

**MIN AIK PRECISION INDUSTRIAL CO., LTD.  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Report  
For the Years Ended December 31, 2023 and 2022**

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

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## **Representation Letter**

The entities that are required to be included in the combined financial statements of Min Aik Precision Industrial Co., Ltd. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Min Aik Precision Industrial Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Min Aik Precision Industrial Co., Ltd.

Chairman:

Date: March 7, 2024.



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## Independent Auditors' Report

To the Board of Directors of Min Aik Precision Industrial Co., Ltd.:

### Opinion

We have audited the consolidated financial statements of Min Aik Precision Industrial Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed 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 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 of our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that, in our professional judgement, should be communicated are as follow:

#### 1. Revenue recognition

Please refer to Note 4(n) "Revenue recognized" of the notes to the consolidated financial statements for the accounting policies on revenue recognition.

Description of key audit matter:

The Group's automatic equipment would first need to be assembled, tested, and installed by clients; thereafter, revenue then is recognized. Therefore, the revenue recognition is considered to be one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures on revenue recognition included the testing of internal control system over automatic equipment revenue; inspecting the contracts entered into with the customers; sending confirmation requests to debtors selected from the sales customers. We also assessed the adequacy of the Group's disclosures of its revenue recognition policy and other related disclosures.

## 2. Inventory Valuation

Please refer to Note 4(h) "Inventory" of the notes to consolidated financial statement for the accounting policies on inventory measurement.

Description of key audit matter:

The Group's inventory are measured at lower of cost and net realized value. The Group's products may be obsolescent or do not meet the market requirement due to new product release or market change. Besides, the automatic products are customized based on specific client's need. Thus, the cost of inventory may exceed its net realizable value. Moreover, the sales ability of products may affect the inventory valuation, which also need to be taken into serious consideration. Therefore, the inventory valuation is considered to be the key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included understanding the Group's policies of inventory valuation to assess the appropriateness of its inventory valuation; on a sampling basis, testing the Group's inventory aging report to verify its correctness; understanding and testing, on a sampling basis, the selling price that the management used, or reviewing the subsequent sales of the inventories to assess the appropriateness of the net realizable value.

## Other Matter

Min Aik Precision Industrial Co., Ltd. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unqualified opinion.

## 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed 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.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 auditor's 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

We 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 of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yu, Sheng-Ho and Cheng, An-Chih.

KPMG

Taipei, Taiwan (Republic of China)  
March 7, 2024

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES

## Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2023</u>		<u>December 31, 2022</u>				<u>December 31, 2023</u>		<u>December 31, 2022</u>	
<b>Assets</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Liabilities and Equity</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 913,450	30	683,529	21	2100	Short-term borrowings (note 6(g))	\$ 230,000	8	310,000	10
1170	Notes and accounts receivable, net (notes 6(b) and (n))	297,308	10	458,296	14	2170	Accounts payable (include related parties) (note 7)	199,890	7	168,375	5
1181	Accounts receivable from related parties (notes 6(b), (n) and 7)	96,235	3	69,070	2	2201	Salary and wages payable	138,276	5	162,451	5
1310	Inventories (note 6(c))	428,076	14	595,637	18	2230	Current income tax liabilities	69,451	2	25,251	1
1479	Other current assets (notes 7 and 8)	<u>39,298</u>	<u>1</u>	<u>113,193</u>	<u>4</u>	2280	Current lease liabilities (note 6(i))	12,964	-	12,901	-
		<u>1,774,367</u>	<u>58</u>	<u>1,919,725</u>	<u>59</u>	2300	Other current liabilities (note 7)	130,165	4	165,963	5
<b>Non-current assets:</b>						2322	Long-term borrowings, current portion (notes 6(h) and 8)	<u>164,000</u>	<u>5</u>	<u>64,000</u>	<u>2</u>
1551	Investments accounted for using equity method (note 6(d))	-	-	11,650	-			<u>944,746</u>	<u>31</u>	<u>908,941</u>	<u>28</u>
1600	Property, plant and equipment (notes 6(e), 7, 8 and 9)	1,133,022	37	1,172,246	36	<b>Non-Current liabilities:</b>					
1755	Right-of-use assets (note 6(f))	105,544	3	120,404	4	2541	Long-term borrowings (notes 6(h) and 8)	126,000	4	290,000	9
1995	Other non-current assets (notes 6(j) and (k))	<u>51,363</u>	<u>2</u>	<u>56,529</u>	<u>1</u>	2570	Deferred tax liabilities (note 6(k))	42,807	1	83,416	2
		1,289,929	42	1,360,829	41	2580	Non-current lease liabilities (note 6(i))	<u>87,560</u>	<u>3</u>	<u>99,965</u>	<u>3</u>
								<u>256,367</u>	<u>8</u>	<u>473,381</u>	<u>14</u>
							<b>Total liabilities</b>	<u>1,201,113</u>	<u>39</u>	<u>1,382,322</u>	<u>42</u>
						<b>Equity attributable to owners of parent (note 6(l)):</b>					
						3110	Ordinary share	770,000	24	770,000	23
						3200	Capital surplus	642,785	21	642,785	20
						3310	Legal reserve	261,178	9	244,413	7
						3320	Special reserve	49,681	2	119,953	4
						3350	Unappropriated retained earnings	185,104	6	170,762	5
						3410	Exchange differences on translation of foreign financial statements	<u>(45,565)</u>	<u>(1)</u>	<u>(49,681)</u>	<u>(1)</u>
							<b>Total equity</b>	<u>1,863,183</u>	<u>61</u>	<u>1,898,232</u>	<u>58</u>
<b>Total assets</b>		<b>\$ 3,064,296</b>	<b>100</b>	<b>3,280,554</b>	<b>100</b>		<b>Total liabilities and equity</b>	<b>\$ 3,064,296</b>	<b>100</b>	<b>3,280,554</b>	<b>100</b>



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)**

		<b>2023</b>		<b>2022</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4111	Operating revenue (notes 6(n) and 7)	\$ 2,088,094	101	2,289,571	101
4170	Less: Sales returns and allowances	12,955	1	14,554	1
	<b>Net operating revenue</b>	<b>2,075,139</b>	<b>100</b>	<b>2,275,017</b>	<b>100</b>
5111	<b>Operating costs (notes 6(c), (i), (j), (o), 7 and 12)</b>	<b>1,692,541</b>	<b>82</b>	<b>1,789,795</b>	<b>79</b>
	<b>Gross profit from operations</b>	<b>382,598</b>	<b>18</b>	<b>485,222</b>	<b>21</b>
	<b>Operating expenses (notes 6(b), (i), (j), (o), 7 and 12):</b>				
6100	Selling expenses	76,219	4	94,445	4
6200	Administrative expenses	172,166	8	178,361	8
6300	Research and development expenses	49,208	2	57,206	3
6450	Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	(2,528)	-	(11,546)	(1)
	<b>Total operating expenses</b>	<b>295,065</b>	<b>14</b>	<b>318,466</b>	<b>14</b>
	<b>Net operating income</b>	<b>87,533</b>	<b>4</b>	<b>166,756</b>	<b>7</b>
	<b>Non-operating income and expenses (notes 6(d), (e), (i), (p) and 7):</b>				
7100	Interest income	14,688	1	4,155	-
7010	Other income	24,678	1	24,146	2
7020	Other gains and losses, net	21,052	1	57,778	3
7050	Finance costs	(18,637)	(1)	(12,064)	(1)
7060	Share of loss of associates and joint ventures accounted for using equity method	(11,395)	-	(18,653)	(1)
	<b>Total non-operating income and expenses</b>	<b>30,386</b>	<b>2</b>	<b>55,362</b>	<b>3</b>
7900	<b>Profit before income tax</b>	<b>117,919</b>	<b>6</b>	<b>222,118</b>	<b>10</b>
7950	Less: Income tax expenses (note 6(k))	34,854	2	60,290	3
	<b>Net profit</b>	<b>83,065</b>	<b>4</b>	<b>161,828</b>	<b>7</b>
8300	<b>Other comprehensive income (loss):</b>				
8310	<b>Item that may not be reclassified subsequently to profit or loss</b>				
8311	(Losses) gains on remeasurements of defined benefit plans (note 6(j))	(6,730)	-	5,822	-
8360	<b>Item that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	4,116	-	71,183	3
8300	<b>Other comprehensive income (loss), net of income tax</b>	<b>(2,614)</b>	<b>-</b>	<b>77,005</b>	<b>3</b>
	<b>Total comprehensive income (loss)</b>	<b>\$ 80,451</b>	<b>4</b>	<b>238,833</b>	<b>10</b>
	<b>Net profit, attributable to:</b>				
	Owners of parent	\$ 83,065	4	161,828	7
	<b>Total comprehensive income (loss) attributable to:</b>				
	Owners of parent	\$ 80,451	4	238,833	10
9750	<b>Basic earnings per share (NT dollars) (note 6(m))</b>	<b>\$ 1.08</b>		<b>2.10</b>	
9850	<b>Diluted earnings per share (NT dollars) (note 6(m))</b>	<b>\$ 1.07</b>		<b>2.09</b>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent							
	Share capital	Retained earnings				Other equity interest		
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Total equity
Balance at January 1, 2022	\$ 770,000	654,335	235,414	83,335	91,079	(120,864)	1,713,299	1,713,299
Profit	-	-	-	-	161,828	-	161,828	161,828
Other comprehensive income (loss)	-	-	-	-	5,822	71,183	77,005	77,005
Total comprehensive income (loss)	-	-	-	-	167,650	71,183	238,833	238,833
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	8,999	-	(8,999)	-	-	-
Special reserve appropriated	-	-	-	36,618	(36,618)	-	-	-
Cash dividends on ordinary share	-	-	-	-	(42,350)	-	(42,350)	(42,350)
Cash dividends from capital surplus	-	(11,550)	-	-	-	-	(11,550)	(11,550)
Balance at December 31, 2022	770,000	642,785	244,413	119,953	170,762	(49,681)	1,898,232	1,898,232
Profit	-	-	-	-	83,065	-	83,065	83,065
Other comprehensive income (loss)	-	-	-	-	(6,730)	4,116	(2,614)	(2,614)
Total comprehensive income (loss)	-	-	-	-	76,335	4,116	80,451	80,451
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	16,765	-	(16,765)	-	-	-
Reversal of special reserve	-	-	-	(70,272)	70,272	-	-	-
Cash dividends on ordinary share	-	-	-	-	(115,500)	-	(115,500)	(115,500)
Balance at December 31, 2023	\$ 770,000	642,785	261,178	49,681	185,104	(45,565)	1,863,183	1,863,183

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>2023</b>	<b>2022</b>
<b>Cash flows from (used in) operating activities:</b>		
Profit before income tax	\$ 117,919	222,118
Adjustments:		
Adjustments to reconcile (profit) loss:		
Depreciation and amortization expense	120,535	104,274
Expected credit gain	(2,528)	(11,546)
Interest expense	18,637	12,064
Interest income	(14,688)	(4,155)
Share of loss of associates and joint ventures accounted for using equity method	11,395	18,653
(Gain) loss on disposal of property, plant and equipment	(2,929)	23
Property, plant and equipment transferred to expenses	1,697	880
Impairment (gain) loss on non-financial assets	(157)	6,003
Others	(13)	(4,412)
<b>Total adjustments to reconcile profit</b>	<b>131,949</b>	<b>121,784</b>
<b>Changes in operating assets and liabilities:</b>		
Changes in operating assets:		
Accounts receivable (include related parties)	136,351	(8,821)
Inventories	158,455	(140,048)
Other current assets	73,368	(63,476)
Other operating assets	(2,393)	(667)
<b>Total changes in operating assets</b>	<b>365,781</b>	<b>(213,012)</b>
Changes in operating liabilities:		
Accounts payable (include related parties)	31,515	(135,961)
Other current liabilities	(42,471)	20,783
<b>Total changes in operating liabilities</b>	<b>(10,956)</b>	<b>(115,178)</b>
<b>Total changes in operating assets and liabilities</b>	<b>354,825</b>	<b>(328,190)</b>
<b>Total adjustments</b>	<b>486,774</b>	<b>(206,406)</b>
Cash inflow generated from operations	604,693	15,712
Interest received	15,121	3,675
Interest paid	(18,682)	(11,779)
Income taxes paid	(31,729)	(15,310)
<b>Net cash flows from (used in) operating activities</b>	<b>569,403</b>	<b>(7,702)</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of property, plant and equipment	(66,778)	(117,003)
Proceeds from disposal of property, plant and equipment	3,343	402
(Increase) decrease in refundable deposits	(4,823)	3,951
Increase in other non-current assets	-	(105)
<b>Net cash flows used in investing activities</b>	<b>(68,258)</b>	<b>(112,755)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowing	730,000	472,740
Decrease in short-term borrowing	(810,000)	(378,100)
Repayments of long-term borrowing	(64,000)	(64,000)
Payment of lease liabilities	(12,681)	(14,344)
Cash dividends paid	(115,500)	(53,900)
<b>Net cash flows used in financing activities</b>	<b>(272,181)</b>	<b>(37,604)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>957</b>	<b>51,083</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>229,921</b>	<b>(106,978)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>683,529</b>	<b>790,507</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 913,450</b>	<b>683,529</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

Min Aik Precision Industrial Co., Ltd. (the “Company”). was incorporated on January 18, 2001, as a company limited by shares and registered under the Ministry of Economic Affairs, ROC. The Company’s shares were listed on the Taiwan Stock Exchange (TWSE) on January 6, 2016. The address of its registered office is No. 2, Guorui Rd., Guanyin Dist., Taoyuan City. The Group mainly engages in the processing and manufacturing of electroplating of aluminum and copper products, precision stamping components and electroless nickel plating.

The Company’s subsidiaries mainly engage in the design, manufacture, sale, and after-sales service of medical injection, molding and automatic machines.

The consolidated financial statements comprise The Group and subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the right to the Group’s associates.

**(2) Approval date and procedures of the consolidated financial statements:**

These consolidated financial statements were authorized for issuance by the Board of Directors on March 7, 2024.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

(Continued)

**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

**(4) Summary of material accounting policies:**

The material accounting policies presented in the consolidated financial statements are summarized as below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the IFRSs, IASs, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the FSC.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(Continued)

**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Main Activities and Location	Percentage of Ownership (%)	
			December 31, 2023	December 31, 2022
The Company	Esteem King	Holding Company	100 %	100 %
The Company	Evolution	Holding Company	100 %	100 %
Esteem King	MAPP	Design, Manufacture and Sale of tooling and medical injection molding	100 %	100 %
MAPP	AMOULD PLASTIC TECHNOLOGIES (SUZHOU) CO., LTD (AMO)	Design, Manufacture and Sale of automatic machines	100 %	100 %

(Continued)

**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;

(Continued)

**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprise cash on hand and demand deposits. Cash equivalents is short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost and FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

(Continued)



**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, guarantee deposit paid and other financial assets) and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

(Continued)

**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 120 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

3) **Derecognition of financial assets**

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(Continued)

**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interest in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(Continued)

**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- 1) Buildings: 20~56 years
- 2) Building facilities: 3~5 years
- 3) Machinery and equipment: 1~20 years
- 4) Office and other equipment : 1~20 years
- 5) Leasehold improvement : 1~10 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

(Continued)

**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- Payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- There is a change in future lease payments arising from the change in an index or rate; or
- There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- There is change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset; or
- There is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- There is any lease modification

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets and the assets arising on employee benefits) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount for an individual asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognized in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated. An impairment loss recognized in prior periods for an asset is reversed if, and only if, there has been an improvement in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In this case, the carrying amount of the asset is increased to its recoverable amount by reversing an impairment loss.

(m) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pretax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(i) Warranties

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Site restoration

In accordance with the leases agreement, the Group's has the obligation to restore the leased facilities and the office. The provision is measured by the discounted present value of restoration cost at the termination of agreement, and related expense are recognized during contract period.

(Continued)

**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(n) Revenue recognized

(i) Revenue from contracts with customers policy

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

The Group manufactures and sells electronic, plastic components and automated machines. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group offers standard warranty with the automatic machines for months to one year to its clients. Therefore, the Group's obligation to provide a refund for faulty automatic machines under the standard warranty terms is recognized as a provision of warranty.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

(Continued)



**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Share based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date which the Group and employees reach a consensus in the subscription price and number of shares.

(Continued)

**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to the temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes shall not be recognized for the following exceptions:

- (i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profits (losses), and does not give rise to equal taxable and deductible temporary differences;
- (ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits increases.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - 1) the same taxable entity; or
  - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(Continued)

**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(r) Earnings per Share

The Group discloses the basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares (e.g. employee bonuses not yet resolved by the shareholders.).

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(t) Government grants

The Group recognizes an unconditional government in profit or loss as other income when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

For government grants related to depreciated assets, the Group recognized as the deduction of the assets if there is reasonable assurance that the grants will be received and the Group will comply with the conditions associated with the grant; and through the decrease in depreciation expenses, the grants are then recognized in profit or loss during the useful lives of the depreciated assets.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:**

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

There is a critical judgment made in applying accounting policies that have significant effects on the amounts recognized in the consolidated financial statements is as follows:

Judgment regarding control of subsidiaries

The Group owns 20% shares of the related party MATC Technology(M) Sdn. Bhd., and the rest of 80% shares are owned by another single shareholder. Therefore, it is determined that the Group has no significant influence on MATC Technology(M) Sdn. Bhd.

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**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
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The information on accounting assumptions and estimation uncertainties did not have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year on the Group.

The Group's accounting policies include measuring financial and nonfinancial assets and liabilities at fair value through profit or loss. The Group's financial division conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial division also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: 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).
- Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to Note 6(q) for assumptions used in measuring fair value.

**(6) Explanation of significant accounts:**

**(a) Cash and cash equivalents**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash, petty cash, check and demand deposits	\$ 497,326	400,224
Time deposits	416,124	283,305
Cash and cash equivalents	<u><u>\$ 913,450</u></u>	<u><u>683,529</u></u>

Please refer to note 6(q) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

**(b) Notes and accounts receivable (include related parties)**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Notes receivable from operating activities	\$ 188	30,016
Accounts receivable	304,296	438,014
Accounts receivable-related parties	96,235	69,070
Less: Loss allowance	<u>(7,176)</u>	<u>(9,734)</u>
	<u><u>\$ 393,543</u></u>	<u><u>527,366</u></u>

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**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
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The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision for notes and accounts receivables was determined as follows:

<b>December 31, 2023</b>			
<b>Notes and Accounts Receivable -non-related parties</b>	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 237,423	1%	2,405
Past due(days):			
0 to 60	32,185	1%	322
61 to 120	16,889	5%	844
121 to 180	17,978	20%	3,596
181 to 360	1	50%	1
over 360	8	100%	8
	<u><u>\$ 304,484</u></u>		<u><u>7,176</u></u>

  

<b>December 31, 2023</b>			
<b>Accounts Receivable -related parties</b>	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	<u><u>\$ 96,235</u></u>	0%	<u><u>-</u></u>

  

<b>December 31, 2022</b>			
<b>Notes and Accounts Receivable -non-related parties</b>	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 383,252	1%	3,567
Past due(days):			
0 to 60	66,673	1%	667
61 to 120	463	5%	23
121 to 180	11,145	20%	2,229
181 to 360	6,497	50%	3,248
	<u><u>\$ 468,030</u></u>		<u><u>9,734</u></u>

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<b>Accounts Receivable -related parties</b>	<b>December 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ <b>69,070</b>	0%	-

The movement in the allowance for notes and accounts receivable was as follows:

	<b>2023</b>	<b>2022</b>
Balance on January 1, 2023 and 2022	\$ 9,734	20,862
Impairment losses reversed	(2,528)	(11,546)
Foreign exchange (gains) losses	(30)	418
Balance on December 31, 2023 and 2022	<b>\$ 7,176</b>	<b>9,734</b>

As of December 31, 2023 and 2022, the Group did not provide any notes and accounts receivable as collateral for its loans.

Please refer to note 6(q) for other credit risk.

(c) Inventory

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Raw materials and consumables	\$ 97,885	83,425
Work in progress	78,596	105,651
Finished goods	251,595	406,561
	<b>\$ 428,076</b>	<b>595,637</b>

The details of the cost of sales was as follows:

	<b>2023</b>	<b>2022</b>
Inventory that has been sold	\$ 1,502,848	1,667,916
Abnormal amounts of production costs of inventories	108,187	56,781
Product warranty costs	65,086	39,885
Loss on scrap and inventory valuation	13,746	22,220
Inventory gain or losses and others	2,674	2,993
	<b>\$ 1,692,541</b>	<b>1,789,795</b>

As of December 31, 2023 and 2022, the Group did not provide any inventories as collateral for its loans.

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**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(d) Investments accounted for using equity method

The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

Name of Affiliates	Nature of Relationship with the Group	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights	
			December 31, 2023	December 31, 2022
MATC Technology(M) Sdn. Bhd.	Production of hardware components	Malaysia	20.00 %	20.00 %

The following consolidated financial information of significant affiliates has been adjusted according to individually prepared IFRS financial statements of these affiliates:

	December 31, 2023	December 31, 2022
Carrying amount of individually insignificant associates' equity	\$ -	11,650
	2023	2022
Attributable to the Group:		
Loss from continuing operations	\$ (11,395)	(18,653)
Other comprehensive income (loss)	(255)	980
Comprehensive income (loss)	\$ (11,650)	(17,673)

As of December 31, 2023, the accumulated unrecognized investment loss amounted to \$5,845 thousand.

As of December 31, 2023 and 2022, the Group did not provide any investments accounted for using the equity method as collateral for its loans.

(e) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group, were as follows:

	Land	Buildings and construction	Machinery and equipment	Office and other facilities	Construction in progress and testing equipment	Total
Cost or deemed cost:						
Balance on January 1, 2023	\$ 596,362	390,240	937,048	562,968	20,355	2,506,973
Additions	-	-	28,430	17,494	3,397	49,321
Disposal	-	-	(25,016)	(2,905)	-	(27,921)
Transfer	-	-	16,485	3,133	(21,315)	(1,697)
Effect of movements in exchange rate	-	3,738	3,862	1,748	20	9,368
Balance on December 31, 2023	\$ 596,362	393,978	960,809	582,438	2,457	2,536,044

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**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
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	<u>Land</u>	<u>Buildings and construction</u>	<u>Machinery and equipment</u>	<u>Office and other facilities</u>	<u>Construction in progress and testing equipment</u>	<u>Total</u>
Balance on January 1, 2022	\$ 596,362	310,588	933,047	523,808	47,127	2,410,932
Additions	-	18,395	64,948	27,488	17,426	128,257
Disposal	-	-	(89,154)	(8,117)	-	(97,271)
Transfer	-	45,448	4,304	-	(50,632)	(880)
Effect of movements in exchange rates	-	15,809	23,903	19,789	6,434	65,935
Balance on December 31, 2022	<u>\$ 596,362</u>	<u>390,240</u>	<u>937,048</u>	<u>562,968</u>	<u>20,355</u>	<u>2,506,973</u>
Depreciation and impairments loss:						
Balance on January 1, 2023	\$ -	91,824	760,558	482,345	-	1,334,727
Depreciation	-	8,452	56,213	25,237	-	89,902
Disposal	-	-	(24,608)	(2,899)	-	(27,507)
Impairment gain	-	-	(157)	-	-	(157)
Effect of movements in exchange rates	-	1,261	3,258	1,538	-	6,057
Balance on December 31, 2023	<u>\$ -</u>	<u>101,537</u>	<u>795,264</u>	<u>506,221</u>	<u>-</u>	<u>1,403,022</u>
Balance on January 1, 2022	\$ -	78,217	770,387	444,597	-	1,293,201
Depreciation	-	6,426	51,926	27,526	-	85,878
Disposal	-	-	(88,768)	(8,078)	-	(96,846)
Impairment loss	-	-	6,003	-	-	6,003
Effect of movements in exchange rates	-	7,181	21,010	18,300	-	46,491
Balance on December 31, 2022	<u>\$ -</u>	<u>91,824</u>	<u>760,558</u>	<u>482,345</u>	<u>-</u>	<u>1,334,727</u>
Carrying amounts:						
Balance on December 31, 2023	<u>\$ 596,362</u>	<u>292,441</u>	<u>165,545</u>	<u>76,217</u>	<u>2,457</u>	<u>1,133,022</u>
Balance on December 31, 2022	<u>\$ 596,362</u>	<u>298,416</u>	<u>176,490</u>	<u>80,623</u>	<u>20,355</u>	<u>1,172,246</u>
Balance on January 1, 2022	<u>\$ 596,362</u>	<u>232,371</u>	<u>162,660</u>	<u>79,211</u>	<u>47,127</u>	<u>1,117,731</u>

The idle machinery and equipment of the Group resulted in the impairment (gains) losses of \$(157) thousand and \$6,003 thousand, recognized as non-operating income and expense in 2023 and 2022, respectively.

As of December 31, 2023 and 2022, for the Group pledged property, plant and equipment as collateral for long-term borrowings, please refer to Note 8.

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**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
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(f) Right-of-use assets

The Group leases many assets including land, buildings and structures, and other equipment. Information about leases for which the Group as a lessee is presented below:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Office and other facilities</u>	<u>Total</u>
<b>Cost:</b>				
Balance at January 1, 2023	\$ 69,744	62,902	2,105	134,751
Additions	351	-	-	351
Disposal	-	(489)	(308)	(797)
Exchange on movements exchange rates	1,255	(1,346)	29	(62)
Balance at December 31, 2023	<u>\$ 71,350</u>	<u>61,067</u>	<u>1,826</u>	<u>134,243</u>
Balance at January 1, 2022	\$ 57,055	27,532	1,936	86,523
Additions	5,892	62,451	-	68,343
Disposal	-	(27,587)	-	(27,587)
Exchange on movements exchange rates	6,797	506	169	7,472
Balance at December 31, 2022	<u>\$ 69,744</u>	<u>62,902</u>	<u>2,105</u>	<u>134,751</u>
<b>Accumulated depreciation and impairment losses:</b>				
Balance at January 1, 2023	\$ 7,532	5,595	1,220	14,347
Depreciation for the year	2,118	12,814	383	15,315
Disposal	-	(489)	(308)	(797)
Exchange on movements exchange rates	143	(325)	16	(166)
Balance at December 31, 2023	<u>\$ 9,793</u>	<u>17,595</u>	<u>1,311</u>	<u>28,699</u>
Balance at January 1, 2022	\$ 5,040	23,248	737	29,025
Depreciation	1,791	9,482	415	11,688
Disposal	-	(27,587)	-	(27,587)
Exchange on movements exchange rates	701	452	68	1,221
Balance at December 31, 2022	<u>\$ 7,532</u>	<u>5,595</u>	<u>1,220</u>	<u>14,347</u>
<b>Carrying amount:</b>				
Balance at December 31, 2023	<u>\$ 61,557</u>	<u>43,472</u>	<u>515</u>	<u>105,544</u>
Balance at December 31, 2022	<u>\$ 62,212</u>	<u>57,307</u>	<u>885</u>	<u>120,404</u>
Balance at January 1, 2022	<u>\$ 52,015</u>	<u>4,284</u>	<u>1,199</u>	<u>57,498</u>

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**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(g) Short-term borrowings

The details were summarized as follows:

	December 31, 2023	December 31, 2022
Unsecured bank loans	\$ <u>230,000</u>	<u>310,000</u>
Unused short-term credit lines	\$ <u>520,000</u>	<u>240,000</u>
Range of interest rates	<u>1.76%~1.77%</u>	<u>1.50%~1.93%</u>

(h) Long-term borrowings

The details were as follows:

	December 31, 2023	December 31, 2022
Unsecured bank loans	\$ 100,000	100,000
Secured bank loans	190,000	254,000
Less: current portion	<u>(164,000)</u>	<u>(64,000)</u>
Total	\$ <u>126,000</u>	<u>290,000</u>
Range of interest rates	<u>1.82%~2.11%</u>	<u>1.53%~1.72%</u>

For the collateral for long-term borrowings, please refer to note 8.

(i) Lease liabilities

The details were as follows:

	December 31, 2023	December 31, 2022
Current	\$ <u>12,964</u>	<u>12,901</u>
Non-current	\$ <u>87,560</u>	<u>99,965</u>

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest expenses on lease liabilities	\$ <u>5,889</u>	<u>3,151</u>
Expenses relating to short-term leases	\$ <u>6,772</u>	<u>9,224</u>

For the maturity analysis, please refer to note 6(q).

The amounts recognized in the statement of cash flows for the Group was as follows:

	2023	2022
Total cash outflow for leases	\$ <u>25,342</u>	<u>26,719</u>

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**Notes to the Consolidated Financial Statements**

(i) Real estate and buildings leases

The Group leases land and buildings for its offices and factories. The leases of offices typically run for a period of 2 to 5 years, and about 50 years for land. Some leases contain extension options exercisable up to the same period as original contracts before the end of the contract period.

(ii) Other leases

The Group leases office facilities with lease terms of 2 to 5 years. Some lease contracts stipulate that upon the expiration of the lease period, which can extend to the same period as original contracts.

The Group also leases staff dormitories, warehouses, and machine equipment with contract terms within one year. These leases are short-term items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(j) Employee benefit

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Present value of the defined benefit obligations	\$ (28,225)	(22,221)
Fair value of plan assets	56,162	54,495
Net defined benefit assets	<u><u>\$ 27,937</u></u>	<u><u>32,274</u></u>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$56,162 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Group were as follows:

	<u>2023</u>	<u>2022</u>
Defined benefit obligations at January 1	\$ 22,221	26,028
Current service costs and interest costs	311	250
Remeasurements loss (gain):		
— Return on plan assets excluding interest income	6,923	(386)
— financial assumptions	210	(1,453)
Benefits paid	<u>(1,440)</u>	<u>(2,218)</u>
Defined benefit obligations at December 31	<u><u>\$ 28,225</u></u>	<u><u>22,221</u></u>

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	<u>2023</u>	<u>2022</u>
Fair value of plan assets at January 1	\$ 54,495	51,813
Interest income	767	390
Remeasurements loss (gain):		
— Return on plan assets excluding interest income	403	3,983
Contributions paid by the employer	497	527
Benefits paid	<u>-</u>	<u>(2,218)</u>
Fair value of plan assets at December 31	<u><u>\$ 56,162</u></u>	<u><u>54,495</u></u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	<u>2023</u>	<u>2022</u>
Current service costs	\$ -	55
Net interest of net assets for defined benefit obligations and plan assets	<u>(456)</u>	<u>(195)</u>
	<u><u>\$ (456)</u></u>	<u><u>(140)</u></u>
Operating expense	<u><u>\$ (456)</u></u>	<u><u>(140)</u></u>

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**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

5) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Discount rate	1.300 %	1.400 %
Future salary increase rate	2.875 %	2.875 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$497 thousands.

The weighted average lifetime of the defined benefits plans is 7 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

<u>Original actuarial assumptions</u>	<u>Influences of defined benefit assets</u>	
	<u>Increased 0.5%</u>	<u>Decreased 0.5%</u>
December 31, 2023		
Discount rate 1.300%	530	(552)
Future salary increasing rate 2.875%	(528)	512
December 31, 2022		
Discount rate 1.400%	561	(588)
Future salary increasing rate 2.875%	(563)	543

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$36,770 thousands and \$40,481 thousands for the years ended December 31, 2023 and 2022, respectively.

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**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(k) Income taxes

(i) The components of income tax in the years 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Current tax	\$ 76,022	22,883
Deferred tax	(41,168)	37,407
Income tax expense	<u>\$ 34,854</u>	<u>60,290</u>

(ii) The amount of income tax recognized directly in equity or other comprehensive income for 2023 and 2022 were both 0.

(iii) Reconciliation of income tax and profit before tax for 2023 and 2022 is as follows :

	<u>2023</u>	<u>2022</u>
Profit excluding income tax	\$ 117,919	222,118
Income tax using the domestic tax rate	41,043	67,894
Change in provision in prior periods	10,205	(4,113)
Change in unrecognized temporary differences and others	(16,394)	(3,491)
	<u>\$ 34,854</u>	<u>60,290</u>

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Company's foreign subsidiaries have retained earnings, because of the demand of capital expenditures and working capital. The Group expects that some of these retained earnings will not be returned back to the Company in the foreseeable future under the consideration of Group's integral development and investment plan. Hence, the temporary differences are not recognized under deferred tax liabilities. As of December 31, 2023 and 2022, the unrecognized deferred tax liabilities each amounted to \$26,090 thousand for both periods.

2) Unrecognized deferred tax assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Tax effect of deductible temporary differences	\$ 12,264	14,159
The carry forward of unused tax losses	6,002	5,833
	<u>\$ 18,266</u>	<u>19,992</u>

The Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of five to ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

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**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
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As of December 31, 2023, the information of the Group's tax losses are as follows:

<u>Company name</u>	<u>Year o loss</u>	<u>Unused tax loss</u>	<u>Expiry date</u>
AMO	2019 (Approved)	\$ 34,900	2029
AMO	2021 (Approved)	5,113	2031
		<u>\$ 40,013</u>	

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

	<u>Unrealized exchange gain</u>	<u>Income from equity investments under the equity method</u>	<u>Fiscal and tax difference from Depreciation</u>	<u>Total</u>	
<b>Deferred Tax Liabilities:</b>					
Balance at January 1, 2023	\$ 88	65,825	17,503	83,416	
Recognized in profit or loss	(88)	(43,047)	2,526	(40,609)	
Balance at December 31, 2023	<u>\$ -</u>	<u>22,778</u>	<u>20,029</u>	<u>42,807</u>	
Balance at January 1, 2022	\$ -	38,832	16,675	55,507	
Recognized in profit or loss	88	26,993	828	27,909	
Balance at December 31, 2022	<u>\$ 88</u>	<u>65,825</u>	<u>17,503</u>	<u>83,416</u>	
	<u>Unrealized exchange loss</u>	<u>Allowance to reduce inventory</u>	<u>Unused tax losses carry forwards</u>	<u>Others</u>	<u>Total</u>
<b>Deferred Tax Assets:</b>					
Balance at January 1, 2023	\$ -	(9,441)	-	(4,098)	(13,539)
Recognized in profit or loss	(1,630)	818	-	253	(559)
Balance at December 31, 2023	<u>\$ (1,630)</u>	<u>(8,623)</u>	<u>-</u>	<u>(3,845)</u>	<u>(14,098)</u>
Balance at January 1, 2022	(335)	(4,443)	(12,067)	(6,192)	(23,037)
Recognized in profit or loss	335	(4,998)	12,067	2,094	9,498
Balance at December 31, 2022	<u>\$ -</u>	<u>(9,441)</u>	<u>-</u>	<u>(4,098)</u>	<u>(13,539)</u>

(v) Examination and Approval

The Company's tax returns for the years through 2021 were examined and approved by the Taipei National Tax Administration.

(Continued)

**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(l) Capital and other equity

As of December 31, 2023 and 2022, the total value of authorized ordinary shares both were amounted to \$1,000,000 thousand with par value of \$10 per share. As of that date, ordinary shares both were issued amounted to \$770,000 thousand.

(i) Capital surplus

The balances of capital surplus were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Issued share premium	\$ 592,499	592,499
Adjustment of re-segmentation	42,439	42,439
Employee share options	7,847	7,847
	<b><u>\$ 642,785</u></b>	<b><u>642,785</u></b>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

The general meeting of shareholders that held on May 27, 2022, decided to distribute capital surplus resulting from share premium as cash dividend amounted to \$11,550 thousand with \$0.15 per share.

(ii) Retained earnings

The Company's Articles of Incorporation requires that after-tax earnings shall first be offset against any deficit, and 10% of the balance shall be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Aside from the aforesaid, the Company may, under its Articles of Incorporation or as required by the government, appropriate or reverse for special reserve. The remaining balance of the earnings, if any, may be appropriated according to a resolution of a shareholder's meeting.

In consideration of the shareholder's long-term benefit and stable operation, the Company adopts a stable dividends policy. Therefore, cash dividends should not be less than 30% of aggregate dividends

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(Continued)



**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
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2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

Earnings distribution for 2022 and 2021 were decided via the general meeting of shareholders held on June 21, 2023 and May 27, 2022. The relevant dividend distributions to shareholders were as follows.

	<b>2022</b>		<b>2021</b>	
	<b>Amount per share</b>	<b>Total amount</b>	<b>Amount per share</b>	<b>Total amount</b>
Dividends distributed to ordinary shareholders:				
Cash	\$ 1.50	<u><u>115,500</u></u>	0.55	<u><u>42,350</u></u>

Earnings distributions for 2022 and 2021 that decided by the general meeting of shareholders were not different from the resolution of board meeting. Related information would be available at the Market Observation Post System website.

(m) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share at December 31, 2023 and 2022, were based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, calculated as follows:

	<b>2023</b>	<b>2022</b>
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	\$ <u><u>83,065</u></u>	<u><u>161,828</u></u>
Weighted-average number of ordinary shares (thousand shares)	<u><u>77,000</u></u>	<u><u>77,000</u></u>
Basic earnings per share (dollar)	\$ <u><u>1.08</u></u>	<u><u>2.10</u></u>

(Continued)

**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Diluted earnings per share

The calculation of diluted earnings per share as of December 31, 2023 and 2022 were based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares, calculated as follows.

	<u>2023</u>	<u>2022</u>
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company	\$ <u>83,065</u>	<u>161,828</u>
Weighted-average number of ordinary shares (diluted) (thousand shares)	<u>77,382</u>	<u>77,589</u>
Basic earnings per share	\$ <u>1.07</u>	<u>2.09</u>

Weighted-average number of ordinary shares (diluted) (thousand shares):

	<u>2023</u>	<u>2022</u>
Weighted-average number of ordinary shares (basic) (thousand shares)	77,000	77,000
Effect of dilutive potential ordinary shares:		
Effect of employee share bonus	<u>382</u>	<u>589</u>
Weighted average number of ordinary shares (diluted) (thousand and shares)	<u>77,382</u>	<u>77,589</u>

(n) Revenue from contracts with customers

(i) Details of revenue

	<u>2023</u>	<u>2022</u>
Primary geographical markets		
Singapore	\$ 567,530	561,095
Malaysia	518,504	489,746
China	380,517	411,625
Taiwan	227,228	323,986
Ireland	145,218	202,852
Thailand	137,243	181,065
Others	<u>98,899</u>	<u>104,648</u>
	\$ <u>2,075,139</u>	<u>2,275,017</u>

(Continued)

**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>2023</u>	<u>2022</u>
Major products		
Electronic stamping components	\$ 573,652	633,118
Plastic injection	574,580	578,019
Hard disk drive stamping components	449,480	554,048
Automatic machines	357,442	337,069
Others	<u>119,985</u>	<u>172,763</u>
	<u><u>\$ 2,075,139</u></u>	<u><u>2,275,017</u></u>

(ii) Contract balances

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Notes and accounts receivable	\$ 400,719	537,100	527,861
Less: allowance for impairment	<u>(7,176)</u>	<u>(9,734)</u>	<u>(20,862)</u>
Total	<u><u>\$ 393,543</u></u>	<u><u>527,366</u></u>	<u><u>506,999</u></u>

For details on accounts receivable and allowance for impairment, please refer to note 6(b).

(o) Employee compensation and directors' remuneration

In accordance with the articles of incorporation the Company should contribute between 3%~9% of the profit as employee compensation and less than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

The amount of remuneration of each director and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to \$8,321 thousand and \$15,810 thousand, respectively, and directors' remuneration amounting to \$3,566 thousand and \$6,776 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2023. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or lost in the following year.

The amounts mentioned above were identical to those of the actual distributions for 2023 and 2022. The related information can be accessed from the Market Observation Post System website.

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**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(p) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	<u>2023</u>	<u>2022</u>
Rent income	\$ 4,288	4,419
Other income	<u>20,390</u>	<u>19,727</u>
	<u><u>\$ 24,678</u></u>	<u><u>24,146</u></u>

(ii) Other gains and losses

The details of other gains and losses were as follows:

	<u>2023</u>	<u>2022</u>
Foreign exchange gains, net	\$ 18,450	65,146
Gains (losses) on disposals of property, plant and equipment, net	2,929	(23)
Gains (losses) on non-financial assets impairment	157	(6,003)
Others	<u>(484)</u>	<u>(1,342)</u>
	<u><u>\$ 21,052</u></u>	<u><u>57,778</u></u>

(q) Financial instruments

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arises from the Group's accounts receivable.

1) Credit risk exposure

As at reporting date, the carrying amount of financial assets represents the maximum amount exposed to credit risk. For the year end in 2023 and 2022, the maximum amount was \$1,315,616 thousand and \$1,218,821 thousand, respectively. Implicit credit risk of the Group is inherent in its cash and accounts receivable. The cash is deposited in different financial institutions. The Company manages the credit risk exposure with each of these financial institutions and believes that cash do not have a significant credit risk concentration.

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**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Concentration of credit risk

The concentration of credit risk is mainly affected by creditors' rating and the client's industry. As of December 31, 2023 and 2022, 53% and 50%, respectively, of the Group's accounts receivable were concentrated on top five sales clients.

3) For the details of the accounts receivable aging and loss allowance, please refer to note 6 (b).

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Less than 1 years	1-2 years	2-5 years	Over 5 years
<b>December 31, 2023</b>						
Non derivative financial liabilities						
Bank loans	\$ 520,000	527,419	398,460	66,156	62,803	-
Accounts payable (including related parties)	199,890	199,890	199,890	-	-	-
Lease liabilities	100,524	164,339	18,347	18,280	26,469	101,243
Other financial liabilities	245,967	245,967	245,967	-	-	-
	<u><b>\$ 1,066,381</b></u>	<u><b>1,137,615</b></u>	<u><b>862,664</b></u>	<u><b>84,436</b></u>	<u><b>89,272</b></u>	<u><b>101,243</b></u>
<b>December 31, 2022</b>						
Non derivative financial liabilities						
Bank loans	\$ 664,000	675,959	380,467	167,083	128,409	-
Accounts payable (including related parties)	168,375	168,375	168,375	-	-	-
Lease liabilities	112,866	181,286	18,774	18,552	40,844	103,116
Other financial liabilities	291,255	291,255	291,255	-	-	-
	<u><b>\$ 1,236,496</b></u>	<u><b>1,316,875</b></u>	<u><b>858,871</b></u>	<u><b>185,635</b></u>	<u><b>169,253</b></u>	<u><b>103,116</b></u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 10,746	30.71	329,961	20,257	30.71	622,086
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	671	30.71	20,594	740	30.71	22,712

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables, bank loans and trade payables that are denominated in foreign currency. A weakening or strengthening of 1% of the NTD against the Foreign currency as of 31 December, 2023 and 2022 would have decreased or increased the net profit before tax by \$3,094 thousand and \$5,994 thousand, respectively. The analysis is performed on the same basis for 2022.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2023 and 2022, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$18,450 thousand and \$65,146 thousand, respectively.

4) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases a quarter-point when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

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**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

If the interest rate had increased or decreased by a quarter-point, the Group's net income before tax would have increased or decreased by \$520 thousands and \$117 thousands for the year ended 2023 and 2022 with all other variable factors remaining constant. This is mainly due to the Group's financial liabilities in variable-rate loans and deposits.

The Group's fixed-interest-rate financial assets and liabilities are measured at amortized cost. The changes in market rate do not affect the Group's profit or loss on the reporting date. Therefore, the Group does not disclose the sensitivity analysis of the changes in fair value.

(iv) Fair value of financial instruments

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, disclosure of fair value information is not required:

		December 31, 2023				
		Book Value	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	913,450				
Notes and accounts receivable		297,308				
Accounts receivable – related party		96,235				
Other financial assets		8,623				
Subtotal	\$	<u>1,315,616</u>				
Financial liabilities measured at amortized cost						
Long term and short term borrowings	\$	520,000				
Accounts payable (including related parties)		199,890				
Lease liabilities		100,524				
Other financial liabilities		245,967				
Subtotal	\$	<u>1,066,381</u>				

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**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

		December 31, 2022				
		Book Value	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	683,529				
Notes and accounts receivable		458,296				
Accounts receivable – related party		69,070				
Other financial assets		7,926				
Subtotal	\$	<u>1,218,821</u>				
Financial liabilities measured at amortized cost						
Long term and short term borrowings	\$	664,000				
Accounts payable (including related parties)		168,375				
Lease liabilities		112,866				
Other financial liabilities		291,255				
Subtotal	\$	<u>1,236,496</u>				

1) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have quoted price in active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high bid-ask spreads is an indication of non-active market.

The Group's valuation techniques and assumptions used for financial instruments measured at fair value are as follows:

- Measurements of fair value of financial instruments with an active market, such as corporate stock, beneficiary certificate etc., its fair value depends on the market quotation.

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**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

2) There was no transfer between each fair value levels in 2023 and 2022.

(r) Financial risk management

(i) Structure of risk management

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(ii) The Group have exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to note 6(q).

(s) Capital management

The Group's capital management policy is to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital asset purchases and debt service requirements associated with its existing operations over the next 12 months, wherein it also take the debt ratio into consideration to maintain investors, creditors and market confidence, as well as to sustain the future development of the business. The Group's capital management strategy was consistent with that of the prior year, in which the debt ratios of 39% and 42% were taken into account as of December 31, 2023 and 2022, respectively.

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**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(t) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022, were as follows:

(i) Obtain right-of assets by lease, please refer to notes 6(f).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Foreign exchange movement	December 31, 2023
Long-term borrowings	\$ 354,000	(64,000)	-	290,000
Short-term borrowings	310,000	(80,000)	-	230,000
Lease liabilities	112,866	(12,681)	339	100,524
Total liabilities from financing activities	<u>\$ 776,866</u>	<u>(156,681)</u>	<u>339</u>	<u>620,524</u>

	January 1, 2022	Cash flows	Foreign exchange movement	December 31, 2022
Long-term borrowings	\$ 418,000	(64,000)	-	354,000
Short-term borrowings	215,360	94,640	-	310,000
Lease liabilities	56,707	(14,344)	70,503	112,866
Total liabilities from financing activities	<u>\$ 690,067</u>	<u>16,296</u>	<u>70,503</u>	<u>776,866</u>

**(7) Related-party transactions**

(a) Names and relationship with related parties

Name of related party	Relationship with the Group
Min Aik Technology Co., Ltd (MAT)	The entity with significant influence over the Group
Min Aik Technology (M) Sdn. Bhd. (MAM)	Other related party (MAT's subsidiary)
MATC Technology (M) Sdn. Bhd. (MATC)	"
Min Aik Technology (SuZhou) Co., Ltd. (MAY)	"
key management personnel	The Group's major management personnel

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**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales and uncollected receivables by the Group to related parties were as follows:

	<b>Sales</b>		<b>Receivables from related parties</b>	
	<b>2023</b>	<b>2022</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
The entity with significant influence over the Group:				
MAT	\$ 111,027	169,406	44,539	60,303
Other related parties:				
MAM	137,943	152,098	51,682	8,731
Others	313	58	14	36
	<b>\$ 249,283</b>	<b>321,562</b>	<b>96,235</b>	<b>69,070</b>

The payment terms of the Group's sales to related parties is O/A 90~120 day and which term may be changed depend on the Group's operation. The payment terms to non-related parties was normally about two to four months. The selling price to related parties is referred to the market price and negotiated by both parties.

(ii) Purchases

The amounts of significant purchase and payables by the Group from related parties were as follows:

	<b>Purchases</b>		<b>Payables to related parties</b>	
	<b>2023</b>	<b>2022</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
The entity with significant influence over the Group	\$ 12	-	12	-
Other related parties:				
MAY	27,206	45,886	5,857	4,943
	<b>\$ 27,218</b>	<b>45,886</b>	<b>5,869</b>	<b>4,943</b>

- 1) The payment term of purchases from related parties was O/A 30~120 days, and which term may be changed depend on the Group's operation. The purchase price from related parties is referred to the market price and negotiated by both parties
- 2) As of December 31, 2023 and 2022, the prepayment for material to other related parties were USD\$95 thousand and USD\$141 thousand, respectively.

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**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Accepting service and other accounts payable to related parties

	<b>Transaction amount</b>		<b>Other accounts payable – related parties</b>	
	<b>2023</b>	<b>2022</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
The entity with significant influence over the Group	\$ 7,271	5,991	1,284	1,651
Other related parties	354	1,743	13	-
	<u>\$ 7,625</u>	<u>7,734</u>	<u>1,297</u>	<u>1,651</u>

(iv) Rendering of services and other accounts receivable from related parties

	<b>Transaction amount</b>		<b>Other accounts receivable – related parties</b>	
	<b>2023</b>	<b>2022</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
The entity with significant influence over the Group	\$ 819	35	805	37
Other related parties	1,245	1,262	537	897
	<u>\$ 2,064</u>	<u>1,297</u>	<u>1,342</u>	<u>934</u>

(v) Purchases of property, plant and equipment and other accounts payable to related parties

	<b>Transaction amount</b>		<b>Other accounts receivable – related parties</b>	
	<b>2023</b>	<b>2022</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Other related parties	\$ -	205	-	-

(c) Key management personnel compensation

	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 19,997	23,018
Post-employment benefits	219	203
	<u>\$ 20,216</u>	<u>23,221</u>

**(8) Pledged assets**

The carrying values of pledged assets were as follows:

<b>Pledged assets</b>	<b>Object</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Land and buildings	Long-term borrowings	\$ 665,893	668,068
Restricted cash in banks	Guarantee for post release duty payment	1,000	1,000
		<u>\$ 666,893</u>	<u>669,068</u>

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**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(9) Significant contingent liabilities and unrecognized Commitments:**

(a) The Group's unrecognized contractual commitments are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Purchase commitment	\$ <u>74,266</u>	<u>92,936</u>
Acquisition of property, plant and equipment	\$ <u>516</u>	<u>21,467</u>

(b) The guarantee notes issued by the Group for obtaining the bank loan amount and the guarantees provided to the bank for the financing demand are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Issued guarantee notes	\$ <u>1,115,000</u>	<u>937,840</u>
Endorsements and guarantees	\$ <u>73,978</u>	<u>74,937</u>

**(10) Losses Due to Major Disasters: None.**

**(11) Subsequent Events: None.**

**(12) Other:**

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	<b>For the year ended December 31</b>					
	<b>2023</b>			<b>2022</b>		
	<b>Cost of Sale</b>	<b>Operating Expense</b>	<b>Total</b>	<b>Cost of Sale</b>	<b>Operating Expense</b>	<b>Total</b>
<b>By item</b>						
Employee benefits						
Salary	426,431	150,515	576,946	466,090	170,634	636,724
Labor and health insurance	32,990	11,210	44,200	36,592	12,461	49,053
Pension	23,934	12,380	36,314	26,450	13,891	40,341
Others	39,152	9,310	48,462	37,881	8,898	46,779
Depreciation	88,772	16,445	105,217	77,022	20,544	97,566
Amortization	15,318	-	15,318	6,708	-	6,708

(Continued)

## MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (13) Other disclosures:

##### (a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2023:

##### (i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 1)	Maximum limit of fund financing (Note 1)
													Item	Value		
1	Esteem King	The Company	Other accounts receivable-related parties	Yes	178,338	168,878	-	3%	To meet the short-term needs on cash flow	-	Operating capital	-	None	-	460,733	460,733

Note 1: For foreign company in which the Company, directly or indirectly, owned 100% of their shares, the individual and total amount available for financing purposes shall not exceed 50% of the Company's net worth, which was audited or reviewed by Certified Public Accountant.

Note 2: Related transaction have been eliminated during the preparation of the consolidated financial statements.

Note 3: The amounts are approved by the board of directors.

Note 4: The highest balance of financing to other parties during the period was foreign currencies which were translated to New Taiwan Dollars by the highest exchange rate for current year. The ending balance and actual usage amount during the period was foreign currencies which were translated to New Taiwan Dollars by the exchange rate at the reporting date.

##### (ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 2)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Esteem King	(2)	1,863,183	32,425	30,705	-	-	1.65 %	1,863,183	Yes	No	No
0	The Company	Amould (Suzhou)	(2)	1,863,183	44,482	43,273	-	-	2.32 %	1,863,183	Yes	No	Yes

Note 1: Relationship with guarantor:

1. Ordinary business relationship.
2. The Company directly or indirectly owned more than 50% of the subsidiary shares.
3. The counter-party directly or indirectly owned more than 50% of the Company's shares.
4. The Company directly or indirectly owned 90% or more than 90% of subsidiaries' shares.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
7. The companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The amount of the guarantee provided by the Company to any individual entity shall not exceed 10% of the Company's net worth. The subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company shall not exceed the Company's net worth.

Note 3: The total amount of endorsements/guarantees may not exceed the Company's net worth.

Note 4: If highest balance of financing to other parties during the period was foreign currencies which were translated to New Taiwan Dollars by the highest exchange rate for current year. If ending balance and actual usage amount during the period were foreign currencies which were translated to New Taiwan Dollars by the exchange rate at the reporting date.

(Continued)

## MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): None
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Min Aik Technology (M) Sdn. Bhd. (MAM)	The entity with Significant influence over the Group	(Sale)	137,943	(13%)	Note 1	-	-	51,682	19%	
The Company	Min Aik Technology Co., Ltd. (MAT)	"	(Sale)	111,027	(11%)	Note 2	-	-	44,539	17%	

Note 1: Payment term is 105 days; any further adjustment on the term will have to be agreed by both parties.

Note 2: Payment term is 90~120 days; any further adjustment on the term will have to be agreed by both parties.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None
- (ix) Trading in derivative instruments: None
- (x) Business relationships and significant intercompany transactions (only disclose transactions with amounts exceeding NT\$10,000 thousands): None
- (b) Information on investees:

The following is the information on investees for the years 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (loss) of investee	Share of profits /losses of investee	Highest Percentage of ownership	Highest Percentage of ownership	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value					
The Company	Esteem King	Samoa	Investment holding	451,586	451,586	15,079	100.00 %	921,466	97,254	97,254	15,079	100.00 %	Note 1
The Company	Evolution	Hong Kong	Investment holding	145,103	145,103	4,600	100.00 %	10,149	54	54	4,600	100.00 %	Note 1
Esteem King	MATC	Malaysia	Manufacture and selling hard disk components	127,726	127,726	4,427	20.00 %	-	(86,200)	(11,395)	4,427	20.00 %	
Esteem King	MAPP	Singapore	Manufacture and sale medical injection molding	323,449	323,449	10,714	100.00 %	916,525	94,280	94,280	10,714	100.00 %	Note 1

Note 1: The aforementioned investments have been eliminated from the consolidated financial statements.

(Continued)

**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee (Note 2)	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period	Highest balance during the year	
					Outflow	Inflow							Shares/ Units (thousands)	percentage of ownership
Amould (Suzhou)	Design and manufacture automatic machines	213,774	Note1	141,923	-	-	141,923	29,233	100%	29,233	305,962	35,780	-	100%

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
141,923	210,772	1,117,910

Note 1: The Group invests subsidiaries which is via MAPP.

Note 2: Financial statements, which base on the audited and attested by R.O.C. parent Company's CPA.

Note 3: The transactions were eliminated in the preparation of consolidated financial statements.

(iii) Significant transactions with the investees in Mainland China:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions"

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Min Aik Technology CO., LTD		29,787,000	38.68 %
BEACON INVESTMENT LIMITED (MALAYSIA)		24,611,763	31.96 %

(Continued)



## (a) General information

The Group measures segment's profit or loss based on their operating income and use them as the basis for performance evaluation. The accounting policies of operating segments are identical to Note 4 "summary of significant accounting policies".

The Group's operating segment information and reconciliation are as follows:

	2023					
	The Company	MAPP	Amould (Suzhou)	Other segment	Reconciliation and elimination	Total
Revenue						
Revenue from external customers	\$ 1,045,974	625,136	404,029	-	-	2,075,139
Intersegment revenues	-	-	522	-	(522)	-
Total revenue	<u>\$ 1,045,974</u>	<u>625,136</u>	<u>404,551</u>	<u>-</u>	<u>(522)</u>	<u>2,075,139</u>
Reportable segment profit or loss	<u>\$ 3,857</u>	<u>73,989</u>	<u>9,863</u>	<u>(196)</u>	<u>20</u>	<u>87,533</u>
	2022					
	The Company	MAPP	Amould (Suzhou)	Other segment	Reconciliation and elimination	Total
Revenue						
Revenue from external customers	\$ 1,203,566	650,071	421,380	-	-	2,275,017
Intersegment revenues	-	-	8,781	-	(8,781)	-
Total revenue	<u>\$ 1,203,566</u>	<u>650,071</u>	<u>430,161</u>	<u>-</u>	<u>(8,781)</u>	<u>2,275,017</u>
Reportable segment profit or loss	<u>\$ 17,439</u>	<u>102,363</u>	<u>47,152</u>	<u>(211)</u>	<u>13</u>	<u>166,756</u>

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**MIN AIK PRECISION INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Corporate information

- (i) Product information: Please refer to note 6(n).
- (ii) Geographic information: Please refer to note 6(n).
- (iii) Major customers

For the years ended 2023 and 2022, the amounts of Sales to clients representing 10% of net operating revenue were as follows:

<u>Customer</u>	<b>2023</b>	
	<u>Amount</u>	<u>%</u>
A Group	\$ 346,183	17
J Company	344,590	17
Min Aik Technology Co., Ltd. Group	<u>249,283</u>	<u>12</u>
	<u><b>\$ 940,056</b></u>	<u><b>46</b></u>

  

<u>Customer</u>	<b>2022</b>	
	<u>Amount</u>	<u>%</u>
A Group	\$ 356,405	16
Min Aik Technology Co., Ltd. Group	321,562	14
J Company	280,620	12
S Group	<u>244,983</u>	<u>11</u>
	<u><b>\$ 1,203,570</b></u>	<u><b>53</b></u>