and the holders of the bonds issued by the subsidiaries. .

The distribution of dividends or other benefits of the Company will be handled in accordance with relevant regulations. It is recommended that investors should understand and consult with experts on the impact of taxation of their own investment holding companies.

#### 7. Risk of protection of shareholders' rights

The Cayman Islands' company law has many different rules from the Taiwan Company Act. Although the Company has amended the Articles of Association in accordance with the "Checklist for the Protection of Shareholders' Rights and Interests of Foreign Issuer in Registration Countries" as stipulated by the Taiwan Stock Exchange Co., Ltd., there remain many differences between local laws and regulations on the operation of the Company. Investors cannot apply the legal rights used to invest in Taiwan companies to protect their investments in Cayman Islands companies. Investors shall fully understand and consult with experts on whether their shareholder's rights and interests are effectively protected in their investment in a Cayman Islands company.

#### 8. Information security risks:

High-availability data backup systems are established in the information system framework in accordance with the risk level. We strengthen simulation tests and emergency response drills in server rooms and evaluate the operational risks and impact in terms of finance, regulations, and customers. We plan, design, and improve appropriate software/hardware equipment and resources and implement response measures to improve work procedures, reduce risks of system interruption caused by unforeseen natural disasters or human errors, and ensure that we meet the target of system recovery time.

#### **7.6.13 Litigation or Non-litigation Matters**

Suntool Co., Ltd. had a product dispute with its client, leading to the possibility of US\$300 thousand in uncollectible accounts receivable. Furthermore, the client of Suntool's client demanded an additional compensation for damage that amounted to CAD4,000, and the litigation is still going. Suntool Co., Ltd. has recognized a full impairment loss for the total amount of receivables. In addition, Suntool Co., Ltd. assessed that compensation is very unlikely to occur and thus did not assess the related losses. Suntool Co., Ltd. obtained the documentation for the approval of dissolution on October 23, 2018 which approved the dissolution on September 18, 2018 after related debt declaration and dissolution procedures were completed.

There are no concluded or pending litigious, non-litigious, or administrative litigation events in the past year up to the printing of this annual report that can have a significant impact on shareholders' equity or securities prices.

#### **7.7 Other Major items**

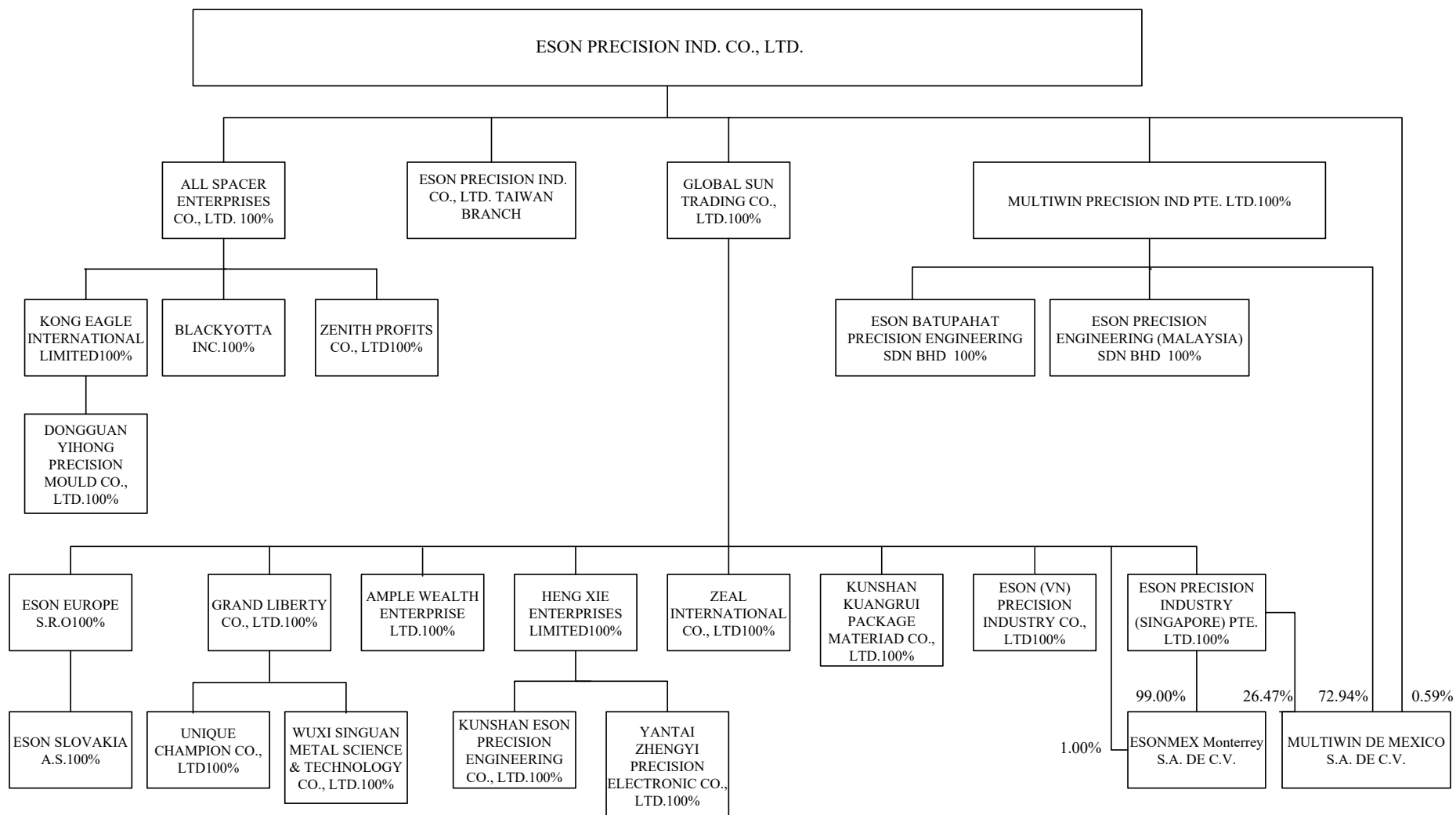
None

## 8 Other Special Notes

### 8.1 Summary of Affiliated Companies

#### 8.1.1 The Status of Affiliated Companies

##### 1. Affiliated Companies Chart



## 2. Basic Data of Affiliated Enterprises

As of Dec 31, 2023 / Unit: In Dollars of Foreign Currencies

NAME OF CORPORATION	DATE OF ESTABLISHMENT	ADDRESS	CAPITAL		MAJOR BUSINESS SCOPE
Multiwin Precision Ind Pte. Ltd.	2009.09.09	Singapore	USD	19,800,001	Sales of molds, plastic products, and hardware products and investment holding
Global Sun Trading Co., Ltd.	2001.05.25	Mauritius	USD	28,100,000	Investment holding
All Spacer Enterprises Co., Ltd.	1999.06.15	Samoa	USD	1,800,000	Investment holding
Multiwin de Mexico S.A. De C.V.	2012.06.21	Mexico	MXN	531,686,000	Manufacture of molds, plastic products, and hardware products
Heng Xie Enterprises Limited	2007.11.14	Hong Kong	HKD	410,514,868	Investment holding
Eson Europe S.R.O.	2007.09.21	Slovakia	EUR	5,397,909	Investment holding
Grand Liberty Co., Ltd.	2006.09.26	Mauritius	USD	24,100,000	Investment holding
Ample Wealth Enterprise Ltd.	2001.11.16	Mauritius	USD	1	Sales of molds, plastic products, and hardware products
Zeal International Co., Ltd.	2005.01.11	Mauritius	USD	1	Sales of molds, plastic products, and hardware products
Eson Precision Industry (Singapore) Pte. Ltd.	2017.03.23	Singapore	USD	19,000,000	Sales of molds, plastic products, and hardware products
Eson (VN) Precision Industry Co., Ltd.	2020.05.13	Vietnam	USD	27,500,000	Sales of molds, plastic products, and hardware products
Eson Precision Engineering (Malaysia) Sdn. Bhd.	2013.05.03	Malaysia	MYR	31,000,000	Sales of molds, plastic products, and hardware products
Eson Batupahat Precision Engineering Sdn. Bhd.	2016.05.10	Malaysia	MYR	19,000,000	Sales of molds, plastic products, and hardware products
Unique Champion Co., Ltd.	2007.05.16	Mauritius	USD	1	Sales of molds, plastic products, and hardware products
Eson Slovakia A.S.	2008.02.22	Slovakia	EUR	4,300,000	Sales of molds, plastic products, and hardware products
Kong Eagle International Limited.	2007.11.04	Hong Kong	HKD	13,505,712	Investment holding
Zenith Profits Co., Ltd.	2006.01.09	Mauritius	USD	1	Sales of molds and hardware products
Blckyyotta Inc.	2018.12.10	U.S.A.	USD	200,000	Sales of molds, plastic products, and hardware products
Esonmex Monterrey S.A. de C.V.	2021.12.20	Mexico	MXN	648,384,200	Sales of molds, plastic products, and hardware products
Kunshan Eson Precision Engineering Co., Ltd.	2001.08.08	China	USD	52,010,000	Design, development, manufacture, and sales of molds, plastic products, and hardware products
Yantai Zheng Yi Precision Electronics Co., Ltd.	2009.09.29	China	USD	1,000,000	Design, development, manufacture, and sales of molds, plastic products, and hardware products
Wuxi Xinguan Metal Science & Technology Co., Ltd.	2006.12.15	China	USD	23,000,000	Design, development, manufacture, and sales of molds, plastic products, and hardware products
Dongguan Yihong Precision Mould Co., Ltd.	2004.09.14	China	USD	1,510,000	Sales and Manufacture of precision molds and hardware products
Kunshan Kang Rui Package Material Co., Ltd.	2019.12.23	China	USD	600,000	Packaging material trading and power supply

3. Information for Common Shareholders of Treated-as Controlled Companies and Affiliates : None
4. Business of Eson's Affiliates :  
The Company's relevant corporate business operations include general investment and trading, as well as design, development, production and sales of molds, plastic and hardware. All related companies operate according to the overall business plan of the Group.



5. The Directors, Supervisors, and President of the affiliated companies

As of Apr 21, 2024 / Unit: thousand Shares

Name of enterprise	Title	Name/ Representative	Shares Holding	
			Shares	%
Multiwin Precision Ind Pte. Ltd.	Director	Tsai, Chia-Hsiang Lin, You-Ching Lee Huey Fong	-	-
Global Sun Trading Co., Ltd.	Director	Tsai, Chia-Hsiang	-	-
All Spacer Enterprises Co., Ltd.	Director	Tsai, Chia-Hsiang	-	-
Multiwin de Mexico S.A. De C.V.	Legal Representant	Hsiao,Hau-Jou FERNANDO ESQUIVEL CALZADA	-	-
Heng Xie Enterprises Limited	Director	Tsai, Chia-Hsiang	-	-
Eson Europe S.R.O.	Director	Huang, Ching-I	-	-
Grand Liberty Co., Ltd.	Director	Tsai, Chia-Hsiang	-	-
Ample Wealth Enterprise Ltd.	Director	Tsai, Chia-Hsiang	-	-
Zeal International Co., Ltd.	Director	Tsai, Chia-Hsiang	-	-
Eson Precision Industry (Singapore) Pte. Ltd.	Director	Tsai, Chia-Hsiang Lin, You-Ching Lee Huey Fong	-	-
Eson (VN) Precision Industry Co., Ltd.	President	Tsai, Chia-Hsiang	-	-
Esonmex Monterrey S.A. De C.V.	Director	Hsiao,Hau-Jou	-	-
Eson Precision Engineering (Malaysia) Sdn. Bhd.	Director	Tsai, Chia-Hsiang Lin, You-Ching CHAM LIAN SOON	-	-
Eson Batupahat Precision Engineering Sdn. Bhd.	Director	Tsai, Chia-Hsiang Lin, You-Ching CHAM LIAN SOON	-	-
Unique Champion Co., Ltd.	Director	Tsai, Chia-Hsiang	-	-
Eson Slovakia A.S.	Director	Huang, Ching-I	-	-
Kong Eagle International Limited.	Director	Tsai, Chia-Hsiang	-	-
Zenith Profits Co., Ltd.	Director	Tsai, Chia-Hsiang	-	-
Blackyotta Inc.	Director	Hsiao,Hau-Jou	-	-
Esonmex Monterrey S.A. de C.V.	Legal Representant	Hsiao,Hau-Jou	-	-
Kunshan Eson Precision Engineering Co., Ltd.	Executive Director	Tsai, Chia-Hsiang	-	-
	President	Lai, An-Sheng	-	-
Yantai Zheng Yi Precision Electronics Co., Ltd.	Executive Director	Tsai, Chia-Hsiang	-	-
	President	Lai, An-Sheng	-	-
Wuxi Xinguan Metal Science & Technology Co., Ltd.	Executive Director	Tsai, Chia-Hsiang	-	-
	President	Lai, An-Sheng	-	-
Dongguan Yihong Precision Mould Co., Ltd.	Executive Director	Tsai, Chia-Hsiang	-	-
	President	Lai, An-Sheng	-	-
Kunshan Kang Rui Package Material Co., Ltd.	Executive Director	Tsai, Chia-Hsiang	-	-
	President	Tsai, Chia-Hsiang	-	-

## 6. The Status of Affiliated Companies

As of Dec. 31, 2023 ; Unit : NT\$ thousands

Name of Subsidiary	Paid-in capital	Total Assets (Note1)	Total Liability (Note1)	Net Worth (Note1)	Revenues (Note2)	Operating Income (Note2)	Net Profit (Note2)	EPS (NT\$)
Multiwin Precision Ind Pte. Ltd.	574,992	1,434,491	118	1,434,373	-	(136)	80,310	4.06
Global Sun Trading Co., Ltd.	842,278	6,699,844	924,017	5,775,827	-	(1,972)	540,056	19.22
All Spacer Enterprises Co., Ltd.	53,022	195,390	-	195,390	-	(47)	12,124	6.74
Multiwin de Mexico S.A. De C.V.	904,897	1,677,904	236,520	1,441,384	1,965,141	110,675	75,856	71.33
Heng Xie Enterprises Limited	1,935,923	2,376,234	-	2,376,234	-	(403)	(44,045)	(0.11)
Eson Europe S.R.O.	189,672	64,433	73,593	(9,160)	-	(1,054)	(2,599)	Note 3
Grand Liberty Co., Ltd.	736,746	364,828	-	364,828	-	(243)	34,873	1.45
Ample Wealth Enterprise Ltd.	-	329,476	287,659	41,817	199,918	(7,056)	(6,821)	(6,821,000.00)
Zeal International Co., Ltd.	-	386,416	393,973	(7,557)	857,549	(45,804)	(45,144)	(45,144,000.00)
Eson Precision Industry (Singapore) Pte .Ltd.	571,805	6,021,102	3,003,070	3,018,032	9,351,496	1,114,311	673,889	35.47
Eson (VN) Precision Industry Co., Ltd	798,350	785,717	130,404	655,313	116,475	(35,693)	(36,972)	Note 3
Eson Precision Engineering (Malaysia) Sdn. Bhd.	259,737	194,741	12,971	181,770	64,936	(29,304)	(10,859)	(0.35)
Eson Batupahat Precision Engineering Sdn Bhd	154,703	331,014	137,444	193,570	331,753	(41,702)	(44,414)	(2.34)
Unique Champion Co., Ltd.	-	170,541	102,234	68,307	-	(140)	11	11,000.00
Eson Slovakia A.S.	167,485	74,320	20,222	54,098	-	(1,534)	(1,541)	(6,704.35)
Kong Eagle International Limited.	60,637	177,748	-	177,748	-	(126)	12,436	0.92
Zenith Profits Co., Ltd.	-	2,987	-	2,987	-	(123)	(109)	(109,000.00)
Blackyotta Inc.	5,965	7,317	-	7,317	12,337	(156)	(162)	(0.81)
Esonmex Monterrey S.A. De C.V.	445,113	1,067,317	7,385	1,059,932	37,460	(95,787)	(97,579)	(15.05)
Kunshan Eson Precision Engineering Co., Ltd.	1,543,839	3,034,566	811,226	2,223,340	1,758,883	(44,208)	(27,205)	Note3
Yantai Zheng Yi Precision Electronics Co., Ltd.	40,218	181,508	41,010	140,498	186,766	31,795	24,866	Note3
Wuxi Xinguan Metal Science & Technology Co., Ltd.	691,635	331,492	37,056	294,436	-	(22,467)	35,104	Note3
Dongguan Yihong Precision Mould Co., Ltd.	51,727	95,520	10,176	85,344	57	(16,173)	12,562	Note3
Kunshan Kang Rui Package Material Co., Ltd.	7,499	8,935	3,681	5,254	21,556	(656)	(651)	Note3

Note1 : The exchange rate is based on December 31, 2023 (NTD/USD30.705, NTD/EUR=33.98)

Note2 : The exchange rate is based on 2023 average rate (NTD/USD=31.155, NTD/EUR=33.70)

Note3 : Not applicable.

**8.1.2 Consolidated financial statement of affiliated enterprises : Similar to the consolidated financial reports.**

Refer to pages 117 to 175.

**8.1.3 Affiliation Report: Not applicable.**

**8.2 Subscription of marketable securities privately in the most recent years and up to the date of the report printed**

None.

**8.3 The stock shares of the Company held or disposed by the subsidiaries in the most recent years and up to the date of the report printed**

None.

**8.4 Supplementary disclosures**

None.

**8.5 Occurrence of events defined in Securities Transaction Law Article 36.3.2 that has great impact on shareholder's equity or security price in the most recent years and up to the date of the report printed**

None.

## 8.6 Differences between the Company’s Articles of Association and ROC’s Shareholders’ Rights Protection Guidelines

The Company has amended the Articles of Association in accordance with the important matters of shareholders' rights protection listed in the “Checklist for Protection of Shareholders' Rights and Interests of Foreign Issuer in Registration Countries” as amended by the Stock Exchange on January 9, 2023. However, some important matters on the protection of shareholders' rights and interests are not applicable under the laws of Cayman Islands, and thus has not been amended in the Company's articles of association. Please refer to the following table for details:

Important matters of shareholder protection	Articles of Association and reason for discrepancy
<b>Procedures and resolutions of the shareholders' meeting</b>	
<ol style="list-style-type: none"> <li>1. The annual general meeting shall be convened at least once a year. It should be held within six months after the end of each fiscal year. Shareholders' meetings are convened by the board of directors.</li> <li>2. The shareholders' meeting shall be held in the territory of the Republic of China. If the shareholders' meeting is convened outside the Republic of China, the stock exchange shall approve within two days after the resolution of the board of directors or the shareholders obtain the permission from the competent authority.</li> <li>3. Shareholders who own more than 1% of the company's outstanding shares are entitled to propose, in writing, agenda items for discussion in annual general meetings. If the proposing shareholder do not hold 1% of the shares, the proposal is not a shareholder's resolution, or there is more than one proposal, they shall not be included in the agenda.</li> <li>4. If the Shareholder continue to hold more than one year and hold more than 3% of the total outstanding shares, they may write down the proposed matters and reasons and request the Board of Directors to convene an extraordinary shareholders meeting. Within 15 days after the request is filed, and the Board of Directors has not notified to convene the meeting, the Shareholder may report to the competent authority for permission to convene</li> </ol>	<p>Regarding the extraordinary shareholders’ meeting convened by the shareholders, as a result of the Cayman Company Law, such acts are not subject to the permission of the local authorities of the Cayman Islands. Therefore, Article 18.5 of the Articles of Association does not specify that the competent authority should be notified in advance for permission before they convene the extraordinary shareholders' meeting. In addition, since the convening of the extraordinary shareholders' meeting is not subject to the permission of the local authorities of the Cayman Islands, if shareholders hold their own meeting outside the Republic of China, Article 18.5 of the Articles of Association of the Company only stipulates that the Stock Exchange should be notified in advance for approval, instead of “reporting to the Stock Exchange for approval within two days after the shareholders have obtained the permission from the competent authority” as required by the “Important Matters in the Protection of Shareholders' Rights and Interests”.</p>

Important matters of shareholder protection	Articles of Association and reason for discrepancy
<p>themselves.</p> <p>5. The following matters shall be listed and explained in the shareholders' meeting agenda, and shall not be proposed via extempore motion:</p> <p>(1) Appointment or dismissal of director, supervisor;</p> <p>(2) Change of charter;</p> <p>(3) Company dissolution, merger, share conversion, division;</p> <p>(4) Concluding, altering or terminating a contract for the lease of all business, entrusted operations or usual co-operation with other ;</p> <p>(5) Cede all or major part of the business or property;</p> <p>(6) Transferring all business or property to others has a significant impact on the Company's operations;</p> <p>(7) Private placement of securities of an equity nature.</p> <p>(8) The director is engaged in the licensing of non-competition activities;</p> <p>(9) All or part of the dividends and bonuses are distributed by way of new shares;</p> <p>(10) The legal reserve and the capital surplus due to the contributed capital in excess of par or income from gift are distributed to the original shareholders by way of new shares.</p>	
<p>1. Voting rights may be exercised electronically or in writing during the Company's shareholders' meeting. However, if the Company complies with the “applicable scope for the Company to adopt electronic voting,” promulgated by the competent securities authority of the Republic of China, the electronic method shall available for exercising voting rights.</p> <p>2. Shareholders’ voting rights may be exercised</p>	<p>In respect of the exercise of voting rights by shareholders in writing or electronically, according to the Cayman Islands lawyers, the Cayman Company Law does not mention whether shareholders who exercise their voting rights in writing or electronically can be deemed to have attended the shareholders' meeting in person, and the Cayman Islands lawyers have not noticed any relevant cases. Thus, the voting in the Company's charter arrangement in writing or electronically is deemed to authorize the voting of the chairman of the shareholders' meeting. Moreover, the voting</p>

Important matters of shareholder protection	Articles of Association and reason for discrepancy
<p>electronically or in writing when the Company's shareholders' meeting is held outside of the Republic of China.</p> <p>3. The shareholders' meeting notice must explain the methods through which shareholders may exercise voting rights in writing or in electronic form. Shareholders who have voted in writing or using the electronic method are considered to have attended shareholders' meeting in person. However, they are considered to have waived their rights to participate in any special motions or amendments to the original agendas that may arise during the shareholders' meeting.</p> <p>4. Instructions to exercise written and electronic votes must be delivered to the Company at least two days before the shareholders' meeting. In the event where there are duplicate submissions, the earliest submission shall be taken into record. However, exception shall be granted if the shareholder issues a proper declaration to withdraw the previous vote.</p> <p>5. If the shareholder decides to attend the shareholders' meeting in person after submitting a written or electronic vote, a proper declaration of withdrawal must be issued in the same method as did the original vote no later than two days before the shareholders' meeting. If the withdrawal is not received in time, then the written or electronic vote shall be taken into record.</p> <p>6. If the shareholder has exercised written or electronic votes, and at the same time delegated a proxy to attend the shareholders meeting, then the voting decision exercised by the proxy shall prevail.</p>	<p>rights of the chairman of the shareholders' meeting are not subject to the 3% shareholding restriction. In this regard, Article 24.4 of the Articles of Association of the Company stipulates that “the shareholder shall be deemed to be the agent of the chairman of the meeting by way of written voting or electronically exercising his voting rights according to written or electronic instructions in the shareholders' meeting in accordance with the provisions of the preceding rules,” rather than “the shareholders who exercise the voting rights in writing or electronically, are deemed to be attending the shareholders' meeting in person,” as stipulated in the “Important Matters in the Protection of Shareholders' Rights and Interests”. Moreover, in Article 25.3 of the Articles of Association of the Company, the voting rights of the agent of the chairman of the shareholders' meeting are not subject to the 3% holding restriction of the total issued shares.</p>
<p>The following agenda involving major rights and interests of shareholders require the attendance of shareholders representing more</p>	<p>1.Regarding the resolution method of the shareholders' meeting, in addition to the ordinary and supermajority resolutions under the ROC laws, the “special resolution”</p>

Important matters of shareholder protection	Articles of Association and reason for discrepancy
<p>than two-thirds of the total issued shares, and more than half of the voting rights of the attending shareholders shall agree to proceed. If the total number of shares of the attending shareholders is less than the aforementioned quota, shareholders representing over half of the current outstanding shares may attend in which two thirds of the attending shareholders must agree to proceed:</p> <ol style="list-style-type: none"> <li>1. Concluding, altering or terminating a contract for the lease of all business, entrusted operations or usual co-operation with others, the transfer of all or a major part of the business or property, the transfer of all business or property of others that has a significant impact on the Company's operations.</li> <li>2. Change of charter</li> <li>3. If the change of the Articles of Association has damaged the rights of preferred stock shareholders, resolution of the preferred stock shareholders' meeting is required.</li> <li>4. All or part of the dividends and bonuses are distributed by way of new shares;</li> <li>5. Resolutions on the dissolution, merger or split of the Company.</li> <li>6. Private placement of securities</li> </ol>	<p>defined by the Cayman Islands' Company Law is also included in Article 1.1 of the Articles of Association of the Company. The special resolution refers to resolutions passed by at least two-thirds of the shareholders of voting rights (vote in person or by appointed proxy) at the shareholders' meeting. The meeting notice must also legally state that the resolution will be carried out by special resolution; However, the Company's Articles of Association may specify a higher percentage and may state that various matters subject to special resolution may be passed by different percentages (but not less than two-thirds). The difference between this and the "Shareholders' Rights Protection Checklist" is that certain matters that should be resolved by supermajority in the "Shareholders' Rights Protection Checklist" are regulated by the Cayman Islands' Company Law in the Company's Articles of Association (refer to point 2 for details). As these differences are due to Cayman Islands' laws and regulations, and the Company's Articles of Association have already listed the supermajority resolutions set out in the "Shareholders' Rights Protection Checklist" in the supermajority and special resolutions in the Company's articles of association, the impact of this part on shareholders' equity should be limited.</p> <ol style="list-style-type: none"> <li>2. According to the regulations of the Cayman Islands' Company Law, the following matters shall be determined by special resolutions: <ol style="list-style-type: none"> <li>(1)Change of charter <p>According to the laws of the Cayman Islands, the change of charter should be carried out by special resolution specified by the Cayman Islands' company law. Therefore, Article 11.3 of the Articles of Association does not follow the "Shareholders' Rights Protection Checklist" regarding resolution requirement for altering organization documents and the Articles of Association by changing special resolution to supermajority resolution as required by law of the Republic of China. In addition, in accordance with Article 12 of the Articles of Association, if the amendments or changes to the Articles of Association will damage the priority of any type of shares, the relevant amendments or changes shall be</p> </li> </ol> </li> </ol>

Important matters of shareholder protection	Articles of Association and reason for discrepancy
	<p>subject to the special resolution of the Company's shareholders meeting under the Cayman Islands' company law. A special resolution required by the Cayman Islands' company law is required for such damaged shareholder.</p> <p>(2)Dissolution: According to the laws of the Cayman Islands, if a company decides to voluntarily dissolve due to the inability to pay off its debt when it expires, its dissolution shall be decided by the shareholders' meeting. However, if the company is voluntarily liquidated and dissolved for reasons other than the above, its dissolution shall be subject to the special resolution prescribed by the Cayman Islands' company law. Therefore, the resolution thresholds for the liquidation and dissolution of the Company in Articles 11.5 and 63.1 of the Articles of Association of the Company have not been changed to the supermajority resolutions under the laws of the Republic of China in accordance with the requirements of "Important Matters in the Protection of Shareholders' Rights and Interests".</p> <p>(3)Merger: As the Cayman Islands' company law has mandatory provisions for the voting method for the "consolidation as defined by the laws of the Cayman Islands", paragraph (b) of Article 11.4 of the Articles of Association stipulates that a "merger" (unless the mergers and/or acquisitions, defined by the Cayman Islands' company law, requires a special resolutions) requires a supermajority resolution. The above differences are due to regulations of the Cayman Islands. Although when "the company is voluntarily liquidated and dissolved due to the inability to settle its debts at expiration," the company may only apply ordinary resolutions, the result should be more favorable to shareholders. Moreover, this is only applicable for specific situations and the impact on shareholders' equity should be limited.</p>
<b>Director's authority and responsibility</b>	
1. The Where the company has set up supervisors, the supervisor shall be elected via	The laws of the Cayman Islands does not have an equivalent concept as the supervisor. Moreover, the Company has an



Important matters of shareholder protection	Articles of Association and reason for discrepancy
<p>the shareholders' meeting. At least one of the supervisors must have a residence in the country.</p> <p>2. The term of the supervisor shall not exceed three years. However, the supervisor may be re-elected.</p> <p>3. When all supervisors are dismissed, the Board of Directors shall convene an extraordinary meeting of shareholders within 60 days to elect for supervisor.</p> <p>4. The supervisor shall supervise business operations of the Company and, whenever deemed necessary, inspect the business and financial status of the Company, examine relevant accounting reports and documents and request the Board of Directors or managers to provide relevant reports.</p> <p>5. The supervisor shall examine reports and statements compiled and submitted by the Board of Directors and provide opinions in the shareholders' meeting.</p> <p>6. The supervisor must appoint an accountant or a lawyer to review the matter on behalf of the company.</p> <p>7. Supervisors may attend and express their opinions in the Board of Directors' meeting. Where the Board of Directors or directors conducts business in violation of laws, Articles of Association, or resolutions of the shareholders' meeting, the supervisor shall immediately notify the Board of Directors or the Directors to stop their actions.</p> <p>8. Each supervisor may exercise supervision independently.</p> <p>9. The supervisor may not serve as a company director, manager or other employee.</p>	<p>audit committee. Therefore, there is no regulations related to the supervisor in the Articles of Association.</p>
<p>1. Shareholders who hold more than three percent of the current outstanding shares of the company for more than one year may request the supervisor to institute an action</p>	<p>Since the laws of the Cayman Islands do not have an equivalent concept as the supervisor, and the Company has an audit committee, Article 47.3 of the Articles of Association of the Company provides that “within the scope permitted by</p>

Important matters of shareholder protection	Articles of Association and reason for discrepancy
<p>against the Director on behalf of the Company, and have the Taipei District Court of Taiwan as the court of first instance.</p> <p>2. Within 30 days after the shareholder makes the request, when the supervisor does not file a lawsuit, the shareholder may institute an action on behalf of the Company and the Taiwan District Court of Taiwan may be the court of first instance.</p>	<p>the laws of the Cayman Islands, shareholders who hold at least three percent of the current outstanding shares for at least one year may: (a) In writing, request the independent director of the Audit Committee authorized by the Board of Directors to institute an action against the Directors on behalf of the Company, and may have the Taipei District Court of the Republic of China as the court of first instance; Or (b) In writing, request the independent director of the Audit Committee to institute an action against the Directors on behalf of the Company, and may have the Taipei District Court of the Republic of China as the court of first instance; Within 30 days after the request is made in accordance with the aforementioned Paragraph (a) or (b), if (i) the requested Board of Directors fails to authorize the independent director of the Audit Committee or the independent director of the Audit Committee authorized by the Board of Directors has not filed a lawsuit in accordance with paragraph (a); Or (b) if the independent director of requested the Audit Committee fails to institute an action, within the limits permitted by the laws of the Cayman Islands, the shareholders may institute an action on behalf of the Company against the Directors and have the Taipei District Court of the Republic of China as the court of first instance.” This differs from the “Important Matters in the Protection of Shareholders' Rights and Interests,” which specifies that “Shareholders who hold more than three percent of the current outstanding shares of the company for more than one year may request, in writing, the supervisor to institute an action against the Director on behalf of the Company, and have the Taipei District Court of Taiwan as the court of first instance. Within 30 days after the shareholder makes the request, when the supervisor does not file a lawsuit, the shareholder may institute an action on behalf of the Company and the Taiwan District Court of Taiwan may be the court of first instance.”</p> <p>In addition, local lawyers reminded the following provisions of the Cayman Islands:</p> <p>The Cayman Islands’ company law does not have specific regulations that allow certain minority shareholders to file derivative actions against the Directors in the courts of the Cayman Islands.</p>

Important matters of shareholder protection	Articles of Association and reason for discrepancy
	<p>In addition, the Company's Articles of Association is not a contract between the shareholders and the Directors but the agreement between the shareholders and the Company is that even if the minority shareholders are allowed to file a derivative action against the directors in the Articles of Association, lawyers of the Cayman Islands believe that the Directors will not be bound by the contents. However, under common law, all shareholders (including minority shareholders) have the right to file derivative actions (including litigation against the Directors) regardless of their shareholding proportion or period. Once the shareholder sues, the court of the Cayman Islands will have full discretion to decide whether the shareholder can continue the litigation. Furthermore, even if the Company's Articles of Association permits minority shareholders (or shareholders with the required shareholding ratio or period) to institute an action against the Directors on behalf of the Company, whether the lawsuit can continue ultimately depends on the court of the Cayman Islands. According to a relevant verdict of the Grand Court of the Cayman Islands, when the court of the Cayman Islands considers whether to approve the continuation of a derivative action, the applicable criterion is whether the court believes and accepts that the plaintiff's request on behalf of the Company is substantive on the surface and the claimed wrongful act is made by the controllable company, and the controller can prevent the Company from instituting a reverse action. The court of the Cayman Islands will determine on a case-by-case basis (although the court may refer to the provisions of the Company's Articles of Association, this is not a decisive factor).</p> <p>According to the laws of the Cayman Islands, the Board of Directors should decide on its behalf (instead of individual directors) on behalf of the Company. Therefore, the Directors shall, in accordance with the provisions of the Articles of Association, authorize any director according to resolution of the Board to file a lawsuit against other directors on behalf of the Company.</p> <p>The Cayman Islands' company act does not provide a clear specification to enable shareholders request the Directors to convene a board meeting to resolve specific matters.</p>

Important matters of shareholder protection	Articles of Association and reason for discrepancy
	<p>However, the Cayman Islands' company act does not prohibit the Company from establishing rules relating to the board meeting procedures in the Articles of Association (including the provisions for convening the board meeting).</p>
<ol style="list-style-type: none"> <li>1. The Directors of the Company shall faithfully carry out the business and perform the duty of observation as a good manager. If there is any violation resulting in damage of the Company, the Director shall be liable for damages. If the act is committed on his/her or other's behalf, the shareholder meeting may resolve deeming the proceeds of the act as the Company's income.</li> <li>2. If the Director of the Company violates the law and causes damage to others when executing the Company's business, the Director and the Company shall be jointly liable for compensation.</li> <li>3. The manager and supervisor of the company shall bear the same liability for damages within the scope of their duties as the Directors of the Company.</li> </ol>	<p>Article 47.4 of the Articles of Association of the Company stipulates that “without affecting the obligations of the Directors of the Company in accordance with the common law and company law of the Cayman Islands, the Directors shall faithfully carry out their business when performing business operations of the Company and should fulfill (but not limited to) due diligence in observation and necessary skills, if there is a violation resulting in the Company's damage, the director shall be liable for damages. If such act, in violation of the aforementioned provisions, is committed on his/her or other's behalf, the shareholders' meeting may make an ordinary resolution deeming the proceeds of the of the Director as the Company's income the Director to pay the proceeds to the Company. If the Director and manager of the Company violates applicable laws and/or orders and causes damage to others when executing the Company's business operations, the Director, manager and the Company shall be jointly liable for compensation.</p> <p>In addition, local lawyers reminded the following provisions of the Cayman Islands:</p> <p>The Director's liability to the Company under the laws of the Cayman Islands can be broadly divided into common law responsibilities (professional competence, observation and diligence) and loyalty obligations. However, the Directors are legally obligated under the provisions of various laws and, in certain circumstances, also have obligations to third parties (such as creditors). If the Company is or in the risk of unable to pay off, the Directors should consider the interests of the creditors when fulfilling their obligations.</p> <p>Since the Company's Articles of Association contains agreements between shareholders and the Company, the Directors are not parties to the Company's Articles of Association. Therefore, all rights to damages against the Directors claiming the violation of their obligations should be standardized in the service contract.</p>

Important matters of shareholder protection	Articles of Association and reason for discrepancy
	<p>Under the laws of the Cayman Islands, in general, a manager or supervisor does not have the same responsibility as a company director for a company or its shareholders.</p> <p>However, if the manager or supervisor is authorized to act on behalf of the senior executive, it will be subject to the same obligations as the company's directors. For the avoidance of doubt, companies of the Cayman Islands generally regulates its managers' or supervisors' responsibilities and obligations to the company and its shareholders in their service contracts. Similarly, since the Company's Articles of Association contains agreements between shareholders and the Company, the managers and supervisors are not parties to the Company's Articles of Association. Therefore, all rights to damages against the managers and supervisors claiming the violation of their obligations should be standardized in the service contract.</p> <p>In addition, regarding the provisions of the directors' interests as the company's income, the lawyers of the Cayman Islands believe that such regulations are uncertain and too general, so they have doubts about their enforceability. For example, whether a director's breach of obligation is left to the court to finalize and how the benefit is defined (and the period in which it benefits). The lawyers of the Cayman Islands also believe that this clause does not limit the director's responsibilities. Directors are still subject to various statutory, common law and fiduciary duties under the laws of the Cayman Islands.</p>

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Eson Precision Ind. Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated financial statements of Eson Precision Ind. Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

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

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matter is this matter that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 is described as follows:

#### Recognition of Revenue from Sales of Some Automobile Mechanical Parts

The revenue of the Group is mainly derived from sales of automobile mechanical parts, television mechanical parts, network communication mechanical parts, molds and other mechanical parts.

The gross profit margin of some automobile mechanical parts is higher than others, and the Group's sales revenue from automobile mechanical parts has increased compared with that of 2022. The revenue from sales of these automobile mechanical parts accounted for a significant proportion of the consolidated operating revenue for the year ended December 31, 2023; therefore, we considered the occurrence of the recognition of revenue from sales of some automobile mechanical parts as a key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023.

The audit procedures that we performed in response to the sales revenue recognition included the following: (1) We obtained an understanding of the design and determined the effectiveness of the implementation of the main internal controls of sales revenue, and (2) we selected samples of revenue items, inspected customer orders or contracts, shipping documents, payment status, etc., and confirmed that transactions had occurred.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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



The engagement partners on the audits resulting in this independent auditors' report are Ke-Chang Wu and Ming-Yu Chiu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 13, 2024

Notice to Readers

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

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

# ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,098,635	26	\$ 2,117,631	18
Financial assets at amortized cost - current (Notes 4, 6, 8 and 26)	83,882	1	180,304	1
Notes receivable (Notes 4 and 9)	48,086	-	21,997	-
Trade receivables (Notes 4 and 9)	1,375,998	12	2,556,556	21
Trade receivables from related parties (Notes 4, 9 and 25)	204,716	2	444,480	4
Other receivables	19,861	-	35,804	-
Inventories (Notes 4 and 10)	1,124,856	9	1,645,632	14
Other current assets (Note 11)	629,508	5	311,718	3
Total current assets	6,585,542	55	7,314,122	61
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	4,794	-	4,876	-
Financial assets at amortized cost - non-current (Notes 4, 6, 8 and 26)	-	-	5,446	-
Property, plant and equipment (Notes 4 and 12)	4,543,665	38	4,054,505	34
Right-of-use assets (Notes 4 and 13)	247,352	2	251,455	2
Investment properties (Notes 4 and 14)	402,323	4	183,855	2
Other intangible assets (Note 4)	4,582	-	7,647	-
Refundable deposits	13,736	-	19,775	-
Other financial assets - non-current (Notes 11 and 20)	129,149	1	145,494	1
Total non-current assets	5,345,601	45	4,673,053	39
<b>TOTAL</b>	<b>\$ 11,931,143</b>	<b>100</b>	<b>\$ 11,987,175</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 15)	\$ 521,985	4	\$ 706,330	6
Trade payables	1,790,323	15	2,305,758	19
Trade payables to related parties (Note 25)	4,227	-	17,013	-
Other payables (Notes 16 and 25)	807,951	7	743,713	6
Current tax liabilities (Notes 4 and 20)	256,109	2	306,941	3
Lease liabilities - current (Notes 4, 13 and 25)	18,359	-	9,551	-
Current portion of long-term borrowings (Note 15)	297,802	3	174,107	1
Other current liabilities	121,509	1	79,267	1
Total current liabilities	3,818,265	32	4,342,680	36
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 15)	435,975	4	602,150	5
Deferred tax liabilities (Notes 4 and 20)	226,011	2	110,740	1
Lease liabilities - non-current (Notes 4, 13 and 25)	37,763	-	16,110	-
Guarantee deposits	39,706	-	36,456	1
Total non-current liabilities	739,455	6	765,456	7
Total liabilities	4,557,720	38	5,108,136	43
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 18)</b>				
Share capital				
Ordinary shares	1,685,289	14	1,685,289	14
Capital surplus	2,349,249	20	2,349,249	19
Retained earnings				
Legal reserve	461,765	4	381,673	3
Special reserve	826,579	7	826,579	7
Unappropriated earnings	2,372,197	20	2,124,469	18
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(316,039)	(3)	(482,603)	(4)
Unrealized (loss) gain on financial assets at fair value through other comprehensive income	(5,617)	-	(5,617)	-
Total equity	7,373,423	62	6,879,039	57
<b>TOTAL</b>	<b>\$ 11,931,143</b>	<b>100</b>	<b>\$ 11,987,175</b>	<b>100</b>

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

## ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 25 and 33)	\$ 11,562,007	100	\$ 14,031,536	100
OPERATING COSTS (Notes 10 and 25)	<u>9,269,382</u>	<u>80</u>	<u>11,797,376</u>	<u>84</u>
GROSS PROFIT	<u>2,292,625</u>	<u>20</u>	<u>2,234,160</u>	<u>16</u>
OPERATING EXPENSES				
Selling and marketing expenses	177,218	1	192,382	1
General and administrative expenses	1,128,096	10	1,038,841	8
Research and development expenses	140,038	1	152,333	1
Expected credit (reversed gain) loss recognized (Note 9)	<u>(17,199)</u>	<u>-</u>	<u>13,934</u>	<u>-</u>
Total operating expenses	<u>1,428,153</u>	<u>12</u>	<u>1,397,490</u>	<u>10</u>
PROFIT FROM OPERATIONS	<u>864,472</u>	<u>8</u>	<u>836,670</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	21,901	-	16,613	-
Rental income (Note 25)	90,539	1	29,538	-
Other income	15,038	-	18,716	-
Foreign exchange gain	3,847	-	219,036	2
Other expenses	(2,609)	-	(6,576)	-
Gain (loss) on disposal of property, plant and equipment	1,247	-	(12,308)	-
Interest expenses	<u>(87,626)</u>	<u>(1)</u>	<u>(38,857)</u>	<u>-</u>
Total non-operating income and expenses	<u>42,337</u>	<u>-</u>	<u>226,162</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	906,809	8	1,062,832	8
INCOME TAX EXPENSE (Notes 4 and 20)	<u>(309,343)</u>	<u>(3)</u>	<u>(261,917)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>597,466</u>	<u>5</u>	<u>800,915</u>	<u>6</u>

(Continued)

## ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 18)				
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences on translation to the presentation currency	\$ (8,193)	-	\$ 700,016	5
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>174,757</u>	<u>2</u>	<u>(361,657)</u>	<u>(3)</u>
Other comprehensive income (loss)	<u>166,564</u>	<u>2</u>	<u>338,359</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 764,030</u>	<u>7</u>	<u>\$ 1,139,274</u>	<u>8</u>
EARNINGS PER SHARE (ATTRIBUTABLE TO OWNERS OF THE COMPANY) (Note 21)				
Basic	<u>\$ 3.55</u>		<u>\$ 4.75</u>	
Diluted	<u>\$ 3.53</u>		<u>\$ 4.73</u>	

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

(Concluded)

**ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company					Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized (Loss) Gain on Financial Assets at Fair Value through Other Comprehensive Income	Total Equity
	Share Capital	Capital Surplus	Retained Earnings		Unappropriated Earnings			
			Legal Reserve	Special Reserve				
BALANCE AT JANUARY 1, 2022	\$ 1,685,289	\$ 2,349,249	\$ 335,295	\$ 700,585	\$ 1,731,866	\$ (820,962)	\$ (5,617)	\$ 5,975,705
Appropriation of 2021 earnings (Note 18)								
Legal reserve	-	-	46,378	-	(46,378)	-	-	-
Special reserve	-	-	-	125,994	(125,994)	-	-	-
Cash dividends	-	-	-	-	(235,940)	-	-	(235,940)
Net profit for the year ended December 31, 2022	-	-	-	-	800,915	-	-	800,915
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	338,359	-	338,359
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	800,915	338,359	-	1,139,274
BALANCE AT DECEMBER 31, 2022	1,685,289	2,349,249	381,673	826,579	2,124,469	(482,603)	(5,617)	6,879,039
Appropriation of 2022 earnings (Note 18)								
Legal reserve	-	-	80,092	-	(80,092)	-	-	-
Cash dividends	-	-	-	-	(269,646)	-	-	(269,646)
Net profit for the year ended December 31, 2023	-	-	-	-	597,466	-	-	597,466
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	166,564	-	166,564
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	597,466	166,564	-	764,030
BALANCE AT DECEMBER 31, 2023	<u>\$ 1,685,289</u>	<u>\$ 2,349,249</u>	<u>\$ 461,765</u>	<u>\$ 826,579</u>	<u>\$ 2,372,197</u>	<u>\$ (316,039)</u>	<u>\$ (5,617)</u>	<u>\$ 7,373,423</u>

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

## ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 906,809	\$ 1,062,832
Adjustments for:		
Depreciation expense	569,286	546,115
Amortization expense	6,325	10,970
Expected credit (reversed gain) loss recognized	(17,199)	13,934
Write-down of inventories	159,425	78,890
Interest expenses	87,626	38,857
Interest income	(21,901)	(16,613)
(Gain) loss on disposal of property, plant and equipment	(1,247)	12,308
Gain on lease modification	-	(428)
Changes in operating assets and liabilities		
Notes receivable	(26,089)	(21,997)
Trade receivables	1,193,423	(555,994)
Trade receivables from related parties	239,764	119,177
Other receivables	15,943	419
Inventories	358,338	(109,574)
Other current assets	(314,115)	122,178
Trade payables	(515,435)	70,579
Trade payables to related parties	(12,786)	6,553
Other payables	53,063	135,369
Other current liabilities	<u>42,242</u>	<u>53,889</u>
Cash generated from operations	2,723,472	1,567,464
Interest received	21,901	16,613
Interest paid	(79,822)	(38,398)
Income taxes paid	<u>(253,188)</u>	<u>(152,906)</u>
Net cash generated from operating activities	<u>2,412,363</u>	<u>1,392,773</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	(269,916)	(260,111)
Proceeds from sale of financial assets at amortized cost	370,432	286,636
Payments for property, plant and equipment	(926,796)	(1,091,572)
Proceeds from disposal of property, plant and equipment	1,945	49,384
Decrease in refundable deposits	6,039	1,869
Payments for intangible assets	(2,626)	(4,354)
Increase in prepayments for equipment	<u>(98,016)</u>	<u>(125,506)</u>
Net cash used in investing activities	<u>(918,938)</u>	<u>(1,143,654)</u>

(Continued)

## ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	\$ (184,345)	\$ (248,630)
Proceeds from long-term borrowings	178,207	776,257
Repayments of long-term borrowings	(221,182)	-
Guarantee deposits received	3,250	36,456
Repayments of the principal portion of lease liabilities	(22,961)	(16,098)
Cash dividends distributed	<u>(269,646)</u>	<u>(235,940)</u>
Net cash (used in) generated from financing activities	<u>(516,677)</u>	<u>312,045</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>4,256</u>	<u>(296,937)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	981,004	264,227
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>2,117,631</u>	<u>1,853,404</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 3,098,635</u>	<u>\$ 2,117,631</u>

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

(Concluded)

# ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

Eson Precision Ind. Co., Ltd. (the “Company”), formerly known as Multiwin Precision Ind. Co., Ltd., was incorporated in the Cayman Islands on June 17, 2008 and changed its name after resolution of the shareholders in the shareholders’ meeting in February 2012.

The Company mainly designs, develops, manufactures and sells molds, plastic, hardware products and new types of electronic components and flat-panel displays. The Company’s shares have been listed on the Taiwan Stock Exchange of the Republic of China (ROC) since November 25, 2013.

The functional currency of the Company is the U.S. dollar. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars, since the Company’s shares are listed on the Taiwan Stock Exchange.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) were approved by the Company’s board of directors on March 13, 2024.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

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

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.



Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of the above other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</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 IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the above other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

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

- b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
  - 3) Level 3 inputs are unobservable inputs for the asset or liability.
- c. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

Details of subsidiaries, including the percentages of ownership, and main businesses and products are detailed as follows:

Name of Investor	Name of Investee	Establishment and Operating Location	Functional Currency	Percentage of Ownership		Main Businesses and Products
				December 31		
				2023	2022	
The Company	Multiwin Precision Ind. Pte. Ltd. (Multiwin Singapore)	Singapore	USD	100.00	100.00	Sale of molds, plastic, hardware products and investment holding
	Global Sun Trading Co., Ltd. (Global Sun)	Mauritius	USD	100.00	100.00	Investment holding
	All Spacer Enterprises Co., Ltd. (All Spacer)	Samoa Islands	USD	100.00	100.00	Investment holding
	Multiwin de Mexico S.A. de C.V. (Multiwin Mexico) (Note)	Mexico	PESO	0.59	0.65	Manufacture of molds, plastic and hardware products
Global Sun Trading Co., Ltd.	Ample Wealth Enterprise Ltd. (Ample Wealth)	Mauritius	USD	100.00	100.00	Sale of molds, plastic and hardware products
	Zeal International Co., Ltd. (Zeal International)	Mauritius	USD	100.00	100.00	Sale of molds, plastic and hardware products
	Grand Liberty Co., Ltd. (Grand Liberty)	Mauritius	USD	100.00	100.00	Investment holding
	Heng Xie Enterprises Limited (Heng Xie)	Hong Kong	USD	100.00	100.00	Investment holding
	Eson Europe S.R.O. (Eson Europe)	Slovakia	EUR	100.00	100.00	Investment holding
	Eson Precision Industry (Singapore) Pte. Ltd. (Eson Singapore)	Singapore	USD	100.00	100.00	Sale of molds, plastic and hardware products
	Kunshan Kuangrui Package Material Co., Ltd. (Kunshan Kangrui)	China	RMB	100.00	100.00	Packaging, material trading and power supply
	Eson (VN) Precision Industry Co., Ltd. (Eson (VN))	Vietnam	VND	100.00	100.00	Manufacture and sale of molds, plastic, hardware products and other non-prohibited products
	Esonmex Monterrey S.A. DE C.V. (Esonmex Monterrey)	Mexico	PESO	1.00	1.00	Manufacture of molds, plastic products and hardware products
	Multiwin Precision Ind. Pte. Ltd.	Multiwin de Mexico S.A. de C.V. (Multiwin Mexico) (Note)	Mexico	PESO	72.94	80.00
Eson Precision Engineering (Malaysia) Sdn. Bhd. (Eson Malaysia)		Malaysia	MYR	100.00	100.00	Manufacture and sale of molds, plastic and hardware products
Eson Batupahat Precision Engineering Sdn. Bhd. (Eson Batupahat)		Malaysia	MYR	100.00	100.00	Manufacture and sale of molds, plastic and hardware products
Grand Liberty Co., Ltd.	Wuxi Singuan Metal Science & Technology Co., Ltd. (Wuxi Singuan)	China	RMB	100.00	100.00	Sale of molds, plastic, hardware products and other non-prohibited products
	Unique Champion Co., Ltd. (Unique)	Mauritius	USD	100.00	100.00	Sale of molds, plastic and hardware products
Heng Xie	Kunshan Eson Precision Engineering Co., Ltd. (Kunshan Eson)	China	RMB	100.00	100.00	Design, development, manufacture, and sale of molds, plastic, and hardware products
	Yantai Zhengyi Precision Electronic Co., Ltd. (Yantai Zhengyi)	China	RMB	100.00	100.00	Design, development, manufacture, and sale of molds, plastic, and hardware products
Eson Europe S.R.O.	Eson Slovakia A.S.	Slovakia	EUR	100.00	100.00	Sale of molds, plastic and hardware products
All Spacer Enterprises Co., Ltd.	Zenith Profits Co., Ltd. (Zenith Profits)	Mauritius	USD	100.00	100.00	Sale of molds and hardware products
	Kong Eagle International Limited (Kong Eagle)	Hong Kong	USD	100.00	100.00	Investment holding
	Blackyotta Inc. (Blackyotta)	U.S.A.	USD	100.00	100.00	Sale of molds, plastic and hardware products
Kong Eagle	Dongguan Yihong Precision Mould Co., Ltd. (Dongguan Yihong)	China	RMB	100.00	100.00	Manufacture and sale of molds, plastic and hardware products and other non-prohibited products
Eson (Singapore)	Multiwin de Mexico S.A. de C.V. (Multiwin Mexico) (Note)	Mexico	PESO	26.47	19.35	Manufacture of molds, plastic and hardware products
	Esonmex Monterrey S.A. DE C.V. (Esonmex Monterrey)	Mexico	PESO	99.00	99.00	Manufacture of molds, plastic and hardware products

Note: In the first quarter of 2023, Eson Singapore participated in the capital increase in cash.

#### e. Foreign currencies

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

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into U.S. dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, and exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate). The exchange differences accumulated in equity, which resulted from the translation of the functional currency into the presentation currency, are not subsequently reclassified to profit or loss.

On the disposal of a foreign operation (i.e., disposal of the Company's entire interest in a foreign operation, or disposal involving the loss of control over a subsidiary that includes a foreign operation, or partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

When translating into the New Taiwan dollar, assets and liabilities are translated into New Taiwan dollars using exchange rates prevailing at the balance sheet date. Income and expense items are translated using the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate). The exchange differences accumulated in equity, which resulted from the translation of the functional currency into the presentation currency, are not subsequently reclassified to profit or loss.

f. Inventories

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

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Products produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those products and the cost of those products are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

#### h. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets and properties under construction that meet the definition of investment properties. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Investment properties acquired through leases are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made on or before the commencement date, plus initial direct costs incurred and an estimate of costs needed to restore the underlying assets, less any lease incentives received. These investment properties are subsequently measured at cost less accumulated depreciation and accumulated impairment loss and adjusted for any remeasurement of the lease liabilities.

Depreciation is recognized using the straight-line method.

For a transfer of classification from property, plant and equipment and right-of-use assets to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

#### i. Intangible assets

##### 1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

##### 2) Derecognition of intangible assets

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

#### j. Impairment of property, plant and equipment, right-of-use asset, investment properties and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

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

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents and trade receivables at amortized cost) are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

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

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

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

1. Provisions

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



m. Revenue recognition

The Group identifies the performance obligations in the contract with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of plastic products, hardware products, molds, etc., which are classified by product type into automobile mechanical parts, TV mechanical parts, network communication mechanical parts, molds and others. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Revenue and trade receivables are recognized concurrently.

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

n. Leasing

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

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

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

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

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For lease modifications that are not treated as separate leases, the remeasurement of the lease liability due to the reduction in the scope of the lease is to reduce the right-of-use asset and to recognize the profit and loss of the partial or full termination of the lease; the re-measurement of the lease liability due to other modifications is to adjust the right-of-use asset. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of COVID-19 to change the lease payments originally due by June 30, 2022, which results in the revised consideration for the lease less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss as a deduction of depreciation of right-of-use assets, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

p. Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

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

## 2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

## 3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Group considers the possible impact of other relevant material estimates. The estimates and underlying assumptions are continuously reviewed on an ongoing basis by management.

### **Key Sources of Estimation Uncertainty**

#### Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions on probability of default and loss given default. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward-looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise. Furthermore, the estimate of the probability of default is subject to greater uncertainties due to the impact on credit risk of financial assets arising from the uncertain impact and volatility in financial markets caused by the COVID-19 pandemic.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 401	\$ 459
Deposits in banks	2,552,074	1,909,438
Time deposits with original maturities of less than 3 months	<u>546,160</u>	<u>207,734</u>
	<u>\$ 3,098,635</u>	<u>\$ 2,117,631</u>

The market rate intervals of deposits in banks at the end of the reporting period were as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Deposits in banks	0.0001%-4.50%	0.01%-1.80%

Some of the Group's bank deposits are reserve accounts for short-term borrowings and guarantee deposits for customs and electricity, which are reclassified to "financial assets at amortized cost" (refer to Notes 15 and 26 for the details). The amounts are as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Current	\$ 10,184	\$ 10,541
Non-current	<u>-</u>	<u>5,446</u>
	<u>\$ 10,184</u>	<u>\$ 15,987</u>

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### Investments in Equity Instruments at FVTOCI

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Non-current</u>		
Foreign investments		
Foreign unlisted (counter) shares		
Ordinary shares - Jiangsu Ankoglass Optical Material Co., Ltd.	<u>\$ 4,794</u>	<u>\$ 4,876</u>

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

## 8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2023	2022
<u>Current</u>		
Foreign investments		
Time deposits with original maturities of more than 3 months (a)	\$ 83,882	\$ 180,304
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 83,882</u>	<u>\$ 180,304</u>
<u>Non-current</u>		
Foreign investments		
Time deposits with original maturities of more than 1 year (b)	\$ -	\$ 5,446
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 5,446</u>

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 2.10% per annum as of December 31, 2023 and 2022, respectively.
- b. The ranges of interest rates for time deposits with original maturities of more than 1 year were 2.75% as of December 31, 2022.

## 9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	<u>December 31</u>	
	2023	2022
<u>Notes receivable</u>		
At amortized cost		
Notes receivable - operating	\$ 48,086	\$ 21,997
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 48,086</u>	<u>\$ 21,997</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,391,651	\$ 2,589,312
Less: Allowance for impairment loss	<u>(15,653)</u>	<u>(32,756)</u>
	<u>\$ 1,375,998</u>	<u>\$ 2,556,556</u>
<u>Trade receivables from related parties</u>		
At amortized cost		
Gross carrying amount (Note 25)	\$ 204,716	\$ 444,480
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 204,716</u>	<u>\$ 444,480</u>

The average credit period of sales of goods is 60-150 days. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is supplied by independent rating agencies where available, and if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually.

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

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on accounts receivable are estimated using an overdue aging ratio and individual customer evaluation method, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

The following table details the loss allowance of trade receivable based on the overdue aging ratio and individual customer evaluation method.

December 31, 2023

	<b>Not Overdue</b>	<b>Overdue 1-90 Days</b>	<b>Overdue 91-180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
Expected credit loss rate	0%	0%-50%	100%	100%	
Gross carrying amount	\$ 1,583,541	\$ 49,780	\$ 11,037	\$ 95	\$ 1,644,453
Loss allowance (Lifetime ECL)	-	(3,453)	(9,370)	(95)	(12,918)
Loss allowance (individual customer ECL)	<u>-</u>	<u>(1,068)</u>	<u>(1,667)</u>	<u>-</u>	<u>(2,735)</u>
Amortized cost	<u>\$ 1,583,541</u>	<u>\$ 45,259</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,628,800</u>

December 31, 2022

	<b>Not Overdue</b>	<b>Overdue 1-90 Days</b>	<b>Overdue 91-180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
Expected credit loss rate	0%	0%-50%	100%	100%	
Gross carrying amount	\$ 2,674,387	\$ 349,916	\$ 31,292	\$ 194	\$ 3,055,789
Loss allowance (Lifetime ECL)	-	(1,404)	(25,804)	(194)	(27,402)
Loss allowance (individual customer ECL)	-	(4,128)	(1,226)	-	(5,354)
Amortized cost	<u>\$ 2,674,387</u>	<u>\$ 344,384</u>	<u>\$ 4,262</u>	<u>\$ -</u>	<u>\$ 3,023,033</u>

The movements of the loss allowance of accounts receivable were as follows:

	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 32,756	\$ 17,728
Add: (Reversals) provision recognized*	(17,199)	13,934
Foreign exchange losses	<u>96</u>	<u>1,094</u>
Balance at December 31	<u>\$ 15,653</u>	<u>\$ 32,756</u>

\* The decrease in loss allowance of \$17,199 thousand in 2023 was in respect of the decrease in total gross receivables of \$1,411,336 thousand compared to the amount on January 1, 2023. The increase in loss allowance of \$13,934 thousand in 2022 was in respect of the increase in total gross receivables of \$597,953 thousand compared to the amount on January 1, 2022.

## 10. INVENTORIES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Raw materials	\$ 677,801	\$ 993,831
Work in progress	32,074	85,800
Finished goods	<u>414,981</u>	<u>566,001</u>
	<u>\$ 1,124,856</u>	<u>\$ 1,645,632</u>

The nature of the cost of goods sold is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Cost of inventories sold	\$ 9,109,957	\$ 11,718,486
Inventory write-downs	<u>159,425</u>	<u>78,890</u>
	<u>\$ 9,269,382</u>	<u>\$ 11,797,376</u>

## 11. OTHER ASSETS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Current		
Offsets against business tax payable	\$ 480,741	\$ 252,608
Prepayments for goods	66,647	14,370
Others	<u>82,120</u>	<u>44,740</u>
	<u>\$ 629,508</u>	<u>\$ 311,718</u>
Non-current		
Prepayments for equipment	\$ 113,024	\$ 139,889
Prepayments for taxes	11,926	1,950
Others	<u>4,199</u>	<u>3,655</u>
	<u>\$ 129,149</u>	<u>\$ 145,494</u>

## 12. PROPERTY, PLANT AND EQUIPMENT

### Assets used by the Group - 2023

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>						
Balance at January 1, 2023	\$ 431,562	\$ 1,456,020	\$ 4,284,129	\$ 895,779	\$ 611,483	\$ 7,678,973
Additions	-	109,733	114,467	31,181	678,288	933,669
Disposals	-	-	(55,216)	(10,928)	-	(66,144)
Reclassifications	-	(61,862)	143,166	3,307	(213,598)	(128,987)
Effects of exchange rate changes	<u>62,849</u>	<u>35,314</u>	<u>(59,775)</u>	<u>94,140</u>	<u>52,810</u>	<u>185,338</u>
Balance at December 31, 2023	<u>\$ 494,411</u>	<u>\$ 1,539,205</u>	<u>\$ 4,426,771</u>	<u>1,013,479</u>	<u>\$ 1,128,983</u>	<u>\$ 8,602,849</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ -	\$ 622,085	\$ 2,547,815	\$ 454,568	\$ -	\$ 3,624,468
Disposals	-	-	(54,933)	(10,513)	-	(65,446)
Depreciation expense	-	49,472	356,980	113,489	-	519,941
Reclassifications	-	(22,396)	-	(703)	-	(23,099)
Effects of exchange rate changes	<u>-</u>	<u>14,897</u>	<u>(940)</u>	<u>(10,637)</u>	<u>-</u>	<u>3,320</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 664,058</u>	<u>\$ 2,848,922</u>	<u>\$ 546,204</u>	<u>\$ -</u>	<u>\$ 4,059,184</u>
Carrying amount at December 31, 2023	<u>\$ 494,411</u>	<u>\$ 875,147</u>	<u>\$ 1,577,849</u>	<u>\$ 467,275</u>	<u>\$ 1,128,983</u>	<u>\$ 4,543,665</u>



## 2022

	<b>Land</b>	<b>Buildings</b>	<b>Machinery and Equipment</b>	<b>Other Equipment</b>	<b>Construction in Progress</b>	<b>Total</b>
<u>Cost</u>						
Balance at January 1, 2022	\$ 251,551	\$ 1,420,160	\$ 3,401,142	\$ 747,690	\$ 912,350	\$ 6,732,893
Additions	131,903	93,770	260,192	67,333	555,382	1,108,580
Disposals	-	-	(294,008)	(44,775)	-	(338,783)
Reclassifications	-	(123,669)	667,633	30,042	(943,887)	(369,881)
Effects of exchange rate changes	<u>48,108</u>	<u>65,759</u>	<u>249,170</u>	<u>95,489</u>	<u>87,638</u>	<u>546,164</u>
Balance at December 31, 2022	<u>\$ 431,562</u>	<u>\$ 1,456,020</u>	<u>\$ 4,284,129</u>	<u>\$ 895,779</u>	<u>\$ 611,483</u>	<u>\$ 7,678,973</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ -	\$ 795,883	\$ 2,359,774	\$ 339,019	\$ -	\$ 3,494,676
Disposals	-	-	(258,978)	(18,113)	-	(277,091)
Depreciation expense	-	55,491	342,271	110,764	-	508,526
Reclassifications	-	(266,300)	-	99	-	(266,201)
Effects of exchange rate changes	<u>-</u>	<u>37,011</u>	<u>104,748</u>	<u>22,799</u>	<u>-</u>	<u>164,558</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 622,085</u>	<u>\$ 2,547,815</u>	<u>\$ 454,568</u>	<u>\$ -</u>	<u>\$ 3,624,468</u>
Carrying amount at December 31, 2022	<u>\$ 431,562</u>	<u>\$ 833,935</u>	<u>\$ 1,736,314</u>	<u>\$ 441,211</u>	<u>\$ 611,483</u>	<u>\$ 4,054,505</u>

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their useful lives as follows:

<b>Buildings</b>	
Main buildings	20-35 years
Other construction	5-30 years
<b>Machinery and equipment</b>	1-15 years
<b>Other equipment</b>	
Electro-mechanical and system engineering	1-20 years
Other equipment	3-10 years

### 13. LEASE ARRANGEMENTS

#### a. Right-of-use assets

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amount</u>		
Land	\$ 186,783	\$ 225,895
Buildings	<u>60,569</u>	<u>25,560</u>
	<u>\$ 247,352</u>	<u>\$ 251,455</u>

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	<u>\$ 54,865</u>	<u>\$ 23,840</u>
Depreciation charge for right-of-use assets		
Land	\$ 6,582	\$ 7,005
Buildings	<u>20,858</u>	<u>13,709</u>
	<u>\$ 27,440</u>	<u>\$ 20,714</u>

b. Lease liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amount</u>		
Current	<u>\$ 18,359</u>	<u>\$ 9,551</u>
Non-current	<u>\$ 37,763</u>	<u>\$ 16,110</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Land	-	-
Buildings	0.79%-5.12%	0.79%-4.35%

c. Material leasing activities and terms

Because of the market conditions severely affected by COVID-19 in 2022, the Group negotiated with the lessor for rent concessions for plant lease. The lessor agreed to provide unconditional 50% rent reduction from January 1 to June 30, 2022. The Group recognized in profit or loss the impact of rent concessions of \$2,707 thousand presented in operating costs for the year ended December 31, 2022.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	<u>\$ 12,834</u>	<u>\$ 19,791</u>
Expenses relating to low-value asset leases	<u>\$ 6,507</u>	<u>\$ 13,873</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 33,220</u>	<u>\$ 29,852</u>
Total cash outflow for leases	<u>\$ (75,522)</u>	<u>\$ (79,614)</u>

## 14. INVESTMENT PROPERTIES

	<b>Buildings</b>	<b>Land in Right-of-use Assets</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2023	\$ 430,766	\$ 48,201	\$ 478,967
Transfers from assets used by the Group	247,292	-	247,292
Transfers from right-of-use assets	-	31,126	31,126
Effects of foreign currency exchange differences	<u>(16,626)</u>	<u>(1,991)</u>	<u>(18,617)</u>
Balance at December 31, 2023	<u>\$ 661,432</u>	<u>\$ 77,336</u>	<u>\$ 738,768</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	\$ 280,832	\$ 14,280	\$ 295,112
Transfers from assets used by the Group	23,099	-	23,099
Transfers from right-of-use assets	-	2,733	2,733
Depreciation expenses	20,760	1,145	21,905
Effects of foreign currency exchange differences	<u>(6,035)</u>	<u>(369)</u>	<u>(6,404)</u>
Balance at December 31, 2023	<u>\$ 318,656</u>	<u>\$ 17,789</u>	<u>\$ 336,445</u>
Carrying amounts at December 31, 2023	<u>\$ 342,776</u>	<u>\$ 59,547</u>	<u>\$ 402,323</u>
<u>Cost</u>			
Balance at January 1, 2022	\$ -	\$ -	\$ -
Transfers from assets used by the Group	433,239	-	433,239
Transfers from right-of-use assets	-	48,478	48,478
Effects of foreign currency exchange differences	<u>(2,473)</u>	<u>(277)</u>	<u>(2,750)</u>
Balance at December 31, 2022	<u>\$ 430,766</u>	<u>\$ 48,201</u>	<u>\$ 478,967</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	\$ -	\$ -	\$ -
Transfers from assets used by the Group	266,202	-	266,202
Transfers from right-of-use assets	-	13,730	13,730
Depreciation expenses	16,243	632	16,875
Effects of foreign currency exchange differences	<u>(1,613)</u>	<u>(82)</u>	<u>(1,695)</u>
Balance at December 31, 2022	<u>\$ 280,832</u>	<u>\$ 14,280</u>	<u>\$ 295,112</u>
Carrying amounts at December 31, 2022	<u>\$ 149,934</u>	<u>\$ 33,921</u>	<u>\$ 183,855</u>

The Group's subsidiaries Wuxi Singuan, Dongguan Yihong, and some plants of Eson (VN) are leased out under operating leases and right-of-use assets for 10 years, 6 years and 3 years, respectively. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the assets at the expiration of the lease periods.

In addition to the fixed lease payments, the lease contracts also indicate that the lease payments should be adjusted every 2 to 3 years, with an increase of 3%-6%.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Year 1	\$ 99,478	\$ 62,584
Year 2	107,673	91,537
Year 3	107,259	93,170
Year 4	95,417	96,004
Year 5	90,858	96,179
Year 5 onwards	<u>228,579</u>	<u>350,482</u>
	<u>\$ 729,264</u>	<u>\$ 789,956</u>

To reduce the residual asset risk related to assets at the end of the relevant lease, the Group follows its general risk management strategy.

Investment properties are depreciated using the straight-line method over their estimated useful lives, as follows:

Buildings and others	3-25 years
Land in right-of-use assets	38-50 years

The fair value of the investment properties was not evaluated by independent qualified professional valuers. The Group management only adopted evaluation models commonly used by market participants and measured them using Level 3 inputs. The evaluation is based on the income approach. The significant unobservable inputs used include discount rates, and the fair value as appraised is as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value	<u>\$ 460,005</u>	<u>\$ 502,203</u>

## 15. BORROWINGS

### a. Short-term borrowings

	<b>December 31</b>			
	<b>2023</b>		<b>2022</b>	
<b>Unsecured Borrowings</b>	<b>Rate</b>	<b>Amount</b>	<b>Rate</b>	<b>Amount</b>
Line of credit borrowings	5.79%-6.47%	<u>\$ 521,985</u>	4.89%-5.38%	<u>\$ 706,330</u>

b. Long-term borrowings

	Purpose	December 31	
		2023	2022
Taipei Fubon Bank	Credit borrowings, period 2022.05.31 to 2025.05.30. The principal shall be the first installment two years before the due date of the loan period, and thereafter every 6 months shall be divided into 5 installments, repayment of 12.5% in each of the first four installments, and the remaining balance is due for settlement.	\$ 414,517	\$ 377,119
Taishin International Bank	Credit borrowings, period 2022.08.11 to 2025. 08.11. The principal shall be the first installment two years before the due date of the loan period, and thereafter every 3 months shall be divided into 9 installments, repayment of 10% in each of the first eight installments, and the remaining balance is due for settlement.	319,260	399,138
Less: Current portion of long-term borrowings		<u>(297,802)</u>	<u>(174,107)</u>
		<u>\$ 435,975</u>	<u>\$ 602,150</u>

The interest rate range of the above long-term borrowings were 4.50%-7.07% and 4.33%-6.40% for the years ended December 31, 2023 and 2022, respectively.

The Group should maintain certain financial ratios in its annual and semiannual audited consolidated financial statements during the loan period. The Group's consolidated financial statements for the year ended December 31, 2023 showed that the Group was in compliance with the agreed financial ratio requirements.

For details on assets pledged as collateral, refer to Notes 6 and 26.

## 16. OTHER LIABILITIES

	December 31	
	2023	2022
<u>Current</u>		
Other payables		
Payables for salaries or bonuses	\$ 394,452	\$ 354,978
Other payables to related parties (Note 25)	5,440	8,175
Payables for purchases of equipment	56,594	49,721
Payables for compensation of employees and remuneration of directors	102,611	95,245
Payables for other expenses	<u>248,854</u>	<u>235,594</u>
	<u>\$ 807,951</u>	<u>\$ 743,713</u>

## 17. RETIREMENT BENEFIT PLANS

Subsidiaries of the Group in mainland China adopted the pension plan under the act of mainland China, which is a state-managed defined contribution plan. Under the act, an entity makes contributions to pension funds at a specific rate of salaries and wages. Subsidiaries in Singapore, Europe, Malaysia, Vietnam and Mexico adopted the pension plan under the local act, which is a state-managed defined contribution plan. Eson Precision Ind. Co., Ltd. Taiwan Branch adopted a pension plan under the Labor Pension Act (LPA) of the Republic of China, which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

## 18. EQUITY

### a. Share capital

#### Ordinary shares

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Number of shares issued and fully paid (in thousands)	<u>168,529</u>	<u>168,529</u>
Shares issued	<u>\$ 1,685,289</u>	<u>\$ 1,685,289</u>

Every ordinary share issued with a par value of NT\$10 carries one vote per share and a right to dividends.

As of December 31, 2023 and 2022, the share capital was both NT\$1,685,289 thousand, divided into 168,529 thousand ordinary shares with a par value of NT\$10.

### b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Issuance of ordinary shares	<u>\$ 2,349,249</u>	<u>\$ 2,349,249</u>

The capital surplus generated from the excess of the issuance price over the par value of share capital (including the shares issued for new capital, mergers and convertible bonds) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

### c. Retained earnings and dividends policy

- 1) Under the dividends policy as set forth in the Company's Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 19-c.

Besides, according to the Company's Articles, cash dividends distributed should not be less than 50% of the total dividends distributed. The actual distribution ratio is subject to the resolution of the shareholders in the shareholders' meeting.

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

- 2) The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meetings on June 20, 2023 and June 24, 2022, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 80,092	\$ 46,378	\$ -	\$ -
Special reserve	-	125,994	-	-
Cash dividends	269,646	235,940	1.60	1.40

The appropriation of earnings for 2023 had been proposed by the Company's board of directors on March 13, 2024. The appropriation and dividends per share were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 59,747	\$ -
Cash dividends	269,646	1.60

The appropriation of earnings for 2023 are subject to the resolution of the shareholders in the shareholders' meeting to be held on June 19, 2024.

d. Special reserve

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 826,579	\$ 700,585
Appropriations in respect of		
Debit balance of other equity items	<u>-</u>	<u>125,994</u>
Balance at December 31	<u>\$ 826,579</u>	<u>\$ 826,579</u>

Upon initial application of IFRS Accounting Standards, the amount transferred from accumulated exchange differences to retained earnings was \$158,921 thousand, and the same amount was appropriated to the special reserve.

e. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ (482,603)	\$ (820,962)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	174,757	(361,657)
Exchange differences on translation to the presentation currency	<u>(8,193)</u>	<u>700,016</u>
Balance at December 31	<u>\$ (316,039)</u>	<u>\$ (482,603)</u>

2) Unrealized loss on financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	<u>\$ (5,617)</u>	<u>\$ (5,617)</u>
Balance at December 31	<u>\$ (5,617)</u>	<u>\$ (5,617)</u>

**19. NET PROFIT FROM CONTINUING OPERATIONS**

a. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Property, plant and equipment	\$ 519,941	\$ 508,526
Right-of-use assets	27,440	20,714
Investment properties	21,905	16,875
Intangible assets	<u>6,325</u>	<u>10,970</u>
	<u>\$ 575,611</u>	<u>\$ 557,085</u>
An analysis of depreciation by function		
Operating costs	\$ 511,748	\$ 492,323
Operating expenses	<u>57,538</u>	<u>53,792</u>
	<u>\$ 569,286</u>	<u>\$ 546,115</u>
An analysis of amortization by function		
Operating costs	\$ 213	\$ 2,028
Operating expenses	<u>6,112</u>	<u>8,942</u>
	<u>\$ 6,325</u>	<u>\$ 10,970</u>



b. Employee benefits expense

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Defined contribution plans	\$ 70,235	\$ 80,362
Other employee benefits	<u>1,754,892</u>	<u>2,101,888</u>
Total employee benefits expense	<u>\$ 1,825,127</u>	<u>\$ 2,182,250</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 844,773	\$ 1,258,325
Operating expenses	<u>980,354</u>	<u>923,925</u>
	<u>\$ 1,825,127</u>	<u>\$ 2,182,250</u>

c. Compensation of employees and remuneration of directors

In accordance with the Articles of the Company, the compensation of employees and remuneration of directors should be distributed at rates of 2% to 8% and no more than 0.5%, respectively, of net profit before income tax, compensation of employees and remuneration of directors.

The compensation of employees and remuneration of directors of 2023 and 2022 which were approved by the Company's board of directors on March 13, 2024 and March 13, 2023, respectively, were as follows:

Accrual rate

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	4.0%	4.0%
Remuneration of directors	0.5%	0.5%

Amount

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	\$ 37,433	\$ 45,868
Remuneration of directors	4,679	5,734

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

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

## 20. INCOME TAXES RELATING TO CONTINUING OPERATIONS

### a. Major components of tax expense recognized in profit or loss

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current year	\$ 265,401	\$ 255,432
Adjustments for prior years	<u>(73,021)</u>	<u>6,727</u>
	<u>192,380</u>	<u>262,159</u>
Deferred income tax		
In respect of the current year	<u>116,963</u>	<u>(242)</u>
Income tax expense recognized in profit or loss	<u>\$ 309,343</u>	<u>\$ 261,917</u>

Reconciliation of accounting profit and income tax expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before tax from continuing operations	<u>\$ 906,809</u>	<u>\$ 1,062,832</u>
Income tax expense calculated at the statutory rate	\$ 222,976	\$ 251,971
Adjustment to expense in determining taxable income	1,920	(5,778)
The origination and reversal of temporary differences	116,963	(242)
Deferred tax effect of earnings of subsidiaries	40,505	9,239
Adjustments for prior years' tax (profit) expense	<u>(73,021)</u>	<u>6,727</u>
Income tax expense recognized in profit or loss	<u>\$ 309,343</u>	<u>\$ 261,917</u>

The applicable tax rate used by subsidiaries of the Group in China was 25%. (Kunshan Eson Precision Engineering Co., Ltd gets a preferential tax rate of 15% for acquiring a high-tech enterprise from 2020 to 2023.) The applicable tax rate used by subsidiaries of the Group in Mexico was 30%, the applicable tax rate used by subsidiaries of the Group in Singapore was 17%, and the applicable tax rate used by subsidiaries of the Group in Vietnam was 20%.

### b. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax assets		
Prepayments for taxes (recorded as other non-current assets)	<u>\$ 11,926</u>	<u>\$ 1,950</u>
Current tax liabilities		
Income tax payable	<u>\$ 256,109</u>	<u>\$ 306,941</u>

c. Deferred tax assets and liabilities

The movements of deferred tax liabilities were as follows:

2023

<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
Temporary differences				
Unappropriated earnings of subsidiaries	\$ 110,089	\$ -	\$ (18)	\$ 110,071
Property, plant and equipment	-	116,901	(1,689)	115,212
Unrealized foreign exchange gains	269	62	-	331
Others	<u>382</u>	<u>-</u>	<u>15</u>	<u>397</u>
	<u>\$ 110,740</u>	<u>\$ 116,963</u>	<u>\$ (1,692)</u>	<u>\$ 226,011</u>

2022

<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
Temporary differences				
Unappropriated earnings of subsidiaries	\$ 99,270	\$ -	\$ 10,819	\$ 110,089
Unrealized foreign exchange gains	511	(242)	-	269
Others	<u>323</u>	<u>-</u>	<u>59</u>	<u>382</u>
	<u>\$ 100,104</u>	<u>\$ (242)</u>	<u>\$ 10,878</u>	<u>\$ 110,740</u>

d. Information about unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Loss carryforwards		
Expiry in 2024	\$ 58,737	\$ 97,658
Expiry in 2025	29,707	36,293
Expiry in 2026	11,907	11,907
Expiry in 2027	<u>3,932</u>	<u>-</u>
	<u>\$ 104,283</u>	<u>\$ 145,858</u>

e. Income tax assessments

The income tax returns of the Company's branch, Eson Precision Ind. Co., Ltd. Taiwan Branch, have been examined and approved by the tax authorities for the year through 2021.

## 21. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Net profit for the year (in thousands)</u>		
Net profit used in the computation of basic earnings per share	<u>\$ 597,466</u>	<u>\$ 800,915</u>
<u>Number of shares (in thousands)</u>		
Weighted average number of ordinary shares used in the computation of basic earnings per share	168,529	168,529
Effects of potentially dilutive ordinary shares		
Compensation of employees	<u>757</u>	<u>889</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>169,286</u>	<u>169,418</u>
<u>Earnings per share (in dollars)</u>		
Basic earnings per share	<u>\$ 3.55</u>	<u>\$ 4.75</u>
Diluted earnings per share	<u>\$ 3.53</u>	<u>\$ 4.73</u>

The Group may settle compensation paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 22. NON-CASH TRANSACTIONS

For the years ended December 31, 2023 and 2022, the Group entered into the following non-cash investing and financing activities:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Investing and financing activities that have no effect on the cash flows		
Cumulative translation adjustments	<u>\$ 166,564</u>	<u>\$ 338,359</u>
Acquisition of property, plant and equipment by cash		
Increase in property, plant and equipment during the year	\$ 933,669	\$ 1,108,580
Add: Payables for equipment on January 1	49,721	32,713
Less: Payables for equipment on December 31	<u>(56,594)</u>	<u>(49,721)</u>
Acquisition of property, plant and equipment by cash	<u>\$ 926,796</u>	<u>\$ 1,091,572</u>

## 23. CAPITAL MANAGEMENT

The Group manages its capital to ensure it has sufficient necessary financial resources and operational plan to meet the needs of operating funds, capital expenditures, debt repayments and dividend distribution within the next 12 months.

## 24. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments that are not measured at fair value

The carrying amounts of financial assets and financial liabilities not measured at fair value in the consolidated financial statements approximate their fair values.

### b. Fair value of financial instruments measured at fair value on a recurring basis

#### 1) Fair value hierarchy

December 31, 2023

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through other comprehensive income				
Foreign unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,794</u>	<u>\$ 4,794</u>

December 31, 2022

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through other comprehensive income				
Foreign unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,876</u>	<u>\$ 4,876</u>

#### 2) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unlisted equity securities were determined using the market approach. The significant unobservable inputs are the liquidity discount of multiplier of price-book ratio. An increase in price-book ratio would result in an increase in the fair value. An increase in liquidity discount would result in a decrease in the fair value.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 3,098,635	\$ 2,117,631
Financial assets at amortized cost - current	83,882	180,304
Notes receivable	48,086	21,997
Trade receivables	1,375,998	2,556,556
Trade receivables from related parties	204,716	444,480
Other receivables	19,861	35,804
Refundable deposits	13,736	19,775
Financial assets at amortized cost - non-current	-	5,446
Investments in equity instruments at FVTOCI - non-current	4,794	4,876
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	521,985	706,330
Trade payables	1,790,323	2,305,758
Trade payables to related parties	4,227	17,013
Other payables	807,951	743,713
Current portion of long-term borrowings	297,802	174,107
Long-term borrowings	435,975	602,150
Guarantee deposits	39,706	36,456

d. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, financial assets at amortized cost - current, notes receivable, and trade receivables, etc.

The Group did not trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's operating activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

a) Foreign currency risk

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities, including monetary items which are offset and valued in non-functional currency on the consolidated financial statements.

Sensitivity analysis

The Group was mainly exposed to fluctuations of the RMB and U.S. dollar currency pair.

The following table details the Company's sensitivity to a 1% increase and decrease in the RMB against the U.S. dollar. The sensitivity analysis included borrowings within the Group and the borrowings are not evaluated at the functional currencies of creditors and debtors. A negative number below indicates an increase in pre-tax profit associated with the RMB strengthening 1% against the U.S. dollar. For a 1% weakening of RMB against the U.S. dollar, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	<b>Impact of U.S. Dollars</b>	
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit or loss*	\$ 40,582	\$ 21,706

\* This was mainly attributable to the exposure outstanding on U.S. dollar - denominated trade receivables, other receivables, trade payables and other payables which were not hedged at the end of the reporting period.

b) Interest rate risk

Interest rate risk refers to the risk of changes in the fair values of financial instruments arising from the changes in market rates. The Group's interest rate risk arises primarily from floating rate borrowings.

Short-term and long-term borrowings which the Company entered into are at floating rates. The carrying amounts of the Group's financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash flow interest rate risk		
Financial liabilities	\$ 1,255,762	\$ 1,482,587

The sensitivity analysis below was determined based on the fluctuations in fair value of the Group's variable-rate borrowings at the end of the reporting period. If interest rates had been higher/lower by one percentage, the Group's cash flows for the years ended December 31, 2023 and 2022 would have decreased/increased by \$12,558 thousand and \$14,826 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the carrying amount of the financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties that are rated the equivalent of investment grade and above. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties, and credit exposure is controlled by counterparty limits that are reviewed and approved regularly.

The Group transacts with a large number of customers spread across diverse industries and geographical locations. The Group continuously monitors and assesses the financial conditions of customers with trade receivables due.

Apart from Company C, the largest customer, the Group did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The receivables from Company C amounted to \$809,659 thousand and \$1,074,643 thousand as of December 31, 2023 and 2022, respectively.

### 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

#### a) Liquidity and interest rate risk table

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

#### December 31, 2023

	Weighted-Average Effective Rate (%)	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 year
<u>Non-derivative financial liabilities</u>					
Variable interest rate instruments	6.21	\$ 322,402	\$ 199,583	\$ 297,802	\$ 435,975
Lease liabilities	4.94	<u>1,560</u>	<u>3,137</u>	<u>13,662</u>	<u>37,763</u>
		<u>\$ 323,962</u>	<u>\$ 202,720</u>	<u>\$ 311,464</u>	<u>\$ 473,738</u>

#### Additional information about the maturity analysis for above financial liabilities

	Less than 1 Year	1-5 Years
Lease liabilities	\$ 20,732	\$ 40,414
Variable interest rate instruments	<u>1,090,914</u>	<u>465,136</u>
	<u>\$ 1,111,646</u>	<u>\$ 505,550</u>



December 31, 2022

	Weighted-Average Effective Rate (%)	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 year
<u>Non-derivative financial liabilities</u>					
Variable interest rate instruments	5.12	\$ 261,035	\$ 445,295	\$ 174,107	\$ 602,150
Lease liabilities	3.93	<u>781</u>	<u>1,571</u>	<u>7,199</u>	<u>16,110</u>
		<u>\$ 261,816</u>	<u>\$ 446,866</u>	<u>\$ 181,306</u>	<u>\$ 618,260</u>

Additional information about the maturity analysis for above financial liabilities

	Less than 1 Year	1-5 Years
Lease liabilities	\$ 10,473	\$ 16,801
Variable interest rate instruments	<u>887,011</u>	<u>683,582</u>
	<u>\$ 897,484</u>	<u>\$ 700,383</u>

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing limit

	<u>December 31</u>	
	2023	2022
Bank credit limit		
Amount used	\$ 1,255,762	\$ 1,482,587
Amount unused	<u>3,375,348</u>	<u>2,873,471</u>
	<u>\$ 4,631,110</u>	<u>\$ 4,356,058</u>

## 25. TRANSACTIONS WITH RELATED PARTIES

Transactions, balances, revenue and expenses between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. The names and the relationships of related parties

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
Tsai Chia Hsiang	The chairman of company
Hon Hai Precision Industry Co., Ltd. and its subsidiaries (Hon Hai and its subsidiaries)	Investor company and its subsidiaries that account for the Company using the equity method

b. Operating transactions

<b>Sales of Goods</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Hon Hai and its subsidiaries	<u>\$ 1,391,298</u>	<u>\$ 2,319,278</u>

Price and terms of sales were determined in accordance with mutual agreements.

<b>Purchase of Goods</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Hon Hai and its subsidiaries	<u>\$ 56,914</u>	<u>\$ 59,548</u>

Price and terms of purchase were determined in accordance with mutual agreements.

Balances of receivables from related parties at the end of the reporting period are as follows:

<b>Trade Receivables</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Hon Hai and its subsidiaries	<u>\$ 204,716</u>	<u>\$ 444,480</u>

<b>Other Receivables</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Hon Hai and its subsidiaries	<u>\$ 730</u>	<u>\$ 22,401</u>

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

Balances of payables to related parties at the end of the reporting period are as follows:

<b>Trade Payables</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Hon Hai and its subsidiaries	<u>\$ 4,227</u>	<u>\$ 17,013</u>

<b>Other Payables</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Hon Hai and its subsidiaries	<u>\$ 5,440</u>	<u>\$ 8,175</u>

The balances of outstanding payables to related parties are unsecured and will be paid by cash. No guarantees are held on receivables from related parties.

Other payables mainly refer to collection and payment, rent and human resource expense, etc.

c. Lease arrangements - the Group as lessee

Line Item	Related Party Category/Name	December 31	
		2023	2022
Lease liabilities	Tsai Chia Hsiang	\$ 1,227	\$ 3,188
	Hon Hai and its subsidiaries	<u>14,633</u>	<u>22,473</u>
		<u>\$ 15,860</u>	<u>\$ 25,661</u>

d. Lease arrangements - the Group as lessor

Assets leased under operating leases

The Group leases out Eson (VN)'s part of buildings and land in right-of-use assets to Hon Hai and its subsidiaries under operating leases with lease terms of 3 years. The rent is based on the rental level of similar assets and is paid quarterly according to the lease agreement as a fixed lease payment. As of December 31, 2023, the operating lease advance was \$1,259 thousand, and the gross lease payments to be received are \$41,908 thousand. The rental income was \$2,617 thousand for the years ended December 31, 2023.

e. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 19,927	\$ 11,450
Post-employment benefits	<u>258</u>	<u>227</u>
	<u>\$ 20,185</u>	<u>\$ 11,677</u>

The remuneration of directors and other key executives was determined by the remuneration committee based on the performance of individuals and market trends.

## 26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for the tariffs of import/export, as guarantee deposits for electricity and short-term borrowings:

	December 31	
	2023	2022
Pledge deposits (classified as financial assets at amortized cost)	<u>\$ 10,184</u>	<u>\$ 15,987</u>

## 27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2023 and 2022 were as follows:

- a. Unrecognized commitments of the Group are as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Acquisition of property, plant, machine equipment and intangible assets	<u>\$ 262,202</u>	<u>\$ 602,186</u>

- b. Suntool Co., Ltd. had a product dispute with its client, leading to the possibility of US\$300 thousand in uncollectible accounts receivable. Furthermore, the client of Suntool's client demanded an additional compensation for damage that amounted to CAD4,000 thousand, and the litigation is still going. Suntool Co., Ltd. has recognized a full impairment loss for the total amount of receivables. In addition, Suntool Co., Ltd. assessed that compensation is very unlikely to occur and thus did not assess the related losses. Suntool Co., Ltd. obtained the documentation for the approval of dissolution on October 23, 2018 which approved the dissolution on September 18, 2018 after related debt declaration and dissolution procedures were completed.

## 28. SIGNIFICANT LOSSES FROM DISASTERS

No such situation had taken place.

## 29. OTHER ITEMS

No such situation had taken place.

## 30. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No such situation had taken place.

## 31. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 3)

- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
  - 9) Trading in derivative instruments (None)
  - 10) Others: Intercompany relationships and significant intercompany transactions (Table 6)
  - 11) Information on investees (Table 7)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Not applicable)
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
    - c) The amount of property transactions and the amount of the resultant gains or losses
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds
    - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

### 32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant assets and liabilities denominated in foreign currencies were as follows:

	December 31					
	2023			2022		
	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 132,442	7.08 (USD:RMB)	\$ 4,066,632	\$ 73,527	6.96 (USD:RMB)	\$ 2,258,014
<u>Financial liabilities</u>						
Monetary items						
USD	276	7.08 (USD:RMB)	8,475	2,848	6.96 (USD:RMB)	87,462

### 33. SEGMENT INFORMATION

The chief operating decision maker considers the design, development, manufacture and sales segments of products such as mold, plastic, and hardware goods as individual operating segments. However, these individual operating segments will be aggregated into a single operating segment when preparing the consolidated financial statements as operating profit or loss is measured and is the basis of performance assessment, and the basis of measurement is the same as the basis used in preparing the consolidated financial statements. For revenue and operating results of related segments, refer to the consolidated statements of comprehensive income.

a. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	<u>For the Year Ended December 31</u>	
	2023	2022
Automobile mechanical parts	\$ 7,008,222	\$ 6,230,656
Network communication mechanical parts	1,982,126	3,301,905
TV mechanical parts	1,827,752	3,715,667
Molds and others	<u>743,907</u>	<u>783,308</u>
	<u>\$ 11,562,007</u>	<u>\$ 14,031,536</u>

b. Geographical information

The Group operates in two principal geographical areas - China, Asia and the Americas.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	<b>Revenue from External Customers</b>		<b>Non-current Assets</b>	
	<b>For the Year Ended December 31</b>		<b>December 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
China	\$ 1,176,591	\$ 2,740,444	\$ 854,990	\$ 998,020
The Americas and Asia	8,886,132	9,002,432	3,628,769	2,747,119
Others	<u>1,499,284</u>	<u>2,288,660</u>	<u>843,312</u>	<u>897,817</u>
	<u>\$ 11,562,007</u>	<u>\$ 14,031,536</u>	<u>\$ 5,327,071</u>	<u>\$ 4,642,956</u>

Non-current assets exclude financial assets.

c. Information about major customers

Single customers contributing 10% or more to the Group's revenue on the statements of comprehensive income for the years ended 2023 and 2022 were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Customer C	<u>\$ 6,336,566</u>	<u>\$ 5,304,555</u>
Customer A	<u>\$ 1,391,298</u>	<u>\$ 2,319,278</u>
Customer D	(Note)	<u>\$ 2,193,873</u>

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

## ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 3)
													Item	Value		
1	Global Sun Trading Co., Ltd.	Eson Batupahat Precision Engineering Sdn. Bhd.	Other receivables due from related parties	Yes	\$ 162,125	\$ 61,410	\$ 61,410	-	b	\$ -	Fund management within the Group	\$ -	-	\$ -	\$ 5,775,827	\$ 8,663,740
		Eson (VN) Precision Industry Co., Ltd.	Other receivables due from related parties	Yes	97,275	92,115	92,115	1.00	b	-	"	-	-	-	5,775,827	8,663,740
2	Kong Eagle International Limited	Eson Batupahat Precision Engineering Sdn. Bhd.	-	Yes	90,790	-	-	-	b	-	"	-	-	-	444,370	710,992
3	Zeal International Co., Ltd.	Global Sun Trading Co., Ltd.	-	Yes	153,750	-	-	-	b	-	"	-	-	-	-	-
4	Ample Wealth Enterprise Ltd.	Global Sun Trading Co., Ltd.	Other receivables due from related parties	Yes	259,400	245,640	245,640	-	b	-	"	-	-	-	250,908	334,544
5	Unique Champion Co., Ltd.	Global Sun Trading Co., Ltd.	Other receivables due from related parties	Yes	162,125	153,525	153,525	-	b	-	"	-	-	-	170,768	273,228

Note 1: Financing of the parent company and subsidiaries of the Group should be shown in two tables and numbered in the "number" column. Fill in as follows:

- The number 0 represents the parent company.
- The subsidiaries are numbered successively from 1.

Note 2: Nature of financing is numbered as follows:

- "a" if there are business transactions.
- "b" if there are short-term financing needs.

Note 3: According to the regulatory procedures for financing provided to others of the parent company of the Group.

Global Sun Trading Co., Ltd.: According to the regulatory procedures for financing between subsidiaries of the Group, the policy for financing granted by companies of which the parent company of the Group directly or indirectly holds 100% of their voting shares is as follows: Total financing limit granted by subsidiaries is 150% of the net asset value of the Company; limit on financing granted by a subsidiary to a single party is 100% of the net asset value of the Company.

Zeal International Co., Ltd.: According to the regulatory procedures for financing between subsidiaries of the Group, the policy for financing granted by companies of which the parent company of the Group directly or indirectly holds 100% of their voting shares is as follows: Total financing limit granted by subsidiaries is 800% of the net asset value of the Company; limit on financing granted by a subsidiary to a single party is 700% of the net asset value of the Company.

Ample Wealth Enterprise Ltd.: According to the regulatory procedures for financing between subsidiaries of the Group, the policy for financing granted by companies of which the parent company of the Group directly or indirectly holds 100% of their voting shares is as follows: Total financing limit granted by subsidiaries is 800% of the net asset value of the Company; limit on financing granted by a subsidiary to a single party is 600% of the net asset value of the Company.

Unique Champion Co., Ltd.: According to the regulatory procedures for financing between subsidiaries of the Group, the policy for financing granted by companies of which the parent company of the Group directly or indirectly holds 100% of their voting shares is as follows: Total financing limit granted by subsidiaries is 400% of the net asset value of the Company; limit on financing granted by a subsidiary to a single party is 250% of the net asset value of the Company.

Kong Eagle International Limited: According to the regulatory procedures for financing between subsidiaries of the Group, the policy for financing granted by companies of which the parent company of the Group directly or indirectly holds 100% of their voting shares is as follows: Total financing limit granted by subsidiaries is 400% of the net asset value of the Company; limit on financing granted by a subsidiary to a single party is 250% of the net asset value of the Company.



## ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Securities Issuer (Note 2)	Financial Statement Account	December 31, 2023				Note (Note 4)
				Number of Shares	Carrying Amount (Note 3)	Percentage of Ownership (%)	Fair Value	
Kunshan Eson Precision Engineering Co., Ltd.	Shares Jiangsu Engao Optical Material Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 4,794 (RMB 1,105,727)	6.18	\$ 4,794 (RMB 1,105,727)	-

Note 1: Marketable securities in the table above refer to shares, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 “Financial Instruments”.

Note 2: Column left blank if the securities issuer is not a related party.

Note 3: For securities measured at fair value, carrying amount at fair value after valuation adjustments and deductions of allowance for impairment loss is shown; for securities not measured at fair value, carrying amount at amortized cost deducted by allowance for impairment loss is shown.

Note 4: The number and amount of shares provided as guarantees or pledged as collateral for borrowings as well as their situation of restricted use should be indicated in the Note column for restricted marketable securities that are pledged as collateral for borrowings or other arrangements.

Note 5: Refer to Tables 7 and 8 for related information on investments in subsidiaries, affiliates and joint ventures.

## ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NTS300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Property	Event Date	Transaction Amount	Payment Term	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is a Related Party				Pricing Reference	Purpose of Acquisition	Other Teams
							Property Owner	Relationship	Transaction Date	Amount			
Esonmex Monterrey, S.A. de C.V.	Construction in progress	2022.6.24	\$ 284,201	\$ 261,439	Estructuras Inteligentes, S.A. de C.V.	None	N/A	N/A	N/A	\$ -	Price comparison and price negotiation	Business purpose	None
	Construction in progress	2023.5.12	201,919	201,370	Estructuras Inteligentes, S.A. de C.V.	None	N/A	N/A	N/A	-	Price comparison and price negotiation	Business purpose	None

Note 1: The appraisal result should be presented in the "Basis or reference used in setting the price" column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: Paid-in capital refers to the paid-in capital of the parent company. The regulation states that 20% of the paid-in capital is calculated by 10% of equity attributable to owners of the Company on the balance sheets for shares with no par value or with a par value other than NT\$10.

Note 3: The event date refers to the date of signing the contract, the date of payment, the date of the entrustment transaction, the date of transfer, the date of resolution of the board of directors, or other dates on which the transaction item and transaction amount are fully determined, whichever is earlier.

## ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Transaction Details			Abnormal Transaction		Notes/Trade Receivables (Payable)		Note	
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance		% of Total
Kunshan Eson Precision Engineering Co., Ltd.	Zeal International Co., Ltd.	Indirect second-tier subsidiary of the ultimate parent company with 100% ownership	Sales	\$ (248,112) (RMB -56,083,458)	(14.11)	Monthly 60 days	\$ -	-	\$ 29,786 (RMB 6,870,697)	2.70	
	Eson Precision Industry (Singapore) Pte. Ltd.	Indirect second-tier subsidiary of the ultimate parent company with 100% ownership	Sales	(379,537) (RMB -85,790,877)	(21.58)	Monthly 90-180 days	-	-	687,618 (RMB 158,612,343)	62.31	
	Ample Wealth Enterprise Ltd.	Indirect second-tier subsidiary of the ultimate parent company with 100% ownership	Sales	(139,912) (RMB -31,625,878)	(7.95)	Monthly 60 days	-	-	58,134 (RMB 13,409,674)	4.17	
Multiwin de Mexico S.A. de C.V.	Eson Precision Industry (Singapore) Pte. Ltd.	Indirect second-tier subsidiary of the ultimate parent company with 100% ownership	Processing revenue	(1,963,867) (MXN -1,116,717,709)	(99.94)	Monthly 30 days	-	-	127,909 (MXN 70,766,599)	100.00	
Eson Precision Industry (Singapore) Pte. Ltd.	eCMMS Precision Singapore Pte. Ltd.	Hon Hai Company as the ultimate parent company	Sales	(1,105,085) (US\$ -35,470,561)	(12.59)	Monthly 60 days	-	-	150,074 (US\$ 4,887,606)	12.73	
	Zeal International Co., Ltd.	Indirect second-tier subsidiary of the ultimate parent company with 100% ownership	Sales	(454,578) (US\$ -14,590,851)	(5.18)	Monthly 90 days	-	-	126,749 (US\$ 4,127,948)	10.75	
Yantai Zhengyi Precision Electronic Co., Ltd.	Hongfujin Precision Electronics (Yantai) Co., Ltd.	Hon Hai Company as the ultimate parent company	Sales	(181,020) (RMB -40,917,834)	(96.92)	Monthly 90 days	-	-	20,324 (RMB 4,688,176)	68.85	

## ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

## RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Kunshan Eson Precision Engineering Co., Ltd.	Eson Precision Industry (Singapore) Pte. Ltd.	Indirect second-tier subsidiary of the ultimate parent company with 100% ownership	\$ 687,618 (RMB 158,612,343)	0.45	\$ 342,542 (RMB 79,014,038)	Manage and returns continuously	\$ 38 (RMB 8,777)	\$ -
	Eson Precision Industry (Singapore) Pte. Ltd.	Indirect second-tier subsidiary of the ultimate parent company with 100% ownership	46,057 (RMB 10,624,050)	-	46,057 (RMB 10,624,050)	Manage and returns continuously	- (RMB -)	-
Multiwin de Mexico S.A. de C.V.	Eson Precision Industry (Singapore) Pte. Ltd.	Indirect second-tier subsidiary of the ultimate parent company with 100% ownership	127,909 (MXN 70,766,599)	14.54	-	-	127,909 (MXN 70,766,599)	-
Eson Precision Industry (Singapore) Pte. Ltd.	eCMMS Precision Singapore Pte. Ltd.	Hon Hai Company as the ultimate parent company	150,074 (US\$ 4,887,606)	4.95	-	-	124,405 (US\$ 4,051,608)	-
	Zeal International Co., Ltd.	Indirect second-tier subsidiary of the ultimate parent company with 100% ownership	126,749 (US\$ 4,127,948)	3.15	-	-	18,806 (US\$ 612,482)	-

## ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
1	Kunshan Eson Precision Engineering Co., Ltd.	Zeal International Co., Ltd.	c	Operating revenue	\$ 248,112	Monthly 60 days	2.00
				Trade receivables from related parties	29,786		-
		Eson Precision Industry (Singapore) Pte. Ltd.	c	Operating revenue	379,537	Monthly 90-180 days	3.00
				Trade receivables from related parties	687,618		6.00
				Other operating revenue	-	Monthly 90-180 days	1.00
		Ample Wealth Enterprise Ltd.	c	Trade receivables from related parties	46,057	-	
Operating revenue	139,912			Monthly 60 days	1.00		
		Trade receivables from related parties	58,134	-			
2	Multiwin de Mexico S.A. de C.V.	Eson Precision Industry (Singapore) Pte. Ltd.	c	Processing revenue	1,963,867	Monthly 30 days	17.00
				Trade receivables from related parties	127,909		1.00
3	Eson Precision Industry (Singapore) Pte. Ltd.	Zeal International Co., Ltd.	c	Operating revenue	454,578	Monthly 90 days	4.00
				Trade receivables from related parties	126,749		1.00

Note 1: Information of transactions between the Company and the subsidiaries should be indicated in the "Number" column as follows.

- a. 0 represents the parent company.
- b. The subsidiaries are numbered in order from 1.

Note 2: The three types of counterparty relationships are indicated as follows:

- a. The parent company to the subsidiary.
- b. The subsidiary to the parent company.
- c. The subsidiary to another subsidiary.

Note 3: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenue for income statement accounts.

Note 4: Only transactions with related parties amounting to at least NT\$100 million or 20% of the paid-in capital are disclosed.

Note 5: Refer to Table 1 for financing provided to others.

## ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares (Note 1)	%	Carrying Amount			
Eson Precision Ind. Co., Ltd.	Multiwin Precision Ind Pte. Ltd.	Singapore	Sales of molds, plastic products, and hardware products and investment holding	\$ 574,992 (US\$ 19,800,001)	\$ 574,992 (US\$ 19,800,001)	19,800,001	100.00	\$ 1,434,373 (US\$ 46,714,646)	\$ 80,310 (US\$ 2,577,768)	\$ 80,310 (US\$ 2,577,768)	
	Global Sun Trading Co., Ltd.	Mauritius	Investment holding	2,248,539 (US\$ 76,427,570)	2,248,539 (US\$ 76,427,570)	76,427,570	100.00	5,769,607 (US\$ 187,904,475)	540,056 (US\$ 17,334,499)	541,527 (US\$ 17,381,703)	
	All Spacer Enterprises Co., Ltd.	Samoa Islands	Investment holding	484,801 (US\$ 16,682,220)	484,801 (US\$ 16,682,220)	16,682,220	100.00	195,390 (US\$ 6,363,473)	12,124 (US\$ 389,157)	12,124 (US\$ 389,157)	
	Multiwin de Mexico S.A. de C.V.	Mexico	Manufacture of molds, plastic products, and hardware products	5,808 (US\$ 200,000)	5,808 (US\$ 200,000)	200,000	0.59	8,504 (US\$ 276,963)	75,856 (US\$ 2,434,780)	448 (US\$ 14,365)	
Global Sun Trading Co., Ltd.	Heng Xie Enterprises Limited	Hong Kong	Investment holding	1,606,253 (HK\$ 410,514,868)	1,935,923 (HK\$ 495,280,151)	410,514,868	100.00	2,376,234 (US\$ 77,389,143)	(44,045) (US\$ -1,413,738)	(44,045) (US\$ -1,413,738)	
	Eson Europe S.R.O.	Slovakia	Investment holding	189,672 (US\$ 6,187,548)	189,672 (US\$ 6,187,548)	6,187,548	100.00	(9,161) (US\$ -298,348)	(2,599) (US\$ -83,427)	(2,599) (US\$ -83,427)	
	Grand Liberty Co., Ltd.	Mauritius	Investment holding	736,746 (US\$ 24,100,000)	736,746 (US\$ 24,100,000)	24,100,000	100.00	364,828 (US\$ 11,881,709)	34,873 (US\$ 1,119,327)	34,873 (US\$ 1,119,327)	
	Ample Wealth Enterprise Ltd.	Mauritius	Sales of molds, plastic products, and hardware products	- (US\$ 1)	- (US\$ 1)	1	100.00	41,818 (US\$ 1,361,917)	(6,821) (US\$ -218,945)	(6,821) (US\$ -218,945)	
	Zeal International Co., Ltd.	Mauritius	Sales of molds, plastic products, and hardware products	- (US\$ 1)	- (US\$ 1)	1	100.00	(81,427) (US\$ -2,651,903)	(45,144) (US\$ -1,449,003)	(45,144) (US\$ -1,449,003)	
	Eson Precision Industry (Singapore) Pte. Ltd.	Singapore	Sales of molds, plastic products, and hardware products	571,805 (US\$ 19,000,000)	571,805 (US\$ 19,000,000)	19,000,000	100.00	3,018,031 (US\$ 98,291,204)	673,889 (US\$ 21,630,210)	673,889 (US\$ 21,630,210)	
	Eson (VN) Precision Industry Co., Ltd.	Vietnam	Production and sales of molds, plastic products and hardware products	798,350 (US\$ 27,500,000)	798,350 (US\$ 27,500,000)	27,500,000	100.00	655,313 (US\$ 21,342,233)	(36,972) (US\$ -1,186,699)	(36,972) (US\$ -1,186,699)	
	Esonmex Monterrey, S.A. de C.V.	Mexico	Production and sales of molds, plastic products and hardware products	10,713 (US\$ 350,000)	3,798 (US\$ 128,505)	350,000	1.00	10,599 (US\$ 345,198)	(97,579) (US\$ -3,132,035)	(976) (US\$ -31,320)	
	Multiwin Precision Ind Pte. Ltd.	Multiwin de Mexico S.A. de C.V.	Mexico	Manufacture of molds, plastic products, and hardware products	726,917 (US\$ 24,800,000)	726,917 (US\$ 24,800,000)	24,800,000	72.94	1,051,345 (US\$ 34,240,184)	75,856 (US\$ 2,434,780)	55,329 (US\$ 1,775,929)
Eson Precision Engineering (Malaysia) Sdn. Bhd.		Malaysia	Manufacture and sales of molds, plastic products, and hardware products	259,737 (US\$ 8,156,255)	259,737 (US\$ 8,156,255)	8,156,255	100.00	181,770 (US\$ 5,919,887)	(10,859) (US\$ -348,541)	(10,859) (US\$ -348,541)	
Eson Batupahat Precision Engineering Sdn. Bhd.		Malaysia	Manufacture and sales of molds, plastic products, and hardware products	154,703 (US\$ 4,725,193)	154,703 (US\$ 4,725,193)	4,725,193	100.00	193,570 (US\$ 6,304,195)	(44,414) (US\$ -1,425,590)	(44,414) (US\$ -1,425,590)	
Grand Liberty Co., Ltd.	Unique Champion Co., Ltd.	Mauritius	Sales of molds, plastic products, and hardware products	- (US\$ 1)	- (US\$ 1)	1	100.00	68,307 (US\$ 2,224,613)	11 (US\$ 366)	11 (US\$ 366)	
Eson Europe S.R.O.	Eson Slovakia A.S.	Slovakia	Sales of molds, plastic products, and hardware products	167,485 (US\$ 5,749,579)	167,485 (US\$ 5,749,579)	5,749,579	100.00	54,096 (US\$ 1,761,799)	(1,541) (US\$ -49,477)	(1,541) (US\$ -49,477)	
All Spacer Enterprises Co., Ltd.	Kong Eagle International Limited.	Hong Kong	Investment holding	60,637 (HK\$ 13,505,712)	60,637 (HK\$ 13,505,712)	13,505,712	100.00	177,748 (US\$ 5,788,900)	12,436 (US\$ 399,154)	12,436 (US\$ 399,154)	
	Zenith Profits Co., Ltd.	Mauritius	Sales of molds and hardware products	- (US\$ 1)	- (US\$ 1)	1	100.00	2,987 (US\$ 97,289)	(109) (US\$ -3,510)	(109) (US\$ -3,510)	
	Blackyotta Inc.	U.S.A.	Sales of molds, plastic, and hardware products	5,965 (US\$ 200,000)	5,965 (US\$ 200,000)	200,000	100.00	7,318 (US\$ 238,322)	(162) (US\$ -5,195)	(162) (US\$ -5,195)	
Eson Precision Industry (Singapore) Pte. Ltd.	Multiwin de Mexico S.A. de C.V.	Mexico	Manufacture of molds, plastic, and hardware products	263,372 (US\$ 9,000,000)	172,172 (US\$ 6,000,000)	9,000,000	26.47	381,534 (US\$ 12,425,797)	75,856 (US\$ 2,434,780)	20,079 (US\$ 644,486)	
	Esonmex Monterrey, S.A. de C.V.	Mexico	Production and sales of molds, plastic products and hardware products	1,060,584 (US\$ 34,650,000)	376,025 (US\$ 12,721,995)	34,650,000	99.00	1,049,333 (US\$ 34,174,649)	(97,579) (US\$ -3,132,035)	(96,603) (US\$ -3,100,715)	

Note 1: The original investment amount is shown.

Note 2: Refer to Table 8 for information on investments in mainland China.

**ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

1. The name of the investee in mainland China, the main businesses and products, issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, share of profits/losses of investee, ending balance, and amount received as dividends from the investee:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Investor Company	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023 (Note 3)	Remittance of Funds (Note 3)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 (Note 3)	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the Investee	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
						Outward	Inward						
Kunshan Eson Precision Engineering Co., Ltd.	Design, development, manufacture, and sales of molds, plastic, and hardware products	\$ 1,543,839 (US\$ 52,010,000)	b	Heng Xie Enterprises Limited	\$ 1,543,839 (US\$ 52,010,000)	\$ -	\$ -	\$ 1,543,839 (US\$ 52,010,000)	100.00	\$ (27,205) (US\$ -873,230)	\$ (27,205) (US\$ -873,230)	\$ 2,223,340 (US\$ 72,409,692)	\$ -
Yantai Zhengyi Precision Electronic Co., Ltd.	Design, development, manufacture, and sales of molds, plastic, and hardware products	40,218 (US\$ 1,000,000)	b	Heng Xie Enterprises Limited	40,218 (US\$ 1,000,000)	-	-	40,218 (US\$ 1,000,000)	100.00	24,866 (US\$ 798,134)	24,866 (US\$ 798,134)	140,498 (US\$ 4,575,734)	-
Wuxi Singuan Metal Science & Technology Co., Ltd.	Design, development, manufacture, and sales of molds, plastic, and hardware products	691,635 (US\$ 23,000,000)	b	Grand Liberty Co., Ltd.	691,635 (US\$ 23,000,000)	-	-	691,635 (US\$ 23,000,000)	100.00	35,104 (US\$ 1,126,759)	35,104 (US\$ 1,126,759)	294,435 (US\$ 9,589,152)	-
Dongguan Yihong Precision Mould Co., Ltd.	Manufacture and sales of molds, plastic products, and hardware products	51,727 (US\$ 1,510,000)	b	Kong Eagle International Limited	51,727 (US\$ 1,510,000)	-	-	51,727 (US\$ 1,510,000)	100.00	12,562 (US\$ 403,203)	12,562 (US\$ 403,203)	85,345 (US\$ 2,779,524)	-
Kunshan Kuangrui Package Material Co., Ltd.	Packaging material trading and power supply	7,499 (US\$ 250,000)	b	Global Sun Trading Co., Ltd.	7,499 (US\$ 250,000)	-	-	7,499 (US\$ 250,000)	100.00	(651) (US\$ -20,906)	(651) (US\$ -20,906)	5,253 (US\$ 171,085)	-

2. Limit on investments in mainland China: Not applicable.

Note 1: Investment methods are classified into the following three categories:

- a. Directly invest in a company in mainland China.
- b. Indirect investment in an investee in mainland China through investment in a holding company registered in a third area (the holding company registered in the third area is specified).
- c. Other methods.

Note 2: The investment gain (loss) recognized is based on the audited financial statements of the investee company.

Note 3: It refers to the amount invested by the holding companies registered in a third area.

**ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Golden Harvest Management Limited	44,613,345	26.47
Ace Progress Holdings Limited	15,351,375	9.10

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.



**Eson Precision Ind. Co., Ltd.**

**Chairman : Tsai, Chia-Hsiang**