

Stock Code:5276



Da Hui Limited
達輝股份有限公司

2023 Annual Report

Notice to readers: This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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7、The list of boards of directors and independent directors established by Taiwan should be added to Dai's main experience:

Title	name	country	Main experience
Chairman	HSU, HUNG-CHON		
Director	HSU, MENG-CHIEH		
Director	Liongate Investments Limited (Representative: CHANG, WEI-HUAN)		
director	CHEN, HSI-CHIN		

Independent director	GOO, YEONG-JIA	ROC	PhD in entrepreneurship, University of Texas, Arlington, USA EMBA Director, Enterprise Research Institute, National Taipei University Director, International Finance and Finance IEMBA, National Taipei University TWSE & TPEX: Review Committee of Listing and over-the-counter Corporate Governance Evaluation Committee of TWSE Director of Taiwan Futures Exchange
Independent director	LEE, JUI-CHU	ROC	Master of Public Administration, National Taiwan University Deputy chairman of Supervisory Committee of the Labor Retirement Fund Finance Department manager of Labor Insurance Office Investigator of The Control Yuan
Independent director	YANG, SHANG-HSIEN	ROC	Accounting major bachelor degree of Tamkang University Partnership accountant of Baker Tilly International Limited Taiwan. Partnership accountant of Lianjie Accounting Firm

8、Name, title, contact telephone number and e-mail box of the designated agent in Taiwan:

Agent Name: HSU, MENG-CHIEH
Contact Tel:+886-2-26497298

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I. Letter to Shareholders

1. 2023 Business Report

(1) Operating Performance

The company's consolidated operating income in 2023 was NT\$790,586,000, a decrease of NT\$132,766,000, or approximately 14.37%, from the consolidated operating income in 2022 of NT\$923,352,000. The net loss for this period was NT\$28,020,000, a decrease of NT\$5,735,000 compared with the net profit of NT\$29,330,000 in 2022. The loss per share was 0.71 yuan.

(2) Consolidated financial results and Profitability analysis

Unit: NT\$ thousands

Analysis item \ year		2023	2022
financial results	Net sales	790,586	923,352
	Gross profit	671,632	794,626
	Operating income	118,954	128,726
	Operating Expense	105,620	98,268
	Operating income	13,334	30,458
	Non-operating income(loss)	-19,036	21,769
	Pre-tax income	-5,702	52,227
	Net income/(loss)	-28,020	29,330

Analysis item \ year		2023	2022
financial results	Return on assets (%)	-3.27	3.73
	Return on shareholders' equity (%)	-5.20	5.44
	Operating income to Capital (%)	3.38	7.71
	Pre-tax income to Capital(%)	-1.44	13.22
	Net income(%)	-3.54	3.18
	Basic after-tax EPS (NT\$)	-0.71	0.74

(3) Research and development status

In response to the U.S.-China trade war, the customer moved production out of China and entrusted our company to Sun Company in Vietnam to undertake the LED lamp assembly OEM business. We will manufacture and produce according to the customer's design and inspection specifications and cooperate with the expansion of production capacity..

In terms of infant and toddler products, the cooperation with the infant and toddler product design team was not as effective as expected, and the proportion of products was gradually reduced, and future development was re-planned as appropriate. In the locomotive category products, energy saving, environmental

In terms of motorcycle products, we cooperate with the product research and development plans of various motorcycle manufacturers to strengthen the development and design of lamps and digital computers in order to meet customer needs in terms of quality, price, and delivery time.

2、Business Plan for 2024

In terms of infant and toddler safety products, the cooperation with the infant and toddler product design team was not as effective as expected, and the proportion of products was gradually reduced. The

company focused on investing in companies for self-development, and existing equipment was re-planned for future development.

In terms of motorcycle products, the company has strengthened its cooperation with various motorcycle manufacturers in Malaysia and continued to deepen its development and design capabilities for motorcycle lights. In addition to continuing to meet customer needs and pursue excellence in terms of quality, price, delivery time, etc., it is also committed to Deepen customer cultivation to expand future supply items and regions.

In terms of LED lamp assembly business, we will continue to improve quality, production capacity and delivery time, strengthen the cooperative relationship between the company and customers, and expand product lines and business scope.

In terms of financial investment, in August 2022, 35% of the equity of the reinvested company YUNZE WELLNESS CO., LTD. was exchanged for the ordinary shares of Chihua Co., Ltd. In addition to reducing liquidity risks, the operating conditions of Qihua Co., Ltd. are stable. For the acquisition Make a profit contribution.

In the future, the company will continue to adopt a stable and down-to-earth business strategy, and in compliance with government laws and regulations, continuously improve the company's competitiveness, seek innovation and change to maintain the company's stable growth; I believe that in the future, the company will continue to work under the urging of the board of directors and all shareholders. Under this, the company's development goals will surely be achieved.

Finally, I sincerely thank all shareholders, ladies and gentlemen, for your long-term support and encouragement. I would like to express my most sincere gratitude and wish you good health and all the best.

Sincerely yours,
Chairman CEO & President
HSU, HUNG-CHON

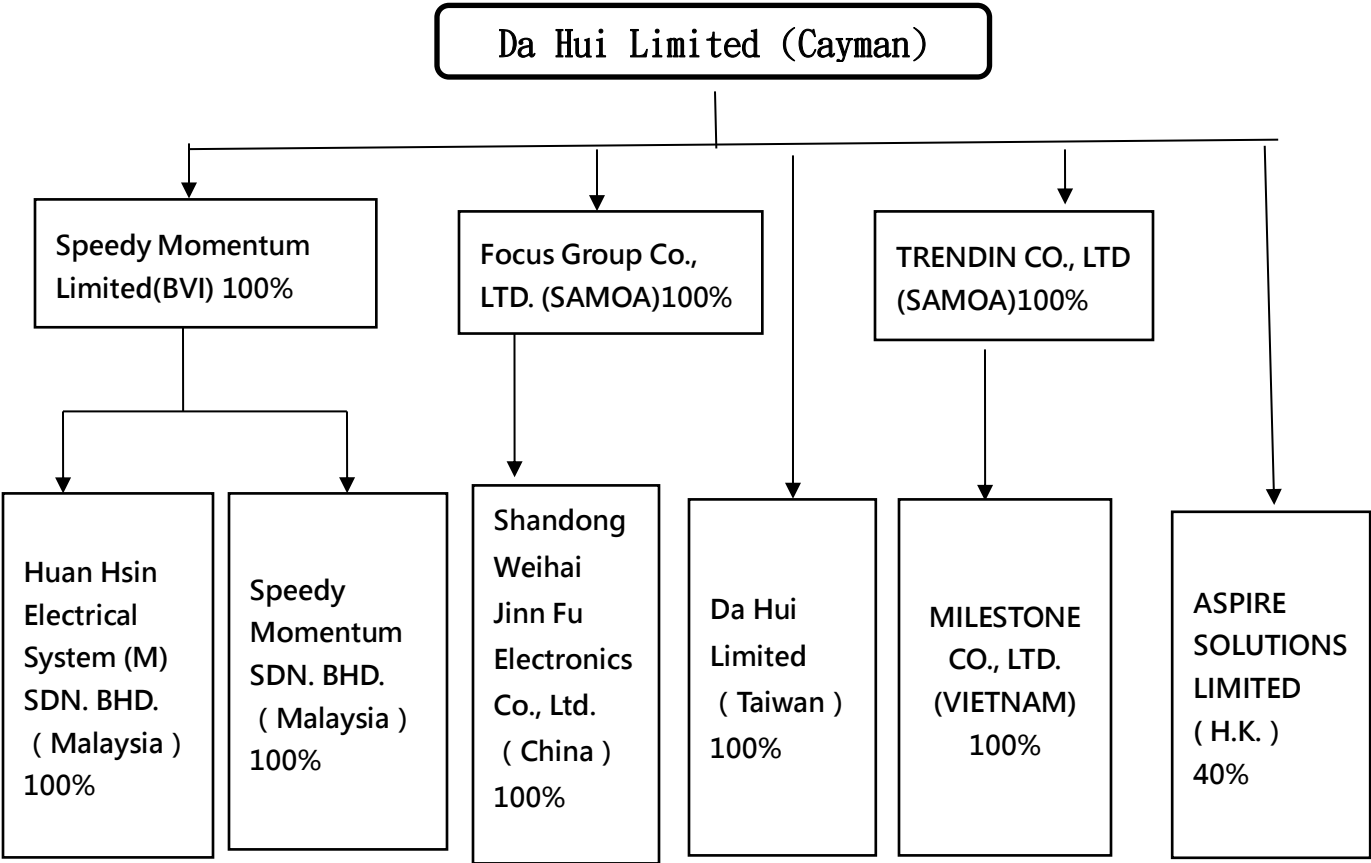
II. Company Profile

2.1 Company Profile

2.1.1 Company and the Group Company Introduction

Da Hui Limited (Hereinafter referred to as "the company" or "Dahui Company") was established on December 1, 2011 registered in the British Caymand Islands. (hereinafter referred to as "Caymand"). The company is an investment holding company via the third-place holding company to invest in Shandong Weihai Jinn Fu Electronics Co., Ltd., Huan Shin Electrical System (M) SDN. BHD., Speedy Momentum SDN. BHD. and Man Yi Co., Ltd. The company invests automotive child safety seats, child safety equipment and locomotive components manufacturing. The company's core value is commitment to meet customer needs and expectations. The business is throughout the Americas and Malaysia market. The core customers are mainly the United States children's products well-known manufacturers and Japanese and Malaysian well-known locomotive manufacturers. Make use of QCDS (Quality, cost, Delivery, service) as the company's business philosophy in product design and manufacturing. The company strengthens the internal team integration and quality of strict control, and thus provides customers with more accurate and stable products. The company has obtained ISO9001 international Professional certification.

2.1.2 The Group organization Chart :



Note: On August 26, 2022, 35% of the shares of YUNZE WELLNESS CO., LTD., were exchanged for 2,000,000 ordinary shares of CHI HUA FITNESS CO.,LTD.

2.2 Company History :

- 1995 : The company founder set up Wide Channel Sdn. Bhd., in Malaysia and build up the factory in Kedah, engaged in locomotive dedicated wiring harness production, access to SUZUKI 2W wiring cooperation.
- 1996 : The company changed its name to Huan Hsin Electrical System (M) Sdn. Bhd .The company' s capital was MYR 500 thousand and obtained industrial tax incentive for the period 1997-2001. The main production items are: wiring harness, locomotive stopwatch and floating barrel
- 2000 : The company founder established Speedy Momentum Sdn. Bhd..The company 'capital was MYR 1 million and obtained industrial tax incentive. Mainly engaged in locomotive stopwatch and floating barrel production.
- 2001 : Huan Hsin Electrical System established automated wire shear production equipment to reduce manufacturing costs and increase production speed.
- 2003 : Malaysia subsidiary obtained ISO-9001:2000 International Quality Assurance Certification Standard certificate. Obtain the trust of customer Hong Leong Yamaha Motor, set up R&D department, with the development and manufacture of locomotive headlights.
- 2004 : Malaysia subsidiary ERP system imported Online.
- 2005 : The establishment of product trust testing laboratory, the acquisition of vibration testing system, temperature and humidity testing machine, dust testing machine, high-temperature heat-resistant testing machine and saline spraying test machine and other professional equipment to control product manufacturing standards and quality. Huan Hsin Electrical System was Motosikal Dan Enjin Nasional Sdn. Bhd. Rated as "Best Project participating Supplier"
- 2006 : The establishment of locomotive stopwatch inner machine production line.
- 2007 : The company funder invested in the establishment of Weihai

- Jin Fu Electronics Co., Ltd., registered capital of RMB 1 million, engaged in children's car seat and children's safety gate production.
- 2008 : In order to expand the business, invested in MYR 2.6 million to buy the new plant located in PKNK, Malaysia.
Huan Hsin Electrical System establishes a wiring harness conveyor belt production system to improve production efficiency.
Huan Hsin Electrical System was named "Supplier of the Year" by Hong Leong Yamaha Motor.
Weihai JinFu obtained ISO-9001:2000 International quality Assurance Certification Standard certificate.
- 2009 : Malaysia subsidiary obtained ISO 9,001:2008 International Quality Assurance Certification Standard certificate.
The new plant in Malaysia was inaugurated in May 2009 and officially relocated and put into production.
Speedy Momentum was named "Supplier of the Year" by Hong Leong Yamaha Motor.
- 2010 : Speedy Momentum被Armstrong Auto Parts sdn. bhd. rated as "Supplier of the Year" and "Best contribution supplier to help reduce costs".
Speedy Momentum was named "Supplier of the Year" by Boon Siew Honda Sdn. Bhd.
Weihai Jinn Fu' s retained earnings surplus transferred to capital of RMB 28.13 million, and the registered capital changed to RMB 29.13 million.
- 2011 : The company funder.set up Da Hui Limited (Chinese name: 達輝股份有限公司) in the British Cayman Islands in December.
The Da Hui Limited Taipei Office was officially operational.
The Malaysian subsidiary had added 2.5D projectors and metallographic testing machine equipment to enhance quality control.
Weihai JinFu by Shandong Weihai People's government awarded the 2010 Annual Import and export advanced enterprises.
- 2012 : Da hui Limited.Taipei subsidiary established in November.
- 2013 : The restructuring of the equity structure was completed in

- April.
- 2014: Shares Public offering on April 25, 2014. (Stock code 5276)
Listed as a primary OTC listing in Taiwan on June 12.
- 2015: Zhengding Co., Ltd. was established in Samoa in April.
Man Yi Co., Ltd. was established in Vietnam in December.
- 2017: The company acquired Curves Taiwan District 35% shares who
owns the exclusive franchise rights and brand to manage
related business in March.
- 2019: Negotiate the partner of baby and young children products
and sign a joint venture agreement.
- 2022; Signed a share exchange contract with CHI HUA FITNESS CO., LTD.

2.3 Risk Issues :

2.3.1 Risk Factors

(1) Issuer must disclose the risk items of that overseas sales office or subsidiary if any single overseas sales office or subsidiary meets the criteria as significant subsidiary within recent accounting year or within the accounting year applying for listing OTC:

Our main business is in the research, development, manufacturing, and sales of motorcycle wiring harness, motorcycle lighting, motorcycle code table, and child safety seat. Those which meet significant sales point or subsidiary “criteria are Weihai Jinn Fu Electronics Co., Ltd (abbreviation as Weihai Jinn Fu), Huan Hsin Electrical System (M) Sdn. Bhd. (as Huan Hsin) 及 Speedy Momentum Sdn. Bhd. (as Speedy Momentum), their risks regarding macro economy, political environment, foreign exchange control, taxation, other relevant regulations, or if the government recognizes Taiwan civil court verdict or order will be disclosed in page 4.

(2) To disclose the risk factors and correspondence actions of the

Macro economy, political environment change, relevant regulation, foreign exchange control, and taxation of the country of incorporation of the foreign issuer and country of main place of operation.

Furthermore, to disclose the risk of rejection of Taiwan civil court verdict or order. The company is incorporated in Cayman Islands, since there is no economic activity, and the disclosure will be made short. However, since the major operation areas are in China and Malaysia, the macro economy, political environment change, relevant regulations, foreign exchange policy, taxation, and risk factors will be assessed and disclosed.

1) Place of Incorporation: Cayman Islands

① Macro economy, political environment change

Cayman Islands are a British Overseas Territory in West Indies, located 167 miles northwest to Jamaica, 460 miles south to Miami in the Caribbean; the capital city is George Town, the most important source of revenue comes from financial services, and it has become the world's 5th largest financial market center after New York, London, Tokyo, and Hong Kong. Cayman Islands have been long enjoying political stability, English as the official language. There are 5 types of incorporation: Ordinary Company, Ordinary Non-Resident Company, Exempted Company, Exempted Limited Duration Company, Foreign Company. The most well-known is Exempted Company which is not allowing to operate locally, but frequently be utilized by corporate or individual for financial planning purposes. In addition, the government is trying to lift the quality and reputation of its financial system and signed "Mutual Legal Assistance Treaty" with

USA, to allied with USA in defending and fighting against the international criminal organization utilizing Cayman Islands financial system in illegal trade.

In sum, our company is a holding company incorporated in Cayman Islands, as Exempted Company, no substantial business activity in Cayman Islands; Cayman Islands are also very stable in political environment, as world 5th largest financial center. And there is no significant influence on our business operation under macro economy and political environment conditions.

②Foreign exchange control, taxation, and regulations

There is no foreign exchange control in Cayman Islands, and for Exempted Company, except for the annual license fee, no need to pay income tax or VAT. In addition, since our Company has received tax exempted commitment for Cayman Islands, and according to “Tax Concessions Law” (revised in 1999), 20 years from the commitment, any practice or code in Profit, Income, Gains, or Appreciation will not applied to our Company or business, and there is no need to pay tax or VAT, if any profit or income from company stock or bond, or other payables. The main regulation to Exempted Company as following:

- A. Except for promoting the business outside of Cayman Islands, Exempted Company is not allowed to have any business transaction with any individual or company within Cayman Islands.
- B. Except approved by Finance Secretary of Cayman Islands, Exempted Company is not allowed to sell its stock share or bond to the citizen of Cayman Islands, and is not allowed to hold any land in Cayman Islands.
- C. The Cayman Islands Corporation Law does not required to hold annual shareholders’ meeting, the Exempted Company must hold hareholders’ meeting and board meeting according to our company

chapter, however the place is not limited to Cayman Islands. Our company has passed resolution in the shareholders' meeting on July 12th, 2012, that the company has to hold an annual shareholders' meeting with 6 months after closing the accounting year, and our company chapter also requires the place and time in holding shareholders' meeting shall according to the resolution from board meeting, and except required by Cayman Islands Corporate Law, shareholders' meeting shall be held in ROC.

D. The issue of new share must be approved by board meeting. Our company chapter requires any issue of new share shall be within the approved capital and shall be approved by over 50% with above 2/3 of attendants of board members; and shall not issue bearer stock.

E. The Exempted Company does not need to provide detail shareholder information to Cayman Islands Registration office. But our company chapter requires the Board should maintain one or few copies of the Shareholders List in Cayman Islands, ROC where the company registered, and any other places according to the Board resolution, and the Shareholders List has to record: (A) each shareholder's name, address, shares, and the type of the stock share, if share been paid (B) the date the shareholder been recorded on the list (C) the date the shareholder leave.

F. The Shareholder List of the Exempted Company is not open to the public, but according to our company chapter, the Shareholders List must be placed at where the company registers in ROC; the shareholder once providing his stake documents and specified the checking scope, has the right to perform audit, review, or copy.

G. The Exempted Company could apply tax exempt certification to Cayman Islands, and the duration of the first commitment is valid for 20

year and can be extended upon due.

H. The Exempted Company can apply for cancellation or move the registration to another jurisdiction area.

I. The Exempted Company can be registered to an Exempted Limited Duration Company which required at least 2 shareholders and maximum term for 30 years. Since the protection to minority shareholders in Cayman Islands is quite different from ROC or another jurisdiction area, to protect Taiwan investors' rights, and to fulfill the requirements of Taiwan Stock Exchange Act, Corporate Law, and other legislation or authorities, our company has modified the company chapter but within the acceptable scope of Cayman Islands regulation. As the result, the Cayman Islands taxation or regulations have not significant influence on company's whole operation.

③ If recognize the jurisdiction and the enforce the verdict from Taiwan civil court

A. The risk to file a claim

As a Cayman Islands registered company, and not certified according to the code of Taiwan Corporate Law, our company chapter has specified that company shall not prohibit any shareholder to file any lawsuit to the legislation authorities in pursuing his right in case of unlawful or inappropriate in calling for a shareholders' meeting or resolution from the meeting, and if there is any legal filing as mentioned above, the jurisdiction of Taiwan Taipei District Court will be in the first instance. According to OTC requirement, our company will appoint an advocate, however, case by case according to the conditions, the Court is also possible to request investor to specify the overseas regulation the legal case

involved, hence not all of the lawsuits will reach a judicator from Taiwan Court.

B. The risk in the recognition the jurisdiction

Cayman Islands regulation does not specify the jurisdiction from Taiwan Court will be enforced in Cayman Islands, but according to the Common Law, the jurisdiction from Taiwan Court shall meet the criteria for the court of Cayman Islands to enforce if recognize the jurisdiction:

- a. The foreign court has the jurisdiction to proceed the verdict.
- b. The verdict clearly states the liquidated sum.
- c. It is final verdict.
- d. Shall not related to tax payable, penalty, or fine.
- e. The proceed in reaching the verdict shall not against righteousness or fairness principle or public policy of Cayman Islands, and the recognition and enforcement of the verdict shall not violate the righteousness or fairness principle or public policy of Cayman Island.
- f. If for any reason the court of Cayman Islands does not recognize the jurisdiction of Taiwan Court, the investor shall not ask to enforce the order, and the investor shall face the risk of overseas claim. The investor shall understand the law and the risk when purchases stocks issued by foreign issuer.

④ If Taiwan can extradite defendant

The Financial Service Department of Cayman Islands has signed “International Organization of Securities Commissions Multilateral MOU” (IOSCO MMOU), and according to the MOU, Taiwan Financial Supervisory Commission of can request from Cayman Islands financial supervisory commission for the company related information or file including but not limited to: current period records to restructure the transactions of derivative financial products (incl. money or asset transfer information with bank or other in and out transaction accounts). But the MOU states no clause regarding extradition, hence Taiwan could not ask for extraditing the defendant from Cayman

Islands. To sum up, Taiwan is facing the risk to extradite the defendant for court action.

2)important location in operation: China

①Macro economy, political environment change

According to the economy growth forecast in China performed by International Monetary Fund (IMF) in October 2010, the GDP growth is forecasted to be 10.5% in 2010, and 9.6% in 2011. And, according to the biweekly international economic situation analysis by Chung-Hua Institution for Economic Research, China GDP in 2011 will be low in the beginning and higher during year end, the whole year GDP growth will exceed 9%.

And with the increase of economy strength, the price of real estate will continue rise. To control the real estate price and inhibit speculating transaction, China government has implemented a series of regulation policy to cool down the market and to prevent bubble economy. Though the policy has tumbled the stock market and brought dramatic effect to the economy and the market, further to the financial service sector, the domestic demand industry is still relative attractive. According to General Administration of Customs of China, total import and export value in foreign trade at USD 2.97 trillion in 2010, increased by 34.7% annually, that including export trading at USD 1.58 trillion, 31.3% of annual increase, and import at USD 1.95 trillion, 38.7% of annual increase. Around the imported items, iron ore at 6,200 million tons decreased by 1.4% annually, soybean 54.8 million tons by 28.8% increased annually, electronics USD 660.3 billion by 34.4% increased, automobile 810 thousand by 93.4% increased. The figures indicate that the local consumption demand is rising gradually.

In additional, according to China Statistic Bureau, the consumer

confidence index has achieved 102.9 in November 2010, indicates the return of consumer confidence level, and the consumption will continue to increase. China government's plan by increase the domestic demand in maintaining the economy stable and balance the economy system has received a great result, and with the help of economy recovery, the rising of China dramatic domestic consumer demand, will also drive the its Asia neighborhood demand. Though European credit crisis might possibly influence China export to Europe, it's not going to depressing the global economic recovery momentum, that means, in general, the export from China will maintain a stable growth. In addition, China political environment is quite stable, with trade surplus and foreign deposits ranked number one worldwide, and with very conservative financial system, it was not affected by 2008 global financial turmoil. Therefore, since China government has adopted a stable but high development macro economy strategy, and under current moderate easy money policy, most of the analysts are in favor of China economy recovery, and there is a chance that China will be the first one to recovery from the recession.

② Foreign exchange control, taxation, and regulation

A. Since 1978, China foreign exchange control has been moved from highly centralized planning toward market mechanism. And, starting from 1994, China has implemented a new foreign exchange management system, move even further to embrace the market mechanism. The first step is the practice of unification of foreign exchange, based on the market demand, provide single, floating exchange rate system. The second step is the practice of foreign exchange settlement system in banks, gradually towards the free settlement of RMB exchange, and finally set up the

foreign exchange market within banks and maintain a relative reasonable and stable RMB exchange rate. In fact, the RMB exchange rate is quite affected by China politics and global political and economy environment, from July 21, 2005, China government has adopted a floating exchange rate policy, RMB exchange rate no longer pegged with USD, and adopts one basket exchange rate policy. Under that policy, RMB exchange rate can float in a small fluctuation, but to protect the export industry and to maintain the export competitiveness, China government strongly prevents its appreciation, therefore the RMB exchange rate is undervalued.

Globe continue to press China government, and thinks China should adopt more floating rate policy, as the result, it might cause the appreciation of RMB exchange rate to USD. The change of RMB exchange rate to USD might bring unfavorable impact to our group cash flow, profit, and earnings.

China government has implemented several foreign exchange control rules, practices, and notices, with limited tolerance in RMB exchange, accordingly, foreign entities could settle the RMB to other foreign currency with appointed foreign exchange banks (for example to pay profits or dividends to the overseas investors). The State Administration of Foreign Exchange has very strict control over capital paid in item, our subsidiaries are all legally set up and registered, and the capital increases are all approved and recorded by related Department and Bureau.

The State Administration of Foreign Exchange started to record the foreign debt under goods trading in 2008: from July 14, 2008, the advance payment (the foreign exchange received earlier than exporting date stated in the contract, or actual

exporting date) must process the registration of advance payment, and report the settlement when export declaration at custom, or report unexpected return of foreign exchange. And from Oct. 1, 2008, delay payment (the actual payment date later than 90 days of import date, or later than the contract specified payment date) must process the registration of delay payment, and to record settlement when payment made. The accumulated amount of advance or delay payments shall not exceed 10% of total import foreign exchange of previous year. And from Dec. 23, 2008, the percentage of the export advance payment, import delay payment changes from 10-% to 25%. If not registered according to the above described, entity cannot process the foreign exchange at bank, and may also fine by The State Administration of Foreign Exchange,

B. The limitation on the payment of dividends or fund transfer

Weihai Jinn Fu is the major operation profit source of our company, therefore our company' s cash dividend policy will be affected by the cash dividend or retained earning policy of China subsidiary which affected by China regulation and limitation in dividend, transfer of cash, or foreign exchange control, and the change of foreign exchange rate, therefore the company cannot take total control the conditions. China law, regulation, and practice only allow the subsidiary to pay dividend from retained the earnings according to China Accepted Accounting Principle. According to the requirement, the subsidiary need to have correspondent detail practice in company chapter; it is required to retain 10% of the profit after tax based on China GAAP as legal reserve, and if any difference between China and Taiwan GAAP, before the payout, it must comply with related China taxation. According to "Enterprise Income Tax Law of PRC" (new China Enterprise Income Tax Law) in March 16, 2007, and the practice by the State Council of PRC, China enterprise pays dividends to "nonresident enterprise" (not registered in China, but the source of income from China, or registered in China, but the income is not relevant) is required to pay 10% China Income Tax (subject to any related income tax code). If our company or non-China subsidiary is recognized as non-resident enterprise, the dividend received might need to pay 10% China income tax. To sum up, our company' s cash dividend payment might affect by the law, taxation, or foreign exchange rate policy of China subsidiary. Except for dividend, other payouts from subsidiary to our company also subjects to the approval and taxation of China government. And any fund transfer from our

group to China subsidiary, shareholder loan or capital increase is required to register and approval of China authority, that will highly affect the free flow of cash between our group and China subsidiary, and therefore limited the ability and flexibility to market change. In addition, China subsidiary is registered as independent legal entity, when the subsidiary files bankrupt, insolvency, restructure, liquidation, or sales of assets, other creditors (including trading partners, or who hold the bonds issued by subsidiary) have the priority to receive the payment or asset. The dividend payment or other payout will be complied with the related regulations, the investors are suggested to further study or to consult with expertise with regards to the holding company and taxation that might affect the benefits of you as an investor.

C. Corporate Income Tax and VAT:

- (A) According to “Foreign Investment Enterprise and Foreign Enterprise Income Tax Law” (Foreign Enterprise Income Tax Law,) in Jan 1, 2008, the foreign investment enterprise and foreign enterprise (foreign enterprise, thereafter) registered in China also subject to 30% corporate income tax, 5% local income tax, and VAT. China government also provide preferential policy including tax exempt, rate reducing, tax return and others to foreign enterprise and company if they fulfill the criteria. The Foreign Enterprise Income Tax Law and the Practices (both effective on July 1, 1991, and abolished on January 1, 2008) states the foreign enterprises registered in special economic zone or in economic and technologic zone with production, the income tax reduced to 15%; productive foreign enterprise operates over 10 years, from the profit year, the first and second year exempted from the enterprise income tax, and from third to fifth year reduce 50% of the enterprise income tax (2 exemption 3 reduction), and if the annual value of export consisting above 70% of total year production, after exemption and reduction period, can enjoy 50% reduction of the enterprise income tax; for those at special economic zone and economic and technologic zone and pay 15% enterprise income tax, once fulfill the above criteria, the enterprise income tax at 10%.
- (B) From January 1, 2008, according to new China Enterprise Income Tax Law, and the Practice, domestic or foreign enterprise both adopt 25% enterprise income tax and cancel several tax exempt and preferential policy to foreign enterprise, and for those under tax preferential, 5 years after effective of

new China Enterprise Income Tax Law, the preferential tax rate will gradually increase to 25%. And regarding to the VAT, domestic sales or processing provider. Repair service provider, importer entity or individual are the VAT taxpayer, the VAT rate is between 13%~17%, but for exports is 0%. According to the new China Enterprise Income Tax Law and Practice, if incorporated outside of China but “actual management agent “in China, the enterprise will be recognized as “citizen enterprise”, a citizen enterprise shall pay 25% enterprise income tax for all income receive in China and overseas.

- (C)The State Council placed a notice (the 39th notice) concerning the transaction period on December 26, 2007, that, for those under preferential policy or tax exempted enterprises, for example no change to the enterprise under “2 exemption 3 reduction “until the period fulfilled. But for those have not yet enjoy the preferential policy due to no profit generated before the implementation the new China Enterprise Income Tax Law, the preferential will be counted from the implementation of new Law and Practices.
- (D)According to the new China Enterprise Income Tax Law and Practices Article 57 and the 39th Notice, enterprise registered before the announcement of new law, based on the original law and regulation, can still enjoy the enterprise income tax preferential policy, and starting from January 1, 2008, 5 years after the effectiveness of new China Enterprise Income Tax Law will gradually move toward the legal tax rate. Among those enjoy 15% enterprise income tax, the tax rate will be 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011, and 25% in 2012.
- (E)For VAT, “Provisional Regulations of the People’s Republic of China on Value-added Tax” (VAT Provisional Regulation) revised on November 5, 2008, and effective from January 1, 2009. According to the original VAT regulation (December 13, 1993), the VAT (output tax) from the purchase of fixed assets was not deductible from sale VAT, but the new VAT Provisional Regulation has deleted the practice, that is the VAT will be possible to deducted from sales VAT.

The tax preferential period, current tax rate, and actual tax rate of Weihai Jinn Fu are stated below:

Company Name	Preferential Period	Yr 2012	
		Applied	

		rate	
Weihai Jinn Fu	2007.3.8~2012.12.31	12.5%	Weihai Jinn Fu

Weihai Jinn Fu might not be possible to enjoy the current preferential tax benefit.

D. Withholding Tax

According to new China Enterprise Income Tax Law and Practices, if our company is recognized as “citizen enterprise” in China, and the investor as “non-citizen enterprise” (not registered in China, but the source of income from China, or registered in China, but the income is not relevant), the investor will pay 10% income tax from the dividend received. If the investor is recognized as “citizen enterprise”, the investor must pay 25% enterprise income tax on the income received in China and overseas. Once qualified as citizen enterprise, the dividends, investment income from equality will be tax free income. If our company will be recognized as “citizen enterprise” is not so clear, but if our company be classified as “citizen enterprise”, the “non-citizen enterprise” investors shall pay China tax once receive dividend from our company, and “citizen enterprise” investors though shall not pay China income tax from dividend but the profit from the transfer of shares shall pay tax. If according to new China Enterprise Income Tax Law, our company shall withhold tax from overseas shareholders dividend payment. And if investors must pay income tax upon the transfer of shares, it will have negative effect to investors’ investment value. Our company suggests the investors must understand the situation and consult with expert.

E. Tariff and Custom Duty

Two parts as import duty and export duty; import duty including the Most-favored-nation Rate of Duty (MFN rate), Agreed Rate, Preferential Rate, normal rate, Tariff quota rate. Import goods might implement provisional tax rate within certain period. Export duty might also implement provision tax rate within certain period. In general, if the Origin country or area has no MFN treaty nor Customs reciprocal agreement with China, the rate will be according to the normal rate. If the Origin country or area has MFN treaty or Customs reciprocal agreement with China, will be according to the MFN rate. Currently, there are 7,868 tax items, most are Ad Valorem (MFN rate from 0 to 65%, normal rate for 0 to 270%), some are Specific Duty (e.g., frozen chicken, beer, crude oil), and compound duty (e.g. video player, digital camera). Recent years, the import duty has gradually decreased, the average rate from 43.2% in 1992 to 15.3% in 2001 when in World Trade Organization and reduced to 9.8% in 2009. There are 346 tax items, the rate from 20% to 50% with 4 seasonal duty.

F. Labor Contract Law

The "Labor Contract Law" was effective from January 1, 2008, that once the enterprise hired the worker (incl. probation period), from the first day of hiring, and latest within one month, both parties must sign a written labor contract, and 2 months wages shall be paid for every month of delay. To terminate the contract, the employer must pay the compensation. If employer provide a same or better contract, but employee refuses to renew the contract, employer is exempted from the compensation payment. The compensation must be calculated according to the years of services but does not need to count the service year before 2008. In general, every full year of service will be compensated for one month of the wages, if over 6 months but less than a year, will be considered as one year, and if less than 6 months shall be compensated for half-month wages. If there is no written employment contract, once the

arbitral awards reached and the employment relationship last more than a month, employer must pay 2 times the monthly wages, and must pay compensation based on the calculation specified above, and there is no period of exemption. According the “Labor Contract Law), employer also has to pay compensation to employee even with open-ended terms of employment contract. If employee back to work after the illness and medical period (from 3 months to 2 years, depends on the case), and is not capable for the task, employer must pay compensation if to terminate the employment contract. Employer must pay 3 times wages for over-time on legal holidays. To terminate more than 20 employees or above 10% of the total workers, employer must receive employs’ opinion first and report to labor authorities. When an employee has full 15 years of services, and less than 5 years to his retirement, the employer cannot terminate the service neither with no faulty dismiss nor for economic reasons. Employee must pay 2 times of the compensation, if the termination violates the Labor Contract Law, or to terminate an employment contract. Due to cheap labor in China, the enterprises are possible to export low value-added products worldwide and win the name as World Factory. Once the Labor Contract Law implemented, the labor cost will increase substantially at enterprise, the enterprise will lose the benefit and no longer possible to embrace the cheap labor. However, Weihai Jinn Fu is not labor intensive industry, therefore the new Labor Contract Law will not have too much effect to the company.

③If recognize the jurisdiction of Taiwan civil court

According to “the Supreme People’s Court on the People’s Courts’ Recognition of Civil Judgments of the Relevant Courts of the Taiwan Region” and “Supplementary Provisions of the Supreme People’s Court on the People’s Courts’ Recognition of Civil Judgments of the Relevant Courts of the Taiwan Region” by the Supreme People’ s court of PRC, the jurisdiction of Taiwan civil court will be recognized, if the following conditions are not met:

A. Violate one China principle

B. The effect of jurisdiction is uncertain

C. The jurisdiction was made at the absent of defendant as summon was not made, or the defendant did not have the capacity to litigate and no proper agent was appointed.

D. The People's Court has the exclusive jurisdiction

E. An arbitration agreement has been made between these 2 parties

F. The jurisdiction has been made by the People's Court of PRC, or the jurisdiction done overseas has been recognized by the People's Court of PRC.

G. The jurisdiction is against the basic principle of PRC law, or damage to the public interest.

To sum up, according to China regulation, if the jurisdiction from Taiwan Civil court meet the above criteria, it shall be recognized and enforced by China. Vice versa, therefore cannot exclude the risk that the jurisdiction from Taiwan Civil court cannot receive the recognition and enforcement by the People's Court of PRC.

3) Malaysia, important location in operation

① Macro economy, political environment change

Zeti, governor of Bank Negara Malaysia, said, if European debt crisis deteriorate, triggering the global economic recession, it is possible the global financial tsunami in 2008 to 2009 will re-appear, but Asia countries, including Malaysia, with solid financial system, balance of payments surplus and high-level of international foreign exchange reserve, will play a good buffer and soon recover from global recession.

Malaysia economy experienced a 1.7% shrink in 2009, and even higher shrink of the first quarter by 6.2%, but strong rebounded in 2010, growth by 7.2%, showing obviously economy resilience in Malaysia. Zeti said to sustain the economy growth, the Malaysia will maintain will maintain an overnight interbank call-loan rate of 3%. Due to the continuously change of external environment, Malaysia will keep high attention on the development of international economy.

Zeti also clarified, that taking consideration of European Debt factors, the annual economy growth of Malaysia forecast at 4% to 5%. Though export in April slightly lower than last year by 0.1%, but due to active private investment activities, growth by over 10%, strong domestic demand, the consumption expenditure growth by 7%, the 2nd half year was expected to grow.

According to 2016 IMD, Global Competitiveness Report, Malaysia was ranked 19th at score of 84.12 among 61 economy entities, fall from 14th in 2015. However, it was 4th in Asia-Pacific region, only lower than Hong Kong (1st), Singapore (4th), Taiwan (14th), but better than Korea (29th), PRC (25th) and Japan (26th).

Mustapa, ministry of International Trade and Industry (MITI), explained, the increase in competitiveness reflecting the practices, including administrative efficiency, transparency, and accountability, to improve economy competitiveness were effective. The enterprise efficiency assessment ranked 6th this year, better than 14th last year, and government efficiency from 17th to 13th. But the economy performance fall from 7th to 10th, mainly because the slow growth in employment opportunity, and higher CPI. The infrastructure from 27th to 26th. Malaysia government continuously focus in improving health protection, environment protection, education and science infrastructure, in order to become top 10 global most competitiveness countries.

② Foreign exchange control, taxation, and regulation

Start from April 2007, Malaysia government has easing and removed most of the foreign exchange control, allowing cash, profit, dividend, royalty, rental freely remitted in and out of Malaysia. The central bank of Malaysia announced in May 2011, in order to reduce the business cost and improving the economy competitiveness, starting from June 1, 2011, a further easing foreign exchange administrative practice, abolishing the financial control in domestic enterprise direct invest overseas, and in domestic financing and trading financing. The Malaysia market analyst thinks, with the gradually stable of financial system, Malaysia government will continue to ease the foreign exchange control in order to accelerate inter-country fund moving, and therefore promote the market. That will increase the investors' interest to invest in Malaysia, at the same time encourage more Malaysia enterprises to invest overseas.

Our subsidiary in Malaysia can borrow Malaysian Ringgit or other foreign currency from domestic banks, and the use of different currency is also without significant foreign exchange control, therefore the foreign exchange rate control in Malaysia has no influence to our company.

The enterprise operation income tax has been decreased to 25% from 2009, and from January 2008, the Single Tier Tax System will replace Imputation System, transition period from 2008 to 2013. Under Imputation System, the enterprise income tax paid can all or partially deducted to shareholder' s income tax; and under Single Tier Tax System, the enterprise pay income tax, and shareholder will not need to pay income tax on the dividend, that including overseas shareholder. The simplified taxation system will have no unfavorable effect to our company.

③If recognize the jurisdiction of Taiwan civil court

The recognition and enforcement of foreign jurisdiction is according to "Reciprocal Enforcement of Judgments At 1958" , since Taiwan is not the reciprocal country, the recognition and enforcement shall base on the Common Law of Malaysia. To have Malaysia recognize the jurisdiction of Taiwan civil court, the applicant has to file a new suit to Malaysia district court, and the jurisdiction has to fulfill the following condition:

- A. Shall be a fixed amount of money jurisdiction, and not for paying tax, fine , penalty or any similar to fine
- B. The court jurisdiction shall be recognized by Malaysia court
- C. It is a final verdict

According to the opinion letter about Malaysia Law, if the above condition ratified, the verdict from Taiwan court will normally have the recognition and enforcement from Malaysia Court, unless a party of the jurisdiction transfer the contest to and accepted by Malaysia court:

- A. The original jurisdiction was obtained based on fraud
- B. The enforcement of the foreign jurisdiction against Malaysia' s public policy
- C. The procedure in obtaining the jurisdiction violates fairness and righteousness.

To sum up, if our civil court jurisdiction meets the above criteria, in general will have the recognition and enforcement from Malaysia court, and there is no significant risk in recognition and enforcement.

4) Vietnam, important location in operation

①Macro economy, political environment change

Vietnam is the easternmost country on the Indochina Peninsula, bordered by China to the north, Laos to the east, and Cambodia to the southwest, total borderline by 4,639km, and coastline by 3,444km, total country area by 331,410 square kilometer, total population by 94.3 million, 92% literacy rate, education level is lower than neighborhood countries. The capital city is Hanoi, major industrial and commercial centers including Hanoi, Haiphong, Ho Chi Minh, Dong Nhai, Binh Duong, Da Nang. Vietnam is a socialism country, ruled by Communist Party of Vietnam, political stable. Nguyen Phi Truong was reelected General Secretary of the Communist Party of Vietnam at the 12th National Congress in 2016, continued in open-door policy. Vietnam is divided into 63 administrative divisions, provinces and cities, including 5 municipality, Hanoi, Ho Chi Minh, Haiphong, Da Nang, and Can Tho. Vietnam is a developing country in emerging markets, young demographic structure, very active in economic activities. Baby boom generation after Vietnam War in 1975, is growing up, become the major labor force and the driving force to Vietnam economy growth. 90 million of population also enough to support the domestic market. The government is aggressive in attracting foreign investment and development policy, the GDP growth at over 5% in recent 10 years, drawing lots of attention due to high growth rate. Since 1986, the government adopted an open-door policy, and the economy system starting to integrate with international system. In 1987, implementing Foreign Investment Law, in 2007 joining, in 2011, the “2011-2020 Social Economy Development Strategy” and “2011-2015 Social Economy Development Plan”, all have help to integrate to international economy, and to move to modern industrial economy entity. But the high economy growth also accompanied with the risk of high inflation rate. In 2008 global financial tsunami, Vietnam was suffering an inflation rate of 22.97%. To control the high inflation, the government has implemented a series of tight monetary policy with strict credit control and raised the required reserve ratio; in 2011, the inflation rate at 18.58%, and fall to 6.04% in 2013, and to 4.1% in 2014 (end of 2014 at 1.8%). In 2015, it is further reduced to 0.67%, the lowest with 14 years, far lower than the target rate 5% set by the State Bank of Vietnam (SBV). The inflation is effectively controlled, and economy become stable. According to 2015-2016 global competitiveness report from World Economic Forum, Vietnam ranked 56th among

148 countries, with biggest improvement (68th in 2014–2015) in Southeast Asia. It is because the low inflation rate and the improvement of economy growth; the growth in technology manpower, improvement in transportation, electricity and communication infrastructure, the macro economy is showing a high growth tendency.

In addition, to stimulate the market, SBV has reduced the discount rate and refinancing rate by 0.5%, reduced the deposit rate, provided favorable housing loan, and the stock market recovered during 2nd quarter of 2013, making GDP to increase from 5.03% in 2012 to 5.98% in 2014, and 6.7% in 2015, and achieve the government target. The government forecast the GDP to be 7.2% in 2016; the GDP in first quarter at 5.46%, slightly lower than 2015' s 5.9%, mainly because the 1.23% low growth rate in agriculture, forest, and fishing sectors. The GDP in industry and building is at 6.72%, service and trading at 6/13%. It shows that the Vietnam economy has moving from traditional agriculture forest fishing to industrial service sectors.

Since America suspended the quantitative easing policy (QE), the global economy gradually recovers though very slow, but the domestic demand in Vietnam experienced a very strong growth, the GDP rose to 6.7% in 2015, from 5.98% in 2014, up by 0.7%. SBV has a series of lowering interest and easing monetary policy since March 2012, refinance rate from 14% in 2012 down to 6.5% as of today. That policy providing suffering fund and driving the investment force, helps the private and enterprise investment actives very much, and therefore the economy and commercial activities will be more prosperity in the further. Total export at USD162.4 billion, increased by 8.1% vs 2014, while export from Vietnam companies at USD47.3 billion, decreased by 3.5%, and foreign companies at USD115.1million (incl. cruel oil) increased 13.8%. With regards to the export market, America is the biggest market by USD33.5 million, grew by 17%, 20.6% of the total export amount, EU, the 2nd largest, at USD30.9 million, grew by 10.7%, ASEAN at USD18.3 billion, decreased by 4.2%, China USD17 million up by13.7%, Japan USD14.1 billion, down by 4%, Korea USD 9 billion up by 25.2%. Total import at USD165.6 billion in 2015, YOY increased by 12%, incl. from Vietnam companies at USD67.6 billion increased by 6.3%, foreign companies at USD 98 billion up by 16.4%. With regards to the import market, China maintained the biggest source of import at USD 49.3 billion up by 12.9% in 2015; the trade deficit at USD 3.2 billion, incl. from Vietnam companies at USD 20.3 billion, but the foreign companies on the

contrast at trade surplus USD17.1 billion.

Vietnam political environment is quite stable, the most important foreign policy is attracting foreign investment, and effectively lower the unfavorable political factors to the foreign investment, therefore Vietnam continuously signs the investment protection agreements with various countries, including some world organization, such as WTO, AEC, ASEM, APEC, and eagerly participates in RECP and ETA, in addition has signed the EAEU agreement.

International investments grow gradually, the economy growth rate is 5.42% in 2013, 5.98% in 2014, and 6.68% in 2015.

Looking forward to the future macro economy development in Vietnam, according to IMF' s June 2016 report, Vietnam is expecting to have an economy growth by 6.2%, and according to ADB' s March 2016 report, even more optimistic at GDP growth by 6.7% in 2016 and 6.5% in 2017. Vietnam government forecasts 2016 to grow at 6.7%.

② Foreign exchange control, taxation, and regulation

A. Foreign exchange control:

Vietnam is a foreign exchange control country, the capital and profit transmission in and out has to be according to the foreign exchange control practice (#28/2005/PL-UBTVQH11) in December 13, 2005, and #06/2013/UBTVQH13 in March 13, 2013. Based on the following practices, foreign investors could transfer out the direct investment profit from Vietnam:

(A) The source of fund transfer out

The funds from direct investments, loans, interests and expenses from foreign loan, and other income from direct investment at Vietnam can be remitted out, that including the conditions such as registered capital, dissolving or terminating of FDI, reduction of capital, fulfilled or liquidating or terminating a investment plan or contract based on the investment code.

(B) The conditions to transmit the foreign exchange

a. Before remitting the profit, all the fiscal obligation to Vietnam government has to be fulfilled.

b. Except other conditions specified by law, that is: (a) The foreign investor changes the legal entity due to dissolve, termination, or transfer of capital, therefore terminates the direct investment capital account (DICA) to be transferred out through foreign exchange or VND.

(b). Remitting the balance from fund prepared for investment after the

investment approval, or except for investment not approved or could not continue the direct investment at Vietnam, the remittance of capital has to be remitted through the DICA of approved credit organization. That remittance has to be done through an foreign investor' s foreign currency account, the capital remitted in, from approved bank, and the approved credit organization could ask to check all documents regarding the remittance, such as approval of capital and source of profit.

provide

c. If there are accumulated losses (income after paying Vietnam tax), the dividend to the foreign investors could not be remitted out to Vietnam.

d. The foreign investor or the invested company has to report to the tax authority at least 7 days before the remittance.

(C) The timing of remitting out

a. During end of accounting year, the foreign company has fulfilled all fiscal duties to Vietnam government, and published the financial reports audit and certified by CPA, and complete the corporate tax filing, then the foreign investor can remit the profits out of Vietnam.

b. When the direct investment item is completed, before the remittance, the foreign investor has to fulfill all of the fiscal duties to Vietnam government, and published the financial report audit and certified by CPA, and completed all of the corporate income tax filing to tax authority, and then, the investor could remit eat profit out of Vietnam.

(D) Another requirement

a. According to the foreign exchange practice #70-2014-NDCP on July 17, 2014, all merchandise and service payments through account transfer or cash payment, have to be done by authorized credit organization bank. In addition, according to this new practice (the replacement of 160-2006-ND-CP), the foreign exchange received from export has to transfer to the foreign currency account at the authorized bank, for any exception has to be approved by SBV. The purchase, transfer, or carry out foreign exchange overseas, the user has to provide documents credit organization required, but not need to provide the duty payment certificate. Regarding foreign direct investment enterprise remitting VTD overseas, it is permitted that foreign investor to transfer through an authorized credit organization, and within 30 days if to overseas

account. According to the new practice, authorized credit organization has to fulfill the resident's and non-resident's foreign exchange requirements.

b. Vietnam foreign enterprise can possess the foreign exchange from trading or other legal process, and maintain a foreign exchange account at a legalized Vietnam bank. The foreign enterprise could use the foreign exchange under following purposes:

- (a) Merchandise and service fee payments
- (b) Merchandise and service fee pay to domestic organization or individual which is permitted to receive foreign exchange
- (c) Payoff the foreign exchange loan to domestic or overseas
- (d) Sell to a financial organization which is permitted in foreign exchange business
- (e) Investment in foreign exchange securities
- (f) Project investment or remittance overseas
- (g) Pay for employee's overseas traveling expenses, or for the foreign employee's salary, bonus, or compensations.

c. Pay dividend

According to Vietnam invest act #67/2014/QH13, article 11 (1) foreign investor could remit the dividends from the invests or business activities once fulfilled the required Vietnam tax duties; and currently the dividends remitted out is free of tax, that is no tax has to pay from the investment profits.

B. Corporate income tax and VAT:

According to the corporate law #14/2008/QH12 (effective on Jan 1, 2009), and #32/2013/QH13 (effective June 19, 2013), from January 1, 2014, the business income tax rate decreases from 25% to 22%, and from January 1, 2016, further to 20%, except for those enterprises that the annual revenue under VND 20 million will be taxed at 20%. For those zones and industrial plan projects that are under preferential investment conditions, the rate will be 10% and 20%; and for oil and gas industry, and industry in searching, exploring, and mining for natural rare resources, will have rate from 32% to 50% according to each project and enterprise. An enterprise might have maximum 4 years tax exempt and 9 years thereafter 50% tax deduction if the new investment at certain zone or project items. Vietnam congress passed the value-added tax #13/2008/Qh12 on June 3, 2008,

then the amendments #31/2013/QH13 on June 19, 2013, #71/2014/QH13 on November 21, 2014, and #106/2016/QH13 on April 4, 2016 (to be effective on July 1, 2016):

(A)Taxable subject

Except for those fulfill Article 5 from value-added business tax law and exempt the VAT tax, all merchandises and services manufactured, purchased/sold, and utilized in Vietnam must pay value added tax.

(B)Taxpayer

Those organization or individual who manufacture, purchase/sell merchandise and service, and those organization and individual who import the merchandise classified to pay VAT.

(C)Tax rates: 0%, 5%, and 10 %

a. Including export goods and service, international transportation, and Article 5 specific no VAT when the goods or service exported; excluding:

(a)Overseas technology transfer, intellectual property rights transfer

(b)Overseas reinsurance services

(c)Credit services

(d)Refinancing services

(e)Derivative financial services

(f)Post and telecommunication services

(g)Except for the export of unprocessed mineral outputs specified on Article 5, #23 of the value-added business tax law.

The export goods and service defined as goods and service provided outside of Vietnam, or non-customs territory; and the goods and services to foreign customers.

b. For goods and services VAT at 5%, incl:

(a)Pure water for production and daily life

(b)Mineral products for production, medical products and pesticide for stock farming and agriculture.

(c)Agriculture irrigation, planting, pest control, preliminary processing of agriculture products and services.

(d)Unprocessed marine products, agriculture products, and stock farming products, and except for items from Article 5 #1

(e)Roughing rubber latex, roughing pine oil, fishing net weaving yarn, fiber etc.

(f)Fresh food, unprocessed forest products, wood, bamboo, and except

for items from Article 5 #1

(g)Cane sugar can sugar products, incl. syrup, bagasse

(h)Jute, bulrush, bamboo products, other handcraft products from agricultural raw material; roughing cotton, printing paper

(I)Medical equipment and material; cotton for medical purpose, sanitary pads, chemical and therapy medicine and material

(j)Teaching and learning tools, including models, drawing, blackboard, chalk, ruler, compass, and other teaching, researching, and lab equipment or tools.

(k)Culture, exhibition, sport, gymnastic activities; art performance, filming; video tape import, issue, and play

(l)Children toy; all type of books, and except for the books from Article 5 #1

(m)Technology services according to technology law

(n)The service for the sale, rent, and leasing of Social housing according the real estate business law.

C. For 10% VAT including those goods and services specified in Article 8 #1 and 2.

D. Labor Law

The labor law (#10/2012/QH13) was passed by congress on June 18, 2012, and effective from May 1, 2013.

(A)Labor Contract

The salary during probation must be at least 85% of normal salary.

(B)Salary Policy

Employers must provide copies of Salary Lists to the responsible authorities. Vietnam will not interfere the salary negation, but only required employers must follow at least the minimum wages to employees and required the employers to have 10 days prentice to employees if any form or type of salary payment changed.

In addition to article 97, item 1 and 2, the overtime or nightshift wages must be 20% more to the regular wages or 20% above dayshift.

(C)Legal Hours

The working hours cannot exceed 8 hours per day, and 48 hours per week.

The employees could set up the working hours per day, per week. For employees in a heavy duty, poisonous or hazard working condition

(specified by Labor department and Health department), the working hours

cannot exceed 6 hours per day.

(D)Overtime

Overtime wages is 1.5 times if OT during weekday, 2 time during weekend, and 3 times on national holidays and paid leaves. If OT at night, except for the above, must pay additional 20% of the wages.

In addition, the daily OT hours cannot exceed 50% of the normal daily working hours, and if during weekend, the total working hours plus OT hours cannot exceed 12 hours. The monthly total OT hours cannot exceed 30 hours, and total 200 hours in a year (except for other specified, but cannot exceed 300 hours in a year)

(E)Holiday

The employers must pay wages on holiday leave, and if the holiday is right during weekend, or next day will be compensatory leave. Vietnam holiday as listed below:

- a. New year: one day on January 1st.
- b. Lunar new year: 5 days.
- c. Tet Hung Voong: Lunar calendar March 10, one day
- d. Victory day: April 30th, one day
- e. Labor' s day: May 1, one day
- f. National Celebration day: September 2nd, one day

The employees can have 10 days holiday paid leave, including 5 days on Lunar new year holiday; the foreign employees in Vietnam can have one more day leave on their traditional holiday and one day on their national celebration day, additional to the above list. And according to the law, employees can have annual leave with 12 months full service. In general, the annual leave is 12 working days. Employees under 18 years old, and in a heavy duty, poisonous or hazard working condition, or is disabled, the annual leave shall be 14 days. For employees in a heavy duty, poisonous or hazard working condition, the annual leave is 16 days. In addition, the annual leave will be added 1 more day for every 5 years of services. And, the marriage leave is 3 days; 1 day when employee' s children getting marry. The bereavement leave is 3 days for the death of employee' s parents (and in law' s), spouse, child. And one day leave for the death of employee' s grandparents (and in law' s) and siblings, marriage of his father, mother, or siblings, by prentice to his employer. The paid leave for prenatal and postnatal total at 6 months. In

additional, for male employee who paid social insurance, can have (a) 5 leave days during the childbirth; (b) 7 days if have a caesarean section delivery or premature in 32 weeks; (c) 10 days when with twins, and additional 3 more day for every baby after the 2nd baby; (d) 14 days for caesarean section delivery of twins or more.

(F)Female employees

The employer must apply gender equality in hiring, wage paid, training, working hours, resting hours, and all other policies. If there is any vacant and suitable for both male and female, the employer must hire female in the priority under same qualification and condition. Except that the enterprise is close the business operation, the employer cannot dismiss or terminate an employment contract because the female employee is married, pregnant, in maternity leave, or nursing baby under 12 months. Female employee has the right to terminate the employment contract without paying and compensation, if there is a certification issued by doctor that engages in labor activities will cause malnutrition to the fetus.

(G)Child Labor

Child labor is defined as labor under 18 years old. Vietnam government prohibits the abuse of child labor, and except for specified tasks such as for army or social activities, the enterprise cannot hire child under 13 years old, and for child labor between 15 and 18 years old, the working hours are limited to 8 hours per day, 40 hours per week; for child labor under 15 years old, limited to 4 hours per day, and 20 hours per week, and cannot hire child labor to work in nightshift (except for army or social activities specified)

(H)Retirement

The official retirement, male at 60 years old, and female at 55 years old, however, might have different practices at some other special field, and environment. For those in high technological professional field, or in management, the retirement can be extended but not more than 5 years.

(I)Labor social insurance, medical insurance, and unemployment insurance

There are 3 types of social insurance, including social insurance, medical insurance, and unemployment insurance, all Vietnam employees are required to participate in these 3 insurance programs. The total social insurance fee is 32.5% of employee' s monthly wage, employer is responsible for 22% and employee 10.5%. The fee is deducted directly from the paycheck and

paid through employer.

For social insurance fee, the salary insured is according to the salary from employment contract, employer and employee is responsible for 18% and 8% respectively.

For medical insurance, from July 1, 2009, the employer and employee are responsible for 3% and 1.5% respectively.

For unemployment insurance, from January 2009, employer and employee is both responsible for 1%.

(J)Labor union

The local labor organization and industrial labor organization are responsible to consult and set up of labor union in the enterprise if the enterprise begin to operate but no labor union is organized, or when the new enterprise starts to operate in 6 months. Before the enterprise has its own labor union, the local labor organization or industrial labor organization will appoint temporarily the labor committee.

The employer must provide the office for labor union and provide necessary information and ensure the running of labor union. The full-timer in labor union will be paid by labor union and enjoy the same benefits to the other employee in the enterprise.

(K)Minimum wage

Vietnam government has announced on November 14, 2015 the practice #122/2015/ND-CP, that from January 1, 1016, increase the minimum wage of Vietnam employee, and continuously execute the commitment in 2007 when joined WTO that “by 2012 domestic and foreign enterprise will have the Sam salary level.”

Effective from January 1,1016, the minimum wage in each zone is specified as below:

Unit: VTD million

Zone	Vietnam enterpris e			Foreign enterpris e		
	After	Befo re	% changed	After	Before	% changed
Zone 1	3.5	3.1	12.9%	3.5	3.1	12.9%
Zone 2	3.1	2.75	12.7%	3.1	2.75	12.7%
Zone 3	2.7	2.4	12.5%	2.7	2.4	12.5%

Zone 4	2.4	2.15	11.6%	2.4	2.15	11.6%
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③If recognize the jurisdiction of Taiwan civil court

Taipei Economic and Cultural Representative Office in Vietnam and Vietnam Economic and Cultural Representative Office in Taipei have signed “the mutual legal assistance agreement “on April 12, 2010. According that agreement Article 20, a party must recognize and enforce the jurisdiction of the other party, if under the following conditions:

- A The jurisdiction is the final court’ s judgement, valid, and enforceable.
- B The appeal must be made to the authority according to the Agreement.
- C The jurisdiction is valid and does not violate the Vietnam law; or though Vietnam has not yet recognized or enforced the jurisdiction, but the jurisdiction has been recognized by third country; or the case has not yet file to Vietnam court.
- D The jurisdiction was made at the condition that the process is legal, and the right of the legal party or the representative party has been protected.
- E The recognition and enforcement will not violate or conflict with Vietnam’ s safety, public policy, or basic law principle.

In addition, according Vietnam’ s code of civil procedure, article 342.1 in 2004, Vietnam will recognize the jurisdiction from Taiwan civil court, including but not limited to: A. Civil case; B. Business case; C. Labor case; D. Marriage or family incident case; and E. Property related in criminal case. But according article 9.1 of the Agreement, if the enforcement will bring damage in safety, social order, basic legal principle or substantial interest, Viet man might refuse the recognition of jurisdiction.

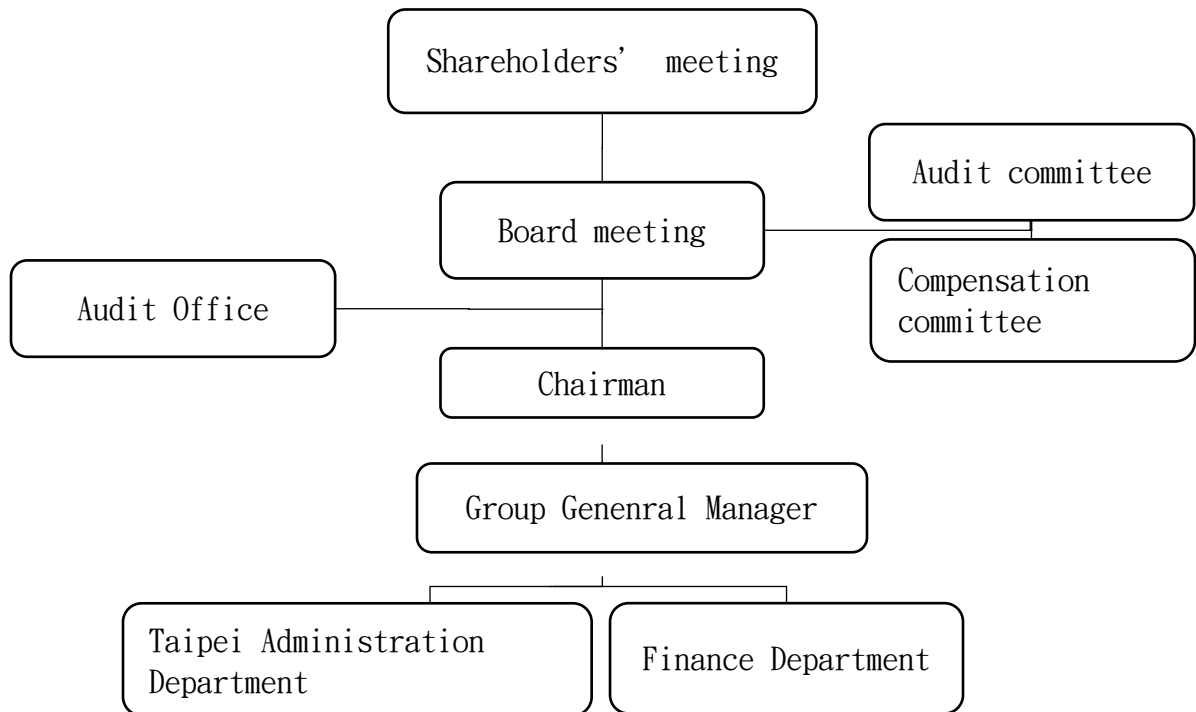
To have Vietnam recognize the jurisdiction, the appeal must follow required procedure of Vietnam. Therefore, the jurisdiction will not be recognized, if: A. The civil jurisdiction is not legally enforceable; B. No summon notice has been delivered to the party or the representative; Vietnam is the one to have that special jurisdiction; D. The jurisdiction has been made and closed by another foreign country and has been recognized by Vietnam, or the case already file to Vietnam court and is under legal processing; E. The enforcement period is expired; F. The recognition and enforcement of the jurisdiction will violate Vietnam’ s basic law principle.

Hence, the jurisdiction will be recognized and enforced by Vietnam court if fulfill the required conditions.

III. Corporate Governance Report

3.1 、Organization

3.1.1 organization Chart



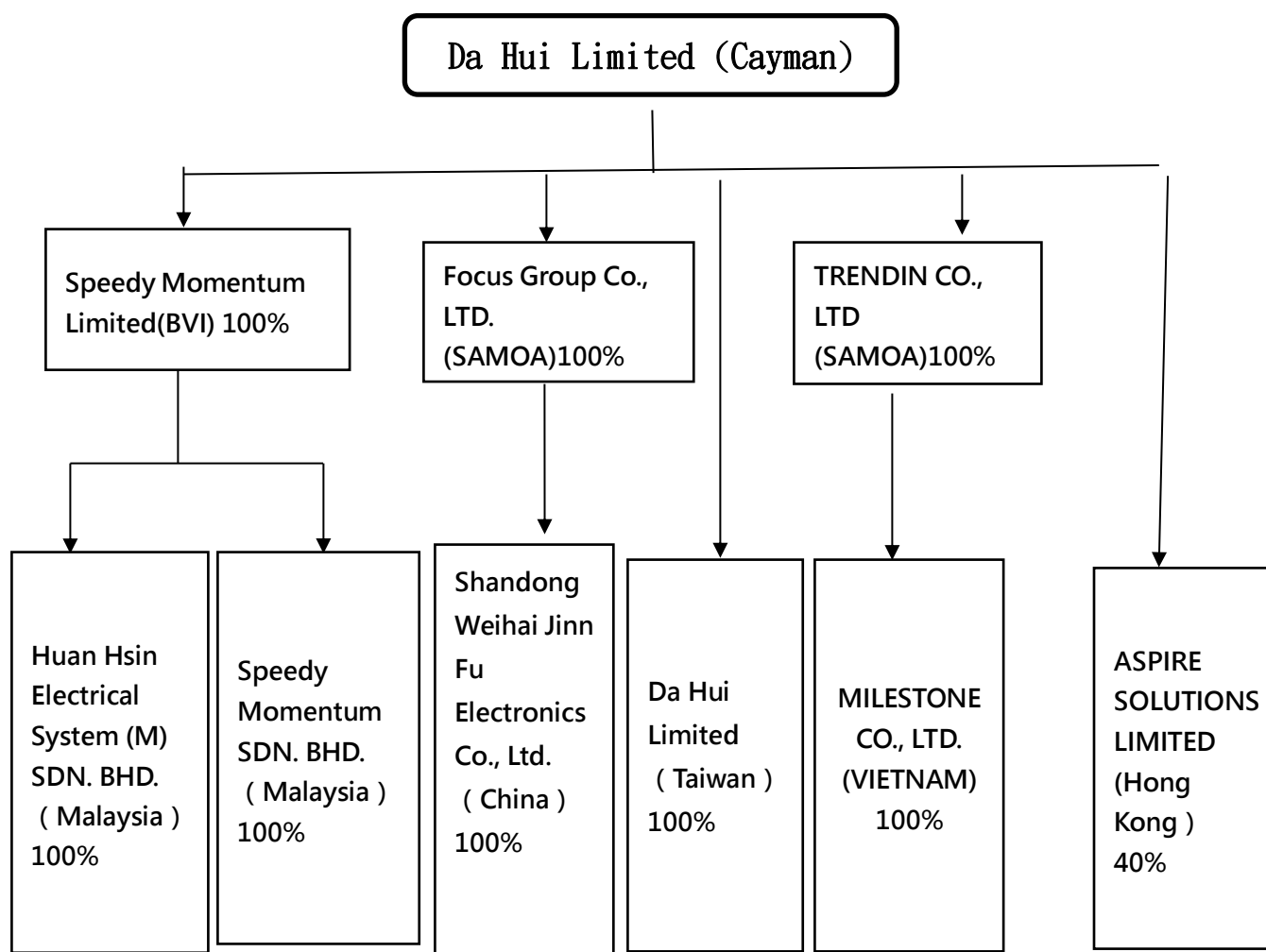
3.1.2 Major Corporate Functions

Department	Functions
Finance Dept	1) management and operation of finance, financial institutes intercourse, credit control and cashier; and 2) Responsible for the summarization and supply of accounting information ; and 3) The preparation ,analysis and review of Annual financial statements.
Taipei Administration Dept	1) Planning and execution of general Taiwan IR information affairs, stock affairs, listed company affairs ; and 2) The board and shareholders' meeting affairs
Audit Office	1) Assist the Board and managers to inspect and review the lack

Department	Functions
	<p>of internal control system; and</p> <p>2) To identify deficiencies in the internal control system, assess the effectiveness and efficiency of operations, and provide appropriate improvement suggestions to ensure the effectiveness of the internal control system as well as for continuous improvement.</p>

3.1.3 Related Parties Chart

(1) Related Parties Chart



Note: On August 26, 2022, 35% of the shares of YUNZE WELLNESS CO., LTD., were exchanged for 2,000,000 ordinary shares of CHI HUA FITNESS CO., LTD.

(2)The relationship between the company and the related enterprises,
the proportion of mutual shareholding, the shares and the actual
investment amount

December 31, 2023 unit:
thousand/thousand shares

Name of related enterprises	relationship	The company investment			Ownership of the company		
		%	shares	Investment amount	%	shares	Investment amount
Da Hui Limited (Taiwan)	subsidiary	100%	600	24,641	–	–	–
Speedy Momentum Limited (BVI) Ltd.	subsidiary	100%	2	312,494	–	–	–
Focus Group Co., Ltd. (SAMOA)	subsidiary	100%	8,758	9,955	–	–	–
TRENDIN CO., LTD	subsidiary	100%	2,550	76,034	–	–	–
Aspire Solutions Limited (Hong Kong)	subsidiary	40%	2,000	0	–	–	–
Shandong Weihai Jinn Fu Electronics Co., Ltd. (China)	grandson company	100%	Note	9,698	–	–	–
Huan Hsin Electrical System (M) Sdn Bhd. (Malaysian)	grandson company	100%	500	241,226	–	–	–
Speedy Momentum Sdn. Bhd. (Malaysian)	grandson company	100%	1,000	63,752	–	–	–
MILESTONE CO., LTD. (Vietnam)	grandson company	100%	Note	81,077	–	–	–

Note : company limited without shares.

3.2 Directors, Supervisors and Management Team

3.2.1 Directors, Supervisors

(1) Directors (the company set up audit committee)

May 31, 2025

Title	Nationality/ Country of Origin	Name	Gender/Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	shares	%	shares	%			Title	Name	Relation	
Director/Chairman	ROC	HSU, HUNG-CHON	Male/61~70	Aug 18, 2021	3	July 4, 2012	24,999	50%	0	0	0	0	16,321	41.32 (Note 2)	Taipei Private Taipei Senior High School Chairman of Huan Hsin Holdings Limited Chairman of Huan Hsin Holdings Limited(HK)	Chairman of Huan Hsin Holdings Limited Director of TODAY'S POLICY LIMITED Chairman of Krispy Kreme Taiwan Director of TRADE WIND BIOTECH CO., LTD.	Director	HSU, MENG-CHIEH	Father and son	Note 1
Director	ROC	HSU, MENG-CHIEH	Male/41~50	Aug 18, 2022	3	Aug 18, 2021	0	0	0	0	0	0	0	0	San Jose State University	Quan Hung Gourmet Co., Ltd. Chairman Special Assistant	Chairman	HSU, HUNG-CHON CHANG, WEI-HUAN	Father and son brother-in-law	Note 1
	British Virgin Islands	Liongate Investments Limited	-	Aug 18, 2021	3 年	June 11, 2015	16,321	41.32	16,321	41.32	-	-	0	0	-	-	-	-	-	
Director	ROC	representative : CHANG, WEI-HUAN	Male/41~50	Aug 18, 2021	3	August 10, 2015	0	0	0	0	0	0	0	0	Central Washington university	Vice General Manager of Shandong Weihai Jinn Fu Electronics Co., Ltd	Chairman	HSU, HUNG-CHON HSU, MENG-CHIEH	Father and son in law brother-in-law	

Title	Nationality/ Country of Origin	Name	Gender/ Age	Date Elect ed	Term (Year s)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	shares	%	shares	%			Title	Name	Relation	
Director	ROC	CHEN, HSI-CHIN	Male/ 41~50	Aug 18,20 21	3	July 4,2012	0	0	0	0	0	0	0	0	Master of Accounting Chinese Culture University Certified public accountant of YCCPA Certified public accountant of Ke Zhi Co., & CPAs. Over-the-counter Review Specialist of TPEX Manager of Chang Yee Steel Co., Ltd. Deputy Chief, Division of HsinchuSinoPac Securities Corporation The incharge of Deloitte Accounting Frm	Certified public accountant of Zhiding accounting firm. Indepentant director of Foxsemicon Integrated Technology Inc.	NA	NA	NA	

Independent director	ROC	GOO, YEONG-JIA	Male/ 61~70	Aug 18, 2013	July 4, 2012	0	0	0	0	0	0	0	0	0	PhD in entrepreneurship, University of Texas, Arlington, USA EMBA Director, Enterprise Research Institute, National Taipei University Director, International Finance and Finance IEMBA, National Taipei University TWSE & TPEX: Review Committee of Listing and over-the-counter Corporate Governance Evaluation Committee of TWSE Director of Taiwan Futures Exchange Performance reviewer of State-owned enterprise Evaluation Committee member on TDP(Technology Development Program) of Ministry of Economic Affairs Evaluation Committee member on university evaluation of Ministry of Educations Performance evaluation Commissionerr of Young Entrepreneurs Association of ROC member of Taiwan Corporate Governance Association Independent	Professor of Enterprise management department of NTPU	NA	NA	NA	
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Title	Natio nality/ Count ry of Origin	Name	Gend er/Ag e	Date Elect ed	Term (Year s)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Rema rks
							Shares	%	Shares	%	shares	%	share s	%			Title	Name	Relati on	
														Director of TAISOL ELECTRONICS CO., LTD. Independent Director of Yeu Hwan Technology Corporation Independent Director of TECO Electro Devices Co., Ltd Director of Taiwan Tobacco & Liquor Corporation Economic and Trade Policy Commissioner of General Chamber of Commerce of the Republic of China						
Indepen dent director	ROC	LEE, JUI- CHU	Femal e/ 61~70	Aug 18,20 21	3	July 4,2012	0	0	0	0	0	0	0	0	Master of Public Administration, National Taiwan University Deputy chairman of Supervisory Committee of the Labor Retirement Fund Finance Department manager of Labor Insurance Office Investigator of The Control Yuan	Independent director ,Audit committee and Compensation committee member of NAN JUEN INTERNATIONAL CO., Ltd.	NA	NA	NA	

Title	Nationality/ Country of Origin	Name	Gender/Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	shares	%	shares	%			Title	Name	Relation	
Independent director	ROC	YANG, SHANG-HSIEN	Male/51~60	Aug 18, 2021	3	July 4, 2012	0	0	0	0	0	0	0	0	Accounting major bachelor degree of Tamkang University Partnership accountant of Baker Tilly International Limited Taiwan. Partnership accountant of Lianjie Accounting Firm	Certified public accountant of Cheng Yang Accounting firm Supervisor of CHIP HOPE CO., LTD Supervisor of An-shine Biotechnology Co., Ltd. Independent director, of NAN JUE INTERNATIONAL CO., Ltd. legal representative of director of YesHealth Agri-Biotechnology Co., Ltd Independent director and Compensation committee member of JARLLYTEC CO., LTD	NA	NA	NA	

Note : 1. Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g., increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer).

(1) Three independent directors were set up to effectively perform supervisory functions.

(2) Establish functional committees (remuneration and audits) to fully discuss and make professional recommendations for the reference of the Board of Directors to implement corporate governance.

(3) A majority of the directors on the Board of Directors do not concurrently serve as employees or managers.

(4) On an annual basis, directors are arranged to participate in courses of external professional bodies to enhance the professional ability of directors and thus enhance the operational effectiveness of the board

2. HSU, HUNG-CHON Via Liomgate Investments Limited to invest the Company 16,321 thousand shares

Major shareholders of the institutional shareholders

May 31, 2024

Name of Institutional Shareholders(note 1)	Major Shareholders (Note 2)
Liongate Investments Limited	HSU, HUNG-CHON 100%
Win Ride Limited	HSU, CHENG-CHIEN 100%
Cheng Han Investment Co., Ltd.	WUN, TAI-JYUN 99.875%、YANG, YUAN-YUAN 0.125%

(2)Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and Supervisors and the Independence of Independent Directors:

1. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and Supervisors and the Independence of Independent Directors:

<div>Qualification</div> <div>Name</div>	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
HSU, HUNG-CHON	<p>1. Experience (Education):</p> <p>Chairman of Huan Hsin Holdings Limited</p> <p>Director of TODAY'S POLICY LIMITED</p> <p>Chairman of Krispy Kreme Taiwan</p> <p>Director of TRADE WIND BIOTECH CO., LTD.</p> <p>2. Other Position:</p> <p>Chairman of Huan Hsin Holdings Limited(SGX : H16)</p> <p>Chairman of Huan Hsin Holdings Limited</p> <p>Chairman of Huan Hsin Holdings Limited(HK)</p> <p>Director of TODAY'S POLICY LIMITED</p> <p>Chairman of Krispy Kreme Taiwan</p> <p>Director of TRADE WIND BIOTECH CO., LTD.</p> <p>3. Not under any circumstances as stipulated in article 30 of the Company Act</p>	<p>1. He is also the chairman of the board of directors of the Company's affiliated enterprises</p> <p>2. Concurrently serve as the chairman of Liomgate Investments Limited, a corporate shareholder holding more than 10% of the issued shares of the Company.</p> <p>3. Relationship with director HSU, MENG-CHIEH and director CHANG, WEI-HUAN as the second degree.</p>	0

HSU, MENG-CHIEH	<p>1. Experience (Education): Quan Hung Gourmet Co., Ltd. Chairman Special Assistant</p> <p>2. Other Position: Quan Hung Gourmet Co., Ltd. Chairman Special Assistant</p> <p>3. Not under any circumstances as stipulated in article 30 of the Company Act</p>	<p>1. Concurrently serve as the general manager of the company.</p> <p>2. The relationship with Chairman HSU, HUNG-CHON and Director CHANG, WEI-HUAN is a second degree.</p>	0
<p>Liongate Investments Limited Representative:</p> <p>CHANG, WEI-HUAN</p>	<p>1. Experience (Education): Vice General Manager of Shandong Weihai Jinn Fu Electronics Co., Ltd</p> <p>2. Other Position: Vice General Manager of Shandong Weihai Jinn Fu Electronics Co., Ltd</p> <p>3. Not under any circumstances as stipulated in article 30 of the Company Act</p>	<p>1. He is also the Deputy General Manager of the Company.</p> <p>2. The relationship with Chairman HSU, HUNG-CHON and Director HSU, MENG-CHIEH is a second degree.</p>	0
CHEN, HSI-CHIN	<p>1. Experience (Education): Master of Accounting Chinese Culture University Certified public accountant of YCCPA Certified public accountant of Ke Zhi Co., & CPAs. Over-the-counter Review Specialist of TPEx Manager of Chang Yee Steel Co., Ltd. Deputy Chief, Division of HsinchuSinoPac Securities Corporation The incharge of Deloitte Accounting Firm</p> <p>2. Other Position: : Certified public accountant of Zhiding accounting firm. Independent director of Foxsemicon Integrated Technology Inc.</p> <p>3. Not under any circumstances as stipulated in article 30 of the Company Act</p>	<p>1. Did they or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates? ;NONE</p> <p>2. Specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); NONE</p> <p>3. Do they serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)?;NONE</p> <p>4. Specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years : NONE</p>	1

GOO, YEONG-JIA (Independent director)	<p>1. Experience (Education):</p> <p>PhD in entrepreneurship, University of Texas, Arlington, USA</p> <p>EMBA Director, Enterprise Research Institute, National Taipei University</p> <p>Director, International Finance and Finance IEMBA, National Taipei University</p> <p>TWSE & TPEx: Review Committee of Listing and over-the-counter Corporate Governance Evaluation Committee of TWSE</p> <p>Director of Taiwan Futures Exchange</p> <p>Performance reviewer of State-owned enterprise Evaluation Committee</p> <p>member on TDP(Technology Development Program) of Ministry of Economic Affairs Evaluation Committee</p> <p>member on university evaluation of Ministry of Educations Performance evaluation Commissionerr of Young Entrepreneurs Asociation of ROC</p> <p>member of Taiwan Corporate Governance Association</p> <p>Independent Director of TAISOL ELECTRONICS CO., LTD.</p> <p>Independent Director of Yeu Hwan Technology Corporation</p> <p>Independent Director of TECO Electro Devices Co., Ltd</p> <p>Director of Taiwan Tobacco & Liquor Corporation</p> <p>Economic and Trade Policy Commissioner of General Chamber of Commerce of the Republic of China</p> <p>2. Other Position :</p>	<p>5. Did they or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates? ;NONE</p> <p>6. Specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); NONE</p> <p>7. Do they serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)?;NONE</p> <p>8. Specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years : NONE</p>	0
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	<p>Professor of Enterprise management department of NTPU</p> <p>3. Not under any circumstances as stipulated in article 30 of the Company Act</p>		
LEE, JUI-CHU (Independent director)	<p>1. Experience (Education): Master of Public Administration, National Taiwan University Deputy chairman of Supervisory Committee of the Labor Retirement Fund Finance Department manager of Labor Insurance Office Investigator of The Control Yuan</p> <p>2. Other Position : Independent director, Audit committee and Compensation committee member of NAN JUEN INTERNATIONAL CO., Ltd.</p> <p>3. Not under any circumstances as stipulated in article 30 of the Company Act</p>	<p>9. Did they or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates? ;NONE</p> <p>10. Specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); NONE</p> <p>11. Do they serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)?;NONE</p> <p>12. Specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years : NONE</p>	1

<p>YANG, SHANG-HSIEN (Independent director)</p>	<p>1.Experience (Education): Accounting major bachelor degree of Tamkang University Partnership accountant of Baker Tilly International Limited Taiwan. Partnership accountant of Lianjie Accounting Fir</p> <p>2.Other Position : Certified public accountant of Cheng Yang Accounting firm Supervisor of CHIP HOPE CO., LTD Supervisor of An-shine Biotechnology Co.,Ltd. Independent director, of NAN JUEN INTERNATIONAL CO., Ltd. legal representative of director of YesHealth Agri-Biotechnology Co.,Ltd Independent director and Compensation committee member of JARLLYTEC CO. , LTD</p> <p>3.Not under any circumstances as stipulated in article 30 of the Company Act</p>	<p>13. Did they or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates? ;NONE</p> <p>14. Specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); NONE</p> <p>15. Do they serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)?;NONE</p> <p>16. Specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years : NONE</p>	<p>3</p>
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2. Diversity and Independence of the Board of Directors:

(1) Diversity of the board of directors:

Director	Name	Nationality	Gender	Part-time employee of the company	Age			專業知識及技能					Diversified core competencies							
					41~50	51~60	61~70	Law	Accounting	Industry	Financial	Marketing	THE ability to make judgments about operations	Accounting and financial analysis ability	Business management ability	Crisis management ability	Knowledge of the industry	AN international market perspective	Leadership ability	Decision-making ability
Director	HSU, HUNG-CHON	R.O.C	Male				V			V	V	V	V	V	V	V	V	V	V	V
	HSU, MENG-CHIEH		Male	V	V					V	V	V	V	V	V	V	V	V	V	V
	Liongate Investments Limited 代表人：CHANG, WEI-HUAN		Male	V	V					V	V	V	V	V	V	V	V	V	V	V
	CHEN, HSI-CHIN		Male		V				V		V		V	V	V	V	V	V	V	V
Independent directors	GOO, YEONG-JIA		Male				V		V		V	V	V	V	V	V	V	V	V	V
	LEE, JUI-CHU		Female				V		V		V		V	V	V	V	V	V	V	V
	YANG, SHANG-HSIEN		Male			V			V		V		V	V	V	V	V	V	V	V

(2) Independence of the board of directors:

The Company currently has a total of 7 members of the Board of Directors, including 3 independent directors and 1 outside director, with independent directors accounting for 42.86% of all directors, and the total number of seats of independent directors plus outside directors exceeds half of all board members. As of the end of 2023, the independent directors of the Company have complied with the relevant independent director regulations of the Securities and Futures Bureau of the Financial Regulatory Commission, and there are no provisions of Article 26-3(3) and (4) of the Securities exchange law between the directors and independent directors.

(3) Board diversity and the implementation of specific goals : The Company has formulated a "Corporate Governance Code of Practice" to formulate diversity

guidelines for the composition of board members, including but not limited to gender, age, nationality, cultural and professional background, Professional skills and industrial experience, etc. All directors (including independent directors) adopt a candidate nomination system. After rigorous selection procedures and approval of board resolutions, they are submitted to the shareholders' meeting for selection. The current board of directors has 7 directors, including 4 general directors and 3 independent directors. Among the general directors, all have professional experience and skills related to company operation and sales. There are also three independent directors. Among them, independent director Gu Yongjia has a professional academic background in corporate management, independent director Yang Shangxian is an accountant, and independent director Li Ruizhu has served as a government official. Majored in government administration. In addition, the company only has 1 female director (accounting for 14%).

The specific implementation status of the Company's 2024 Board of Directors diversity goals is as follows:

specific management objectives	Implementation situation
The number of independent directors exceeds one-third of the total number of directors.	Implemented
Directors who are also managers of the company should not exceed one third of the number of directors.	Implemented
Female directors account for one-third of Yida' s director seats	There is 1 female director seat, accounting for 14%, and we will continue to work hard to increase the proportion in the future.
Independent directors have served less than 3 consecutive terms	The independent directors have served more than three terms and will be re-elected in 2024.
The chairman and the general manager are not the same person or relatives of the same degree	After the directors' terms of office expire and are re-elected, personnel arrangements will be adjusted to enhance the intensity of corporate governance.

(3)Management Team

May 31, 2024

Title(Not el)	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Share s	%	Shares	Share s	%	Title			Title	Name	Relation	
General Manager	ROC	HSU, MENG-CHIEH	Male	May 7, 2021	0	0	0	0	0	0	San Jose State University	Quan Hung Gourmet Co., Ltd. Chairman Special Assistant	Chairman	HSU, HUNG-CHON	Father and son	Note 1
Vice General Manager	ROC	CHANG, WEI-HUAN	Male	August 7, 2015	0	0	0	0	0	0	Vice General Manager of Shandong Weihai Jinn Fu Electronics Co., Ltd	Vice General Manager of Shandong Weihai Jinn Fu Electronics Co., Ltd	NA	NA	NA	
CFO	ROC	WANG, YAO-HONG	Male	May 4, 2015	0	0	0	0	0	0	Accounting major bachelor degree of Fu Jen Catholic University Accoutning manager of SHEN' S ART PRINTING CO., LTD. Accounting manager of Gold Sun Technology Co., Ltd.	NA	NA	NA	NA	
Internal auditing officer	ROC	LU WEN-CHING	Male	September 12, 2022	0	0	0	0	0	0	Audit officer ,Taiwan Oasis Technology Co.,Ltd.	NA	NA	NA	NA	

note : 1. Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto(e.g., increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer).

(1)Three independent directors were set up to effectively perform supervisory functions.

(2)Establish functional committees (remuneration and audits) to fully discuss and make professional recommendations for the reference of the Board of Directors to implement corporate governance.

(3)A majority of the directors on the Board of Directors do not concurrently serve as employees or managers.

(4)On an annual basis, directors are arranged to participate in courses of external professional bodies to enhance the professional ability of directors and thus enhance the operational effectiveness of the board

(4) Remuneration of Directors, Supervisors, President, and Vice President
1、Remuneration of Directors(Independent directors included)

unit:NTD thousand;%

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)	Relevant Remuneration Received by Directors Who are Also Employees												Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary		
		Base Compensation (A)		Severance Pay (B)		Salary, Bonuses, and Allowances		Salary, Bonuses, and Allowances			Salary, Bonuses, and Allowances ①		Salary, Bonuses, and Allowances ②		Salary, Bonuses, and Allowances ③				Salary, Bonuses, and Allowances ④		Salary, Bonuses, and Allowances ⑤						
		The company	All companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	The company		Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements						
Chairman	HSU, HUNG-CHON	870				119		25		1,014-3.62	1,014-3.62													1,014-3.62	1,014-3.62	none	
Director	HSU, MENG-CHIEH	300				119		25		444-1.58	444-1.58	2,023					179								2,467-8.80	2,467-8.80	none
Director	CHANG, WEI-HUAN	300				119		25		444-1.58	444-1.58	1,443					179								1,887-6.73	1,887-6.73	none
Director	CHEN, HSI-CHIN	420						25		445-1.59	445-1.59														445-1.59	445-1.59	none
Independent Director	GOO, YEONG-JIA	420						25		445-1.59	445-1.59														445-1.59	445-1.59	none
Independent Director	LEE, JUI-CHU	420						25		445-1.59	445-1.59														445-1.59	445-1.59	none
Independent Director	YANG, SHANG-HSIEN	420						25		445-1.59	445-1.59														445-1.59	445-1.59	none

2. Remuneration of the President and Vice President

unit:NTD thousand;%

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances ©		Profit Sharing- Employee Bonus (D)				Ratio of total compensation (A+B+C+D) to net income (%)		New Restricted Employee Shares		Compensation paid to the President and Vice President from an Invested Company Other Than the Company’ s Subsidiary
		The company	Companies in the consolidate financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidate te financial statement s		The compa ny	Companies in the consolidated financial statements	The compa ny	Companies in the consolida ted financial statement s	
								Cash	Sto ck	Cas h	St oc k					
General manager	HSU, CHENG-CHIEN	840				1,004		179				2,023 -7.22	2, 023 -7. 22	-	-	
Vice general manager	CHANG, WEI-HUAN	960				304		179				1,443 -5.15	1,443 -5.15	-	-	

3. Remuneration of the top five Management team

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances ©		Profit Sharing- Employee Bonus (D)			Ratio of total compensation (A+B+C+D) to net income (%)		New Restricted Employee Shares		Compensation paid to the President and Vice President from an Invested Company Other Than the Company's Subsidiary
		The company	Companies in the consolidate financial statements	The company	Companies in the consolidate financial statements	The company	Companies in the consolidate financial statements	The company		The company	Companies in the consolidate financial statements	The company	Companies in the consolidate financial statements		
								Cash	Stock						
General manager	HSU, CHENG-CHIEH	840				1,004		179			2,023 -7.22	2,023 -7.22	-	-	none
Vice General manager	CHANG, WEI-HUAN	960	-	-	-	304	-	179	-	-	1,443 -5.15	1,443 -5.15	-	-	none
CFO	WANG, YAO-HONG	1,106	-	-	-	204	-	-	-	-	1,310 -4.68	1,310 -4.68	-	-	none
Internal auditing officer	LU WEN-CHING	781	-	-	-	69	-	-	-	-	850 -3.03	850 -3.03	-	-	none

4. Remuneration of the Employee Bonus

unit:NTD thousand;%

Executive Officers	Title	Name	Employee Bonus – in Stock (Fair Market Value)	Employee Bonus – in Cash	Total	Ratio of Total Amount to Net Income (%)
Managers	General Manager	HSU, CHENG-CHIEN	0	179	179	-0.006
	Vice General Manager	CHANG, WEI-HUAN	0	179	179	-0.006
	CFO	WANG, YAO-HONG	0	0	0	0
	Internal auditing officer	LU WEN-CHING	0	0	0	0

(5) Comparison of Remuneration for Directors, Supervisors, Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, Presidents and Vice Presidents

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

Item Title	Ratio of total remuneration paid to directors, supervisors, presidents and vice presidents to net income (%)		Increase(decrease)ratio(%)
	2023	2022	
Directors	-13.14	12.51	-205.04
General Manager and Vice General Manager	-12.37	11.35	-208.98

Notel : The compensation paid is following the policy of the Company. The company has not finalize the link of compensation and benefits policies with the business operation risk.

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

(1) Remuneration of directors is appropriated according to the Articles of Incorporation

(2) The compensation to general manager were determined by the

Remuneration Committee of the Company in accordance with the individual performance and the market trends.

- (3) The Remuneration Committee assists the Board in discharging its responsibilities relating to the Company' s compensation and benefits policies, plans and programs, and the evaluation of the directors' and executives' compensation. Remuneration is appropriated according to the business performance of the Company in the year.

3.3 Implementation of Corporate Governance

3.3.1 Board of Directors :

1. A total of 7 (A) meetings of the Board of Directors were held in the previous period. The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Chairman	HSU, HUNG-CHON	7	0	100%	
Director	HSU, MENG-CHIEH	7	0	100%	
Director	Liongate Investments Limited representative : CHANG, WEI-HUAN	7	0	100%	
Director	CHEN, HSI-CHIN	7	0	100%	
Independent director	GOO, YEONG-JIA	7	0	100%	
Independent director	LEE, JUI-CHU	7	0	100%	
Independent director	YANG, SHANG-HSIEN	7	0	100%	

Other information required to be disclosed:

- If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee: NONE
 - (1) Any matter under Article 14-5 of the Securities and Exchange Act.
 - (2) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors.
- Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director voted

Motion 1: The Company's 2022 Annual Directors' Remuneration Distribution Case.

Avoid the names of directors: HSU, HUNG-CHON、HSU, MENG-CHIEH、LIONGATE representative: CHANG, WEI-HUAN

Reasons for avoidance of interests:Relatives within the second degree.

Participation in voting: The remaining directors were passed without objection.

Motion 2: The Company's 2022 annual management and employee remuneration distribution.

Avoid the names of directors: HSU, HUNG-CHON、HSU, MENG-CHIEH、LIONGATE representative: CHANG, WEI-HUAN

Reasons for avoidance of interests:Relatives within the second degree.

Participation in voting: The remaining directors were passed without objection.

Motion 3: Financing of sub-companies within the group.

Avoid the names of directors: HSU, HUNG-CHON、HSU, MENG-CHIEH、LIONGATE representative: CHANG, WEI-HUAN

Reasons for avoidance of interests:Relatives within the second degree.

Participation in voting: The remaining directors were passed without objection.

3. Objectives for strengthening the functions of the Board in the current and most recent years (e.g. the establishment of an audit committee, transparency of information, etc.) and the implementation assessment: None.

Note 1: If the Director or supervisor is a legal person, the name of the shareholder of the legal person and the representative shall be disclosed.

NOTE 2:

(1) Resignation of directors or supervisors by the end of the year shall be indicated the date in the remarks column. The attendance rate is calculated based on the number of meetings of the Board during his or her active period and the number of his or her attendance.

(2) By the end of the year, if the Company elect the new directors or supervisors, the Company shall show the name of new and former directors or supervisors with the related information. The attendance rate is calculated based on the number of meetings

of the Board during his or her active period and the number of his or her attendance.

2. Implementation of board evaluation

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Annual	2023/01/01~ 2023/12/31	Board of directors	Internal self-assessment by the Board of Directors.	<p>(1) Performance evaluation of the Board of Directors:</p> <ol style="list-style-type: none"> 1. The degree of participation in the company's operations. 2. Improve the quality of decision-making of the board of directors. 3. Composition and structure of the board of directors. 4. Selection and continuous training of directors. 5. Internal control. <p>(2) Performance evaluation of individual board members:</p> <p>First, the company's goals and tasks of the mastery.</p> <ol style="list-style-type: none"> 2. Recognition of the responsibilities of directors. 3. The degree of participation in the company's operations. <p>Fourth, internal relationship management and communication.</p> <ol style="list-style-type: none"> 5. Professional and continuous training of directors. 6. Internal control.

3.3.2 Audit Committee :

A total of 7(A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Independent director	GOO, YEONG-JIA	7	0	100%	
Independent director	LEE, JUI-CHU	7	0	100%	
Independent director	YANG, SHANG-HSIEN	7	0	100%	

Other mentionable items:

1. Composition and Duties of the Audit Committee:

(1) Communication between the Audit Committee, the employees and shareholders of the company: a mechanism with a spokesman and an acting spokesperson serves as a link between the shareholders and the audit committee and attends the shareholders' meeting. If the staff of the company need to communicate with the Audit committee, it can be conveyed by the management on his behalf or conveyed by the company's mailbox.

(2) Communications between Audit Committee, the internal auditors and CPAs: The internal auditors have communicated the result of the audit reports to the members of the Audit Committee periodically, and have presented the findings of all audit reports in the periodically meetings of the Audit Committee.

2. If the Audit Committee is present at the board of Directors, it shall state the date and period of the Board, the contents of the motion, the outcome of the Board's resolution and the company's handling of the opinion of the audit committee: none.

3. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication.)

(1) The visa accountant is invited to attend the meeting to consult on the proposals related to the financial report of the board of directors, and the independent directors and the visa accountant are provided with contact channels, and the audit committee can consult at any time.

(2) The audit supervisor regularly submits the audit report and the tracking report to the independent directors for review, responds to the opinions of the independent directors in a timely manner, and attends the board report to check the situation.

Note:

- * Resignation of Audit Committee members by the end of the year shall be indicated the date in the remarks column. The attendance rate is calculated based on the number of meetings of the Board during his or her active period and the number of

his or her attendance.

- * By the end of the year, if the Company elect the new Audit Committee members , the Company shall show the name of new and former members with the related information. The attendance rate is calculated based on the number of meetings of the Board during his or her active period and the number of his or her attendance.

3.3.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice”

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1.Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” ?	V		The Company has established the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”	None
2.Shareholding structure & shareholders’ rights (1)Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure? (2)Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? (3)Does the company establish and execute the risk management and firewall system within its conglomerate structure? (4)Does the company establish internal rules against insiders trading with undisclosed.	V V V	V	(1)The Company has established an internal operating procedure, and has designated appropriate departments, to handle shareholders’ suggestions, doubts, disputes and litigation. (2)The Shared Services agent helps to collect the updated information of major shareholders and the list of ultimate owners of those shares. (3)Rules are made to strictly regulate the activities of trading, endorsement and loans between the Company and its affiliates. In addition, the “Criteria of Internal Control Mechanism for a Public Company” , outlined by the Financial Supervisory Commission when drafting the guidelines for the “Supervision and Governance of Subsidiaries” , was followed in order to implement total risk control with respect to subsidiaries. (4)To protect shareholders’ rights and fairly treat shareholders, the Company has established the internal rules to forbid insiders trading on undisclosed information. The Company has also strongly advocated these rules in order to prevent any violations.	None None None none

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Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
3. Composition and Responsibilities of the Board of Directors	V	V	(1) Member diversification is considered by the Board members. Factors taken into account include, but are not limited to gender, age, cultures, educational background, race, professional experience, skills, knowledge and terms of service. The Board objectively chooses candidates to meet the goal of member diversification.	None
(1) Does the Board develop and implement a diversified policy for the composition of its members?				
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?			(2) In order for the sound supervision and reinforcement of management, the Company established the Nomination and Risk Management Committee in addition to the Remuneration Committee and the Audit Committee. These functional committees shall be responsibilities for the Board of Directors.	None
(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?			(3) The company has formulated rules and procedures for evaluating the Board's performance use Self-assessment of Board members on May 9, 2019.	None
(4) Does the company regularly evaluate the independence of CPAs?	V		(4) The Company evaluates the independence of CPAs annually, ensuring that that they are not stakeholders such as a Board member, supervisor, shareholder or person paid by the Company.	None

4. Does the listed cabinet company set up a corporate governance Special (part) unit or personnel responsible for corporate governance related matters (including, but not limited to, providing directors, supervisor to carry out business requirements, handling matters related to meetings of the Board of Directors and shareholders ' meeting in accordance with the law, handling company registration and change registration, production Board and Proceedings of Shareholders ' meeting, etc.	V		4. The company appoints the financial department officers to conduct this relevant function.	None
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Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y e s	N o	Abstract Illustration	
5.Does the company establish a communication channel and build a designated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities?	V		(5)The Company provides detailed contact information, including telephone numbers and email addresses in the “Stakeholder Area” section of the corporate website. In addition, personnel are in place to exclusively deal with issues of social responsibility, ensuring that various interested parties have channels to communicate with the Company.	None
6.Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company designates Concord Securities Co.,Ltd. to deal with shareholder affairs.	None
7. Information Disclosure (1)Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(1)The Company has set up a Chinese/English website (www.da-hui.com.tw) to disclose information regarding the Company’ s financials, business and corporate governance status.	None
(2)Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and		V	(2)The Company has assigned an appropriate person to handle information collection and disclosure. The Company has established a spokesman system. Investor conference information is disclosed on the corporate	None

disclosure, creating a spokesman system, webcasting investor conferences)?			website. There are litigation and non-litigation representative in the Republic of China who are responsible for the collection of relevant information and the disclosure of major matters of the company, or for holding regular and occasional investor conferences to enhance the transparency of the company's information.	
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		The Company needs to press shareholders' meetings and investor conferences on irregular basis once a year and explain the current state of operation of the company, printing relevant information to provide investors to understand the company profile.	None
9. Please explain the improvement in the recent annual Corporate governance evaluation of the Corporate Governance center of the Taiwan Stock Exchange Co., Ltd., and propose priority enhancements and measures for those who have not yet improved: A				

Regardless of whether the evaluation item is achieved or not, the company shall state an appropriate explanation.

3.3.4(1) Information on Remuneration Committee Members :

Position	Qualifications Name	Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as remuneration committee member
Independent director/convener	LEE, JUI-CHU	Please refer to pages 50 to 54 Information of directors		1
Independent director	GOO, YEONG-JIA			0
Independent director	YANG, SHANG-HSIEN			3

(2) Attendance of Members at Remuneration Committee Meetings

- 1) There are 3 members in the Remuneration Committee. A total of 3 (A) Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:
- 2) Term of Remuneration committee: from Aug 20, 2021 to Aug 17, 2024, the most recent annual compensation committee met 5 times (A) as at the date of publication, and the membership and attendance were as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Independent director/convener	LEE, JUI- CHU	3	0	100%	
Independent director	GOO, YEONG- JIA	3	0	100%	
Independent director	YANG, SHANG-HSIEN	3	0	100%	
<p>Other mentionable items:</p> <p>1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company' s response to the remuneration committee' s opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.</p> <p>2. Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.</p>					

3.3.5 Promotion of Sustainable Development - Implementation Status and Deviations from the Sustainable Development Best Practice Principles :

Item	Implementation Status ¹			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?		V	The Company intends to promote sustainable development by the management unit as a part-time unit, and there is no specific reporting mechanism at present.	Re-plan according to operational needs.

2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?		V	The Company has not conducted risk assessments on environmental, social and corporate governance issues related to the Company's operations and has not established relevant risk management policies or strategies.	Re-plan according to operational needs.
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Item	Implementation Status ¹			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y e s	No	Summary description	
3. Environmental Issues (1)Has the Company set an environmental management system designed to industry characteristics?		V	Each subsidiary has relevant departments responsible for environmental, safety, and health-related operations, and promotes compliance with relevant environmental protection laws and regulations.	There is no significant difference from the spirit of the Code.

(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact		V	In accordance with the relevant work codes of the Institute, each subsidiary actively promotes energy and resource conservation, continuously improves the efficiency of raw material use, and strictly implements garbage classification and resource recycling management.	There is no significant difference from the spirit of the Code.
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?		V	In the face of the risks and opportunities of climate change issues, the Company continues to pay attention to international climate change related management issues and regulatory trends.	There is no significant difference from the spirit of the Code.
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?		V	No relevant policies have been put in place.	Re-plan according to operational needs.

Evaluation Item	Implementation Status ¹			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary description	
4. Social Issues (1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions	V		Each subsidiary shall establish work rules in accordance with labor laws and regulations and make them known to employees.	There is no significant difference from the spirit of the Code.
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation	V		The Company has established and implemented reasonable employee welfare measures to reflect business performance in employee compensation, and hopes to achieve the business philosophy of labor-management sharing.	There is no significant difference from the spirit of the Code.
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		The company implements various safety and health management related operations, holds employee health inspections from time to time every year, and implements various labor safety and health publicity, health education training and smoking cessation publicity to describe the measures for the safe and healthy working environment of employees, the	There is no significant difference from the spirit of the Code.

			education policies for employees and their implementation.	
(4) Has the Company established effective career development training programs for employees?	V		Each subsidiary shall formulate education and training methods, and hold education and training from time to time according to the actual work content needs of employees to improve their work skills.	There is no significant difference from the spirit of the Code.
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies		V	The Company takes the foundry business and manufacturing as its main operating model, and formulates relevant policies according to customer requirements.	Re-plan according to operational needs.
(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		The Company takes the foundry business and manufacturing as its main operating model, and formulates relevant policies according to customer requirements.	There is no significant difference from the spirit of the Code.

3.3.7 Climate-related information of listed companies

1 Implementation of climate-related information

project	Execution
1. Describe the Board of Directors and management's oversight and governance of climate-related risks and opportunities.	The Company has not yet formulated relevant rules.
2. Describe how the identified climate risks and opportunities affect the business, strategy and finances (short, medium and long term).	The company has not yet formulated it.
3. Describe the financial impact of extreme weather events and transition actions.	The company has not yet formulated it.
4. Describe how the process of identifying, assessing and managing climate risks is integrated into the overall risk management system.	The company has not yet formulated it.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and key financial impacts used should be described.	The company has not yet formulated it.
6. If there is a transition plan to address and manage climate-related risks, a description of the content of the plan, and the indicators and targets used to identify and manage physical and transition risks.	The company has not yet formulated it.

7. If internal carbon pricing is used as a planning tool, the basis for pricing should be stated.	The company has not yet formulated it.
8. If climate-related targets are set, information such as the activities covered, the scope of greenhouse gas emissions, the planning timeline, and the progress of achieving them each year should be stated. If carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and quantity of carbon reduction credits or renewable energy certificates (RECs) to be exchanged should be stated.	The company has not yet formulated it.
9. Greenhouse gas inventory and assurance and reduction targets, strategies and specific action plans (fill in 1-1 and 1-2 separately).	The Company's current greenhouse gas emissions inventory is self-managed and voluntary, and has not been verified by an external third-party verification agency.

1-1 The company's greenhouse gas inventory and confidence in the last two years

1-1-1 Greenhouse gas inventory information

Describe the greenhouse gas emissions (metric tons CO ₂ e), intensity (metric tons CO ₂ e/million yuan) and the scope of the
NONE

Note 1 : Direct emissions (Scope 1, i.e., emissions directly from sources owned or controlled by the Company), indirect energy emissions (Scope 2, indirect greenhouse gas emissions from the input of electricity, heat or vapour) and other indirect emissions (Scope 3, i.e., emissions from the Company's

activities, which are not indirect emissions from energy sources, but from sources owned or controlled by other companies).

Note 2: The scope of direct emissions and indirect energy emissions data shall be handled in accordance with the schedule specified in Paragraph 2 of Article 10 of this Code, and other indirect emission information may be disclosed voluntarily.

Note 3: Greenhouse Gas Inventory Standard: ISO 14064-1 issued by the Greenhouse Gas Protocol (GHG Protocol) or the International Organization for Standardization (ISO).

Note 4: The intensity of GHG emissions can be calculated per unit of product/service or turnover, but at least the data calculated in turnover (NT\$ million) should be stated.

1-1-2 Greenhouse gas assurance information

A description of the confidence situation for the most recent two years as of the date of printing of the annual report, including the scope of the confidence, the confidence organization, the confidence criterion and the confidence opinion.

The Company's current greenhouse gas emissions inventory is self-managed and voluntary, and has not been verified by an external third-party verification agency.

Note 1: It shall be handled in accordance with the schedule specified in Paragraph 2 of Article 10 of this standard, and if the company has not obtained a complete greenhouse gas assurance opinion on the date of publication of the annual report, it shall indicate that "complete and confident information will be disclosed in the sustainability report", and if the company has not prepared a sustainability report, it should indicate that "complete and confident information will be disclosed in the public information observatory", and disclose the complete and reliable information in the next annual report.

Note 2: Assurance institutions should comply with the relevant regulations of the Assurance Institution for Perpetual Reports set forth by the Taiwan Stock Exchange Corporation and the Republic of China Securities OTC Trading Center.

Note 3: For the disclosure, please refer to the Best Practice Reference Example on the website of the

Corporate Governance Center of the Taiwan Stock Exchange.

1-2 Greenhouse gas reduction targets, strategies and specific action plans

Describe the base year of greenhouse gas reduction and its data, reduction targets, strategies, specific action plans and the achievement of reduction targets.

After the establishment of the Sustainability Department, the Company has developed relevant risk management policies for environmental, social and corporate governance issues.

Note 1: The application shall be in accordance with the schedule set forth in Paragraph 2 of Article 10 of these Guidelines.

Note 2: The base year should be the year in which the inventory is completed at the consolidated financial reporting boundary, for example, in accordance with Article 10, Paragraph 2 of this standard

A company with a capital of more than 10 billion yuan shall complete the inventory of the consolidated financial report of 113 years in 114.

Therefore, the base year is 113 years, and if the company has completed the inventory of the consolidated financial statements in advance, it can be based on the earlier year

Quasi-year, and the data of the base year may be calculated by the average of a single year or several years.

Note 3: For the disclosure, please refer to the Best Practice Reference Example on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above		V	The Company has not prepared or disclosed reports of non-financial information.	Re-plan according to operational needs.
6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company' s operations:NONE				
7. Other important information to facilitate better understanding of the company' s promotion of sustainable development:NONE				

3.3.7 Ethical Corporate Management :

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>1.Establishment of ethical corporate management policies and programs</p> <p>(1)Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?</p> <p>(2)Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?</p> <p>(3)Does the company establish appropriate precautions against high-potential unethical conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?</p>	V	V	<p>(1)The Company’ s Ethical Corporate Management Best-Practice Principles is a guideline to provide high ethical standards according to the Company Act.</p> <p>(2)According to the current situation of the company and the mode of operation, the Company are not urgent to build the standards of the relevant operating procedures,and will renew the relevant standards when needs.</p> <p>(3) Operation of the company is simple now, there is no urgent need of prevention of dishonest behavior program.The Company has developed an internal control system to prevent the risk of high dishonest behavior business activities.</p>	<p>None</p> <p>None</p> <p>None</p>

Evaluation Item	Implementation Status ¹			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y e s	N o	Abstract Explanation ²	
2. Fulfill operations integrity policy (1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	V		(1) The Company builds the internal control procedures to convey our integrity requirements to all important business partners before the transaction.	None
(2) Does the company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity?	V		(2) The Company established the “Corporate Integrity Team” under the Board’s supervision and submits quarterly reports to the Board of Directors.	None
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		(3) The Company builds the internal control procedures to prevent conflicts of Interest .	None
(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?	V		(4) The Company has established accounting and internal control systems to ensure integrity in our operations. After internal auditors have analyzed and reviewed the annual audit program periodically or irregularly according to the risk evaluation results, the Company will compile them into an audit report.	None
(5) Does the company regularly hold internal and external educational trainings on operational integrity?		V	(5) The Company carries out internal and external training on ethical rules, conflicts of interest, and all other related subjects. The Company holds the integrity training individually.	None

<p>3.Operation of the integrity channel</p> <p>(1)Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2)Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?</p> <p>(3)Does the company provide proper whistleblower protection?</p>	V	<p>(1) Although no system of prosecution and reward has been established, the Company establishes various reporting channels so that employees and relevant people can report improper business behaviors through phone or email.</p> <p>(2) Whistleblower matters to provide informative information, processing, without naming, has a certain degree of protection effect.</p> <p>(3) The whistleblower is anonymous, and determine appropriate actions against reprisal of complaints.</p>	<p>None</p> <p>None</p> <p>None</p>
<p>4.Strengthening information disclosure</p> <p>(1)Does the company disclose its ethical corporate management policies and the results of its implementation on the company' s website and MOPS?</p>	V	<p>The Company' s Ethical Corporate Management Best-Practice Principles and the results of our implementation have been posted on the Company' s Chinese / English website and MOPS.</p>	None
<p>5.If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation.: There have been no differences.</p>			
<p>6.Other important information to facilitate a better understanding of the company' s ethical corporate management policies (e.g., review and amend its policies).:none °</p>			

Note: Regardless of whether the evaluation item is achieved or not, the company shall state an appropriate explanation.

3.3.7. Corporate Governance Guidelines and Regulations: Please refer to the Company' s website.

3.3.8 Other Important Information Regarding Corporate Governance: None

3.3.9 Internal Control Systems

(1) Internal Control Systems :

Da Hui Limited
Statement of Internal Control System

March 12, 2024

Based on the findings of a self-assessment, Da Hui Limited(Da Hui) states the following with regard to its internal control system during the year 2022:

1. Da Hui ' s Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Da Hui takes immediate remedial actions in response to any identified deficiencies.
3. Da Hui evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations”). The criteria adopted by the Regulations identify five key components of managerial internal control: (1)control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. Da Hui has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, Da Hui believes that, on December 31, 2019, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of Da Hui ' s annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement was passed by the Board of Directors in their meeting held on March 23, 2023, with none of the seven attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Da Hui Limited

Chairman : HSU, HUNG-CHON

General Manager : HSU, MENG-CHIEH

(2) If the government requires the company to entrust the Accountant project to review the internal control system, should expose the accountant review report: none

3.3.10 The penalties, main deficiencies and improvements stipulated by the company and its internal personnel in accordance with the law and the internal control system for internal personnel violations in the most recent year and up to the annual report as at the date of publication: None 3.3.11 Important resolutions of the shareholders' meeting and the Board of directors for the most recent year and the publication date of the annual report:

Major Resolutions of Shareholders' Meeting and Board Meetings

Date	Item	Major resolutions
2023.03.23	Board meeting	<ol style="list-style-type: none"> 1. Amendments to the Articles of Association. 2. Amendments to the Rules of Procedure of the Company's Shareholders' Meeting. 3. The Company's 2022 annual distribution of directors' remuneration. 4. The company's 2022 annual manager and employee remuneration distribution. 5. The Company's asset impairment case. 6. Consolidated quarterly financial quarterly report and business report of the Company for the fourth quarter of 2022. 7. The company's 2022 annual surplus distribution. 8. The Company's 111th Annual "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" cases. 9. The Company and its subsidiaries have been able to check and confirm the timeline plan.. 10. Convene the Company's 2023 Annual Shareholders' Regular Meeting.
2023.05.09	Board meeting	<ol style="list-style-type: none"> 1. The Company appoints a visa accountant and an assessment of the independence and competence of the accountant in 2023 years. 2. Consolidated Quarterly Report of the Company for the First Quarter of 2023. 3. The company loaned 100% of the funds of the grandson company. 4. The subsidiary loaned 100% of the company's funds. 5. Insurance of directors' liability insurance. 6. Procedures for handling derivatives transactions of subsidiaries have been added. 7. Updating the Code of Corporate Governance Practices 8. Amendments to the Board of Directors Deliberation Norms of the Company, 9. The establishment of the company's governance supervisor. 10. Application for derivatives trading of Shin Kong Bank.
2023.06.20	Shareholders' meeting	<ol style="list-style-type: none"> 1. 2022 Annual Business Report and Recognition of Financial Statements. 2. Surplus distribution for 2022. 3. Amendments to the Company's Articles of Association. 4. Amendments to the Rules of Procedure of the Company's Shareholders' Meeting.

Date	Item	Major resolutions
2023.08.24	Board meeting	<ol style="list-style-type: none"> 1. The Company's consolidated financial quarterly report for the second quarter of 2023. 2. The Company's audit fees for 2023. 3. The company loaned 100% of the subsidiary's funds. 4. Amendment to the procedure for leasing assets to related parties. 5. Amendment to the Administrative Measures for the Deliberation and Operation of the Audit Committee. 6. Financing case of a sub-company within the group.
2023.11.09	Board meeting	<ol style="list-style-type: none"> 1. The Company's consolidated financial quarterly report for the third quarter of 2023. 2. Application for the bank financing quota of the company. Subsidiary endorsement guarantee. 3. Endorsement guarantee cases between 100% of the parent and subsidiaries within the group. 4. The company has set up a case of part-time units and part-time personnel in greenhouse gas inspection. 5. Increase the capital of the Group Sun Company.
2023.12.21	Board meeting	<ol style="list-style-type: none"> 1. The Company's 2024 Annual Budget. 2. The Company's annual audit plan for 2024. 3. Inside the Group's Sun Company financing case. 4. The company has a case of information security responsibility and information security specialty. 5. The company's funds and cases of 100% Sun company.
2024.03.12	Board meeting	<ol style="list-style-type: none"> 1. Amendments to the Company's Articles of Association. 2. Distribution of directors' remuneration for 2024 of the Company. 3. The Company's 2024 manager and employee remuneration distribution plan. 4. Impairment of the Company's assets. 5. Case of asset activation in the group. 6. The Company's consolidated quarterly report and operating report for the fourth quarter of 2023. 7. The Company's 2023 surplus distribution. 8. Cash on the capital of the company. 9. The Company's 2023 internal control system effectiveness assessment and internal control system statement. 10. The company is re-elected all the directors. 11. During the number of directors nominations, their acceptance and place. 12. Disproportion of the Directors' Karma prohibition cases. 13. Convene the Company's 2024 Annual General Meeting of Shareholders.
2024.05.13	Board meeting	<ol style="list-style-type: none"> 1. The Company appointed the 2024 Examination of the Independence and Suitability Assessment of Visa Accountants and Accountants. 2. The Company's consolidated financial quarterly report for the first quarter of 2024. 3. The company's directors' associations are amended. 4. The company approves unconfident service matters. 5. Insured directors' liability insurance. 6. Application for financing of our company and subsidiaries.

3.3.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None

3.3.13 Resignation or Dismissal of the Company' s Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D: None

3.4、Information Regarding the Company' s Audit Fees and Independence
Unit: NT\$ thousands

Name of accounting firm	Names of CPAs	Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remarks
KPMG A accounting firm	Jason Lin	2023.1.1~2023.12.31	5,802	189	5,991	English translation of the financial report Tax reporting
	Gino Chen	2023.1.1~2023.12.31				

Note: If the Company has changed CPA or Accounting Firm during the current fiscal year, the company shall report the information regarding the audit period covered by each CPA and the replacement reason.

(1) When the non-audit fees of payable to Da Hui' s independent auditor and the affiliated enterprise is exceeding one-fourth of audit fees, the Company should disclose the amount of audit and non-audit fees: none.

(2) If the accounting firm is replaced and the audit fees paid for the successor is reduced, the audit fees of former and successor and the reason of decreasing shall be disclosed: none.

(3) If the audit fees are reduced by more than 15% compared with the previous year, the reduction amount, proportion and reason shall be disclosed.

3.5、The Reply of Former CPAs : None

3.6、Da Hui' s chairman, directors, chief executive officer, chief Financial officer, and managers in charge of its finance and accounting operations did not hold any positions within Da Hui' s independent audit Firm or its affiliates in the most recent year.

3.7、Changes in Shareholding of Directors, Supervisors, Managers and

Major Shareholders:

(1)

Title	Name	2023		As of Apr. 22, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	HSU, HUNG-CHON	-	-	-	-
Director	HSU, CHENG-CHIEN	-	-	-	-
Director	HSU, MENG-CHIEH				
Director	CHANG, WEI-HUAN	-	-	-	-
Director	CHEN, HIS-CHIN	-	-	-	-
Independent Director	GOO, YEONG-JIA	-	-	-	-
Independent Director	LEE, JUI-CHU	-	-	-	-
General Manager	HSU, MENG-CHIEH				
Vice General Manager	CHANG, WEI-HUAN	-	-	-	-
chief Financial officer	WANG, YAO-HONG	-	-	-	-
Internal auditing officer	LU WEN-CHING	-	-	-	-
Major Shareholder	LIONGATE INVESTMENTS LIMITED	-	-	-	-
Major Shareholder	WIN RIDE INVESTMENTS LIMITED	-	-	-	-

(2) Shares Trading with Related Parties : none

(3) Shares Pledge with Related Parties : none

3.8、Relationship among the Top Ten Shareholders who are related to each other or as spouses, within two degrees of kinship：

Name	Current Shareholding		Spouse' s/minor' s Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company' s Top Ten Shareholders, or Spouses or Relatives Within Two Degrees	
	Shares	%	Shares	%	Shares	%	Name	Relationship
LIONGATE INVESTMENTS LIMITED representative：HSU, HUNG-CHON	16,321,000	41.32	0	0	0	0	none	—
	0	0	0	0	0	0	HSU, CHENG-CHIEH	Brothers
WIN RIDE INVESTMENTS LIMITED representative：HSU, CHENG-CHIEH	14,047,000	35.56	0	0	0	0	none	—
	0	0	0	0	0	0	HSU, HUNG-CHON	Brothers
Cheng Han Investment Co., Ltd. representative：Wen Taijuan	1,750,000	4.43	0	0	0	0	none	—
	1,575,000	3.99	0	0	0	0	WUN, TAI-JYUN	natural person
WUN, TAI-JYUN	1,575,000	3.99	0	0	1,750,000	4.43	none	—
CHEN, CHANG-YOU	660,000	1.67	0	0	0	0	CHEN, HONG-TU CHEN, CHANG-JHIH	Father and son Brothers
CHEN, HONG-TU	657,000	1.66	0	0	0	0	CHEN, CHANG-YOU CHEN, CHANG-JHIH	Father and son Father and son
JHUANG, RUEI-HUA	551,019	1.39	0	0	0	0		
CHEN, CHANG-JHIH	327,000	0.83	0	0	0	0	CHEN, CHANG-YOU CHEN, HONG-TU	Brothers Father and son
CHEN, MING-LONG	207,000	0.52	0	0	0	0	—	—
LIN, KAI	156,000	0.39	0	0	0	0	—	—

Note1. All the top 10 shareholders shall be listed, and those who are shareholders of legal persons shall make separate names of the shareholders and the names of the representatives of the legal persons.

Note 2: The calculation of shareholding ratio refers to the calculation of shareholding ratios in their own name, spouse, minor children or the use of other persons.

Note 3: Shareholders, including legal and natural persons, listed in the previous unveiling shall disclose their relationship with each other in accordance with the Criteria Governing the Preparation of Financial Reports by Public Companies.

3.9 Ownership of Shares in Affiliated Enterprises.

Ownership
December 31, 2023

Unit: shares/ %

Affiliated Enterprises(Note 1)	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Focus Group Co., Ltd.	8,758	100.00	–	–	8,758	100.00
Speedy Momentum Limited (BVI) Ltd.	2	100.00	–	–	2	100.00
Da HuiLimites(Taiwan)	600	100.00	–	–	600	100.00
Zhengding Co., Ltd	2,550,000	100.00	–	–	2,550,000	100.00
Aspire Solutions Limited (Note1)	2,000	40.00	–	–	2,000	40.00

Note1:long-term investments at equity method

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

(1) Issued Shares

Unit: shares/ %

Month/ Year	Authorized Capital			Remark
	Issued shares (Note)	Unissued shares	Total	
Nominative Common Stock	39,500,000	11,500,000	50,000,000	listed company at over-the-counter market

Note: Please indicate whether the stock is a listed or listed company at over-the-counter market. (if this stock with transaction limits, the related information shall be disclosed.)

(2) The process of capital formation

Unit: thousand shares NT\$ thousands

Month year	Issue price	Authorized Capital		Capital Stock (Issued Shares)		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increased by Assets Other than Cash	other
2011.12	US\$1	50,000	US\$50,000	50,000	US\$50,000	Capital incorporation	—	—
2012.9	NT\$10	50,000,000	NT\$500,000	17,064,525	170,645	Issuance new charges of Depositary Shares	—	(note)
2013.4	NT\$10	50,000,000	NT\$500,000	35,000,000	350,000	Issuance new charges of Depositary Shares	-	-
2014.6	NT\$10	50,000,000	NT\$500,000	39,500,000	395,000	Capital increased by Cash	-	-

note : the par value :10 °

4.1.2 Status of Shareholders

As of 2024/06/20

Unit : share ; person : %

Item	Governm ent Agencie s	Domest ic Financ ial Instit utions	Domest ic Securi ties Invest ment Trust	corporate juridical person	Other jurid ical perso n	Foreig n Financ ial Instit utions	Foreign Instituti ons	Foreign Securit ies Investm ent Trust	Domestic Natural Persons	Foreign Natural Persons	Total
Number of Shareholders	0	0	0	2	1	0	2	1	842	0	848
Shareholding (shares)	0	0	0	1,750,000	1,000	0	30,368,000	40,000	7,301,000	0	39,500,000
Percentage	0.00	0.00	0.00	4.53	0.00	0.00	76.88	0.10	18.48	0	100.00%
The first listing company (over the counter) and Emerging stock company should expose capital investments from the Mainland China: none											

4.1.3 Shareholding Distribution Status

As of 2024/06/20

Unit : share ; person ; %

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1-999	140	7,933	0.02
1,000-5,000	563	1,099,048	2.78
5,001-10,000	71	571,000	1.45
10,001-15,000	23	288,000	0.73
15,001-20,000	16	300,000	0.76
20,001-30,000	12	290,000	0.73
30,001-40,000	6	228,000	0.58
40,001-50,000	1	50,000	0.13
50,001-100,000	5	307,000	0.78
100,001-200,000	2	264,000	0.67
200,001-400,000	2	534,000	1.35
400,001-600,000	1	551,019	1.39
600,001-800,000	2	1,317,000	3.33
800,001-1,000,000	0	0	0.00
1,000,001 股以上	4	33,693,000	85.30
合計	848	39,500,000	100.00

4.1.4 List of Major Shareholders

As of 2024/06/20

Unit : share ; %

Shareholder's Name	Shares	Percentage
LIONGATE INVESTMENTS LIMITED	16,321,000	41.32
WIN RIDE INVESTMENTS LIMITED	14,047,000	35.56
Cheng Han Investment Co., Ltd.	1,750,000	4.43
WUN, TAI-JYUN	1,575,000	3.99
CHEN, CHANG-YOU	660,000	1.67
CHEN, HONG-TU	657,000	1.66
JHUANG, RUEI-HUA	551,019	1.39
CHEN, CHANG-JHIH	327,000	0.83
CHEN, MING-LONG	207,000	0.52
LIN, KAI	156,000	0.39

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

year \ Item		2022	2023	01/01/2024-03/31/2024
Market Price per Share (Note1)	Highest Market Price	16.75	21.1	15.15
	Lowest Market Price	11.50	13	13.35
	Average Market Price	14.125	17.05	14.25
Net Worth per Share (Note2)	Before Distribution	14.03	11.69	—
	After Distribution	13.43	11.09	—
Earnings per Share	Weighted Average Shares (thousand shares)	39,500	39,500	39,500
	Earnings per Share (note3)	0.74	-0.71	0.02
Dividends per Share	Cash Dividends		0.60	0.60
	Stock Dividend	• Earnings	—	—
		• Paid-in Capital	—	—
	Accumulated Undistributed Dividends (note4)		—	—
Return on	Price / Earnings Ratio (Note 1)	18.95	—	—
	Price / Dividend Ratio (Note 2)	23.38	28.41	—

Investment	Cash Dividend Yield Rate (Note 3)	4.27	3.51	—
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*When Stock dividends from retained earnings or capital surplus distributed, market price and earnings per share adjusted retroactively according to the number of shares issued should be disclosed.

Note 1: The highest and lowest market prices for common shares for each year are shown and the average market price for each year is calculated on the basis of the transaction values and volumes for each year.

Note 2: Please base on the number of shares issued at the end of the year and the distribution according to the resolution of the next year annual shareholders' meeting.

Note 3: If there is a retroactive adjustment due to a non-reimbursable rights issue, the pre-adjustment and adjusted earnings per share should be shown.

Note 4: If the terms of issue of equity securities stipulate that the dividends not issued in the current year have to be accumulated to the year of surplus, they shall disclose, respectively, the outstanding dividends for the year ended.

Note 5: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 6: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 7: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 8: Net worth per share and earnings per share should be disclosure up to the most recent quarter of the published date of the audited (reviewed) annual report by the accountant. The remaining fields should be disclosure up to the audited (reviewed) annual report by the accountant.

4.1.6 Dividend Policy and Implementation Status

(1) Dividend Policy

According to articles of Incorporation

- A If earnings are available for distribution at the end of a fiscal year, the Company should accrue 1%-3% of net earnings before tax as the employee's compensation and accrue within 3% of net earnings before tax as the director's compensation. When there is accumulated loss, the remaining net earnings should be withholding the amount of accumulated loss.
- B If earnings are available for distribution at the end of a fiscal year, the Company needs to offset any loss from prior year(s) and paying all taxes and then distributes 10% of net earnings to legal Reserve. The remaining net earnings can be distributed along with prior accumulated unappropriated retained earnings. The Board of Directors will consider the above-mentioned factors when making the dividend distribution proposal. Dividends will be distributed in accordance with the resolution approved by the Board of Directors and at the annual shareholders' meeting.
- C When distribution of the employee's compensation, director's compensation and the dividend by cash, the currency must be new Taiwan dollars.

(2) Proposed Distribution of Dividend :

The proposal for the distribution of 2023 profits was passed at the

meeting of the Board of Directors on March 12, 2024. The proposal for a cash dividend of:

A bonus for employees: NT\$0

B compensation for directors: NT\$0

C cash dividend for shareholders' \$ 0.6 per shar, NT\$23,700,000 total shares

4.1.7 The impact of the proposed pro bono rights issue on the company's business performance and earnings per share: none.

4.1.8 Employee Bonus and Directors' and Supervisors' Remuneration :

(1) Information Relating to Employee Bonus and Directors' and Supervisors' Remuneration: Please refer to the Articles of Incorporation.

(2) The accounting treatment for the evaluation of employee dividends and the estimated remuneration amount of directors and supervisors, the basis for calculating the number of shares in the distribution of stock dividends and the difference between the actual distribution amount and the estimated number of persons in this period The company's employee dividends and directors ' remuneration are based on the ratio set out in the Articles of association and are estimated in accordance with this.

When there is a difference between the actual distribution amount and the estimated number of subsequent shareholders ' meetings, it shall be treated in accordance with the changes in the accounting estimates and adjusted annually by the shareholders ' meeting as the profit and loss of the annual resolution of the shareholders ' meeting. The company does not have Supervisors elected.

(3)The Distribution of Dividend has been approved by the Board of directors and has not yet been approved by the shareholders ' meeting:

The 2023 Distribution of Dividend was approved by the Board of directors on March 12, 2024 and has not yet been approved by the shareholders ' meeting.

(4) The surplus allocation case has been approved by the shareholders ' meeting:
None

(5)The actual distribution of employee dividends and the remuneration of directors and supervisors in the previous year (including the number of shares issued, the amount and the share price), the differences between the dividends and directors of the recognized employees and the remuneration of the supervisors should be explained by the difference, cause and circumstances: The company's 2022 distribution situation is consistent with the number of recognition.

4.1.9 Buyback of Treasury Stock : None

4.2、Bonds : None.

4.3、Preferred Stocks : None.

4.4、Global Depository Receipts : None.

4.5、Issuance of Employee Stock Options : None.

4.6、Status of New Shares Issuance in Connection with Mergers and Acquisitions :

unit:NT\$ thousands

Company name		Chi Hua Fitness Co., Ltd
Company address		No. 231 , Dexing Rd. HuKou Township, Hsinchu County, Taiwan
Responsible person		LI, JIA-RONG
Paid-in capital		397,848
Main business items		Manufacture and sale of components/finished vehicles for sports and fitness equipment
Main products		BLDC DRIVER、BRUSH DC MOTOR、MEDICAL APPLICATION LOAD UNIT、MOTOR UTILITY STRENGTH TRAINER、FOR EMS SYSTEM APPLICATION
Financial information for the most recent fiscal year	Total assets	2,019,562
	Total liabilities	658,793
	Total shareholders' equity	1,360,769
	Operating revenue	1,065,434
	Gross operating profit	331,716
	Income or loss	90,169
	Profit/loss for the current period	79,467
	Earnings per share	1.28

4.7、Financing Plans and Implementation:

Company Name	5276F–Da Hui			
Date of the Financial plan	103/05/23			
Data of the Board Approval	Unchanged			
Item	1. Capital Increased by Cash			
The serial no of the financial plan	1			
The nature of this financial plan	2.Enrich Working capital			
The amount of capital	148,500			
Start year	2014			
Predict complete date	September 30, 2014			
The schedule of this financial plan				
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2014	0	5,500	143,000	0
2015	0	0	0	0

V. Operation Highlights

5.1 Business Activities :

5.1.1 Business scope:

(1) Main elements of the business

The company mainly focuses on the manufacture and sale of locomotive parts and baby children's products, product application ranges from the locomotive industry to child safety related products.

(2) 2023 main products and their business proportion

unit:NT\$ thousands

Product Category	revenue amount	Percentage
Baby children's products And Other	119,808	15.15
Locomotive	670,778	84.85
Total	790,586	100.00

(3) Current merchandise (service) projects:

The company's business products are mainly divided into two categories: Baby children's products and locomotives:

(A) Baby children's products: child safety seats and trolleys, child safety gates, seat knitted chair covers and bullets
Jumping seats and so on.

(B) Locomotive category: including locomotive special wiring harness, locomotive stopwatch, luminaire module and floating bucket.

(4) New Goods (services) planned for development:

The company's future product development Direction Department of the Business Department for customer needs and product development trends, the development of products in line with market trends and values and baby toddler product design company cooperation product development and marketing, process and technology development, to enhance the process technology capabilities, the introduction of newer automation equipment. In order to improve production efficiency and product quality as the direction of work development, the planned development of the product is listed as follows:

(A) Digital electronic code table.

(B) LED headlamps.

5.1.2 Industry profile

(1) Current situation and development of industry”

The company first established Huan Hsin Electrical System (M) Sdn in Penang, Malaysia, in 1996. Bhd., mainly engaged in the manufacture of locomotive dedicated wire wiring harness manufacturing, and later in 2000 in Malaysia set up Speedy Momentum Sdn. Bhd. and 2007 in Weihai, Shandong Province, China set

up Jin Fu Electronics Co., Ltd., the main products include locomotive special wiring harness, locomotive lamp group, locomotive stopwatch and baby child safety products, product application range from the locomotive industry to children's safety related products. The following will be explained for the locomotive industry and the children's safety products industry:

A. locomotive industry:

(a) Development trend of global locomotive industry:

Locomotives originated in Europe and the US and other places, after World War II, the rise of Japanese locomotive manufacturers, coupled with the use of locomotive characteristics suitable for the use of developing countries, the Asian region is currently the world's largest locomotive market, while Japanese manufacturers take advantage of the location, HONDA, YAMAHA, SUZUKI and KAWASAKI gradually become global leaders.

Because of the complex structure of locomotive, the main parts are engine system, frame system, exhaust gas emission control system, transmission system, steering and suspension system, body and other six systems, in addition to locomotive position lights (such as front lights, rear lights and directional lights), code meter and wiring harness, etc. Among them, the beauty and popularity of locomotive position lamp and code meter design affect people's willingness to buy, and wiring harness, like the nervous system of human body, runs through the main systems as a message or power transfer function, and its quality is competence the smoothness and safety of locomotive operation.

Therefore, the industry has a focus on service, pollution, development of the country prevails, centre-back system, technology-intensive and mass production, attention to R & D and European and American Japanese manufacturers technical cooperation and other characteristics. Compared with other industries, a wide range of locomotive parts projects, the production of the required technology is widely close to the car, so the locomotive industry is a high-tech intensive industry, manufacturers in pursuit of production efficiency, more use of the centre-back system to reduce costs.

Although the locomotive industry has entered a mature period in the developed countries, but on the whole, the locomotive industry in response to the changes of the times, manufacturers are not actively developing new products, and the use of a variety of possible scientific and technological innovation, in order to improve the use of locomotives, the locomotive industry will not enter the recession, become a sunset industry. The company is located in Huan Hsin Electrical System (M) Sdn, the son Company of Malaysia. Bhd. Mainly engaged in locomotive special wiring harness and locomotive lighting module development design and manufacturing, SM is mainly engaged in code table and float

development design and manufacturing, at present Dahui has accumulated more than more than 10 years of experience in the field, quality and delivery coordination has been recognized by customers, has become Malaysia's locomotive OEM manufacturers of the main object of cooperation, with the growth of locomotive sales and close cooperation with locomotive OEMS has led to the growth of the company's Malaysian subsidiary's performance. Outlook for the future: Because of Asia's large population, low national incomes and underdeveloped public transport systems, locomotives have become increasingly common for individual daily means of transport and production of industrial shellfish, creating great potential for development in the Asian locomotive market.

In the future, major markets will be transferred from developed countries such as Europe and the US and Japan to developing countries such as Asia and Latin America.

(b)Development trend of locomotive industry in Malaysia:

The locomotive industry is one of the most valued industries in Malaysia, and as the Malaysian government is committed to opening up more new paths, the initiative has brought cities and towns closer together and increased people's demand for transportation, especially as locomotives have grown most notably, according to the Federation of the Asian The statistics of Motorcycle Industries (Asian Locomotive Industry Federation), due to the lightweight, inexpensive and highly mobile characteristics of locomotives, has led to a steady growth in sales in recent years, with 2015-2017 sales of 382 units, 398 units and 441 units, respectively,

The total number of locomotive sales in Malaysia has grown steadily in recent years, although Malaysia's locomotives have not yet reached saturation in terms of the average holding rate of one locomotive per 3 people in the country. Expressway does not prohibit the use of expressway regulations, so the highway can see the traces of driving locomotives, the most popular locomotive in Malaysia is the exhaust capacity of less than 125cc four-stroke curved beam car (Cub), but in recent years, the Rapid Kedar (Scooter) locomotive trend, Automatic shift Speed Kedar locomotives provide a more convenient option for city owners who face traffic jams every day.

In recent years, in line with the Government's implementation of the new Economic Policy transformation plan, the introduction of a number of huimin programs to expand domestic demand, such as the abolition of locomotive import duties and the repair of domestic roads to shorten the suburban distance, many motorists have to face the problem of traffic jams, transfer locomotives to move, invisibly promote the sale of locomotive in Malaysia. In addition, under

the Environmental protection issue, 2006 Malaysian formally joined the United Nations World Vehicle Regulations Coordination Forum (WP29), in order to meet the relevant standards set by the organization, Malaysian government requirements from 2014, locomotives must meet at least three issues of environmental emission standards, 2016 continued to promote four issues of environmental emission standards, in addition to, Malaysian will also promote the car lamp European certification, a locomotive luminaire from the current three groups to four groups, the next four years expected locomotives will gradually produce considerable replacement demand. In addition, in early 2010, the East Association Ten plus one officially entered into force, the Southeast Asian Association regional Economic Plus Rapid integration, driving the economic growth of the countries of the Eastern Association, the locomotive market will grow rapidly. Because the ASEAN Free Trade Agreement (AFTA) will increase the liberalization of the locomotive market in the East Association region, Leveraging the development potential of the East Association market will provide the Malaysian locomotive industry and parts manufacturers with extension Opportunities to show off the export market

B. children's safety products

(a) Global development trend of child safety seats:

With the rapid economic development of various countries and people gradually pay attention to the safety and comfort of cars, the demand for automobiles has gradually improved, especially in the advanced countries, in recent years, the development of the country's demand for automobiles is increasing, creating a booming automotive industry, the per capita penetration rate of automobiles is also growing rapidly, and as more and more ordinary families become cars, the need for children to travel with their parents in the car begins to increase significantly, so the safety of children in the car is concerned.

According to the National Highway Traffic Safety the United States Highway Traffic Safety Authority, children are 8 times more likely to have a car crash without a safety seat than the riders.

According to statistics from the Internet, more than 2,000 babies and children die each year in traffic accidents in the United States, and about 30,000 babies and children are seriously injured due to a lack of appropriate safety precautions. Children's car seats are used to prevent and maintain the safety of children's cars, since the 70's, Europe and the US and other developed countries have begun to protect children ride safety issues of various studies. According to the results of research by foreign authorities, the use of

children's special safety devices can effectively reduce the risk of injury to children by about 70%, the proportion of casualties from 11.5% to 3.5%, of which children's car seat is the most critical safety equipment.

Safe-minded parents in the United States and around the world will consider the child car seat to be the most important purchase equipment for a baby in the home. Most advanced countries now have laws and regulations in place to enforce the use of child safety seats, even with clear limits on the age at which children use them, such as: Sweden requires children under the age of 7 to ride, cars should be equipped with devices to protect children's safety; in the United States, the age set by law is under 4 years of age; in Canada, The law provides for under 5 years of age; the age set by Australia is under 8 years; in the United Kingdom, children under 3 years of age are mandatory for child safety seats; South Korea is under 6 years of age; Singapore is under 8 years of age; Israel is under 4 years of age; and Italy and France place age requirements under 10 years of age; and Germany,

The Netherlands and Japan have even raised the requirement to enforce the use of child safety seats to under the age of 12. In order to provide better protection for children, the development of regulations around the world is becoming increasingly rigorous, whether it is the current international universal forward impact, or is still in the research stage of the post-impact test, product design is bound to become more complex, in the growing number of advanced countries, with the increase of people's disposable income,

And in compliance with national child safety laws, projects including child safety seats, child safety gates, seat knitted chair covers and other child safety products will maintain steady growth. On July 1, 2012, China also formally implemented the "compulsory national standard for motor vehicle child safety seats" (GB27887). Since the standard is a conversion of EU standards, it means that future car child safety seats produced and sold in China must meet the highest international standard requirements. According to the standards, in the future China's domestic cars will have to install seat interfaces and safety locks, and car child safety seats must also be inspected before they can be listed.

The company has been in cooperation with the United States famous children's products manufacturers, OEM manufacturing, its products are exported to the Americas market, but also in line with international standards, the future with the implementation of the Chinese government decree, the mainland China market should have considerable space for development.

(b)China Policy and Decrease adjustment:

Legal Standards increase the cost of making child safety seats and strollers, but they also prompt manufacturers to design more innovative products to meet

the new standards and, on the other hand, lower the flow rate of second-hand products because old goods do not meet the new standards set by the government. In order to reduce the casualty rate of accidents among children, the Government regularly corrects the standards and norms of products, and the recent overhaul was in 2002, when infants and young children were injured as a result of the incorrect installation of safety seats and the design defects of trolley products, so the relevant products were required to be withdrawn, Therefore, the Government's changes in the standard specifications of products will result in changes in raw materials and manufacturing costs, which will have an impact on gross margin, product safety testing, will encourage manufacturers to manufacture more finished products, so that the overall manufacturing costs increase, but relatively because more innovative and safer products on the shelves.

It will also enable those who attach great importance to the safety of children to buy again, so it has a positive impact on the sales of their products, in addition to the loosening of China's one-child policy, although the impact on the company is limited at this stage, but the whole baby children's product needs have a positive help.

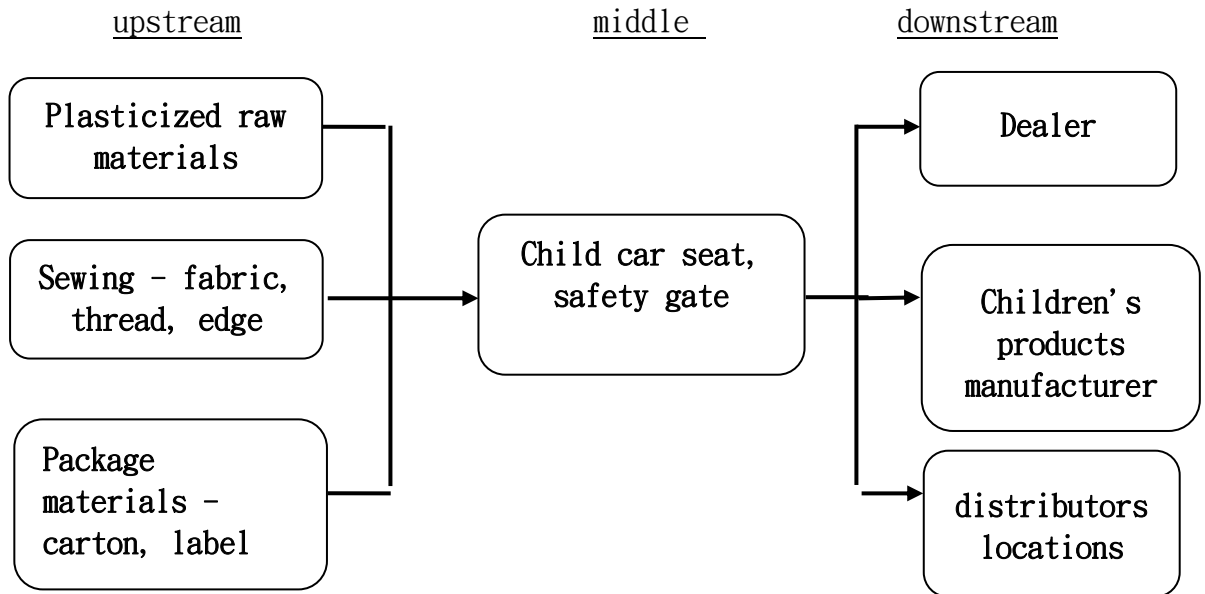
(2)The correlation of industry upstream, middle and downstream

Mainly contains upstream plastic molding injection, fabrics, copper wire, terminals, enameled wire and screws and other raw materials,

After purchase, cutting, sewing, wiring, assembly and molding processing, and peripheral support industry, including Molding machine manufacturing and maintenance, mold cooperation plant, etc., after the completion of finished products, mainly through customer sales to the downstream

The application industry includes locomotive industry, children's goods trading industry and hypermarkets retail base.

Industry upstream, middle and downstream chart
children's safety products :



(2) Development trend of products

(A)locomotive industry:

Locomotive type Due to the increasing concern about environmental pollution and the safety of steam locomotives, locomotive components for new practitioners, no matter in the development of molds, process design and product planning, and even the model of customer cooperation and development are not only the investment of plant and equipment, or the recruitment of technical personnel can be cut into, several major Japanese locomotive manufacturers such as HONDA , YAMAHA and SUZUKI in order to innovate and improve locomotive efficiency, and in line with higher locomotive safety standards and environmental quality, they continue to develop new products, and pay more attention to technical cooperation with long-term supply chain manufacturers, locomotive manufacturers in order to maintain them R & D technology and higher standards of product quality, It facilitates the development of components for upstream manufacturers in collaboration with newer technologies, higher unit

prices and high profits. At present, YAMAHA is actively training the company as its main supplier in the East Association, the future operation of the company has a positive development. As the locomotive market in Indonesia, Vietnam and Thailand has about 8 million new vehicles, 350~400 and 2.5 million units a year, and the Malaysian market has more growth potential, potential competitors are also dominated by these markets, so that the company has a foothold in Malaysia, and look at the development potential of other East association markets, also for the company's future market development direction.

B.Children's safety products:

With the attention paid by European and American countries to the safety of children travelling in cars, child safety seats are gradually with the attention of Asian countries, China began to overtake the United States as the world's largest for the first time in 2009. In the automotive consumer market, private car ownership has also increased rapidly, as the Chinese people have received. The rate of ownership of cars per household increases, but for the use of child safety seats and the absence of any legal standards, resulting in the quality of domestic products mixed, in addition to parents on children. The knowledge of safe rides is extremely scarce, and the importance attached to seats is limited, and the purchase of nationals Low will, resulting in less than 10% penetration in the Chinese market, well below 90% in Europe and the United States, the safety of children in the car will be more common concern of the whole society, plus the National Policy Decree of the promulgated, will promote the child car seat penetration rate increase; the company's products due to long-term and Well-known manufacturers in the United States to cooperate in the export of the Americas market , product production technology and specifications can be met. European ECE R44/04 Car seat safety standards, later transferred to

the domestic market in mainland China, the door the relatively low sill will be the future direction of the company's development.

5.1.3 Technology and R & D overview

(1) Technical level and research and development of the business:

Since 2003, the company has signed a technical assistance contract with Confucianism billion company for the development of lamps and lanterns, which provides drawings, quality control flow diagrams, assembly parts details, equipment and test tool details, inspection standards, test methods, educational training and other technologies, as the company is a manufacturer of headlights components, Therefore, the company in the payment of Confucianism billion company's rights and benefits, is commissioned to design the product when the annual sales, deduction when the annual sales of this product to Confucianism billion company procurement of raw materials and ancillary materials after the net amount of 2% payment. The company in 2005 set up a laboratory, with the new machine development of the control capacity, so since 2006, began to entrust Hongyi industry design and then the design drawings commissioned mold factory to open mold, and then the mold sent back to Malaysia for production, the Commission only to pay the design costs, no 2% rights ; The company since 2008, no new products have been commissioned by Confucianism billion company design, development, because the company has been 10 years of experience in the production of luminaire modules, and the acquisition of light matching machine, Lucid shape optical design software, Catia design software and the appointment of optical designers, since 2013, Has designed and developed its own luminaire module and since 2017 the company and customers to cooperate in the development of production has been official mass production sales to help. In the future, the company will be facing ODM plant planning, the current planning business secret protection measures are as follows:

- (A) All new employees are required to enter into a confidentiality undertaking, while those involved in R & D projects are required to enter into a project confidentiality contract.
- (B) Establish a complete R & D database to ensure that all R & D and business data are kept intact and that access to the database is set.
- (C) R & D is based on project control, non-participating project personnel must not be exposed to relevant data, and prohibit R & D Personnel data exchange, can share the module data, borrowing needs to be registered by

the head of department.

(D) R & D personnel computers cannot be linked to the Internet externally; USB uses a control record.

(E) Confidentiality of individual equipment cost information to avoid competitor attacks or customer requests for price reductions.

(F) application for a patent right.

(2) Research and development personnel and their learning experience:

As of March 31, 2020, the company has a total of 16 persons. The distribution of its academic qualifications are as follows:

Unit : person

person academic qualifications \ year	2021	2022	2023	March 31, 2024
Doctor	–	–	–	–
Masters	1	1	–	–
bachelor (inclusive)	17	18	11	11
Total	18	19	11	11

5.1.4 Long-term and Short-term Development

1. Short-term Development

- (1) Focus on OEM/ODM business, in addition to adding existing customers new machine types, new product line orders, and actively strive for new customers, so that the company's turnover and profit stable growth.
- (2) The establishment of semi-automated production equipment, the development of high value-added products, and to enhance product design capabilities, quality and efficiency.
- (3) Strengthen the R & D Department team, strengthen the recruitment of high-quality personnel and training, to enhance the effectiveness of R & amp; d.
- (4) Strengthen the company's financial management functions, enhance risk control.

2. Long-term Development

- (1) Strengthen the production capacity of investment companies to reduce the cost of raw materials.
- (2) Continue to attract outstanding talent, strengthen marketing, R & D and management capabilities, to maintain the overall competitiveness of the company.

- (3) Expand overseas business capabilities, cooperate with the needs of operation, grasp the market and technology development trends.

5.2 Market and Sales Overview

5.2.1 Market Analysis

1. Sales (Service) Region :

unit:NT\$ thousands				
Region \ year	2022		2023	
	Amount	%	Amount	%
America	318,585	34.50	119,808	15.15
Asia	604,767	65.50	670,778	84.85
total	923,352	100.00	790,586	100.00

2、Market Share (%) :

(1) Children's safety products:

As a result of the baby product industry covers a large range, no brand or brand awareness is not high small and medium-sized enterprises, the company to OEM business-oriented and non-industry leaders, no professional institutions or government-related master units for individual operators of the market share of detailed statistics.

The company's main customers SUMMER and DIONO are well-known brands. (2) Locomotive industry:

According to the Malaysian Motorcycle Association investigation report, 2017 Malaysia locomotive sales of a total of 440,673 units, of which Honda accounted for 28.22%, YAMAHA accounted for 50.37%, SYM accounted for the 10.72%, MODENAS accounted for 10.04%, The company's 2017 locomotive components market share, wiring harness accounted for about 65%, locomotive code table accounted for about 52%, headlights accounted for about 29%, taillights accounted for about 39%, directional lights accounted for about 65%.

3、The future supply and demand situation and growth of the market:

(1) Children's safety products

The demand for infant and young children's products is mainly affected by the population and economic environment. The main sales of products of our production products are North America, and North America has not changed significantly in the two aspects of population changes and economic environment. The expansion is not smooth, and the proportion of revenue has

(2) Locomotive industry:

The locomotive industry is a popular industry in Malaysia, and as the

Malaysian government is committed to opening more new roads and raising people's demand for locomotives, according to Federation of Asian Motorcycle Industries (Asia Locomotive Industry Federation), The sales volume of locomotive is 441 in 2017. As the average holding rate of one locomotive per 3 people in Malaysia, Malaysian locomotives have not yet reached saturation. In conjunction with the Malaysian Government's accession to the United Nations World Forum for the Coordination of Vehicle Regulations (WP29), locomotive engines must meet the relevant standards and the head taillights should have at least a fixed distance from the directional lights to comply with European safety regulations. To cooperate with the locomotive OEM manufacturers to introduce a new generation of standards of locomotives, wiring harnesses and lamps must be redesigned and manufactured to meet the new standards, in summary, the supply and demand of locomotive components will continue to grow.

4、Competitive niche:

(1) Precision mold design and development process

The company has the ability to quickly will be customers' needs and ideas, The necessary technology and specifications of its products, to assist in the design and development of mold capabilities, in order to achieve the needs of customer-leading process, the early development mechanism and experimental mold investment, the company has become one of the conditions of the core supply chain of customers.

(2) Ability of product level and vertical integration

Because of the complex locomotive structure, the locomotive industry needs Capital and technology intensive, the integration of upstream and downstream supply chain can shorten the customer's product development stage, reduce the cost, the company will continue to deepen the operation of the core products, and extend the development of other parts of the locomotive main product, and do a good job of vertical integration with the supply chain work, to achieve the best logistical and cost support.

(3) High-quality products and services

The company strives to provide customers with high quality products and services at competitive prices, in accordance with the norms of ISO9001 international certification for production and management, and adhere to the spirit of "QCDS(quality, cost, delivery, service)", to provide customers with the highest level of service.

(4) Accumulation and operation of customer relationship

With customers to establish long-term and stable relations of cooperation, at any time to provide customers with information on various products, or

from the customer to obtain the impact of cooperative relations and competitive advantage of the information, to cultivate a good interaction and understanding with customers.

5. Advantages, disadvantages and responses to the development vision

(1) Favorable factors:

A. Good cooperative relationship between international factories

The company's locomotive components products customers, for the industry's international factory, products by customer certification specifications and quality in line with their needs, that is, discharged into the production line, the company by virtue of excellent production and product management capabilities, and deeply trusted by customers, and then become a business partner, Provide customers with real-time goods and services and actively participate in customer promotion of green procurement, in order to improve their own dedication and enhance cooperation relationship.

B. Excellent tooling development capability

The company with customer demand, with excellent mold development capabilities, in good quality control, product safety in line with the standards of Europe and the US to win trust from customers.

(2) Adverse factors and Countermeasures:

The risk of labor costs increases

The company's business in processing, assembly are dependent on many manpower, in the face of recent years in China and Malaysia, the increase in labor costs, so that the company's direct labor costs as a proportion of production costs gradually rose.

Countermeasures:

The company is committed to dispatched improvement, improve the production ratio in the process, and continuously improve the production process, to reduce the dependence on labor, and through staff education training, so that the learning curve rise, improve the efficiency of personnel use, and then reduce the needs of personnel in the process. Furthermore, the Company build Vietnam production base for baby children's products to adjust to the market

changes of future.

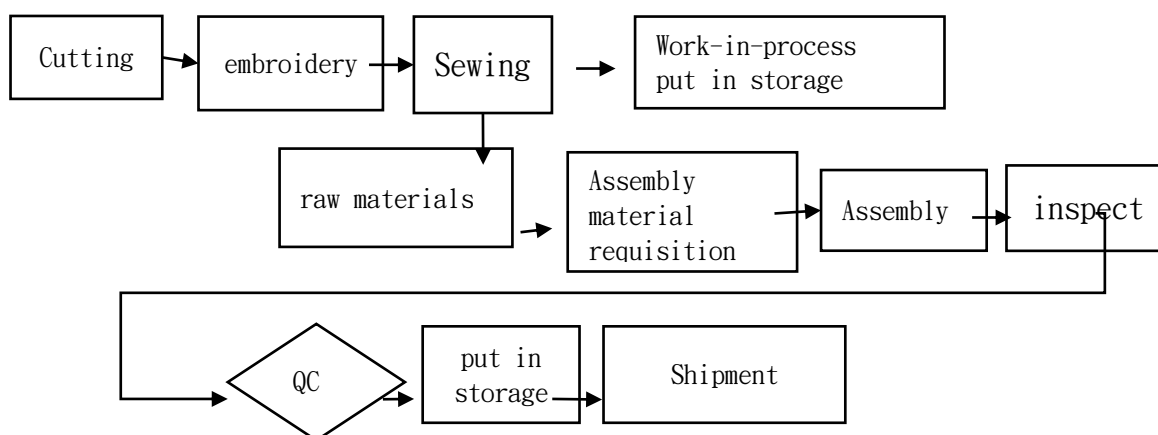
5.2.2 Important use and production process of major products

1. Major Products and Their Main Uses

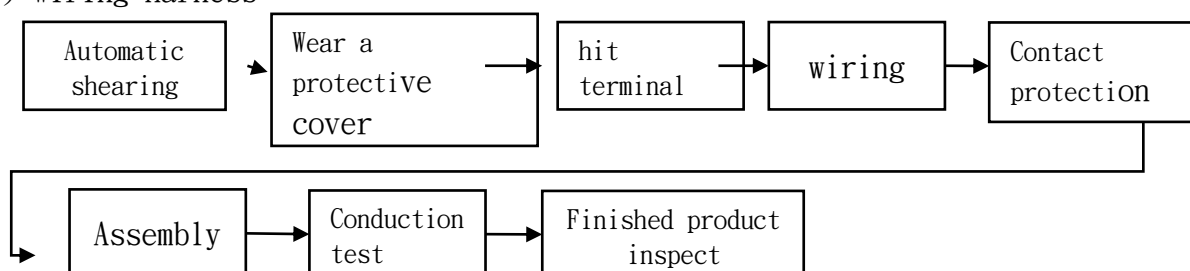
major products	Main Uses
Children's safety products	Baby Toddler product refers to the child safety seat installed in the car seat, in order to maintain the safety of infants and young children ride, stroller, jumping bed and cloth pad and other related products.
Locomotive products	Locomotive products are mainly used in the production of locomotive special wiring harness, locomotive lamp group and locomotive stopwatch as the main use of locomotives for the normal operation of the relevant products.

2. Production process of the major products:

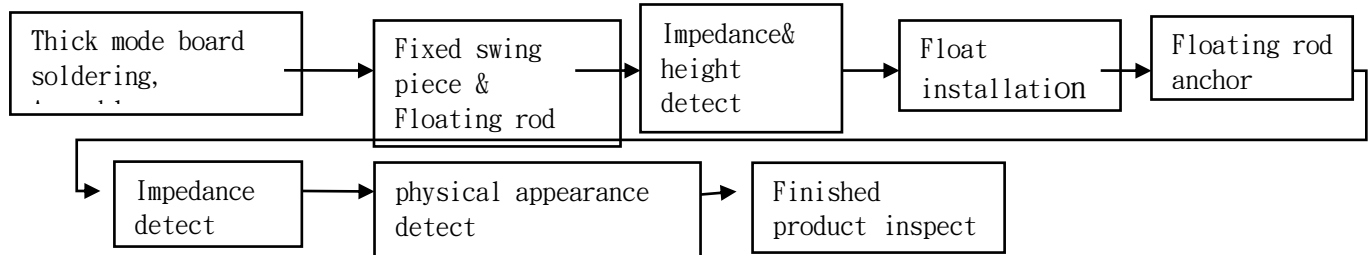
(1) Child safety seat:



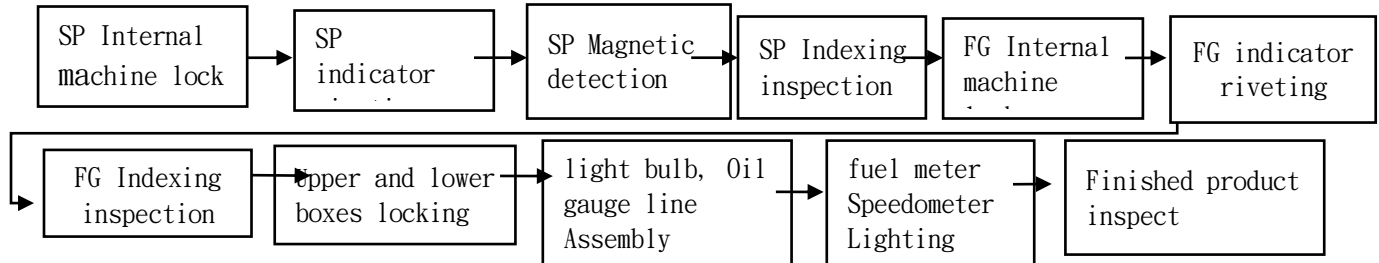
(2) Wiring harness :



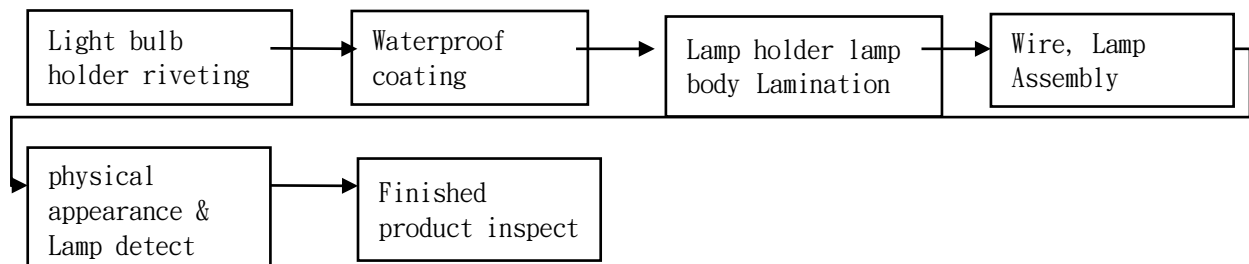
(3) Floating bucket



(4) Locomotive code table



(5) bank of lights



5.2.3 Supply Status of Main Materials :

Main Materials	Major Suppliers	Supply Situation
Plasticized raw materials	PAN-INTERNATIONAL LTD /GOLDEN FORMORE SDN. BHD	good
Internal machine	TAIWAN NESSEI	good

5.2.4 Major Suppliers and Clients in the Last Two Calendar Years:

1. Major Suppliers in the Last Two Calendar Years

unit:NT\$ thousands

Item	2021				2022				2023(As of March 31)			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	SHANGHAI HUAN HSIN ELECTRONICS CO., LTD	61,134	10.90	YES	PAN-INTER. WIRE & CABLE (M) SB	59,775	12.52	NO	GOLDEN FORMORE SDN. BHD	17,056	15.82	NO
2	PAN-INTER. WIRE & CABLE (M) SB	60,720	10.83	NO	JIUH YIH TECHNOLOGY CO., LTD	54,715	11.46	NO	PAN-INTER. WIRE & CABLE (M) SB	14,891	13.81	NO
									JIUH YIH TECHNOLOGY CO., LTD	13,972	12.96	NO
	Others	438,892	78.27		Others	362,814	76.02		Others	61,872	57.41	
	Net Total Supplies	560,746	100		Net Total Supplies	477,307	100		Net Total Supplies	107,791	100	

2. Major Clients in the Last Two Calendar Years

unit:NT\$ thousands

	2022				2023				2024(As of March 31)			
Item	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	HLYM	408,761	44.27	NO	HLYM	466,649	59.09	NO	HONG LEONG YAMAHA MOTOR S/B	107,209	58.23	NO
2	SUMMER	148,165	16.05	NO	MODERNRIA	113,308	14.35	NO	MODERNRIA PLASTIC IND. (M) S/B	29,957	16.27	NO
3	CURRENT LIGHTING	104,714	11.34	NO	CURRENT LIGHTING	80,902	10.25	NO	BOON SIEW HONDA SDN BHD	21,783	11.83	NO
4	MODERNRIA	104,187	11.28	NO								
	Others	157,525	17.06		Others	129,727	16.31		Others	25,165	13.67	
	Net Total Sales	923,352	100.00		Net Total Sales	790,586	100.00		Net Total Sales	184,114	100.00	

5.2.5 Production in the Last Two Years

unit: PCS thousands NT\$ thousands

Output Major Products (or by department)	Year	2022			2023		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Children's safety products and Other		—	6,105	296,453	—	6,039	321,341
Locomotive products		—	2,806	498,173	—	2,433	344,467
Total		—	8,911	794,626	—	8,472	665,808

5.2.6 Shipments and Sales in the Last Two Years

unit: PCS thousands NT\$ thousands

Shipments & Sales Major Products (or by departments)	2022				2023			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Children's safety products and Other			6,105	296,453			6,039	368,024
Locomotive products	2,806	498,173			2,433	420,218		
Total	2,806	498,173	6,105	296,453	2,433	420,218	6,039	368,024

5.3 Human Resources

Year		2022	2023	Data as of ending data in the current year2024(As of March 31)
Number of Employees	Management	109	101	99
	Non-management	589	502	490
	Total	689	603	589
Average Age		33.49	33.85	33.96
Average Years of Service		5.24	5.41	5.58
Education	Ph. D.	0	0	0
	Masters	2	2	2
	Bachelor's Degree	108	100	97
	Senior High School & below Senior High School	588	501	490

5.4 Environmental Protection Expenditure

5.4.1 Total Losses and Penalties

The loss or penalty caused by environmental pollution during the latest year and up to the printing date of 2022 & 2023 annual report: None

5.4.2. Countermeasures and Expenditure

- 1、Countermeasures
- 2、Plan:None
- 3、The projected protection expenditure of next 3 year : None
- 4、The impact of improvement: None
- 5、Items of failure to take countermeasures: None

5.5 Labor Relations

5.5.1 Employee welfare measures, refresher, training, retirement system and implementation, as well as inter-labor agreement and various employee rights and interest' s maintenance measures.

1. employee welfare measures: The company's welfare measures, is in accordance with the labor benchmark law, Labor insurance regulations, the universal health insurance Law and other relevant laws.
2. Staff refresher and training status: The company attaches great importance to The teaching and terminally ill training of its employees, in addition to conducting on-the-job training at any time in accordance with the business content, it also regularly plans external training courses to enhance the professional competence and core are of staff, and to strengthen the complete training and refresher pipeline for staff.
3. Retirement System and its implementation status: In accordance with the provisions of the Labor Pensions Ordinance (the system), the company is allocated to the Labor Insurance Board at a rate of 6% per cent of the monthly wage of workers, which is included as the current fee.
4. Agreement between employers and employees: all the company in accordance with the labor law orders and related provisions to safeguard the rights and interests of staff, maintain good labor relations, so there has not been a major labor dispute.
- 5, the various employee rights and interests of the maintenance measures: the company has perfect provisions to safeguard the rights and interests of employees, and regularly review and enhance the various welfare measures, the period so that the rights and interests of employees to obtain the highest protection.

5.5.2. Total Losses or Penalties of Labor dispute in the Last Three Years :

Item	2021	2022	2023
Labor dispute	None	None	None
Losses occurred	None	None	None
Possible loss in the future	None	None	None
Countermeasures	None	None	None

5.6 Cyber Security Management:

5.6.1 Provides the cyber security risk management framework, Cyber Security Policy, specific management plans and cyber security management resources invested.

1. Asset management risk management structure

The Company contacts its subsidiaries by e-mail for the day-to-day operations of the holding company to obtain information. The Assets And Safety Committee of the holding company is maintained by the information service company, and each subsidiary has an information unit to carry out various management.

2. Security Policy

- (1) Ensure the confidentiality and integrity of information assets.
- (2) Ensure that data access is regulated according to the functions of the department.
- (3) To ensure the continuous operation of the information system.
- (4) Prevent unauthorized modification or use of data and systems.

3. Specific management methods

(1) Internet security control

- A. Set up a firewall.
- B. Conduct regular virus scans of computer systems and data storage media.

(2) Data access control

- A. The computer equipment should be kept by a special person, and the account number and password should be set.
- B. Grant different access rights according to the function
- C. The transferred personnel cancel the original authority
- D. Confidentiality, sensitive information and copyrighted software should be removed or overwritten before equipment is scrapped
- E. Establish a system backup mechanism.
- F. Advocate information security information at any time and enhance the awareness of salary security of employees.

4. Invest in security management resources

The Company and its subsidiaries will gradually invest resources to increase the security of information in accordance with the suggestions of outsourcing units and information units.

5.6.2 Losses, possible impacts and countermeasures as a result of major cyber security incidents in the last year up to the publication date of this annual report, state the reasons if

losses cannot be reasonably estimated:None

5.7 Important Contracts :

5.7.1 Huan Shin Electrical System (M) Sdn. Bhd.

Agreement	Counterparty	Period	Major Contents	Restrictions
Sales Contract	Hong Leong Yamaha Motor Sdn. Bhd.	2005(note)	sale terms	none
Sales Contract	Motosikal DanEnjinNasional Sdn. Bhd.	2006(note)	sale terms	none
Sales Contract	Boon Siew Honda Sdn. Bhd.	2010(note)	sale terms	none

5.7.2 Speedy Momentum Sdn. Bhd.

Agreement	Counterparty	Period	Major Contents	Restrictions
Sales Contract	Armstrong Auto Parts Sdn. Bhd.	2004(note)	sale terms	none
Sales Contract	Hong Leong Yamaha Motor Sdn. Bhd.	2005(note)	sale terms	none
Sales Contract	Motosikal DanEnjinNasional Sdn. Bhd.	2007(note)	sale terms	none
Sales Contract	Boon Siew Honda Sdn. Bhd.	2010(note)	sale terms	none

Note: The contract shall remain in force if one of the parties fails to initiate termination on its own initiative.

VI、Financial Information

6.1、Five-Year Financial Summary

6.1.1 Condensed Balance Sheet and Condensed Comprehensive Statement of Income

1. Condensed Balance Sheet：

unit: NT\$ thousands

<div style="display: flex; align-items: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Item</div> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Year</div> </div>		Financial Summary for The Last Five Years					Data as of ending data in the current year2024(As of March 31)(note)
		2019	2020	2021	2022	2023	
Current assets		401,998	534,151	527,902	533,879	453,682	489,917
Total non-current financial assets at fair value gthrough other comprehensive invome		–	–	–	136,600	109,989	100,346
Long-term investments		51,511	89,347	95,672	–	–	–
Real Estate, plant and equipment		153,719	180,897	147,158	142,184	111,378	104,912
The leased asset		17,550	20,030	19,303	19,155	15,827	104,912
Prepayment of investment		22,977	–	–	–	–	–
Prepayment for business facilities				19,447	–	–	–
Other assets		2,271	3,024	3,387	2,681	2,257	2,191
Total assets		650,026	827,449	812,869	834,499	693,133	712,212
Current liabilities	unappropriat ed	124,279	302,133	275,930	266,460	221,742	248,400
	appropriated	124,279	302,133	280,255	290,160	251,442	272,100
Other liabilities		7,997	11,936	12,702	13,802	9,788	6,070
Total liabilities	unappropriat ed	132,276	314,069	288,632	280,262	231,530	254,470
	appropriated	132,276	314,069	292,957	303,962	255,230	278,170
Consolidated ownership interest Attributed to Stockholders of the		517,750	513,380	524,237	554,237	461,603	457,742

<div> <div>Year</div> <div>Item</div> </div>		Financial Summary for The Last Five Years					Data as of ending data in the current year2024(As of March 31)(note)
		2019	2020	2021	2022	2023	
parent							
Capital stock		395,000	395,000	395,000	395,000	395,000	395,000
Capital surplus		149,523	149,523	150,245	150,245	150,245	150,245
Legal Reserve		86,983	86,983	86,983	99,649	99,656	99,656
Retained earnings	unappropriated	(11,531)	(5,802)	16,999	29,338	(22,389)	(21,417)
	appropriated	(11,531)	(5,802)	12,674	5,638	(22,389)	(21,417)
Other equity		(102,225)	(112,324)	(124,990)	(119,995)	(160,909)	(165,742)
Treasury stock		–	–	–	–	–	–
non-controlling interest		–	–	–	–	–	–
Total equity	unappropriated	517,750	513,380	524,237	554,237	461,603	457,742
	appropriated	517,750	513,380	519,912	530,537	437,903	434,042

Note : reviewed by CPA

2. Condensed Comprehensive Statement of Income– Based on IFRS :

Condensed Comprehensive Statement of Income

unit: NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years					Data as of ending data in the current year2024(As of March 31)(note)
	2019	2020	2021	2022	2023	
Operating revenue	548,519	617,785	788,242	923,352	790,586	184,113
Gross profit	84,839	87,377	122,434	128,726	118,954	25,454
Income from operations	(6,353)	7,704	31,598	30,458	13,334	5,019
Non-operating income and expenses	17,073	19,268	7,709	21,769	(19,036)	(1,216)
Income before tax	10,720	26,972	39,307	52,227	(5,702)	6,245
Income from Continuing Operation	–	–	–	–	–	–
Loss) from Discontinued Operation	–	–	–	–	–	–
Net income (Loss)	(11,651)	7,407	22,801	29,330	(28,020)	972
Other comprehensive income (income after tax)	(7,737)	(10,099)	(12,666)	18,195	(14,304)	(3,861)
Total comprehensive income	(19,388)	(2,692)	(12,666)	18,195	(14,304)	(3,861)
Net income attributable to shareholders of the parent	(11,651)	7,407	22,801	29,330	(28,020)	972
Net income attributable to non-controlling interest	–	–	–	–	–	–
Comprehensive income attributable to Shareholders of the parent	(19,388)	(2,692)	10,135	34,325	(68,935)	(3,861)
Comprehensive income attributable to non-controlling interest	–	–	–	–	–	–
Earnings per share	(0.29)	(0.19)	0.58	0.74	(0.71)	0.02

Note : reviewed by CPA

6.1.2 Auditors' Opinions from 2018 to 2022

Year	Accounting Firm	CPA	Audit Opinion
2021	MAY Yang 、Winston Yu	KPMG Accounting firm	unmodified opinion
2019	MAY Yang 、Gino Chen	KPMG Accounting firm	unmodified opinion
2020	Jason Lin 、Gino Chen	KPMG Accounting firm	unmodified opinion
2021	Jason Lin 、Gino Chen	KPMG Accounting firm	unmodified opinion
2022	Jason Lin 、Gino Chen	KPMG Accounting firm	unmodified opinion

6.2、Five-Year Financial Analysis

6.2.1 Consolidated Financial Analysis - Based on IFRS

1. Consolidated Financial Analysis :

Item \ Year		Financial Analysis for the Last Five Years					As of the printing date of this annual report (As of March 31, 2024)
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt Ratio	20.35	37.96	35.51	33.58	33.40	35.73
	Ratio of long-term capital to Real Estate, plant and equipment	341.15	283.8	314.66	389.8	414.45	436.31
Solvency (%)	Current ratio	323.46	176.79	191.32	200.36	204.6	197.23
	Quick ratio	249.71	125.35	93.71	121.48	138.18	146.66
	Interest earned ratio (times)	-	61.88	41.77	29.02	-0.40	4.40
Operating performance	Accounts receivable turnover (times)	4.83	3.99	3.96	4.88	5.39	5.90
	Average collection period	76	91	92	75	67	62
	Inventory turnover (times)	4.98	5.03	3.92	3.96	4.35	5.61
	Accounts payable turnover (times)	7.14	5.10	5.02	6.51	5.5	5.20
	Average days in sales	73.27	73	93	92	83	65
	Real Estate, plant and equipment turnover (times)	3.96	3.69	4.54	5.98	6.24	6.81
	Total assets turnover (times)	0.84	0.81	1.08	1.12	1.04	1.05
Profitability	Return on total assets (%)	-1.7	1.05	2.87	3.73	-3.24	1.03
	Return on stockholders' equity (%)	-2.17	1.44	4.39	5.44	-5.52	0.85

Item \ Year			Financial Analysis for the Last Five Years					As of the printing date of this annual report (As of March 31, 2024)
			2019	2020	2021	2022	2023	
	Return to paid-in capital (%)	Operating Income	-1.60	1.95	8.00	7.71	3.38	5.08
		Consolidated Income Before Tax	2.71	6.83	9.95	13.22	-1.44	3.85
	Profit ratio (%)		-2.12	1.20	2.89	3.18	-3.54	0.53
	Earnings per share (NT\$)		-0.29	0.19	0.58	0.74	-0.71	0.02
Cash flow	Cash flow ratio (%)		18.28	6.78	-21.68	33.77	39.85	9.77
	Cash flow adequacy ratio (%)		98	62.61	25.85	44.92	47.41	55.82
	Cash reinvestment ratio (%)		0.29	3.08	-8.85	9.01	9.66	4.09
Leverage	Operating leverage		-2.86	4.46	1.89	2.03	3.08	2.09
	Financial leverage		0.98	1.06	1.03	1.07	1.44	1.29

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

1. Interest earned ratio (times) : Due to increased interest costs.
2. Return on total assets (%) : Due to the reduction in operating income, loss of losses, and compensation for employees to terminate the labor contract economic compensation.
3. Return on stockholders' equity (%) : Due to the reduction in operating income, loss of losses, and compensation for employees to terminate the labor contract economic compensation.
4. Return to paid-in capital (%) Operating Income : Due to the reduction of operating income, loss of losses, and compensation for employees to terminate the labor contract economic compensation.
5. Return to paid-in capital (%) Consolidated Income Before Tax : Due to the reduction of operating income, loss of losses, and compensation for employees to terminate the labor contract economic compensation.
6. Profit ratio (%) : After tax, the net profit after tax, due to decreased operating income, reducing loss, and compensation for the termination of labor contract economic compensation, resulting in a reduction in net interest rate.
7. Earnings per share (NT\$) : Due to the reduction of operating income, reducing loss, and the termination of the economic compensation for employees to terminate the labor contract, the earnings per share are reduced.
8. Leverage Operating leverage : Due to the reduction of operating income and operating benefits.
9. Leverage Financial leverage : Due to the reduction in operating interests and increased interest rates due to increased interest rate hikes.

1. Financial structure

(1) Debt Ratio=Total liabilities/Total assets

(2) Ratio of long-term capital to Real Estate, plant and equipment= (Total equity+noncurrent liabilities) /Real Estate, plant and equipment

2. Solvency

(1) Current ratio=current assets/current liabilities

(2) Quick ratio= (current assets–Inventory–prepaid expenses) /current liabilities

(3) Interest earned ratio=income before tax and interest expense/Interest expenses

3. Operating performance

(1) Accounts receivable turnover= Net operating revenue/average accounts receivable various periods

(2) Average collection period=365/Accounts receivable turnover

(3) Inventory turnover=cost of goods sold/average inventory various periods

(4) Accounts payable turnover=cost of goods sold/average accounts payable various periods

(5) Average days in sales=365/inventory turnover

(6) Real Estate, plant and equipment turnover=Net operating revenue/average real Estate, plant and equipment various periods

(7) Total assets turnover=Net operating revenue/average total assets various periods

4. Profitability

(1) Return on total assets= [income after tax+interest expensesx (1 –tax rate)] /average total assets various periods

(2) Return on stockholders' equity=income after tax/average stockholders' equity various periods

(3) Profit ratio=income after tax/net operating revenue

(4) Earnings per share= (Net income attributable to shareholders of the parent–preferred stock dividend) /Weighted average number of issued shares (note 4)

5. Cash flow

(1) Cash flow ratio=Cash flow from operation activity/current liabilities

(2) Cash flow adequacy ratio=Cash flow from operation activity for current 5 years /(capital expenditure+the increase of inventory+cash dividend)for current 5 years

(3) Cash reinvestment ratio=(Cash flow from operation activity–cash dividend)/ (cost of real Estate, plant and equipment+long-term investment+other assets+ working capital)(note5)

6. Leverage :

(1)Operating leverage=(Net operating revenue–variety operating cost and expense)/ Income from operations(note 6)

(2)Financial leverage=Income from operations/ (Income from operations–interest

expenses)

note 4 : The formula for calculating the surplus per share should be measured with particular attention to the following matters:

- (1) The weighted average number of common stock shares shall prevail, rather than on the basis of the number of shares issued at the end of the year.
- (2) Where cash capital increases or Treasury shares are traded, the weighted average number of shares shall be calculated taking into account the period during which they are in circulation.
- (3) Where surplus is transferred or capital reserve is capitalized, the calculation of surplus per share in previous years and semi-annual earnings shall be adjusted retroactively in proportion to the increase in the ratio, regardless of the period during which the replenishment is issued.
- (4) If the preferred stock is a non-convertible cumulative preferred stock, its annual dividend (whether issued or not) shall be deducted from the net income after tax or increased loss after tax. If the preferred stock is of a non-cumulative nature, in the case of net income after tax, the dividend of the preferred stock shall be deducted from the net profit after tax; in the case of net loss after tax, the dividend of the preferred stock shall not be deducted.

Note 5: The cash use analysis should be measured with particular attention to the following matters:

- (1) Net cash flows from operating activities represent net cash inflows of operating activities in the statement of cash flows.
- (2) Capital expenditure means the number of cash outflows from annual capital investments.
- (3) The increase in inventory is counted only when the closing balance is greater than the opening balance and, if the inventory is reduced at the end of the year, counted at 0.
- (4) Cash dividends include cash dividends from common shares and preferred shares.
- (5) Cost of real estate, plant and equipment is the amount of real estate, plant and equipment before accumulated depreciation.

6.3 Audit Committee' s Report in the most recent year

Audit Committee' s Review Report on the 2023 Financial Statements

The Board of Directors has prepared the Company' s 2023 Business Report, Financial Statements, and proposal for allocation of profits. The CPA firm of KPMG was retained to audit Dai Hui Limited' s Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Da Hui Limited. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Da Hui Limited 2024 Shareholders' Meeting

Chairman of the Audit Committee: GOO, YEONG-JIA
Sir

March 12, 2024

6.4 Financial Statements for the years Ended December 31, 2022 and 2023 and Independent Auditors' Report. Please refer to page 145-195

6.5 Individual Financial Statements for the years Ended December 31, 2023 and 2022 and Independent Auditors' Report.:NA

6.6 The impact of financial turnaround difficulties on the financial position of the company and its associated enterprises during the publication of their most recent annual and annual reports: There is no such circumstance.

VII、Review of Financial Conditions, Operating Results, and Risk Management

7.1 Analysis of Financial Status：

Unit: NT\$ thousands

Item \ year	2023	2022	Difference	
			Amount	%
Current assets	453,682	533,879	-80,197	-15.02
Total non-current financial assets at fair value through other comprehensive income	109,989	136,600	-26,611	-19.48
Real Estate, plant and equipment	111,378	142,184	-30,806	-21.67
Long-term investments	0	0	0	-
The leased asset	15,827	19,155	-3,328	-17.37
Other assets	2,257	2,681	-424	-15.81
Total assets	693,133	834,499	-141,366	-16.94
Current Liabilities	221,742	266,460	-44,718	-16.78
Long-term Liabilities	9,788	13,802	-4,014	-29.08
Total Liabilities	231,530	280,262	-48,732	-17.39
Capital stock	395,000	395,000	0	0.00
Capital surplus	150,245	150,245	0	0.00
Special legal reserve	99,656	99,649	7	0.01
Retained Earnings	-22,389	29,338	-51,727	-176.31
Other Adjustments	-121,098	-106,798	-14,300	13.39

Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	-39,811	-13,200	-26,611	201.60
Total Stockholders' Equity	461,603	554,237	-92,634	-16.71
Analysis of changes in financial ratios:(Required if the difference exceeds 20% and larger than NTD10 millions.)				
1.Real Estate, plant and equipment : The assets of the Sun Company Weihai Jinfu Electronics Co., Ltd. are caused by the assets of assets and heavy classification.				
2.Retained Earnings : Due to the reduction of after -tax profit or loss.				
3.Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income : Because after the stock exchange, the evaluation of the securities is obtained.				

note : Consolidated Financial Statements for the years Ended December 31, 2022 and 2023 are issued by Independent Auditors.

7.2 Analysis of Financial Performance :

Unit: NT\$ thousands

Year Item	2023	2022	Difference	Difference %
Gross Sales	790,586	923,352	-132,766	-14.38
Cost of Sales	671,632	794,626	-122,994	-15.48
Gross Profit	118,954	128,726	-9,772	-7.59
Operating Expenses	105,620	98,268	7,352	7.48
Operating Income	13,334	30,458	-17,124	-56.22
Non-operating Income and expenses	-19,036	21,769	-40,805	-187.45
Consolidated Income Before Tax	-5702	52,227	-57,929	-110.92
Tax Expense	22,318	22,897	-579	-2.53
Consolidated Income After Tax	-28,020	29,330	-57,350	-195.53

1. Analysis of changes in financial ratios: (Required if the difference exceeds 20% and larger than NTD10 millions.)

(1)Operating Income : This was due to the decrease in operating income and the increase in operating expenses due to the severance of employee termination of labor contracts.

(2)Non-operating Income and expenses : This was due to the impairment of the provision of assets and the increase in interest expense.

(3)Consolidated Income Before Tax : The consolidated net profit decreased due to the decrease in operating income and the increase in operating expenses and the impairment of assets due to the increase in economic compensation for the termination of labor contracts by employees.

(4)Consolidated Income After Tax : The consolidated net profit decreased due to the decrease in operating income and the increase in operating expenses and the impairment of assets due to the increase in economic compensation for the termination of labor contracts by employees.

2、The main factors that affect the expected growth or decline in the number of sales in the coming year and the basis for the company's expected sales volume: The number of future sales depends mainly on the sales of the customer's products in the market. The sales of customer products are affected by many factors such as economic conditions, product design and consumer experience, and it is difficult to expect continuous growth or decline. With the current operating situation, locomotive component products show a gradual increase trend.

7.3 Analysis of Cash Flow

7.3.1 Cash Flow Analysis for the Current Year

Unit: NT\$ thousands

Item	Cash Inflow (Cash Outflow)		Difference	
	2023	2022	Amount	%
Cash Flow Ratio (%)	107,918	89,983	-17,935	-19.93
Cash Flow Adequacy Ratio (%)	-15,167	-23,708	-8,541	36.03
Cash Reinvestment Ratio (%)	-8,808	-5,705	3,103	-54.39

Analysis of financial ratio change:

1.Operation activity: Cash inflow from operating activities was affected by a significant decrease in accounts receivable and inventories, a decrease in investment income using the equity method and other current assets.

Item	Cash Inflow (Cash Outflow)		Difference	
	2023	2022	Amount	%
2. Investment activity: Cash outflow from investing activities decreased due to the disposal of real estate, plant and equipment.				
3. Financing activity: This was due to the distribution of cash dividends and a decrease in lease principal.				

Lack of liquidity improvement plan: NA

7.3.2. Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
190,129	495,773	504,050	181,852	—	—

Analysis of changes in cash flows in the coming year:

The expected cash outflow for the year is slightly higher than the inflow, as there is a cash balance of \$190,129 thousand at the beginning of the period and no significant capital expenditure, which should be sufficient to cover the cash outflow.

7.4 Major Capital Expenditure Items :

There has been no significant capital expenditure in the recent year.

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

7.5.1 Investment policy:

The company's current investment policy is based on the basic business-related investment, is not engaged in other industries, by the relevant executive departments following the internal control system "investment cycle" and "acquisition or disposal of asset processing procedures" and other means of implementation, the above measures or procedures and approved by the Board of directors or shareholders.

7.5.2 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year(2023) :

Unit: NT\$ thousands

Item \ Remarks	%	Line of business	2023 Income (Loss) Amount	Reasons for Gain or Loss	Action Plan	Investment Plan for the Next 12 Months
Speedy Momentum(BVI) Ltd.	100%	Investemnt	48,587	Profitable and stable	-	None
Focus Group Co. Ltd.	100%	Investemnt	-53,977	Due to the reduction of production scale, the competitiveness of the company is reduced, and the business expansion is limited.	Existing equipment is rented or sold.	None
Huan Hsin Electrical System (M) Sdn. Bhd.	100%	Locomotive wiring harness and locomotive lamp set	66.553	Profitable and stable	-	None
Speedy Momentum Sdn. Bhd.	100%	Locomotive code table, floating	-6,569	Profitable and stable	-	None

		bucket				
Dai Hui Limited	100%	Wholesale of Motor Vehicle Parts and Supplies	604	Profitable and stable	-	None
Weihai Jinn Fu Electronics Co., Ltd	100%	Children's safety seat products, Children's safety gates, Knitted chair cover	-54,343	Due to the reduction of production scale, the competitiveness of the company is reduced, and the business expansion is limited.	Existing equipment is rented or sold.	None
TRENDIN CO., LTD	100%	Investemnt	-6,796	Due to the decrease in the number of sales of infant and toddler products and the poor efficiency of LED products.	Increase the variety of products	None
MILESTONE CO., LTD.	100%	Production and sales of Car safety seat.	-4,175	Due to the decrease in the number of sales of infant and toddler products and the poor efficiency of LED products.	Increase the variety of products	None
Aspire Solutions Limited	40%	R&D and sales of Car safety seat.	-1,677	Business expansion is limited, and the return on investment has not yet been revealed.	Expand new customers and reduce customer concentration risk.	

7.6 Analysis of Risk Management

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

1. Interest rate :

The current borrowing is USD2 million from HUA NAN Bank, and the interest expense in 2023 is NTD4,066,000, so the interest rate change has no significant impact on the company.

2. Foreign exchange rates:

The Company's foreign currency sales are mainly denominated in US dollars, so exchange rate changes have a certain impact on the Company. However, because some of the incoming raw materials are also denominated in US dollars, the exchange rate risk is also reduced.

3. Inflation :

The company's transactions are in the United States, and its production bases are Malaysia, Vietnam and the mainland, and the inflation situation in the region is currently stable and should have no significant impact.

7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions :

1. high-risk or high-leveraged investments : none

2. Lending and Endorsement: Except for the loan of funds between 100% of the shareholding group companies and the endorsement guarantee of bank financing, there is no loan or endorsement guarantee of funds as of the date of publication.

3. Derivative transactions : Derivative financial product transactions arising from the purchase of wealth management products linked to interest rates, with a transaction amount of USD100,000 and a loss of NTD403,000 as of April 30, 2024, have reached the callable period.

7.6.3 Future Research & Development Projects and Corresponding Budget :

The company develops the existing products , and also develops lamp and digital code table products.

7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales:

The Company consistently pays close attention to any changes in local and foreign policies and makes appropriate amendments to our systems when necessary. As of the date of publication of this annual report, changes in related laws have not had a significant impact on our operations.

7.6.5 Effects of and Response to Changes in Technology and the Industry Relating

to Corporate Finance and Sales:

The Company attaches great importance to improvements in technology and Carefully monitors market trends and assesses the impact they may have on the company' s operations. The Bankruptcy of Toys R Us had huge impact to the Physical Channels of Baby products. The Company attaches great importance to prevent the sales decrease of baby products.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company' s Response Measures:

Since its inception, the Company has consistently maintained an ethical Business Philosophy, hired excellent employees and fulfilled its social responsibilities. Aside from working to strengthen internal management and conforming to all relevant corporate governance requirements, the Company has also organized numerous public welfare activities to prevent the risk of corporate image crisis.

7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans:

On May 3, 2022, the Board of Directors resolved to exchange its 35% equity interest in Yunzhi Co., Ltd. for a new offering of 2,000,000 shares in Qihua Co., Ltd., and the benefits of this share exchange will be presented in the financial report after the delivery of the shares has been reviewed by the accountants.

7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

Capacity expansion should be due to the needs of both customers, and the industry in addition to major special events (such as the bankruptcy of Toys R Us) outside the relative implicit, there should be no significant immediate risk.

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration:

1. In the purchase: In addition to the customer designated materials, the main raw materials have their suppliers can be supplied, can spread the associated risks.

2. In the area of sales:

According to the product classification, it is as follows:

- A. Locomotive components: obtain customer certification, after customer certification, you can participate in the customer's various supply items of supplier selection, no longer limited to Malaysia, can increase the supply items and scope of supply, and at the same time to obtain certification, for the quality and quantity of product supply, there are corresponding requirements, and the necessary rectification needs.
- B. Baby and Toddler Products: After the fire at the factory in Vietnam, the number of sales has gradually decreased, and the competitiveness of the company has gradually decreased in the case of the reduction of production scale, and the company plans to lease or sell the existing equipment.
- C. LED products: Due to the introduction of LED products and products due to the CHINA-US trade issue, stable growth, the future through the production and sales performance, to expand new customers and products.

7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%.: none

7.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights: The structure of our principal shareholders is solid. Our policy is to maintain a steady ownership and management structure.

7.6.12 Litigation or Non-litigation Matters

Major ongoing lawsuits, non-lawsuits or administrative lawsuit: None.

7.6.13 Information security risks and countermeasures:

The Company is a holding company that mainly uses electronic mailboxes to transmit information, and currently rents electronic mailbox services from large telecommunications service companies in Taiwan, and operates with closed information systems within each subsidiary, and performs operations such as backup, anti-virus operations and password setting to reduce the security risks of information and communications.

7.6.14 Other Major Risks : None.

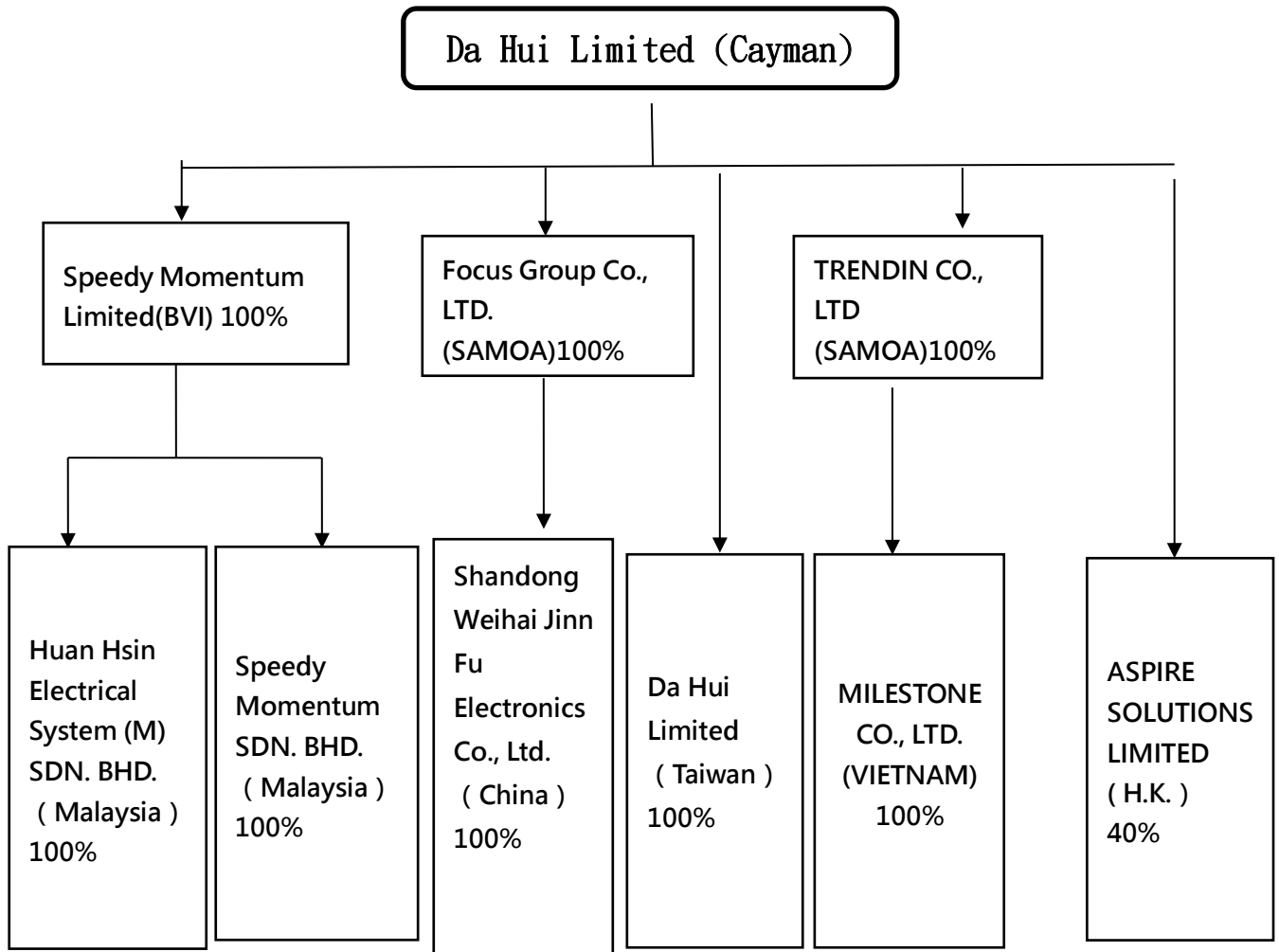
7.7 Other Issues: None.

VIII. Special Disclosure

8.1 Summary of Affiliated Companies :

8.1.1 Affiliated companies consolidated business report

1. Affiliated companies chat :



Note: On August 26, 2022, 35% of the shares of YUNZE WELLNESS CO., LTD., were exchanged for 2,000,000 ordinary shares of CHI HUA FITNESS CO.,LTD.

2. Affiliated companies' basic information

May 31, 2024

3. Presumed to have control over the same shareholder data of the dependent person :

Name of Affiliated companies	Date of establishment	Address	Paid-up capital	Line of business
Da Hui Limited	2011.12.1	New Taipei Xizhi District Datong Road Section 337 Lane 16 Road 27th 3 Floor	NTD\$6,000 thousands	Wholesale of Motor Vehicle Parts and Supplies
Speedy Momentum (BVI) Ltd	2007.3.19	3 RD FLOOR, OMAR HODGE BULIDING, WICKHAMS CAY 1 P.O. BOX 362, ROAD TOWN TORTOLA, BRITISH VIRGIN ISLANDS	USD 2 thousands	Investment
Focus Group Co. Ltd.	2012.9.3	TMF (SAMOA) LIMITED TMF CHAMBERS P.O. BOX 3269 APIA, SAMOA	USD 8,758 thousands	Investment
Weihai Jinn Fu Electronic Co., Ltd	2007.3.8	No. 911 Shenyang Zhong Road, Weihai, Shandong Province, China	RMB54,629 thousands	Production and sales of Car safety seat.
Huan Hsin Electrical System (M) Sdn. Bhd.	1995.9.21	Lot 324 & 325, Jalan PKNK 3/2, Kawasan Perusahaan Sungai Petani, 08000 Sungai Petani, Kedah, Malaysia.	RM5,000 thousands	Locomotive wiring harness and locomotive lamp set
Speedy Momentum Sdn. Bhd	2000.12.1	Lot 324 & 325, Jalan PKNK 3/2, Kawasan Perusahaan Sungai Petani, 08000 Sungai Petani, Kedah, Malaysia.	RM1,000 thousands	Locomotive code table, floating bucket
Zhengding Co., Ltd	2015.4.16	TMF (SAMOA) LIMITED TMF CHAMBERS P.O. BOX 3269 APIA, SAMOA	USD1,050 thousands	Investment
Man Yi Co., Ltd.	2015.12.08	Plot 13 Quang Minh Industrial Park, Me Linh District, Hanoi, Vietnam	USD1,000 thousands	Production and sales of Car safety seat.
YUNZE WELLNESS CO., LTD	2017.2.18	8/F, section 57th, 2 Yonghe Road, Yonghe District, New Taipei	NTD\$16,000 thousands	Sports Training
Aspire Solutions Limited	2019.5.14	UNIT C4/F REALTY TOWER NO 4 SUN ON ST CHAIWAN H.K.	USD 2,003 thousands	R&D new products

none

4. Directors' , Supervisors' and general manager' s information of Affiliated companies

Unit: NT\$ thousands

Name of Affiliated companies	Title	Name	shares	
			Investment cost	%
Da Hui Limited (Taipei)	Chairman	HSU, HUNG-CHON	6,000	100%
Speedy Momentum (BVI)	Director	HSU, HUNG-CHON	66	100%
		HSU, CHENG-CHIEN		
Focus Group Co. Ltd	Director	HSU, HUNG-CHON	177,422	100%
Weihai Jinn Fu Electronics Co.,	Director	HSU, HUNG-CHON	175,913	100%
Huan Hsin Electrical System (M) Sdn. Bhd.	Director	HSU, CHENG-CHIEN	4,826	100%
		KOH LEE KHIM		
		SAW HOOI EAN		
Speedy Momentum Sdn. Bhd.	Director	HSU Minghong	9,292	100%
		SAW HOOI EAN		
		Chang Weihuan		
Trending Co., Ltd	Director	HSU, HUNG-CHON	76,765	100%
Milestone Co., Ltd.	Director	HSU, HUNG-CHON	76,004	100%
Aspire Solutions Limited	Director	SEJNOWSKI JOSEPH PAUL 、 MANSKER GREGORY EUELL 、 ZHU, JIAN-DA	59,503	40%

note : There is no stock share for the limited company.

5. Operation information of Affiliated companies :

Unit: NT\$ thousands

Name of Affiliated companies	exchange	Capatial	Total assets	Total liabilities	Eequity	Operating Revenue	Operating Incopme	Net Income (after tax)
Da Hui Limited(Taipei)	NTD	6,000	33,744	8,499	25,245	38,483	765	604
Speedy Momentum (BVI) Limited	NTD	66	332,158	4,640	327,518	0	(12,146)	48,587
Focus Group Co., Ltd.	NTD	177,422	-43,353	0	-43,353	0	(50)	(53,976)
Huan Hsin Electrical System (M) Sdn. Bhd.	RM	500	53,387	11,791	41,596	93,309	13,762	10,153
Speedy Momentum Sdn. Bhd.	RM	1,000	9,739	1,225	8,514	7,191	(990)	-1,002
Weihai Jinn Fu Electronics Co.,	RMB	35,000	7,229	17,393	-10,163	3,962	(8,100)	(12,363)
Trending Co., Ltd	NTD	76,764	72,973	5,676	67,296	0	(1,963)	(6,796)
Milestone Co., Ltd.	VND	57,047,000	78,632,834	24,901,308	53,731,526	79,496,862	-4,681,372	(3,241,092)
Aspire Solutions Limited	USD	2,003	2,034	387	1,647	6,619	6	6

8.1.2 Affiliated companies consolidated financial reprot : NA

8.1.3 Relationship report : NA

8.2 Private Placement Securities in the Most Recent Years:None

8.3 Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years:None

8.4 Other necessary additional matters to be explained : none

8.5 Statement of significant differences with domestic shareholders' rights and interests' protection provisions:

To the extent permitted by the laws of the Cayman Islands, the Articles of Association of the Company have set out the relevant provisions for the protection of shareholders' rights and interests in accordance with the regulations of the Republic of China Securities OTC Trading Center. However, due to the restrictions of the laws and regulations of the Cayman Islands, there are differences between the provisions of the Articles of Association of the Company and the provisions of the "Checklist for the Protection of Shareholders' Rights and Interests in the Place of Incorporation of Foreign Issuers" in the pre-opening regulations of the Securities Counter Trading Center, as explained below:

- (1) Article 84 of the current Articles of Association is amended in accordance with the "Checklist for the Protection of Shareholders' Rights and Interests in the Country of Incorporation of Foreign Issuers":

According to the amendment to the "Checklist for the Protection of the Rights and Interests of Shareholders in the Country of Incorporation of Foreign Issuers" announced by the Republic of China Securities OTC Trading Center (the same below) on May 13, 113 by the No. 11300607121 Letter of the Securities Exchange of the Republic of China: "1. Shareholders who continue to hold more than 1% of the total issued shares of the Company for more than six months may request the Audit Committee or the Supervisor to file a lawsuit against the directors on behalf of the Company, and the Taipei District Court of Taiwan shall be the competent court for litigation. 2. If the Audit Committee or the Supervisor does not file a lawsuit within 30 days after the Shareholder's request, the Shareholder may file a lawsuit on behalf of the Company, and

the Taipei District Court in Taiwan shall be the competent court for the lawsuit."

Article 84 of the newly amended Articles of Association of the Company stipulates: "Except as otherwise provided by the Gaiman Act, shareholders who continue to hold more than 1% of the total number of issued shares for more than six months may request in writing that the Audit Committee shall file a lawsuit in writing against the directors of the Company who have been harmed by the Gaiman Ordinance, the Listing (OTC) Regulations or the Articles of Association in the performance of their duties to the Company (including the Taipei District Court in Taiwan). The Board of Auditors shall initiate proceedings by collegiate proceedings and shall be brought individually or jointly by representatives elected by the Audit Committee. In the event that the Audit Committee does not institute proceedings within 30 days from the date of receipt of the aforesaid request, the requesting shareholder may, to the extent permitted by the Gaiman Act, bring proceedings on behalf of the Company." It is amended in accordance with the provisions of the previous opening, so there should be no material adverse impact on the rights and interests of shareholders.

(2) Other adjustments:

In addition to the previous amendments, in order to comply with the amendment of the current articles of association, the following adjustments have also been made in the newly revised articles of association: DaHui intends to pass the newly revised articles of association by resolution at the 113th general meeting of shareholders, so the date of this amendment to the articles of association is June 20, 113, which should not have a material adverse impact on the rights and interests of shareholders.

(3) Other notes:

- A. According to the amendment to the "Checklist for the Protection of the Rights and Interests of Shareholders in the Country of Registration of Foreign Issuers" announced by the Securities OTC Trading Center of the Republic of China on May 13, 113 by the No. 11300607121 Letter of the Securities Exchange of the Republic of China: "If a company adopts par value shares, it shall not be converted into non-par value shares; Shares without par value shall not be converted into par value shares."

Article 8 of the Memorandum of Organization of Cha Dahui Company is newly amended and amended, which stipulates that "the total capital of the Company shall be NT\$100 million, which shall be divided into 10,000,000 ordinary shares and NT\$10,000,000 per share. The Company may, in accordance with the Gaiman Islands Companies Act (Amendment) and these Articles of Association, redeem or repurchase any Shares and split, increase or decrease in capital, and may issue Shares of the Original Shares, redemption of Shares, increase or decrease of capital with or without any preference or other special right, condition, restriction thereof, unless such conditions expressly declare that any issue shall be covered by this authority, whether declared as original or preferred or otherwise." The Company adopts par value shares, but shall not be converted into non-par value shares unless the important matters for the protection of shareholders' rights and interests are listed above. The above important matters for the protection of shareholders' rights and interests shall not be converted into shares without par amount are announced and implemented on May 13, 113, and the company has not amended the articles of association based on the company's need to adjust the operation time, and will amend the articles of association before June 30, 114 according to the announcement of the No. 11300607121 letter of the securities cabinet.

B. According to the amendment to the "Checklist for the Protection of Shareholders' Rights and Interests in the Country of Registration of Foreign Issuers" announced by the Securities OTC Trading Center of the Republic of China on May 13, 113 by the No. 11300607121 Letter of the Securities Counter of the Republic of China: "When a company convenes a shareholders' meeting, it shall prepare a shareholders' meeting manual, and shall announce the meeting manual and other relevant materials of the meeting 21 days before the regular shareholders' meeting or 15 days before the extraordinary shareholders' meeting. provided, however, that if the paid-in capital of the Company reaches NT\$2 billion or more as at the end of the most recent fiscal year or the aggregate foreign and foreign shareholding ratios recorded in the shareholders' book of the Company at the most recent general meeting of shareholders of the Company shall complete the transmission of the electronic files before the meeting of the ordinary shareholders."

Article 36 of the newly revised articles of association of the company stipulates that "during the listing period, the company shall prepare a shareholders' meeting handbook, and shall, in accordance with the provisions of the listing (OTC) regulations, publish the meeting manual and other relevant materials of the meeting on the website designated by the FSC, the emerging market, the OTC buying center or the stock exchange (if applicable) in accordance with the provisions of the listing (OTC) regulations." Slightly different from the above important matters for the protection of shareholders' rights and interests, the above important matters for the protection of shareholders' rights and interests stipulate that if the company's paid-in capital reaches more than NT\$2 billion at the end of the most recent fiscal year or the total shareholding ratio of foreign and foreign capital recorded in the shareholders' book of the most recent fiscal year reaches more than 30%, the transmission of the pre-opened

electronic file shall be completed 30 days before the meeting of the regular shareholders' meeting, which was announced and implemented on May 13, 113and will amend the articles of association before June 30, 114 in accordance with the announcement of Letter No. 11300607121 of the Cabinet Review Letter.

IX、In the most recent year and as at the publication date of the annual report, the issue that has a significant impact on market price or the shareholders' equity of Securities Exchange Act article 36th, second paragraph :none

DA HUI LIMITED AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report

For the Years Ended December 31, 2023 and 2022

Address: 4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box
10240, Grand Cayman, KY1-1002, Cayman Islands

Telephone: +886-2-26497298

Independent Auditors’ Report

To the Board of Directors of Da Hui Limited:

Opinion

We have audited the consolidated financial statements of Da Hui Limited 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 years then ended in accordance with the commission issued order no. 10200546801 on January 13, 2014, by the Financial Supervisory Commission of the Republic of China and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretation developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by 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 Accountants of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

Please refer to Note 4(n) “Revenue recognition” for accounting policy and Note 6(o) “Revenue from contracts with customers” for related disclosure.

Description of key audit matter:

Operating revenue is one of the important items in financial reporting. The major business activities of Group derive from research and development, manufacture and sale of child safety seats and motorcycle parts. Therefore, it has been identified as a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures included:

- (i) assess whether the revenue recognition has been made in accordance with the group' s established accounting policies.
- (ii) Test revenue recognition design and implementation of internal controls related with revenue recognition.
- (iii) Analyze the changes in the prior year's amount within the top ten customers to evaluate if there are any major abnormalities.
- (iv) Choose the period between the financial reporting, then examine the recognition of income transactions and vouchers cover for the appropriate period.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the IFRSs, IASs, IFRC, and SIC, 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 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 LIN, HENG-SHEN and CHEN, CHENG-HSUEH.

KPMG

Taipei, Taiwan (Republic of China)
March 12, 2024

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
DA HUI LIMITED AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022			
		Amount	%	Amount	%			Amount	%	Amount	%		
Current assets:						Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$	190,129	27	136,200	16	2100	Total short-term borrowings (note 6(i) and 9)	\$	61,410	9	61,420	7
1110	Total current financial assets at fair value through profit or loss(note6(c))		2,770	-	-	-	2150	Total notes payable		5,132	1	11,510	1
1170	Accounts receivable, net (note 6(d)and (o))		113,243	16	179,941	23	2170	Total accounts payable		47,124	7	103,319	12
1181	Accounts receivable due from related parties (note 6and7)		-	-	6,966	1	2180	Total accounts payable to related parties (note 7)		19,381	3	10,488	1
1200	Other receivables, net (note 6(d))		254	-	530	-	2219	Other payables, others		31,919	5	46,666	6
1210	Other receivables due from related parties, net (note 6(f))		-	-	65	-	2220	Other payables to related parties (note 7)		35,698	5	15,208	2
1310	Inventories, manufacturing business, net (note 6(f))		123,423	18	185,171	22	2230	Current tax liabilities		4,176	-	3,372	-
1410	Total prepayments(note)		12,776	2	5,038	1	2280	Current lease liabilities (note 6(j) and 7)		5,652	1	5,158	1
1470	Total other current assets(note)		11,087	2	19,968	2	2399	Other current liabilities, others (note 6(j) and 7)		11,250	1	9,319	1
Total other current assets			453,682	65	533,879	65	Total current liabilities			221,742	32	266,460	31
Non-current assets:						Non-Current liabilities:							
1517	Total non-current financial assets at fair value through other comprehensive income (note 6(b))		109,989	16	136,600	16	2570	Total deferred tax liabilities (note 6(l))		3,808	-	4,394	1
1600	Total property, plant and equipment (note 6(g) and 9)		111,378	16	142,184	17	2580	Non-current lease liabilities (note 6(j)and7)		5,980	1	9,408	1
1755	Right -of-use assets (note 6(h) and 7)		15,827	3	19,155	2				9,788	1	13,802	2
1990	Total other non-current assets, others		2,257	-	2,681	-	Total liabilities			231,530	33	280,262	33
			239,451	35	300,620	35	Equity attributable to owners of parent (note 6(m)):						
							3110	Ordinary share		395,000	57	395,000	48
							3200	Total capital surplus		150,245	22	150,245	18
							3320	Special reserve		99,656	14	99,649	12
							3350	Total unappropriated retained earnings		(22,389)	(3)	29,338	4
							3410	Total exchange differences on translation of foreign financial statements		(121,098)	(17)	(106,795)	(13)
							3420	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		(39,811)	(6)	(13,200)	(2)
							Total equity			461,603	67	554,237	67
Total assets		\$	693,133	100	834,499	100	Total liabilities and equity		\$	693,133	100	834,499	100

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
DA HUI LIMITED 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 Share)

		2023		2022	
		Amount	%	Amount	%
4000	Total operating revenue (note 6(o) and 7)	\$ 790,586	100	923,352	100
5000	Total operating costs (note 6(e),(k) and 7)	671,632	85	794,626	86
	Gross profit from operations	118,954	15	128,726	14
	Operating expenses:				
6100	Total selling expenses	9,491	1	11,850	1
6200	Total administrative expenses	92,571	12	82,492	10
6300	Total research and development expenses determined in accordance with IFRS 9	3,558	-	3,926	-
	Total operating expenses	105,620	13	98,268	11
	Net operating income	13,334	2	30,458	3
	Non-operating income and expenses (note 6(f), (g), and (q)):				
7100	Total interest income	1,447	-	119	-
7010	Total other income	6,972	1	900	-
7020	Other gains and losses, net (note 6(e))	(23,389)	(3)	13,279	1
7050	Finance costs, net	(4,066)	(1)	(1,864)	-
7370	Share of profit of associates and joint ventures accounted for using equity method (note 6(e))	-	-	9,335	1
	Total non-operating income and expenses	(19,036)	(3)	21,769	2
7900	Profit (loss) from continuing operations before tax	(5,702)	(1)	52,227	5
7950	Less: Income tax expenses (note 6(l))	22,318	3	22,897	2
	Profit (loss)	(28,020)	(4)	29,330	3
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(m))	(26,611)	(3)	(13,200)	(1)
	Components of other comprehensive income that will not be reclassified to profit or loss	(26,611)	(3)	(13,200)	(1)
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(14,304)	(2)	18,195	2
	Components of other comprehensive income that will be reclassified to profit or loss	(14,304)	(2)	18,195	2
8300	Other comprehensive income, net	(40,915)	(5)	4,995	1
	Total comprehensive income	\$ (68,935)	(9)	34,325	4
	Profit (loss), attributable to:				
8610	Owners of parent	\$ (28,020)	(4)	29,330	3
	Comprehensive income attributable to:				
8710	Owners of parent	\$ (68,935)	(9)	34,325	4
	Earnings per share (NT dollars) (note 6(n))				
9750	Basic earnings per share (NT dollars)	\$ (0.71)		0.74	
9850	Diluted earnings per share (NT dollars)	\$ (0.71)		0.74	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

DA HUI LIMITED 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					Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total equity
	Retained earnings				Exchange differences on translation of foreign financial statements		
	Ordinary shares	Capital surplus	Special reserve	Unappropriated retained earnings			
Balance at January 1, 2022	\$ 395,000	150,245	86,983	16,999	(124,990)	-	524,237
Profit for the year ended December 31, 2022	-	-	-	29,330	-	-	29,330
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	18,195	(13,200)	4,995
Total comprehensive income for the year months ended December 31, 2022	-	-	-	29,330	18,195	(13,200)	34,325
Appropriation and distribution of retained earnings:							
Special reserve	-	-	12,666	(12,666)	-	-	-
Cash dividends on ordinary shares	-	-	-	(4,325)	-	-	(4,325)
Balance at December 31, 2022	395,000	150,245	99,649	29,338	(106,795)	(13,200)	554,237
Profit for the year ended December 31, 2023	-	-	-	(28,020)	-	-	(28,020)
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	(14,303)	(26,611)	(40,914)
Total comprehensive income for the year months ended December 31, 2023	-	-	-	(28,020)	(14,303)	(26,611)	(68,934)
Appropriation and distribution of retained earnings:							
Special reserve appropriated	-	-	7	(7)	-	-	-
Cash dividends on ordinary shares	-	-	-	(23,700)	-	-	(23,700)
Balance at December 31, 2023	\$ 395,000	150,245	99,656	(22,389)	(121,098)	(39,811)	461,603

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

DA HUI LIMITED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
(Loss) profit before tax	\$ (5,702)	52,227
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	27,677	31,341
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	305	-
Interest expense	4,066	1,864
Interest revenue	(1,447)	(119)
Dividend income	-	(7,192)
Share-based payments	-	30,489
Effect of exchange rate changes of bonds payable	151	6,996
Share of loss (profit) of associates accounted for using equity method	17,635	60,991
Gain on disposal of property, plant and equipment	-	(9,335)
Loss (gain) on disposal of investments accounted for using equity method	-	(100,758)
Loss (gain) on bond redemption	(5,167)	-
Total adjustments to reconcile profit (loss)	<u>43,220</u>	<u>14,277</u>
Changes in operating assets and liabilities:		
Decrease in accounts receivable	66,698	18,519
Decrease (increase) in accounts receivable due from related parties	6,966	(5,836)
Decrease (increase) in other receivable	276	1,253
Decrease (increase) in other receivable due from related parties	65	(65)
Decrease in inventories	61,748	(415)
Decrease (increase) in prepayments	(7,738)	626
Decrease (increase) in other current assets	8,881	28,456
Total changes in operating assets	<u>136,896</u>	<u>42,538</u>
Increase in notes payable	(6,378)	1,242
Decrease in accounts payable	(56,195)	(6,604)
Increase (decrease) in accounts payable to related parties	8,893	(24,508)
Decrease in other payable	(14,747)	5,777
Decrease in other current liabilities	1,931	(2,300)
Total changes in operating liabilities	<u>(66,496)</u>	<u>(26,393)</u>
Total adjustments	<u>113,620</u>	<u>30,422</u>
Cash inflow generated from operations	107,918	82,649
Interest received	1,447	119
Dividends received	5,167	27,403
Interest paid	(4,066)	(1,864)
Income taxes paid	<u>(22,100)</u>	<u>(18,324)</u>
Net cash flows from operating activities	<u>88,366</u>	<u>89,983</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(3,075)	-
Acquisition of property, plant and equipment	(12,563)	(25,012)
Proceeds from disposal of property, plant and equipment	47	597
Increase in other non-current assets	424	707
Net cash flows from (used in) investing activities	<u>(15,167)</u>	<u>(23,708)</u>
Cash flows from (used in) financing activities:		
Increase in other payables to related parties	20,490	7,389
Payment of lease liabilities	(5,598)	(8,769)
Cash dividends paid	<u>(23,700)</u>	<u>(4,325)</u>
Net cash flows used in financing activities	<u>(8,808)</u>	<u>(5,705)</u>
Effect of exchange rate changes on cash and cash equivalents	(10,462)	18,435
Net increase (decrease) in cash and cash equivalents	53,929	79,005
Cash and cash equivalents at beginning of period	136,200	57,195
Cash and cash equivalents at end of period	<u><u>\$ 190,129</u></u>	<u><u>136,200</u></u>

DA HUI LIMITED 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

Da Hui Limited (the “Company”), restructured for its securities to be traded over-the-counter under Taipei Exchange, was incorporated in the British Cayman Islands on December 1, 2011.

The Company completed the reorganization on April 27, 2013, after which the Company is an investment holding of Speedy Momentum (BVI) Limited, Huan Hsin Electrical System (M) Sdn. Bhd, Speedy Momentum Sdn. Bhd, Focus Group Co., Ltd. and Weihai Jin Fu Electronic Co., LTD.

The main business items of the Company and the subsidiaries (the Group) are the production and sale of motorcycle components and child safety seats.

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

These consolidated financial statements were authorized for issue by the Board of Directors on March 12, 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”

- (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”

DA HUI LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of material accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized 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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Rule No. 10200546801 issued by the FSC on January 13, 2014 and with the International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

(b) Basis of preparation

(i) Basis of measurement

Except that a part of financial assets (liabilities) are measured at fair value, the consolidated financial statements have been prepared on a historical cost basis:

(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 dollars, which is the Company’ s functional currency. All financial information presented in New Taiwan dollars 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 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.

DA HUI LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activities	shareholding	
			December 31, 2023	December 31, 2022
The Company	DA HUI LIMITED AND SUBSIDIARIES (Taipei) (hereinafter referred to as Da Hui (Taipei))	Wholesale of motorcycle and car components	100.00%	100.00%
The Company	Speedy momentum Limited (BVI) (hereinafter referred to as Speedy (BVI))	Investment holding	100.00%	100.00%
Speedy (BVI)	Huan Hsin Electrical System (M) Sdn.Bhd. (hereinafter referred to as Huan Hsin)	Manufacture and sale of motorcycle components	100.00%	100.00%
Speedy (BVI)	Speedy momentum (hereinafter referred to as Speedy)	Manufacture and sale of motorcycle components	100.00%	100.00%
The Company	Focus Group Co., Ltd. (hereinafter referred to as Focus)	Investment holding	100.00%	100.00%
Focus	Weihai Jin Fu Electronic Co., LTD (Weihai Jin Fu)	Manufacture and sales of child products	100.00%	100.00%
The Company	Trendin Co., Ltd. (hereinafter referred to as Trendin)	Investment holding	100.00%	100.00%
Trendin	Milestone Company Limited (Hereinafter referred to as Milestone)	Manufacture and sales of child products motorcycle	100.00%	100.00%

(iii) List of subsidiaries excluded from the consolidated financial statements: None.

(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 at 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.

Exchange differences are generally recognized in profit or loss.

DA HUI LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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, joint control, or significant influence 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. For a partial disposal of the Group's ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(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 noncurrent.

- (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 (as defined in IAS 7) 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 noncurrent.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) It 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.

DA HUI LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are 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.

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 on the principal amount outstanding.

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) Fair value through other comprehensive income (FVOCI)

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

DA HUI LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Financial assets at fair value through profit or loss (Financial assets at "FVTPL")

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

4) 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, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI, and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (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 accounts receivables are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month 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 ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

DA HUI LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group considers a financial asset to be in default when the financial asset is more than 246 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

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 month 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.

ECLs are 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). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI 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 246 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. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

DA HUI LIMITED AND SUBSIDIARIES
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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. For corporate customers, 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.

5) 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.

On derecognition of a debt instrument in its entirety, the Group recognizes the difference between its carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in "other equity—unrealized gains or losses on fair value through other comprehensive income", in profit or loss, and presents it in the line item of non-operating income and expenses.

(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.

DA HUI LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using 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) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies.

Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

DA HUI LIMITED AND SUBSIDIARIES
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Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(j) 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. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group shall retrospectively adjust the provisional amounts recognized at the acquisition date, or recognize additional assets or liabilities to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

(k) 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.

DA HUI LIMITED AND SUBSIDIARIES
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(ii) Subsequent cost

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

(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	50 years
2) Machinery and equipment	5~10 years
3) Other equipment	1~10 years

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

(l) 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.

(i) 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.

DA HUI LIMITED AND SUBSIDIARIES
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Lease payments included in the measurement of the lease liability comprise the following:

- 1) — fixed payments, including in-substance fixed payments;
- 2) — variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) — amounts expected to be payable under a residual value guarantee; and
- 4) — payments for purchase or termination options that are reasonably certain to be exercised.
- 5) — The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:
 - 6) — there is a change in future lease payments arising from the change in an index or rate; or
 - 7) — there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
 - 8) — there is a 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
 - 9) — there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
 - 10) — there is any lease modifications in lease subject, scope of the lease or other terms.

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 has elected not to recognize right-of-use assets and lease liabilities for short-term leases of equipment 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.

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(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) 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 of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(n) Revenue recognition

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.

(i) Revenue from contracts with customers (policy applicable from January 1, 2018)

1) Sale of goods

The Group manufactures and sells child safety seats and motorcycle parts. 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.

Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

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.

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2) 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 plans are expensed as the related service is provided.

The Group contributes 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.

(ii) 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) 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 are 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 the 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, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (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.

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Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

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.

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 improves.

(q) Earnings per share

The basic and diluted EPS attributable to shareholders of the Group are disclosed in the consolidated financial statements. Basic earnings per share is calculated as the profit attributable to the ordinary shareholders of The Group divided by the weighted average number of current ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of The Group divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares. Dilutive potential ordinary shares comprise accrued employee remuneration.

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

The preparation of the consolidated financial statements in conformity with 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.

(a) The loss allowance of trade receivable

In the process of evaluating the potential impairment of assets, the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups with the consideration of the usage mode of asset and the nature of industry. Any changes in these estimates based on changed economic conditions or business strategies could result in significant impairment charges or reversal in future years.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

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(i) Judgment of whether the Group has substantive control over its investees

The Group holds 40.00% of the voting shares in Aspire Solutions Limited and is its single largest shareholder, the remaining 60.00% of Aspire Solutions Limited is held by each of the three shareholders at 20% per party. Although it is not concentrated on specific shareholders, the Group was unable to obtain more than half of the director seats of Aspire Solutions Limited, and the Group has not obtained the voting right for a majority of the members attended the shareholders' meeting, it was thus determined that the Group had a Significant influence on Aspire Solutions Limited.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash	\$ 1,110	761
Demand deposits	86,596	135,439
Time deposits	102,423	-
	<u>\$ 190,129</u>	<u>136,200</u>

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

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

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income:		
Stocks listed on domestic markets	<u>\$ 109,989</u>	<u>136,600</u>

The purpose that the Group invests in the aforementioned equity securities is for long term strategies rather than for trading. The Group obtain these equity interests through share exchange. Please refer note 6(f) for details. Therefore, these equity securities have been designated as at FVOCI. There is no restriction on these equity interests.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current financial asset mandatorily measured at fair value through profit or loss		
Derivative instruments for non-hedging		
Interest Rate Swap Structured Products	<u>\$ 2,770</u>	<u>-</u>

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- (c) Financial asset or financial liability at fair value through profit or loss

	December 31, 2023	December 31, 2022
Current financial asset mandatorily measured at fair value through profit or loss		
Current financial liabilities for non-hedging		
Interest Rate Swap Structured Products	\$ 2,770	-

The Company engaged in derivative financial instrument transactions at December 31, 2023 and 2022, and due to the failure to apply the hedging accounting, the Company reported them as financial assets at fair value through profit or loss on a mandatory basis.

Please refer to Note 6 (q) for the amount remeasured at fair value through profit or loss.

None of the financial assets measured at fair value through profit or loss as of December 31, 2023 and 2022, were pledged or guaranteed.

- (d) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 113,243	179,941
Accounts receivable due from related parties	-	6,966
Other receivables	254	530
Other receivables due from related parties	-	65
	\$ -	-

For all account receivables and other receivables, 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 receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including the macroeconomic and related industrial information. The loss allowance provision was determined as follows:

	December 31, 2023		
	Gross carrying amount (including receivables due from related parties)	Weighted-avera ge loss rate	Allowance provision for lifetime expected credit losses
Current	\$ 113,497	0%	-

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		December 31, 2022	
	Gross carrying amount(including receivables due from related parties)	Weighted-average loss rate	Allowance provision for lifetime expected credit losses
Current	\$ 187,502	0%	-
	\$ 187,502		-

(e) Inventories

(i) The details of inventories were as follows:

	December 31, 2023	December 31, 2022
Raw materials	\$ 88,094	126,862
Work in progress	8,721	27,336
Finished goods	26,608	30,973
	<u>\$ 123,423</u>	<u>185,171</u>

(ii) The details of the cost of goods sold of the Group is as follows:

	2023	2022
Cost of goods sold	\$ 677,481	790,870
Recognition (and obsolescence losses(reversal) of provisions for inventory valuation)	(5,849)	3,756
	<u>\$ 671,632</u>	<u>794,626</u>

(iii) None of the inventories held by the Group was pledged collateral as of December 31, 2022 and 2021. Please refer to note 6(q) and note 10 for details of losses arising from fire accidents.

(f) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2023	December 31, 2022
Joint venture	<u>\$ -</u>	<u>-</u>

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(i) Associates

The Group was approved by the Board of Directors on May 3, 2022 for the purpose of business operation of another shareholder of YUNZE WELLNESS CO., LIMITED. (former associate), CHI HUA FITNESS CO., LIMITED. The Group exchange its 35% shareholding of YUNZE WELLNESS CO., LIMITED, amounting to \$560 thousand shares at 0.28 ratio with 2,000 thousand shares of CHI HUA FITNESS CO., LIMITED. The base day is August 26, 2022 for the exchange of shares. After the shares exchange, the Group held 5.37% of the shareholding of CHI HUA FITNESS CO., LIMITED, which is accounted for as the financial assets at fair value through other comprehensive income. The gain on disposal of \$100,758 thousand are included under “other profit and losses” , as explained in note 6(b) and (p) for details.

(ii) Joint ventures

- 1) The Group invested in Aspire Solutions Limited (hereafter referred to as “Aspire”) in 2020 for expanding the sales of infant and young children.
- 2) Aspire’ s financial condition is summarized in table below based on its own financial report and fair value at acquisition and differences in accounting policy were adjusted accordingly. This table also summarize the financial information adjusted to carrying amount of the Group on its equity of Aspire.

	December 31, 2022
Percentage of ownership interest	40%
Current assets	10,646
Non-current assets	163
Current liabilities	(5,857)
Net assets	4,952
The Group’ s share of net assets	1,981
Patent Rights	30,624
Goodwill	3,557
Accumulated impairment loss and amortization:	(36,162)
Net assets	-

	2023	2022
Operating revenue	\$ 206,233	37,657
Total comprehensive income	\$ (1,677)	(17,985)

- 3) The Group assessed that the carrying amount of its investment in Aspire was less than the recoverable amount in 2022 and therefore recognized a loss of \$36,161 thousand for impairment in 2022, which was accounted for as "Other gains and losses".

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- 4) Since the combined company has fully set aside impairment losses for investments using the equity method in 2022, and the book value is zero, the combined company does not have any commitments or additional obligations for them, so it stopped using the equity method. The combined company's unrecognized losses and accumulated unrecognized losses on Aspire in 2023 were both \$671,000 thousand .

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

(g) Property, plant and equipment

(i) The cost and depreciation of the property, plant and equipment of the Group were as follows:

	Land	Buildings and construction	Machinery and equipment	Other facilities	Testing equip	Total
Cost or deemed cost:						
Balance on January 1, 2023	\$ 9,963	66,068	209,795	42,806	-	328,632
Additions	-	-	9,656	2,907	-	12,563
Disposals	-	-	(3,506)	(2,601)	-	(6,107)
Effects of changes in foreign exchange rates	-	(1,880)	(6,522)	(1,592)	-	(9,994)
Balance on December 31, 2023	<u>\$ 9,963</u>	<u>64,188</u>	<u>209,423</u>	<u>41,520</u>	<u>-</u>	<u>325,094</u>
Balance on January 1, 2022	9,963	63,419	188,780	42,883	-	305,045
Additions	-	-	19,857	5,155	-	25,012
Reclassify	-	633	3,065	-	-	3,698
Disposals	-	-	(9,048)	(7,545)	-	(16,593)
Effects of changes in foreign exchange rates	-	2,016	7,141	2,313	-	11,470
Balance on December 31, 2022	<u>\$ 9,963</u>	<u>66,068</u>	<u>209,795</u>	<u>42,806</u>	<u>-</u>	<u>328,632</u>
Accumulated impairment loss and amortization:						
Balance on January 1, 2023	\$ -	16,981	139,499	29,968	-	186,448
Depreciation	-	4,035	14,295	3,572	-	21,902
Reclassify	-	-	-	-	-	-
Disposal	-	17,345	290	-	-	17,635
Exchange of movements in exchange rates	-	-	(3,308)	(2,601)	-	(5,909)
Balance on December 31, 2023	<u>\$ -</u>	<u>38,361</u>	<u>150,776</u>	<u>30,939</u>	<u>-</u>	<u>220,076</u>
Balance on January 1, 2022	\$ -	37,510	146,442	29,764	-	213,716
	-	12,458	117,435	27,994	-	157,887
Impairment	-	4,035	15,575	4,973	-	24,583
Effects of changes in foreign exchange rates	-	-	6,667	-	-	6,667
Balance on December 31, 2022	<u>\$ -</u>	<u>54,003</u>	<u>286,119</u>	<u>62,731</u>	<u>-</u>	<u>402,853</u>
Carrying amounts:						
Balance on December 31, 2023	<u>\$ 9,963</u>	<u>25,827</u>	<u>58,647</u>	<u>10,581</u>	<u>-</u>	<u>105,018</u>
Balance on December 31, 2022	<u>\$ 9,963</u>	<u>12,065</u>	<u>(76,324)</u>	<u>(19,925)</u>	<u>-</u>	<u>(74,221)</u>
Balance on January 1, 2022	<u>\$ 9,963</u>	<u>25,909</u>	<u>42,338</u>	<u>13,119</u>	<u>-</u>	<u>91,329</u>

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(ii) The recoverable amount of property, plant and equipment and prepayments for business facilities assessed by the Group during 2023 and 2022 was less than the carrying amount. Accordingly, impairment losses of \$17,635 thousand and \$6,667 thousand were recognized in the accounts of “other gains and losses” for the year ended December 31, 2023 and 2022, respectively. Please refer to Note 6(q).

(iii) Please refer to note 8 for the property, plant and equipment of the Group were pledged as collateral for short-term borrowings as of December 31, 2023 and 2022.

(h) Right-of-use assets

The Group leases many assets including land and buildings, vehicles, machinery and equipment.

Information about cost and depreciation as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Other facilities</u>	<u>Total</u>
Cost:				
Balance at January 1, 2023	\$ 6,929	27,899	-	34,828
Effects of the contract decrease	-	2,940	-	2,940
Effect of changes in foreign exchange rates	(298)	(849)	-	(1,147)
Balance at December 31, 2023	<u>\$ 6,631</u>	<u>29,990</u>	<u>-</u>	<u>36,621</u>
Balance at January 1, 2022	\$ 6,573	26,798	85	33,456
Balance at January 1, 2022	6,573	26,798	85	33,456
Additions	-	8,524	-	8,524
Disposal	-	(5,468)	(85)	(5,553)
Effect of changes in foreign exchange rates	356	(1,955)	-	(1,599)
Balance at December 31, 2022	<u>\$ 6,929</u>	<u>27,899</u>	<u>-</u>	<u>34,828</u>
Accumulated depreciation and impairment losses:				
Balance at January 1, 2023	\$ 1,293	14,380	-	15,673
Depreciation for the year	689	5,086	-	5,775
Effect of changes in foreign exchange rates	(71)	(583)	-	(654)
Balance at December 31, 2023	<u>\$ 1,911</u>	<u>18,883</u>	<u>-</u>	<u>20,794</u>
Balance at January 1, 2022	\$ 559	13,532	62	14,153
Depreciation	683	6,052	23	6,758
Disposal	-	(5,468)	(85)	(5,553)
Effect of changes in foreign exchange rates	51	264	-	315
Balance at December 31, 2022	<u>\$ 1,293</u>	<u>14,380</u>	<u>-</u>	<u>15,673</u>

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	<u>Land</u>	<u>Buildings</u>	<u>Other facilities</u>	<u>Total</u>
Carrying amount:				
Balance at January 1, 2023	\$ 5,636	13,519	-	19,155
Balance at December 31, 2022	\$ 4,720	11,107	-	15,827
Balance at January 1, 2022	\$ 6,014	13,266	23	19,303
Balance at December 31, 2022	\$ 5,636	13,519	-	19,155

The Group lease offices, factory facilities and other facilities under operating lease, please refer to note 6(j).

(i) Short-term borrowings

The details of short-term borrowings were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured bank loans	\$ 61,410	61,420
Unused short-term credit lines	\$ -	-
Range of Interest rate	7.04%	5.62%

For the collateral for bank loans, please refer to note 8.

(j) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current	\$ 5,652	5,158
Non-current	\$ 5,980	9,408

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

The amounts recognized in profit or loss was as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Interest on lease liabilities	\$ 133	271

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total cash outflow for leases	\$ 5,731	9,040

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(k) Employee benefits

The pension costs incurred from the foreign subsidiaries, and contributions to the Bureau of Labor Insurance amounted to \$2,866 thousand and \$3,080 thousand for the years ended December 31, 2023 and 2022, respectively.

(l) Income taxes

(i) Income tax expense

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

	<u>2023</u>	<u>2022</u>
Current tax expense	\$ 21,442	21,617
Deferred tax expense (income)	876	1,280
	<u>\$ 22,318</u>	<u>22,897</u>

2) 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	<u>\$ (5,702)</u>	<u>52,227</u>
Income tax calculated based on net profit before tax	\$ 23,177	23,093
Others	(859)	(196)
Income tax expense	<u>\$ 22,318</u>	<u>22,897</u>

(ii) Deferred tax liabilities

	<u>Property, plant and equipment</u>	<u>Other</u>	<u>Total</u>
Balance at January 1, 2023	\$ 5,667	(1,273)	4,394
Recognized in profit or loss	773	103	876
Exchange differences on translation of foreign financial statement	(1,017)	(445)	(1,462)
Balance at December 31, 2023	<u>\$ 5,423</u>	<u>(1,615)</u>	<u>3,808</u>
Balance at January 1, 2022	\$ 2,345	428	2,773
Recognized in profit or loss	767	513	1,280
Exchange differences on translation of foreign financial statement	2,555	(2,214)	341
Balance at December 31, 2022	<u>\$ 5,667</u>	<u>(1,273)</u>	<u>4,394</u>

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(m) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the numbers of authorized ordinary shares were both 50,000 thousand shares with par value of \$10 per share. The total value of authorized ordinary shares amounted to \$500,000 thousand. As of December 31, 2023 and 2022, the paid in capital were \$395,000 thousand.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2023 and 2022, were as follows:

	December 31, 2023	December 31, 2022
Reorganization and merger	\$ 149,520	149,520
Share capital at premium	3	3
Changes in net equity of associates and joint ventures accounted for using equity method	722	722
Total	<u>\$ 150,245</u>	<u>150,245</u>

(iii) Retained earnings

The Group's Articles of Incorporation require that after tax earnings shall first be offset against any deficit. The Group may, under its Articles of Incorporation or as required by the government, appropriate for special reserve. The remaining balance of the earnings, if any, may be appropriated according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval. The distribution of dividends, bonuses, or other benefits to shareholders in cash shall be in NTD.

1) Special reserve

In accordance with Rule No. 1010012865 as issued by the Financial Supervisory Commission on April 6, 2012, a special reserve equal to the contra account of other shareholders' equity is appropriated from current and prior period earnings. When the debit balance of any of the contra accounts in the shareholders' equity is reversed, the related special reserve can be reversed. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

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2) Earnings distribution

Earnings distributions for 2023 and 2022 were decided via the general meeting of shareholders held on June 20, 2023 and June 21, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholders				
Cash	\$ 0.60	23,700	0.11	4,325

(iv) OCI accumulated in reserves

	Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent
Balance at January 1, 2023	\$ (106,795)	(13,200)
Exchange differences on foreign currency	(14,303)	
Unrealized (gain) on financial assets at fair value through other comprehensive income		(26,611)
Balance at December 31, 2023	\$ (121,098)	(39,811)
Balance at January 1, 2022	\$ (124,990)	
Exchange differences on foreign currency	18,195	
Unrealized (gain) on financial assets at fair value through other comprehensive income		(13,200)
Balance at December 31, 2022	\$ (106,795)	(13,200)

(n) Earnings per share

The basic earnings per share were calculated as follows:

	2023	2022
Basic earnings per share		
Profit/(loss) of the Company for the year	\$ (28,020)	29,330
Weighted average number of ordinary thousand shares at December 31	39,500	39,500
Basic and diluted earnings per share	\$ (0.71)	0.74
Diluted earnings per share (loss)		

The combined company recorded a loss in 2023, and the potential common shares with a dilutive effect were added to the dilution.

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(o) Revenue from contracts with customers

(i) Disaggregation of revenue

		2023		
		Child safty seats Deparment	Motorcycle parts Deparment	Total
Primary geographical markets:				
United States	\$	119,495	-	119,495
Malaysia		-	670,778	670,778
Other countries		313	-	313
	\$	119,808	670,778	790,586
Major products:				
Child safety seats	\$	119,808	-	119,808
Motorcycle parts		-	670,778	670,778
	\$	119,808	670,778	790,586
		2022		
		Child safty seats Deparment	Motorcycle parts Deparment	Total
Primary geographical markets:				
United States	\$	286,418	-	286,418
Malaysia		-	604,767	604,767
Other countries		32,167	-	32,167
	\$	318,585	604,767	923,352
Major products:				
Child safety seats	\$	318,585	-	318,585
Motorcycle parts		-	604,767	604,767
	\$	318,585	604,767	923,352

(ii) Contract balance

	December 31, 2023	December 31, 2022
Accounts receivable due from related parties	\$ 113,243	186,907

Please refer to Note 6(d) for the disclosure of accounts receivable.

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

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Notes to the Consolidated Financial Statements

(p) Employee compensation and directors' and supervisors' remuneration

In accordance with the Articles of Incorporation, the Company should contribute 1%~3% of the profit as employee compensation, and less than 3% of the profit as directors' and supervisors' 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 recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the year ended December 31, 2023, the remunerations to employees and directors amounted to \$358 thousand. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors, and supervisors of each period, minus the accumulated deficits and multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Group's articles. These remunerations were expensed under operating costs or operating expenses during. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in the following year.

The remuneration to directors and employees amounted to \$358 thousand. There is no difference between the amount of compensation to employee and directors recognized in the financial statements for 2022 and the actual distribution. The related information is available on the Market observation Post System website.

(q) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	<u>\$ 1,447</u>	<u>119</u>

(ii) Other income

	<u>2023</u>	<u>2022</u>
Dividend revenues	\$ 5,167	-
Other	1,805	900
	<u>\$ 6,972</u>	<u>900</u>

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(iii) Other gains and losses

	<u>2023</u>	<u>2022</u>
Foreign exchange gains (losses)	\$ (3,368)	4,495
Gains (Losses) on disposals of property, plant and equipment	-	(30,489)
Gains (Losses) on disposals of non-current assets held for sale	(151)	(6,996)
Impairment loss on investments accounted for using equity method	-	(36,161)
Gain on disposal of investments		
Impairment losses on disposals of property, plant and equipment, prepayments for business facilities	(17,635)	(24,830)
Financial asset at fair value through loss	(305)	6,502
Other	(1,930)	-
	<u>\$ (23,389)</u>	<u>13,279</u>

Please refer to note 10 and note 6(e)(g) for details of losses on disposal of property, plant and equipment, impairment losses and fire damages to inventory; note 6(f) for details of gain on disposal of investment; note 6(f) for details of impairment losses on investment accounted for using equity method.

(iv) Finance costs

	<u>2023</u>	<u>2022</u>
Interest expense	<u>\$ 4,066</u>	<u>1,864</u>

(r) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

As of December 31, 2023 and 2022, the Group's major customers consisted of four and three customers which accounted for 84% and 78%, respectively, of accounts receivable so that management believes the concentration of credit risk. In order to reduce the credit risk of accounts receivable, the Group continuously evaluates the financial position of customers.

DA HUI LIMITED AND SUBSIDIARIES
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3) Credit risk receivables

For credit risk exposure of accounts receivable, please refer to note 6(d). Other financial assets at amortized cost include other receivables, all of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses.

(ii) Liquidity risk

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	Within 1 year	1-5 years	Over 5 years
December 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	\$ 61,410	65,733	65,733	-	-
Notes payable	5,132	5,132	5,132	-	-
Accounts payable	47,124	47,124	47,124	-	-
Accounts payable to related parties	19,381	19,381	19,381	-	-
Other payable	31,919	31,919	31,919	-	-
Lease liabilities	11,632	11,770	5,739	6,031	-
Other payable to related parties	35,698	35,698	35,698	-	-
	\$ 212,296	216,757	210,726	6,031	-
December 31, 2022					
Non-derivative financial liabilities					
Short-term borrowings	\$ 61,420	64,872	64,872	-	-
Notes payable	11,510	11,510	11,510	-	-
Accounts payable	103,319	103,319	103,319	-	-
Accounts payable to related parties	10,488	10,488	10,488	-	-
Other payable	46,666	46,666	46,666	-	-
Lease liabilities	14,566	16,700	5,759	10,941	-
Other payable to related parties	15,208	15,208	15,208	-	-
	\$ 263,177	268,763	257,822	10,941	-

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

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(iii) Currency risk

1) Exposure to foreign currency risk

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

(in thousands)

	December 31, 2023					December 31, 2022				
	Foreign currency		Exchange rate		TWD	Foreign currency		Exchange rate		TWD
Financial assets										
USD	\$	1,680	USD/TWD	30.710	51,584	2,508	USD/TWD	30.710		77,021
USD		118	USD/CNY	7.1000	3,623	845	USD/CNY	6.9700		25,950
USD		956	USD/VND	24,663	29,347	1,273	USD/VND	23,899		39,108
USD		2,975	USD/TWD	30.710	91,347	3,400	USD/NTD	30.710		104,414
USD		800	USD/CNY	7.1000	24,564	1,202	USD/CNY	6.9700		36,900
USD		302	USD/VND	24,663	9,284	351	USD/VND	23,899		10,772
USD		173	USD/MYR	4.7900	5,318	406	USD/MYR	4.580		12,482
NTD		9,216	NTD/MYR	6.4100	9,216	19,420	NTD/MYR	6.70		19,420

2) Sensitivity analysis

The Group's exchange rate risk comes mainly from conversion gains and losses of accounts measured in foreign currencies such as cash and cash equivalents, accounts receivable, other receivables, accounts payable, other payables, etc. A strengthening (weakening) of 5% of the functional currency against USD, MYR, CNY, VND, and NTD as of December 31, 2023 and 2022 would have increased (decreased) the net profit after tax by \$(2,759) thousand and \$(2,095) thousand, respectively. The analysis assumes that all other variables remain constant.

3) Foreign exchange gain and loss on monetary items

As the Group deal in diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount. The aggregate of realized and unrealized foreign exchange gain (loss) for the years ended December 31, 2023 and 2022 were \$(3,368) thousand and \$4,495 thousand, respectively.

(iv) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year at the reporting date. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

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If the interest rate increases/decreases by 1%, the Group's net income will decrease/increase by \$614 thousand for the years ended December 31, 2023 and 2022, respectively, with all other variable factors that remain constant. The main reason is due to the merger of the company's variable interest rate deposits and bank borrowings.

(v) Fair value of financial instruments

1) Fair values of financial instruments types

The consolidated company's financial assets and liabilities at fair value through profit and loss, hedging financial assets and liabilities and financial assets at fair value through other comprehensive profit and loss are measured at fair value on a recurring basis. The carrying amount and fair value of various types of financial assets and financial liabilities (including fair value rating information, except that the carrying amount of financial instruments not measured at fair value is a reasonable approximation of fair value, and lease liabilities do not need to be disclosed in accordance with regulations Fair value information) are listed below:

		December 31, 2023				
		Fair value				
	Carring value	Level 1	Level 2	Level 3	Total	
Financial assets at fair value through gain or loss-Derivative	\$ 2,770	2,770	-	-	2,770	

		December 31, 2023				
		Fair value				
	Carring value	Level 1	Level 2	Level 3	Total	
Financial assets at fair value through other comprehensive income	\$ 109,898	109,898	-	-	109,898	

		December 31, 2022				
		Fair value				
	Carring value	Level 1	Level 2	Level 3	Total	
Financial assets at fair value through other comprehensive income	\$ 136,600	136,600	-	-	136,600	

2) Fair value evaluation techniques to measure financial instruments at fair value

a) Non-derivative financial instruments

If there is a public quotation in an active market for a financial instrument, the fair value shall be the public quotation in the active market. The market prices announced by major exchanges and the Central Government Bond OTC Trading Center, which are judged to be hot stocks, are the basis for the fair value of listed (over-the-counter) equity instruments and debt instruments with public quotations in active markets.

DA HUI LIMITED AND SUBSIDIARIES

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If public quotations for financial instruments can be obtained promptly and frequently from exchanges, brokers, underwriters, industry associations, pricing service agencies or competent authorities, and the prices represent actual and frequent fair market transactions, then the financial instrument There is an active market with public quotations. If the above conditions are not met, the market is deemed inactive. Generally speaking, a very large bid-ask spread, a significant increase in the bid-ask spread, or very little trading volume are indicators of an inactive market.

b) Derivative financial tools

The evaluation is based on evaluation models widely accepted by market users, such as discount methods and option pricing models. Forward foreign exchange contracts are usually evaluated based on current forward exchange rates. Structured interest rate derivative financial instruments are based on appropriate option pricing models (such as the Black-Scholes model) or other evaluation methods, such as Monte Carlo simulation (Monte Carlo simulation)

(s) Financial risk management

(i) Overview

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 the respective notes in the accompanying consolidated financial statements.

(ii) Risk management frameword

The Group' s financial risk management policies are established to identify and analyze the financial risks faced by the Group, to assess the impact of financial risk and implement policies related to mitigating financial risk.

The Group' s board of directors oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(iii) Credit risk

Credit risk means the potential loss of the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group' s receivables from customers and investments in debt securities.

DA HUI LIMITED AND SUBSIDIARIES
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1) Account receivable and other receivables

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer and represent the maximum open amount without requiring approval these limits are reviewed quarterly.

2) Guarantees

At December 31, 2023 and 2022, there is no guarantee outstanding.

(iv) 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. At present, the capital and operating income of the Group is sufficient to meet all contractual obligations, so there is no liquidity risk due to inability to raise funds to meet the contractual obligations.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates 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.

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollar (NTD), Malaysian Ringgit (MYR), and ChiNa Yuan (CNY). The currencies used in these transactions are the NTD, MYR, CNY, and USD.

The Group do not use derivative financial assets for hedging.

(t) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Group maintains an optimal capital structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, dividend payments, and other business requirements for continuing operations and to reward shareholders and take into consideration the interests of other stakeholders.

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The Group's debt-to-equity ratio at the end of the reporting period is as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 231,530	280,262
Less: cash and cash equivalents	<u>(190,129)</u>	<u>(136,200)</u>
Net debt	41,401	144,062
Total equity	<u>461,603</u>	<u>554,237</u>
Total capital	<u>\$ 503,004</u>	<u>698,299</u>
Debt-to-equity ratio at 31 December	<u>8.23%</u>	<u>20.63%</u>

As of December 31, 2023, the Group had not changed its capital management method.

(u) 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:

The reconciliation of liabilities arising from financing activities was as follows:

	2023.1.1	Cash flows	Non-Cash changes Other	December 31, 2023
Short-term borrowings	\$ 61,420	-	(10)	61,410
Lease liabilities	14,566	(5,598)	2,664	11,632
Total liabilities from financing activities	<u>\$ 75,986</u>	<u>(5,598)</u>	<u>2,654</u>	<u>73,042</u>

	2022.1.1	Cash flows	Non-Cash changes Other	2022.12.31
Short-term borrowings	\$ 55,092	-	6,328	61,420
Lease liabilities	14,833	(8,769)	8,502	14,566
Total liabilities from financing activities	<u>\$ 69,925</u>	<u>(8,769)</u>	<u>14,830</u>	<u>75,986</u>

DA HUI LIMITED AND SUBSIDIARIES
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(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements

<u>Name of related party</u>	<u>Relationship with the Group</u>
Shandong Dongxin Electoric Co., LTD	Same chairman with The Group
Shanghai Huan Hsin Electoric Co., LTD	Same chairman with The Group
Huan Hsin Co.(M) Sdn. Bhd.	Same chairman with The Group
Speed Power System Vietnam Co., LTD	Same chairman with The Group
Kunshan Esbey Children' s Products Co., Ltd.	Associates
Aspire Solutions Limited	Associates
Hsu, Hong Chun	Key management personnel

(b) Significant transactions with related parties

(i) Sales

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

	<u>Sales</u>		<u>Receivables from Related Parties</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Aspire Solutions Limited	\$ 3,820	20,146	-	6,931
Shanghai Huan Hsin Electoric Co., LTD	36	36	-	35
	<u>\$ 3,856</u>	<u>20,182</u>	<u>-</u>	<u>6,966</u>

The terms and pricing of sales transactions with related parties were not significantly different from those sold to other customers. The Group sells to related parties and does not sell similar materials to other customers therefore there is no comparability. Accounts receivable from related parties were uncollateralized, and no provisions for doubtful debt were required after the assessment by the management.

(ii) Operating cost

The amounts of significant purchases transactions and outstanding balances by the Group from related parties were as follows:

	<u>Purchases</u>		<u>Payables to related parties</u>	
	<u>2023</u>	<u>2022</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Shanghai Huan Hsin Electronic Co., LTD	<u>\$ 35,082</u>	<u>61,134</u>	<u>8,422</u>	<u>-</u>

DA HUI LIMITED AND SUBSIDIARIES
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	Cost of services		Payables to related parties	
	2023	2022	December 31, 2023	December 31, 2022
Kunshan Esbey Children's Products Co., Ltd	<u>\$ -</u>	<u>6,640</u>	<u>10,959</u>	<u>10,448</u>

1) The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The Group purchases raw materials from related parties and does not purchase similar materials from other vendors; therefore, there is no comparability.

2) The Group complies with the contract signed when recognizing service costs.

(iii) Other receivables

Other receivables arising from the sale of fixed assets amounting to \$807 and \$67 thousand in 2023 and 2022 by the Group are as follows:

	December 31, 2023	December 31, 2022
Shanghai Huan Hsin Electronic Co., LTD	<u>\$ -</u>	<u>65</u>

(iv) Other payables

Borrowings of the Group from related parties were as follows:

	December 31, 2023	December 31, 2022
Shanghai Huan Hsin Electronic Co., LTD	<u>\$ 35,698</u>	<u>15,208</u>

The interest-bearing borrowing provided from related parties are unsecured.

(v) Leases

The Group leased office and factory premises from other related parties, Shandong Dongxin Electronics Co., Limited., Huan Hsin Co.(M) Sdn. Bhd. and Speed Power System Vietnam Co., Ltd. with reference to rental prices in neighboring areas, three-year and five-year lease contracts with a total value of \$8,345 thousand, \$5,181 thousand and \$15,971 thousand were entered, respectively.

The Group paid rent of \$5,608 thousand and \$6,254 thousand, respectively in 2023 and 2022 as a result of the above leases. As of December 31, 2023 and 2022, the lease liability were \$9,925 thousand and \$14,566 thousand, respectively.

- (c) For the years ended December 31, 2022 and 2021, these borrowings are guaranteed by selected managements who act as joint guarantors.

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(d) Key management personnel compensation

Key management personnel compensation comprised:

	2022	2022
Short-term employee benefits	<u>7,384</u>	<u>6,968</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Deposits (classified under other current assets)	Guarantee fund of power	\$ 513	528
Property, plant and equipment — land	Collateral for credit lines	9,963	9,963
Property, plant and equipment — buildings and construction	Collateral for credit lines	<u>5,398</u>	<u>5,517</u>
Total		<u>\$ 15,874</u>	<u>16,008</u>

(9) Significant commitments and contingencies:

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

	December 31, 2023	December 31, 2022
Acquisition of equipment	<u>\$ 4,592</u>	<u>5,007</u>

(b) The promissory notes issued by the Group for bank loans

	December 31, 2023	December 31, 2022
	<u>\$ 64,000</u>	<u>64,000</u>

(10) Losses Due to Major Disasters:

A fire broke out in the early hours of August 8, 2022 at the factory, which was leased from other related parties, Speed Power System Vietnam Co., Ltd. by Milestone, a sub-subsidiary. No casualties were caused but some equipment and inventory were damaged, The amount of the damage were 6,996 thousand and 30,489 thousand, respectively, which were accounted for as "other gains and losses" .

(11) Subsequent Events:

On March 12, 2023, the merged company passed the asset revitalization case of the subsidiary company Weihai Jinfu Electronics Co., Ltd. by resolution of the board of directors. It plans to lease or sell the machinery and equipment of Weihai Jinfu Electronics Co., Ltd. and authorizes the chairman to handle it. Follow-up related matters.

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(12) Other:

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

By item	By function	For the year ended December 31					
		2023			2022		
		Cost of Goods	Operating Expense	Total	Cost of Goods	Operating Expense	Total
Employee benefits							
Salary		85,218	42,596	127,814	95,064	37,095	132,159
Labor and health insurance		1,520	1,569	3,089	1,129	1,897	3,026
Pension		340	980	1,320	1,697	1,383	3,080
Others		15,908	4,216	20,124	16,929	5,271	22,200
Depreciation		21,207	6,470	27,677	21,991	9,350	31,341
Amortization		-	-	-	-	-	-

- (b) The Group balance sheet, consolidated income statement and the use of the Republic of China Securities Regulatory Financial Reporting Standards, Article 3 of the China Financial Supervisory Committee, the international financial reporting standards, interpretations and interpretations prepared by the Republic of China: None.

(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:

- (i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance 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	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
													Item	Value			
0	The Group	Weihai Jin Fu	Other receivables	Yes	16,212	15,353	15,353	0%	2	-	Operation	-	-	-	184,641	184,641	Note 1, 3
0	The Group	Trendin	Other receivables	Yes	9,727	9,212	5,373	0%	2	-	-	-	-	-	184,641	184,641	Note 1, 3
1	Speedy (BVI)	Weihai Jin Fu	Other receivables	Yes	9,727	9,212	9,212	0%	2	-	-	-	-	-	327,518	327,518	Note 2, 3

Note 1: Pursuant to “Procedure of Loans to Other Parties” of the Company, when loaning to a subsidiary that is 100% held by the Company directly or indirectly, the total allowable amount and individual allowable amount cannot exceed 40% of the net value of the entity.

Note 2: Pursuant to “Procedure of Loans to Other Parties” of the subsidiary, Speedy (BVI), when loaning to a subsidiary that is 100% held by the Company directly or indirectly, the total allowable amount and individual allowable amount cannot exceed 100% of the net value of the entity.

Note 3: Purpose of fund financing for the borrower:

(1) Those with business contact please fill in 1

(2) Those necessary for short-term financing please fill in 2.

Note 4: The above transactions were eliminated when preparing the consolidated financial statements.

DA HUI LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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	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	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 Group		2	184,641	128,000	64,000	64,000	-	13.86%	184,641			
4		The Group	4	201,963	128,000	64,000	64,000	-	253.51%	201,963			
4		The Group	3	201,963	18,000	18,000	18,000	18,000	71.30%	201,963			

Note 1: The numbers denote the following:

1. "0" represents The Company.
2. Subsidiaries are numbered starting from "1".

Note 2: In accordance to the "endorsement and guarantees operational procedure" of the Company, the total endorsement and guarantee by the Company shall not exceed 100% of the Company's net worth. The guarantee amount for a single enterprise endorsement shall not exceed 40% of the current net value of The Company. The total amount of guarantees and endorsements shall not exceed 50% of the net value of the Company in the latest financial statements.

Note 3: Based on DA HUI Taipei's guideline, when the parent of a company or the parent is directly or indirectly 100% held by The Company, the total guarantee amount cannot exceed 800% of the net value of The Company. The guarantee amount for a single enterprise endorsement shall not exceed 800% of the current net value of the Company.

Note 4: The relationship between the endorser/guarantor and the guaranteed party:

- (1) Having business relationship.
- (2) Subsidiaries in which the Company directly and indirectly holds more than 50% of the total of its total outstanding common shares.
- (3) The entity holds more than 50% of voting shares in the Company, directly and indirectly.
- (4) The parent company which holds, directly or indirectly through a subsidiary, more than 50% of the total of its outstanding common shares.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				(In thousand of shares)	Carrying value	Percentage of ownership (%)	Market Price	
	CHI HUA FITNESS CO., LIMITED.		Financial assets at fair value through other comprehensive income	2,000	109,989	5.37%	109,989	

(iv) Marketable securities for which the accumulated purchase or sale amounts for the period exceed \$300 million or 20% of the paid in capital: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

DA HUI LIMITED AND SUBSIDIARIES

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- (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\$300 million or 20% of the capital stock: None.
- (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:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Total Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	DAH Taipei	Weihai Jin Fu	3	Accounts Receivable	15,353	60 days	2.22%
0	DAH Taipei	Trendin	3	Accounts Receivable	5,373	60 days	0.78%
1		Huan Hsin			36,009		4.55%

Note 1: 1 0 represents parent company

2 and thereafter represent subsidiary companies

Note 2: The relationship between guarantor and guarantee are as follows:

1 represents parent to subsidiary

2 represents subsidiary to parent

3 represents subsidiary to subsidiary

Note 3: Disclose only operating revenue and accounts receivable, related purchase, expense, and prepayment are neglected.

(b) Information on investees:

(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 (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	Ending Balance December 31, 2022	(In thousand of shares)	Percentage of wnership	Carrying value			
The Company	DAH Taipei	Taiwan	Wholesale for car and motorcycle parts	6,000	6,000	600	100.00%	25,245	604	604	Note
The Company	Speedy (BVI)	British Virgin Islands	Investment	66	66	2	100.00%	327,518	48,587	48,587	"
The Company	Focus	Samoa	Investment	177,422	177,422	6,000	100.00%	(43,354)	(53,977)	(53,977)	"
The Company	Trendin	Samoa	Investment	76,765	76,765	1,050	100.00%	67,297	(6,796)	(6,796)	"
The Company	Aspire Solutions Limited	Hong Kong	Research and sales of car safety seat	59,503	59,503	2,000	40.00%	-	(1,677)	-	Note
Speedy (BVI)	Huan Hsin	Malaysia	Manufacture and sale of motorcycle components	4,826	-	500	100.00%	266,689	66,553	66,553	"
Speedy (BVI)	Speedy	Malaysia	Manufacture and sale of motorcycle components	9,292	9,292	1,000	100.00%	54,585	(6,569)	(6,569)	"
Trendin	Milestone	Vietnam	Manufacture and sales of car safety seat	76,004	76,004	-	100.00%	66,896	(4,175)	(4,175)	

DA HUI LIMITED AND SUBSIDIARIES

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Note: The aforementioned inter-company transactions have been eliminated in 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	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Weihai Jin Fu Electronic Co., LTD	Child safety seat and safety gate produces for sale	175,913	(2)	-	-	-	-	(54,343)	100.00%	(54,343)	(43,978)	86,869

Note 1: Three types of investment method are as follows:

- (a) Direct investment in Mainland China.
- (b) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (c) Others

Note 2: All inter the aforementioned transactions have been eliminated in the consolidated financial statements.

Note 3: The figures in this table refer to foreign currencies and are translated into New Taiwan dollars at the exchange rate of the financial reporting date, or at the spot rate in the assets and liabilities accounts, or at the average exchange rate in the profit and loss accounts.

(ii) Limitation on investment in Mainland China: not applicable :

Note1:The Group is a foreign company and is not subject to the limits set out in the “Regulations Governing Permission for Investment and Technical Cooperation in the Mainland Area”.

(iii) Significant transactions: None.

(d) Major shareholders:

Shareholder' s Name	Shareholding	Shares	Percentage
Lion Gate Investments		16,321,000	41.31%
Win Ride Investments Limited		14,047,000	35.56%

DA HUI LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

The reportable segments of the Group is a strategic business unit to provide different products and services. Since each strategic business unit needs different technologies and marketing strategies, it must be managed separately.

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

	<u>Child products</u>	<u>Motorcycle component</u>	<u>Other Divisions</u>	<u>Reconciliati on and elimination</u>	<u>Total</u>
2023					
Revenue					
Revenue from external customers	\$ 119,808	670,778	-	-	790,586
Intersegment revenues	-	-	-	-	-
Total revenue	<u>\$ 119,808</u>	<u>670,778</u>	<u>-</u>	<u>-</u>	<u>790,586</u>
Segment profit or loss before tax	<u>\$ (58,518)</u>	<u>81,970</u>	<u>(39,285)</u>	<u>10,131</u>	<u>(5,702)</u>
	<u>Child safety seat</u>	<u>Motorcycle component</u>	<u>Other segment</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
2022					
Revenue					
Revenue from external customers	\$318,585	604,767	-	-	923,352
Intersegment revenues	-	-	-	-	-
Total revenue	<u>\$318,585</u>	<u>604,767</u>	<u>-</u>	<u>-</u>	<u>923,352</u>
Segment profit or loss	<u>\$ (76,331)</u>	<u>72,572</u>	<u>13,879</u>	<u>42,107</u>	<u>52,227</u>

(a) Product information

Revenue from the external customers of the Group was as follows:

<u>Product</u>	<u>2023</u>	<u>2022</u>
Child safety seat	\$ 119,808	318,585
Motorcycle component	670,778	604,767
Total	<u>\$ 790,586</u>	<u>923,352</u>

(b) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Geographical information	2023	2022
Revenue from external customers:		
United States	\$ 119,495	286,418
Malaysia	670,778	604,767
Other countries	313	32,167
Total	\$ 790,586	923,352
Non-current assets:		
China	\$ 24,675	50,221
Malaysia	71,671	74,109
Taiwan	16,219	16,761
Vietnam	16,897	22,929
Total	\$ 129,462	164,020

(c) Major customers

2023		
Customers	Amount	Percentage
Customer B from motorcycle parts department	\$ 466,649	59.09%
Customer D from motorcycle parts department	80,902	10.25%
Customer E from motorcycle parts department	21,488	2.72%
	\$ 569,039	72.06%
	\$ 569,039	72.06%
2022		
Customers	Amount	Percentage
Customer A from child safety seats department	\$ 408,761	44.27%
Customer B from motorcycle parts department	148,165	11.34%
Customer D from motorcycle parts department	104,714	5.27%
	\$ 661,640	60.88%