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新日興股份有限公司
SHIN ZU SHING CO., LTD.

2022
Annual Report

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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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Headquarters, Branches and Plant

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Shulin Plant: No. 194, Junying Street, Shulin District, New Taipei City

Junying Plant: No. 196-2, Junying Street, Shulin District, New Taipei City

San Plant: No. 8 and No.6, Lane 172, Junying Street, Shulin District, New Taipei City

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One. Letter to Shareholders

Implementation of the business plan

The COVID-19 pandemic was still overwhelming the world in 2022, leading to a series of problems in monetary policies, unemployment rate, and the global supply chain. To counter these problems, many countries have implemented policies to stimulate economic activities in all aspects. Affected by the previous wave of the pandemic, and ineffective inventory management in the consumer electronics industry, the consumer market demand slumped after the pandemic subsided in Europe and the USA. This has resulted in overstocking of consumer electronics and subsequently affected the sales of the hinge industry, giving rise to an overall weak demand. In terms of the supply chain, due to the pandemic, the pressure on procurement cost is relatively high, and prices of raw materials across the spectrum are on the rise. In the face of the economic situation, we are constantly fine tuning our strategy with an aim of producing remarkable performance. Although our revenue in 2022 did not meet expectation, we maintained satisfactory profitability in conjunction with a cost-saving policy and joint efforts of all employees. In addition, in view of the economic climate, we are committed to the development of the hinge industry and are confident that we will remain a leading company in the industry. Also, we will utilize our excellent precision processing technology and innovation to venture into new industries, and mitigate adverse effects caused by market concentration. By upholding the philosophy of sustainable management and striving for maximum economic benefits, we will incorporate sustainability measures into our operating strategies, and develop more competitive and eco-friendly products to maximize shareholders' interests.

(I) Operating income and expenditures

Unit: NT$ thousand

Item	2022 (budgeted)	2022 (actual)	Achievement rate %
Net operating income	14,324,540	11,824,698	82.55
Operating costs	10,594,589	9,322,982	88.00
Gross operating profit	3,729,951	2,501,716	67.07
Operating expenses	1,063,583	942,423	88.61
Net operating profit	2,666,368	1,559,293	58.48
Net profit before tax	2,741,476	2,268,115	82.73
Net profit of the period	2,015,366	1,659,184	82.33

(II) Profitability analysis

Item		2022	2021
Financial structure	Debt-to-assets ratio (%)	25.93	27.30
	Long-term fund to property, plant and equipment ratio (%)	286.05	276.18
Solvency	Current ratio (%)	254.39	319.06

	Quick ratio (%)	218.97	278.09
	Interest protection multiples	20,352.84	26,839.45
Profitability	Return on assets (%)	7.80	5.37
	Return on equity (%)	10.57	7.49
	Net income before tax to paid-in capital (%)	120.81	84.82
	Net profit margin (%)	14.03	9.63
	Earnings per share (NTD)	8.68	6.08

In 2022, the Company's notebook computer hinge shipments amounted to approximately 52,051 thousand pieces. Although this constituted a decrease of approximately 28.19% compared with the preceding year, the Company was still in the lead compared with its counterparts. Meanwhile, shipments of LCD hinges decreased by approximately 24.79% compared with the preceding year, at 12,412 thousand pieces. In 2022, notebook hinges accounted for approximately 26% of its main revenue; LCD hinges approximately 29%; and wearable device and accessory hinges approximately 29%. The Company's consolidated revenue for 2022 amounted to NT$11.82 billion, a decrease of approximately 3% from NT$12.14 billion in the preceding year. Whereas, the consolidated gross profit margin amounted to 21%, which increased by 1% from the preceding year. Operating net profit amounted to 13%, which was comparable with the preceding year; net profit after tax amounted to NT$1.66 billion, an increase of 42% from the preceding year of NT$1.17 billion; and after-tax basic earnings per share amounted to NT$8.68, an increase of 43% from NT$6.08 in the preceding year.

Overview of 2023 Business Plan

In the coming year, the post-pandemic economic development will bring forth more global economic uncertainties. Compounded by the US-Sino trade war, the Russo-Ukrainian War, and inflation, we will be treading a tumultuous future. In response to such an economic situation, our management proposed to use Taiwan as a new base for research and development, focusing on low-carbon products. We will also expand into Southeast Asia to reduce the risk of over-concentration, optimize customer service experience, and improve our manufacturing quality. On the other hand, we will expedite our cross-industry development, utilize our working capital with prudence, and make full use of the existing high-precision processing equipment. We will also step into new industries through mergers or technology integration, especially for the Electric Bike Business Department. With climate change and the trend of low-carbon products, we will use our existing precision processing equipment and technology to reduce capital expenditures, and enter the electric bike industry with new manufacturing processes and new technologies, so as to reduce the impact of over-concentration.

In the face of a rapid-changing environment, talents are indispensable to a company. Amidst uncertainties after the pandemic, many people are experiencing mental turbulence. Thus, we are committed to establishing stable labor relations by providing an appropriate workplace, and comprehensive education and training, so as to achieve the goal of talent retention and cultivation. In addition, we also recruit talents who have visions, creativity, and execution ability. We hope that our employees will exert their innovation, execution, and technological skills in various industries with a forward-thinking mindset. We look forward to seeing them growing with the Company by making use of their professional know-how and management abilities to achieve a win-win.

In terms of the overall future development, on top of pursuing economic benefits and operating performances, we are devoted to exercising sustainable development to mitigate environmental impacts caused by climate change. We will develop a low-carbon manufacturing process with our innovation, re-utilize wastes and recyclables, and uphold our vision of people-orientation, environmental co-existence, and social prosperity. Also, together with our suppliers, we will incorporate the ultimate ESG goals into business management and contribute to the sustainability of the environment.

Lastly, we cordially thank all shareholders, customers, partners for your support and look forward to a sustainable future with you.

Wishing all shareholders

Good health and the best of fortune

SHIN ZU SHING CO., LTD.

Chairman： Sheng-Nan Lu

CEO： Chao-Tsung Juan

Head accountant： Meng-Hui Tsai

Two. Company Overview

I. Date of Incorporation: June 28, 1968

II. Company History

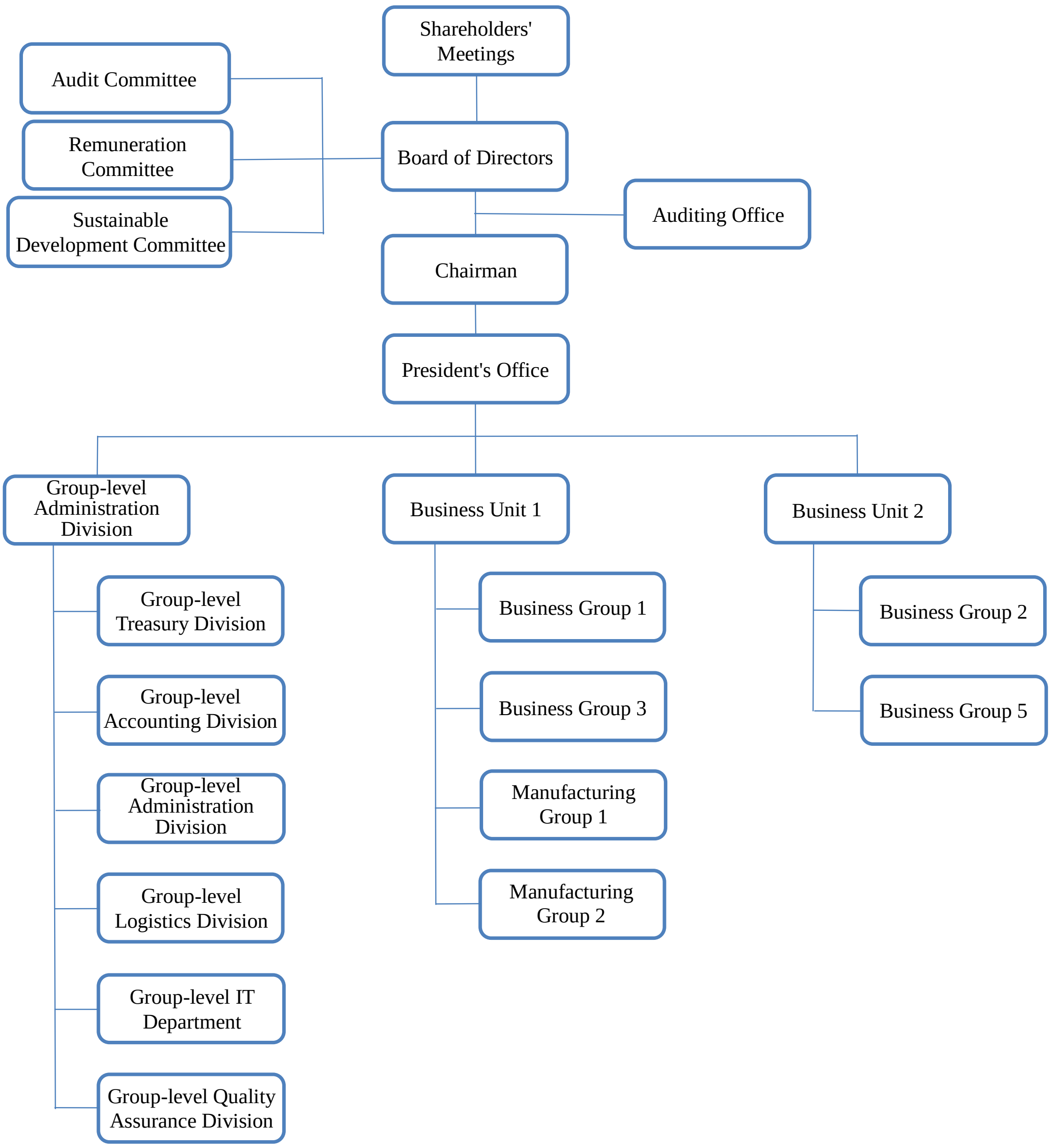
Year	Milestones
1965	The Lu brothers co-founded Shin Shing Springs Factory in San Chung City, Taiwan.
1968	The Company was renamed Shin Zu Shing Spring and Mechanical Co., Ltd. when it entered into a technical cooperation agreement with Riken Co., Japan., and was established with a capital of NT$1,200,000. The Company built a 300-ping factory in Luzhou Township, New Taipei City and brought in a variety of automatic spring forming machines.
1973	The Company purchased 600 ping of land and built a 500-ping factory in Shulin Township, New Taipei City.
1974	Capital increase to NT$3,600,000 by cash from original shareholders and purchased precision automatic spring forming machines from Europe, the US, and Japan.
1981	Capital increase to NT$6,000,000 by cash from original shareholders, and built a 300-ping factory with precision progressive die and mold manufacturing and tooling for stamping.
1982	Capital increase to NT$12,000,000 by cash from original shareholders.
1986	Capital increase to NT$22,000,000 by cash from original shareholders, purchased high precision tooling equipment and press machine, and brought in digital mini computer to bring the Company into computerized management.
1988	Expanded factories to a total area of 1,700 ping.
1990	Capital increase to NT$37,500,000 by cash from original shareholders, established an R&D department that designed a hinge for notebooks and applied for the first international patent, and established a production line for the patented hinge used in notebooks.
1991	Began using 3D AutoCAD in coordination with the business direction for new product development.
1993	The only company to receive an "AA" rating from Matsushita Company, Taiwan (SQS 100).
1993	President Sheng-Nan Lu was elected the first chairperson of Taiwan Spring Industry Association and led the national spring industry.
1994	Capital increase to NT$75,000,000.
1995	Obtained the ISO 9002 quality assurance certification from the BSMI.
1996	President Sheng-Nan Lu was re-elected as the chairperson of Taiwan Spring Industry Association.

Year	Milestones
1997	Capital increase to NT$150,000,000.
1997	The only company to receive an "AA" rating from Matsushita Company, Taiwan (SQS 100) for five consecutive years.
1997	The company was renamed SHIN ZU SHING CO., LTD. for diversification.
1999	Became the largest supplier of hinges for notebooks in Taiwan.
2000	Capitalized profits and increased capital to NT$197,800,000.
2001	Obtained the ISO 9001 (2000 version) quality assurance certification from the Bureau of Standards, Metrology, and Inspection.
2002	Capitalized profits and increased capital to NT$250,560,000.
2002	Capitalized profits and increased capital to NT$275,616,000.
2003	Capitalized profits and increased capital to NT$344,520,000.
2004	Public listing approved by the Securities and Future Institute.
2004	Investment of US$2,520,000 in Shin Zu Shing Precision Electron (Suzhou) Co., Ltd. through a third place was approved by the Investment Commission.
2004	Increased capital to NT$495,760,000 by cash, capitalization of profits, and capitalization of employee bonuses.
2004	Approved to be registered as an emerging stock.
2004	Established subsidiary Winway Technology Limited.
2004	Additional investment of US$3,000,000 in Shin Zu Shing Precision Electron (Suzhou) Co., Ltd. through a third place was approved by the Investment Commission.
2004	Obtained the ISO 14001 certification for environmental management systems from the BSMI.
2005	Established subsidiary Magic Timing Technology Limited.
2005	Increased capital to NT$573,130,000 by capitalization of profits, and capitalization of employee bonuses.
2005	Investment of US$800,000 in Chang Shing Precision Electron (Ningbo) Co., Ltd. through a third place was approved by the Investment Commission.
2005	Increased capital to NT$638,530,000 by cash.
2005	Approved by the Taipei Exchange and Securities and Futures Institute to be registered as an OTC stock.
2006	New factory of Shin Zu Shing Precision Electron (Suzhou) Co., Ltd. was completed.
2006	Completed contract signing and began construction of Taiwan Shulin Factory 2 with total factory area expected to reach 3,518.6 ping.
2006	Capitalized profits and increased capital to NT$836,100,000.

Year	Milestones
2006	Increased capital by cash to NT$886,100,000.
2006	Established subsidiary Up Hill International Limited.
2007	Investment of US$700,000 in Jun Shing Precision Electronics (Shenzhen) Co., Ltd. through a third place was approved by the Investment Commission.
2007	R&D Center was completed and formally began operations.
2007	Additional investment of US$3,010,000 in Zhiqun Precision Electron (Suzhou) Co., Ltd. through a third place was approved by the Investment Commission.
2007	Increased capital to NT$1,115,600,000 by capitalization of profits, and capitalization of employee bonuses.
2007	Planned to establish a holdings company in a third place to invest in Vietnam.
2007	Approved to be registered as listed stock.
2008	Established subsidiary Shining Smart International Corporation.
2008	Issued NT$1.5 billion in convertible corporate bonds and obtained approval to trade the bonds in the OTC market.
2008	President Sheng-Nan Lu was promoted to the CEO of SZS Group and Executive Vice President Ching-Cheng Lin was promoted to President, in order to better implement corporate governance principles and execute the Company's internal rotation mechanism.
2008	Increased capital to NT$1,235,300,000 by capitalization of profits and capitalization of employee bonuses.
2008	Established subsidiary Spring Vision Technology Corporation.
2009	Established subsidiary Shin Zu Shing (Vietnam) Co., Ltd.
2009	Established subsidiary Heng Shing Investment Co., Ltd.
2009	Increased capital to NT$1,449,530,000 by capitalization of profits and capitalization of employee bonuses.
2010	The Board of Directors approved the acquisition of 100% shares of Cherng Jyieh Corp. (CJC).
2010	Established subsidiaries Spring Magic Limited, Zhong Shan Guan Shin Precision Electron Co., Ltd., and Jian Fu Biotechnology Co., Ltd.
2010	Increased capital to NT$1,584,200,000 by capitalization of profits and capitalization of employee bonuses.
2011	Issued NT$1.5 billion in convertible corporate bonds for the second time and obtained approval to trade the bonds in the OTC market.
2011	Established subsidiaries Shin Hong Shing (Chongqing) Technology Co., Ltd. and RSTC (Fu-qing) Co., Ltd.
2012	Established subsidiary Wen Shing Technology Co., Ltd.

Year	Milestones
2013	Completed contract signing and began construction of Taiwan Shulin Factory 3 with total factory area expected to reach 3,664.89 ping.
2013	Established subsidiary Lucent Opto Inc.
2014	Taiwan Shulin Factory 3 was completed and formally began operations.
2015	Purchased Taiwan Xinshu Factory.
2016	Completed contract signing and began construction of Taiwan Sanjyun Factory with total factory area expected to reach 6,892 ping.
2017	Taiwan Sanjyun Factory was completed and formally began operations.
2018	Passed compliance verification for IATF 16949 automotive industry quality management systems.
2021	Purchased land and plant facilities in Hukou.
2022	Board of Directors pass resolution to establish domestic investment company.
2022	Board of Directors pass resolution to approve proposal to establish company for investing in Vietnam.

Three. Corporate Governance Report
I. Organization
(I) Organization structure



(II) Major business units and their key businesses

Department	Main Business
Auditing Office	Responsible for auditing the Company’s internal rules and implementation of systems, proposing suggestions for improvement.
Audit Committee	Audit if the Company’s financial reports are presented fairly in all material respects, the Company’s CPA selection and dismissal procedures, the independence and performance of the Company’s CPAs, if the Company’s internal controls have been effectively implemented, if the Company is compliant with all laws and regulations, and how the Company is managing its existing and potential risks.
Remuneration Committee	Establish and periodically review the Company’s policies, systems, standards, and structure for evaluating director and manager performance, and for determining their remuneration.
Sustainable Development Committee	Ensure that sustainable development policies have been implemented, improve the Company’s business operation systems, commit to implementing environmental protection policies, fulfill the Company’s Corporate Social Responsibilities, establish a strategic direction for the Company’s sustainable development and sustainable development policies and systems, and establish specific sustainable development plans.
Business Unit 1	Develops the business of hinge products and responsible for its planning and operation, as well as the achievement of the group's goals, including new product R&D, sales, process planning, and manufacturing.
Business Unit 2	● Plan and operate the LCD TV & Monitor Hinge business, and aim to achieve the group's targets, including for research and development of new products, sales, process planning, and manufacturing. ● Plan and operate the MIM (metal injection molding) business, and aim to achieve the group's targets, including for research and development of new products, sales, process planning, and manufacturing.
Group-level Administration Division	● Assists business groups in completing the planning of related systems and resource integration according to strategic goals of the group and each business group. ● The group-level Treasury Division is responsible for financial planning and fund allocation of each business group. ● The group-level Accounting Division is responsible for reviewing the budget, handling accounts, and analyzing the cost-effectiveness of each business group. ● The group-level Administration Division is responsible for establishing the management system, human resources, factory EHS and legal affairs of each business group. ● The group-level IT Division is responsible for planning, integrating, and establishing the information systems of each

Department	Main Business
	business group. ● The group-level Quality Assurance Division is responsible for establishing the quality policy, setting quality goals, and planning and implementing quality management for each business group. ● The group-level Logistics Division is responsible for procuring materials and scheduling and integrating production for each business group.

II. Directors, Supervisors and Management Team

(I) Director

1. Information on the Company's directors

April 9, 2023

Title Name	Nationality	Gender	Age	Date Elected (Appointed)	Term	First elected date	Shares held during election		No. of shares currently held		Current shares held by spouse and underage children		Shareholding by nominee arrangement		Experience (Education)	Other positions currently held within the Company Current job positions at other companies	Spouse or second degree or closer relatives who are other managers, directors, or supervisors			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman Sheng-Nan Lu	R.O.C.	Male	Age 70 and over	2022.6.16	3	1968.6.28	17,154,346	8.91	17,154,346	9.14	-	-	-	-	Taipei Municipal Songshan High School of Commerce and Home Economics, Founding chairperson of the Taiwan Spring Industry Association	None	None	None	None	-
Director Min-Wen Lu	R.O.C.	Male	Age 70 and over	2019.6.18	3	1968.6.28	9,549,784	5.33	9,776,084	5.21	N/A	-	N/A	-	Guang-Hua Junior High School Supplementary School, supervisor of the New Taipei Importers & Exporters Chamber of Commerce, director of the New Taipei Importers Exporters Chamber of Commerce	None	Chairman Director	Sheng-Nan Lu Chao-Tsong Yuan	Brother Father and son-in-law	-
Director Chao-Tsong Yuan	R.O.C.	Male	60-70 years of age	2022.6.16	3	2010.6.17	419,244	0.22	419,244	0.22	4,695,664	2.50	-	-	National Taiwan University of Science and Technology, Department of Industrial Management, National Chengchi University Department of Business Administration, Manager of Oriental Securities Corporation	Director of Shin Zu Shing Precision Electron (Suzhou) Co., Ltd., Director of Zhiqun Precision Electron (Suzhou) Co., Ltd., Director of Kun Shang Cheng Jie Computer Parts Ltd., Director of Heng Shing Investment Co., Ltd. Director of Shen Bo Ge Investment Co., Ltd., Director of Jochu Technology Co., Ltd., PROSPERITY INVESTMENT HOLDING PTE.LTD. director	None	None	None	-
Director You-Qi Lu	R.O.C.	Male	Age 60 and below	2022.6.16	3	2012.2.21	-	-	-	-	500,770	0.27	-	-	University of California San Diego Master's degree in Mechanical Engineering	President of Jun Yu Plastic Co., Ltd. Executive Assistant at the Company Chairperson of Golden Point Management Ltd	Chairman	Sheng-Nan Lu	Father-son	-
Director Ying-Fu Mao	R.O.C.	Male	60-70 years of age	2022.6.16	3	2007.6.13	-	-	-	-	-	-	-	-	Bachelor's degree from the National Chung Hsing University Department of Law, Master's degree from the Fu Jen Catholic University Department of Law, Attorney-at-law at Hong Rui Law Firm, Arbitrator at the Chinese Arbitration Association, Taipei,	Attorney-at-law at Hong Rui Law Firm, Supervisor of Fu Shing Lumber Co. Ltd., Independent Director of T.N.C. INDUSTRIAL CO., LTD., Member of the Remuneration Committee	None	None	None	-

Title Name	Nationality	Gender	Age	Date Elected (Appointed)	Term	First elected date	Shares held during election		No. of shares currently held		Current shares held by spouse and underage children		Shareholding by nominee arrangement		Experience (Education)	Other positions currently held within the Company Current job positions at other companies	Spouse or second degree or closer relatives who are other managers, directors, or supervisors			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Director Cheng-Han Hsieh	R.O.C.	Male	Age 60 and below	2022.6.16	3	2019.6.18	-	-	-	-	-	-	-	-	Bachelor's degree from the National Cheng Kung University Department of Civil Engineering, Master's degree in Computer Assisted Engineering from Carnegie Mellon University, Vice President of Asia Fortune Capital Limited/Taiwan Branch Analyst and Assistant Vice President of Global Investment Holdings Co., Ltd., Associate Investment Manager at the Venture Capital Department of Taiwan Life Insurance Co., Ltd.	Executive Vice President of Hua Chuan Investment Management Limited	None	None	None	-
Director Bo-Ming Yang	R.O.C.	Male	60-70 years of age	2022.6.16	3	2019.6.18	-	-	-	-	-	-	-	-	Department of Business Administration at The Asia University of Japan Master of Business Administration from The Asia University of Japan, Manager of the International Department at President Chain Store Corporation, Project Manager for the President's Office at the President Chain Store Corporation, Head of the International Department of Fujimori Kogyo Co., Ltd.	Advisor at the Taiwan New Chung Year Enterprise Co., Ltd., Advisor at Mai Ke Long (Kunshan) International Trade Limited	None	None	None	-
Independent Director Yuan-Long Chang	R.O.C.	Male	60-70 years of age	2022.6.16	3	2017.6.22	-	-	-	-	-	-	-	-	Tamkang University Department of Accounting, Accountant at Qin Zheng Joint CPA Firm, Senior Vice President of Arcoa Communication Co., Ltd.	Accountant at Qin Zheng Joint CPA Firm, Independent Director of GSD Technologies Co., Ltd., Independent Director of CoreMax Corporation,	None	None	None	-

Title Name	Nationality	Gender	Age	Date Elected (Appointed)	Term	First elected date	Shares held during election		No. of shares currently held		Current shares held by spouse and underage children		Shareholding by nominee arrangement		Experience (Education)	Other positions currently held within the Company Current job positions at other companies	Spouse or second degree or closer relatives who are other managers, directors, or supervisors			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Independent Director Chi-Fa Cheng	R.O.C.	Male	60-70 years of age	2022.6.16	3	2004.4.30	-	-	-	-	-	-	-	-	National Chung Hsing University Department of Accounting Managing Partner at ShineWing Taiwan, Managing Partner at Jing Xing Joint CPA Firm, Section Manager at the Small and Medium Enterprise Credit Guarantee Fund of Taiwan, Head of the Audit Section at Deloitte Taiwan	Independent Director of HONG YI FIBER IND. CO., LTD., Chairperson of Yu Xing Management Consulting Limited, **Director** of Golden Point Management Ltd, Chairperson of Shen Bo Ge Investment Co., Ltd., Director of Yuan Fu Tai Development Limited, Director of SHIH HER TECHNOLOGIES INC., GSD Technologies Co., Ltd. director, Director of CoreMax Corporation, Director representing Ezfly International Travel Agent Co., Ltd., Director of URANUS CHEMICALS CO., LTD., Accountant at Jing Xing Joint CPA Firm	None	None	None	-
Independent Director Mei-Hui Li	R.O.C.	Female	Age 60 and below	2022.6.16	3	2022.6.16	-	-	-	-	-	-	-	-	National Chengchi University Department of Business Administration, EMBA from National Taipei University, Chief Financial Officer for Flytech Technology Co.,Ltd.	Supervisor of Flytech Technology (Shanghai) Co.,Ltd. Director of the Flytech Foundation	None	None	None	-

2. Disclosure of the professional qualifications held by directors, and the independence of independent directors

(1)Professional qualifications and experience of the Company's directors

Criteria / Name	Professional qualifications and experience
Sheng-Nan Lu	Company Chairperson. Previously elected the first chairperson of the Taiwan Spring Industry Association and led the national spring industry. The director is free of the situations stipulated in Article 30 of the Company Act.
Chao-Tsong Yuan	The Company's President previously served as Vice President for the Company's Business Unit One, Business Group Five, and the Group's Administration Division. Possesses professional work experience with managing manufacturing business operations. Previous manager at Oriental Securities Corporation. The director is free of the situations stipulated in Article 30 of the Company Act.
You-Qi Lu	Current chairperson of Golden Point Management Ltd, previous president of Jun Yu Plastic Co., Ltd, and possesses professional work experience with managing manufacturing business operations. The director is free of the situations stipulated in Article 30 of the Company Act.
Ying-Fu Mao	Attorney-at-law at Hong Rui Law Firm, Previously an arbitrator at the Chinese Arbitration Association, Taipei, The director is free of the situations stipulated in Article 30 of the Company Act.
Cheng-Han Hsieh	Current Executive Vice President of Hua Chuan Investment Management Limited. Previous Vice President of Asia Fortune Capital Limited Taiwan Branch, Analyst and Assistant Vice President of Global Investment Holdings Co., Ltd., Associate Investment Manager at the Venture Capital Department of Taiwan Life Insurance Co., Ltd, Engineer at Michael Baker Jr. Inc., an engineering firm based in Pittsburgh, United States The director is free of the situations stipulated in Article 30 of the Company Act.
Bo-Ming Yang	Advisor at Taiwan New Chung Year Enterprise Co., Ltd. Previous Manager of the International Department President's Office Project Manager at President Chain Store Corporation, Head of the International Department of Fujimori Kogyo Co., Ltd. The director is free of the situations stipulated in Article 30 of the Company Act.
Chi-Fa Cheng	Currently an accountant at Jing Xing Joint CPA Firm, Possesses professional working experience as an accountant. Previous Managing Partner at ShineWing Taiwan, Managing Partner of Jing Xing Joint CPA Firm, Section Manager at Small and Medium Enterprise Credit Guarantee Fund of Taiwan, Head of the Audit Section of Deloitte Taiwan. The director is free of the situations stipulated in Article 30 of the Company Act.

Yuan-Long Chang	Currently an accountant at Qin Zheng Joint CPA Firm, possesses professional working experience as an accountant. Previously an accountant at Qin Zheng Joint CPA Firm, Assistant Vice President of Arcoa Communication Co., Ltd. The director is free of the situations stipulated in Article 30 of the Company Act.
Mei-Hui Li	Current Supervisor of Flytech Technology (Shanghai) Co.,Ltd, director of Flytech Foundation, Previous Chief Financial Officer at Flytech Technology Co.,Ltd. Possesses professional working experience as an accountant. The director is free of the situations stipulated in Article 30 of the Company Act.

(2) Independence of independent directors

<table>
<tr><th>Criteria
Name</th><th>Independence status</th><th>Number of other public companies concurrently serving as an independent director</th></tr>
<tr><td>Chi-Fa Cheng</td><td rowspan="3">Each of the Company’s independent directors meet the following conditions for the two years previous to and while serving as an independent director of the Company:
1. Not an employee of the Company or any of its affiliates.
2. Not a Director or Supervisor of the Company or any of its affiliates.
3. Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any person serving in the managerial roles described in item 1, or any of the persons listed in items 2 and 3.
5. Not a director, supervisor or employee of an institutional shareholder directly holding 5% or more of the Company's shares, not one of the top five shareholders of, or a director or supervisor of the Company pursuant to Article 27, Paragraphs 1 or 2 of the Company Act.
6. Not a director, supervisor or employee of another company controlled by another Company board member, or controlled by a person holding the majority of the Company’s shareholder voting rights.
7. Not a director, supervisor or employee of another company or institution that has the same chairperson, president, or equivalent, or with a spouse in one of the roles as the Company.
8. Not a director, supervisor, manager, or shareholder holding five percent or more of the shares of a specific company or institution that has a financial or business relationship with the Company.
9. Not a professional individual, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof. This restriction does not apply to a member of the Remuneration Committee, Public Tender Offer Review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to this law or to the Business Mergers and Acquisitions Act.
10. Not having a marital relationship, or a relative within the second degree of kinship to any other Director of the Company.
11. The director is free of the situations stipulated in Article 30 of the Company Act.
12. Not a governmental, juridical person or its representative as defined under Article 27 of the Company Act.</td><td>1</td></tr>
<tr><td>Yuan-Long Chang</td><td>2</td></tr>
<tr><td>Mei-Hui Li</td><td>None</td></tr>
</table>

3. Independence and diversity of the Board of Directors:

(1) Board of Directors diversity: The Company considers the diversity of Board members, and formulates an appropriate diversity policy based on it's business operations and development needs. Board members have the knowledge, skills, and literacy necessary to perform their duties. In order to achieve the Company’s ideal corporate governance goals, over one half of the current Board’s independent directors have not served for more than three consecutive

terms, and there is at least one female independent director on the Board highly experienced and with professional expertise in fields such as finance, business, and executive management.

Board members shall generally possess the knowledge, skills, and educational attainments required for performing their tasks. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

I. Ability to make sound business judgments.

II. Ability to perform accounting and financial analysis.

III. Ability to manage a business.

IV. Ability to handle crisis management.

V. Knowledge of the industry.

VI. An international market perspective.

VII. Leadership.

VIII. Decision-making ability.

Implementation of board member diversity policies

Name of director	Nationality	Gender	With employee status	Director age			Terms served as Independent Director			Ability to make operational judgments	Ability to perform accounting and financial analysis	Business management ability	Crisis management ability	Knowledge of the industry	International market perspective	Leadership ability	Decision-making ability.
				Age 60 and below	60 -70 years of age	Age 70 and over	1 term	2 terms	3 or more terms								
Sheng-Nan Lu	R.O.C.	Male	-	-	-	✓	-	-	-	✓	-	✓	✓	✓	✓	✓	✓
Chao-Tsong Yuan	R.O.C.	Male	✓	-	✓	-	-	-	-	✓	-	✓	✓	✓	✓	✓	✓
You-Qi Lu	R.O.C.	Male	-	✓	-	-	-	-	-	✓	-	✓	✓	✓	✓	✓	✓
Ying-Fu Mao	R.O.C.	Male	-	-	✓	-	-	-	-	✓	-	✓	✓	✓	✓	✓	✓

Cheng-Han Hsieh	R.O.C.	Male	-	✓	-	-	-	-	-	✓	✓	✓	✓	✓	✓	✓	✓
Bo-Ming Yang	R.O.C.	Male	-	-	✓	-	-	-	-	✓	-	✓	✓	✓	✓	✓	✓
Chi-Fa Cheng	R.O.C.	Male	-	-	✓	-	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓
Yuan-Long Chang	R.O.C.	Male	-	-	✓	-	✓	-	-	✓	✓	✓	✓	✓	✓	✓	✓
Mei-Hui Li	R.O.C.	Female	-	✓	-	-	✓	-	-	✓	✓	✓	✓	✓	✓	✓	✓

Note: Explanation for Chi-Fa Cheng being a candidate for independent director despite having served three consecutive terms as an independent director of the Company: After an evaluation of CPA Cheng’s past participation on the Board of Directors, and after considering CPA Cheng’s rich experience in the industry relevant to the Company’s business operations and the expertise displayed while carrying out their duties as independent director, the Board of Directors has decided that CPA Cheng is capable of making valuable contributions to the Company.

(2) Board of Directors independence: The current Board of Directors is composed of nine directors (including three independent directors). All directors meet the criteria provided in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act, and less than half of the Company’s directors are related to another director through a spousal relationship, or are second-degree or closer relatives to another director.

(II) President, Vice Presidents, Executive Vice Presidents, and Supervisors of each Company Department and Branch Organization

April 18, 2023

Title	Nationality	Name	Gender	Date Elected (Appointed)	Shares held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Experience (Education)	Other Position	Managerial officer who is a spouse or a relative within second degree			Note
					No. of shares	Percentage (%)	No. of shares	Percentage (%)	No. of shares	Percentage (%)			Title	Name	Relationship	
President and CEO (Note 1)	Republic of China	Frank Lin	Male	2007.06.13	-	-	N/A	-	N/A	-	Chiao-Tung University Computer and Control Engineering Department, Master's Degree from the Asian Institute of Technology Department of Computer Science, Director of the BES Engineering Corporation IT Department, Vice President of the Management Department of MiTAC Holdings Corp., Vice President of Synnex Technology International Corporation	Director of Zhiqun Precision Electron (Suzhou) Co., Ltd. Director of Shin Zu Shing Precision Electron (Suzhou) Co., Ltd. Director of Kun Shang Cheng Jie Computer Parts Ltd. Director of RSTC (Fu-qing) Co., Ltd.	None	None	None	-
CEO	Republic of China	Chao-Tsong Yuan	Male	2002.05.02	419,244	0.22	4,695,664	2.50	-	-	National Taiwan University of Science and Technology, Department of Industrial Management, National Chengchi University Department of Business Administration, Manager of Oriental Securities Corporation	Director of Shin Zu Shing Precision Electron (Suzhou) Co., Ltd. Director of Zhiqun Precision Electron (Suzhou) Co., Ltd. Director of Kun Shang Cheng Jie Computer Parts Ltd. Director of Heng Shing Investment Co., Ltd. Director of Shen Bo Ge Investment Co., Ltd. Director of Jochu Technology Co., Ltd. PROSPERITY Director of INVESTMENT HOLDING PTE.LTD.	None	None	None	-

Title	Nationality	Name	Gender	Date Elected (Appointed)	Shares held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Experience (Education)	Other Position	Managerial officer who is a spouse or a relative within second degree			Note
					No. of shares	Percentage (%)	No. of shares	Percentage (%)	No. of shares	Percentage (%)			Title	Name	Relationship	
Executive VP	Republic of China	Jin-Sheng Zhu	Male	1975.06.19	98,368	0.05	2,049	0.00	-	-	Southern Taiwan University of Science and Technology Department of Mechanical Engineering	Director of Dong Guan Cheng Yue Computer Parts Ltd. Director of RSTC (Fu-qing) Co., Ltd. President of Shin Zu Shing Precision Electron (Suzhou) Co., Ltd. President of Zhiqun Precision Electron (Suzhou) Co., Ltd.	None	None	None	-
Vice President	Republic of China	Shi-Jin Weng	Male	2016.11.03	40,000	0.02	-	-	-	-	Master's Degree from the National Chengchi University Department of Accounting, Manager of the Audit Department at KPMG, Senior VP and Accounting Supervisor at SHIN ZU SHING CO., LTD., Chief Operating Officer at Amli Materials Technology	Supervisor of Heng Shing Investment Co., Ltd. Supervisor of Dong Guan Cheng Yue Computer Parts Ltd.	None	None	None	-
Vice President	Republic of China	Sheng-Huan Zhuo	Male	2018.08.03	-	-	-	-	-	-	National Chengchi University Department of Industrial Management, Master's Degree from the University of New Mexico Department of Industrial Engineering, Sales Manager at Intel Taiwan Senior VP of Sales at GIGA-BYTE Technology Co., Ltd., President of Celxpert Energy Corporation	None	None	None	None	-

Title	Nationality	Name	Gender	Date Elected (Appointed)	Shares held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Experience (Education)	Other Position	Managerial officer who is a spouse or a relative within second degree			Note
					No. of shares	Percentage (%)	No. of shares	Percentage (%)	No. of shares	Percentage (%)			Title	Name	Relationship	
Vice President	Republic of China	Qin-Zhuan Chen	Male	2019.11.01	-	-	-	-	-	-	National Chiao-Tung University Institute of Computer Science National electrical engineering certification, Chief Information Officer at MiTAC Holdings Corp., Senior VP of Management Information Systems at SHIN ZU SHING CO., LTD., Consultant at Jye-Baw Management Consulting, Senior IT Director at Getac Technology Corporation, Senior VP of Management Information Systems at MiTAC Precision Technology Corp.	None	None	None	None	-
Chief Financial Officer	Republic of China	Qian-Ting Xu	Female	2017.12.22	19,825	0.01	-	-	-	-	Chihlee University of Technology Department of Accounting, Senior VP of Finance at SHIN ZU SHING CO., LTD.	None	None	None	None	-
Head of accounting	Republic of China	Meng-Hui Tsai	Female	2016.08.03	25,495	0.01	-	-	-	-	Master’s Degree from the National Taiwan Normal University Graduate Institute of Management, Accounting Manager at SHIH HER TECHNOLOGIES INC., Accounting Manager at SHIN ZU SHING CO., LTD.	None	None	None	None	-

Note 1: President Frank Lin was removed from the position of President on March 8, 2022, due to a readjustment of roles.

III. Remuneration Paid to Directors, President, and Vice Presidents in the Most Recent Year

(I) Remuneration of Directors and Independent Directors

Unit: NT$ thousand

Title	Name	Director's remuneration								Sum of total compensation (A+B+C+D) as a percentage of net profit after tax		Pay received as an employee								Sum of the seven items A, B, C, D, E, F, and G as a percentage of net profit after tax		Compensation from investments other than subsidiaries or the parent company
		Remuneration (A)		Severance pay and pension (B)		Director's remuneration (C)		Business expense (D) (Note 1)				Salary, bonus and special allowance (E) (Note 2)		Severance pay and pension (F)		Remuneration of employees (G) (Note 3)						
																The Company		All companies in the financial statements				
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	Cash	Share value	Cash	Share value	The Company	All companies in the financial statements	
Ordinary directors	Sheng-Nan Lu	-	-	-	-	6,500	6,500	135	135	0.40%	0.40%	14,560	14,560	-	-	4,200	-	4,200	-	1.53%	1.53%	None
Ordinary directors	Min-Wen Lu																					
Ordinary directors	Chao-Tsong Yuan																					
Ordinary directors	You-Qi Lu																					
Ordinary directors	Ying-Fu Mao																					
Ordinary directors	Cheng-Han Hsieh																					
Ordinary directors	Bo-Ming Yang																					
Independent Director	Chi-Fa Cheng	-	-	-	-	2,500	2,500	75	75	0.16%	0.16%	0	0	-	-	0	-	0	-	0.16%	0.16%	None
Independent Director	Yuan-Long Chang																					

Independent Director	Mei-Hui Li																					

1.Please describe the policy, system, standards and structure of the compensation of the Independent Directors and explain the relevance of the amount of remuneration paid to them based on factors such as responsibility, risk and time commitment:

The Company's policies for independent director remuneration are the same as those for ordinary directors. The Company provides independent directors with reasonable remuneration pursuant to the Company's Articles of Incorporation and Rules for Allocating Director Remuneration, as well as based on the Company's business results and the contribution of the independent director to the Company's performance.

2.Except as disclosed above, remuneration received by directors in the latest year for on-balance sheet services (e.g., acting as a non-employee consultant) rendered to the Company: N/A.

Note 1: This is the annual travel expenses subsidies provided in 2022 for attending Company meetings.

Note 2: Includes undiscounted vehicle expenses from 2022 and rental expenses paid for business-use cars.

Note 3: Provided is the amount approved by the Board of Directors for 2022 employee and director remuneration before the proposal was brought before the shareholders' meeting.

Range of remuneration

Range of remuneration paid to individual directors	Number of directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Less thanNT$ 1,000,000	None	None	None	None
NT$1,000,000 ~ NT$1,999,999	Sheng-Nan Lu, Chao-Tsong Yuan, Ying-Fu Mao, You-Qi Lu, Cheng-Han Hsieh, Bo-Ming Yang, Chi-Fa Cheng, Yuan-Long Chang, Mei-Hui Li		Ying-Fu Mao, You-Qi Lu, Cheng-Han Hsieh, Bo-Ming Yang, Chi-Fa Cheng, Yuan-Long Chang, Mei-Hui Li	
NT$2,000,000 ~ NT$3,499,999	None	None	None	
NT$3,500,000 ~ NT$4,999,999	None	None	None	
NT$5,000,000 ~ NT$9,999,999	None	None	Sheng-Nan Lu, Chao-Tsong Yuan	
NT$10,000,000 ~ NT$14,999,999	None	None	None	None
NT$15,000,000 ~ NT$29,999,999	None	None	None	None
NT$30,000,000 ~ NT$49,999,999	None	None	None	None
NT$50,000,000 ~ NT$99,999,999	None	None	None	None
Greater than or equal to NT$100,000,000	None	None	None	None
Total	9		9	

(II) Remunerations to President and Vice President

Unit: share/NT$ thousand

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Severance pay and pension (B)</th><th colspan="2">Bonuses and special allowances (C) (Note 1)</th><th colspan="4">Employee remuneration (D) (Note 2)</th><th colspan="2">Sum of total compensation (A+B+C+D) as a percentage of net profit after tax (%)</th><th rowspan="3">Compensation from investments other than subsidiaries or the parent company</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements</th><th colspan="2">The Company</th><th colspan="2">All companies in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements</th></tr>
<tr><th>Cash</th><th>Share value</th><th>Cash</th><th>Share value</th></tr>
<tr><td>CEO</td><td>Frank Lin (Note 1)</td><td rowspan="6">11,090</td><td rowspan="6">11,090</td><td rowspan="6">-</td><td rowspan="6">-</td><td rowspan="6">6,184</td><td rowspan="6">6,184</td><td rowspan="6">14,500</td><td rowspan="6">-</td><td rowspan="6">14,500</td><td rowspan="6">-</td><td rowspan="6">1.92</td><td rowspan="6">1.92</td><td rowspan="6">None</td></tr>
<tr><td>Executive VP</td><td>Jin-Sheng Zhu</td></tr>
<tr><td>CEO</td><td>Chao-Tsong Yuan</td></tr>
<tr><td>Vice-President</td><td>Shi-Jin Weng</td></tr>
<tr><td>Vice-President</td><td>Sheng-Huan Zhuo</td></tr>
<tr><td>Vice-President</td><td>Qin-Zhuan Chen</td></tr>
</table>

Note 1: President Frank Lin was removed from the position of President on March 8, 2022, due to a readjustment of roles.

Note 2: Includes undiscounted vehicle expenses from 2022 and rental expenses for business-use cars.

Note 3: Provided is the employee remuneration amount passed by the Board of Directors for 2022 employee and director remuneration before the proposal was brought before the shareholders' meeting.

Range of remuneration

Range of remuneration paid to President and Vice Presidents	Number of Company Presidents and Vice Presidents	
	The Company	All companies in the financial statements
Less thanNT$ 1,000,000	None	None
NT$1,000,000 ~ NT$1,999,999	None	None
NT$2,000,000 ~ NT$3,499,999	None	None
NT$3,500,000 ~ NT$4,999,999	Jin-Sheng Zhu, Shi-Jin Weng, Qin-Zhuan Chen	Jin-Sheng Zhu, Shi-Jin Weng, Qin-Zhuan Chen
NT$5,000,000 ~ NT$9,999,999	Sheng-Huan Zhuo, Chao-Tsong Yuan	Sheng-Huan Zhuo, Chao-Tsong Yuan
NT$10,000,000 ~ NT$14,999,999	None	None
NT$15,000,000 ~ NT$29,999,999	None	None
NT$30,000,000 ~ NT$49,999,999	None	None
NT$50,000,000 ~ NT$99,999,999	None	None
Greater than or equal to NT$100,000,000	None	None
Total	5	5

Managerial officer's name and the distribution of employee bonus

Unit: NT$ thousand/share

<table>
<tr><th colspan="2" rowspan="2">Title</th><th rowspan="2">Name</th><th colspan="3">Share value</th><th>Cash (Note 1)</th><th rowspan="2">Total</th><th rowspan="2">Total as percentage of net profit after tax (%)</th></tr>
<tr><th>No. of shares</th><th>Market price (NT$)</th><th>Amount</th><th>Amount</th></tr>
<tr><td rowspan="8">Managers</td><td>CEO</td><td>Frank Lin</td><td rowspan="8">-</td><td rowspan="8">-</td><td rowspan="8">-</td><td rowspan="8">16,600</td><td rowspan="8">16,600</td><td rowspan="8">1.00</td></tr>
<tr><td>Executive VP</td><td>Jin-Sheng Zhu</td></tr>
<tr><td>CEO</td><td>Chao-Tsong Yuan</td></tr>
<tr><td>Vice President</td><td>Shi-Jin Weng</td></tr>
<tr><td>Vice President</td><td>Sheng-Huan Zhuo</td></tr>
<tr><td>Vice President</td><td>Qin-Zhuan Chen</td></tr>
<tr><td>Chief Financial Officer</td><td>Qian-Ting Xu</td></tr>
<tr><td>Head of accounting</td><td>Meng-Hui Tsai</td></tr>
</table>

Note 1: Provided is the employee remuneration amount passed by the Board of Directors for 2022 employee and director remuneration before the proposal was brought before the shareholders’ meeting.

(III) Individually compare and specify the analysis results for the ratios of the net profits after tax to each standalone or individual financial report, and that all of the Company's total remuneration amounts paid to Company directors, Presidents, and Vice Presidents in the last 2 years. Describe the relationship between the Company's payment remuneration policies, standards and combinations, remuneration setting procedures, operating performances, and future risks:

1. Analysis of the total remuneration paid to Company directors, the Company President, and Company Vice Presidents by the Company and all other companies named in the consolidated financial statements as a percentage of net profit after tax:

Unit: NT$ thousand

Title	Total remuneration as percentage of net profit after tax (%)			
	2022		2021	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Director	1.69	1.69	2.41	2.41
CEO/ Vice President	1.92	1.92	4.41	4.41

2. The Company's remuneration policies, standards, and packages, the procedures for determining remuneration, and the relationship between the remuneration provided and business performance and future risks:

For the Company's director remuneration, pursuant to the Article 19 of the Company's Articles of Incorporation, if the Company has made a profit for the year (referring to profit before tax) before deduction of employee remuneration and directors' remuneration, no more than 2% of this profit shall be allocated for director's remuneration. A reasonable level of remuneration shall be allocated pursuant to the Company's Rules for Allocating Director Remuneration, taking into consideration the Company's business results and the contribution of the each director to the Company's performance. For the Company's policies on President and Vice President remuneration, the Company shall provide President and Vice President remuneration pursuant to its Rules on Remuneration and Bonuses for Company Managers. The Company would not only consider each manager's role within the company, remuneration standards within the industry, and past remuneration provided for Company performance, but these standards, structure, and systems for allocating remuneration will also constantly be subject to review and adjustment based on the Company's current operating situation and changes to any relevant laws and regulations. The Company shall also ensure that its remuneration allocation methods do not incentive Company managers to engage in conduct that increase risk for the Company. These evaluations and the reasonableness of the Company's remuneration rules shall be reviewed by the Remuneration Committee and the Board of Directors. Their proposals will be submitted to the Board of Directors for discussion, in order to strike a balance between sustainable management and risk management for the Company.

IV. Implementation of corporate governance:

(I) Operations of the Board of Directors

The Board of Directors met 7 times in the most recent year (2022). Attendance details are as follows:

Title	Name	Attendance (voting and non-voting) in person	Attendance by proxy	Rate of attendance (voting and non-voting) in person	Remarks
Chairman	Sheng-Nan Lu	7	-	100%	Re-appointed (Note 1)
Director	Min-Wen Lu	2	-	100%	Continuing service
Director	Chao-Tsong Yuan	7	-	100%	Re-appointed (Note 1)
Director	You-Qi Lu	5	-	100%	Newly appointed (Note 1)
Director	Ying-Fu Mao	7	-	100%	Re-appointed (Note 1)
Director	Cheng-Han Hsieh	7	-	100%	Re-appointed (Note 1)
Director	Bo-Ming Yang	7	-	100%	Re-appointed (Note 1, 2)
Independent Director	Chi-Fa Cheng	7	-	100%	Re-appointed (Note 1)
Independent Director	Yuan-Long Chang	7	-	100%	Re-appointed (Note 1)
Independent Director	Mei-Hui Li	5	-	100%	Newly appointed (Note 1)

Note 1: The Company completed elections for the 20th Board of Directors at the annual shareholders' meeting on June 16, 2022. Elected directors will serve from June 16, 2022 to June 15, 2025.

Note 2: Director Bo-Ming Yang was originally an independent director on the previous (19th) Board of Directors.

Other matters that require reporting:

1. Should any of the following take place in a board meeting, the date and number of the meeting, the content of proposal, Independent Director's opinions and the Company's response to such opinions should be recorded:
   (1) Items specified in Article 14-3 of the Securities and Exchange Act: See following table

Board of Directors	Resolution items and follow-up actions	Falls under criteria provided in Article 14-3 of the Securities and Exchange Act	Opposed or no opinion expressed by independent directors
Nineteenth Board	Proposal passed to conduct regular evaluation of the	V	-

Board of Directors	Resolution items and follow-up actions	Falls under criteria provided in Article 14-3 of the Securities and Exchange Act	Opposed or no opinion expressed by independent directors
of Directors 17th 2022.03.08	independence of the Company's CPAs.		
	Opinion of independent directors: N/A. Company response to opinion of independent directors: N/A. Resolution: Passed with approval from all directors in attendance.		
Nineteenth Board of Directors 12th 2021.04.28	Proposal passed to amend the Company's Internal Control System - Financing Cycle.	V	-
	Opinion of independent directors: N/A. Company response to opinion of independent directors: N/A. Resolution: Passed with approval from all directors in attendance.		
Nineteenth Board of Directors 14th 2021.08.10	Passed the proposal to review CPA fees.	V	-
	Opinion of independent directors: N/A. Company response to opinion of independent directors: N/A. Resolution: Passed with approval from all directors in attendance.		
Nineteenth Board of Directors 16th 2021.12.24	1.Passed plans for the Company's 2021 year-end bonuses to managers and 2022 remuneration plans. 2.Passed proposal to purchase land and plant buildings.	V	-
	Opinion of independent directors: N/A. Company response to opinion of independent directors: N/A. Resolution: Passed with approval from all directors in attendance.		

(2)Aside from the above matters, other resolutions adopted by the Board of Directors to which an Independent Director has a dissenting or qualified opinion that is on record or stated in a written statement: N/A.

2. Details, including names of directors, proposals, reasons for conflict of interest, and voting, of circumstances where directors recuse themselves due to conflict of interest:

Board of Directors Date	Agenda item	Name of director	Principles for recusal and for participating in voting
2022.05.05	Proposal on allocating 2021 employee (manager) and director remuneration	Director Chao-Tsong Yuan	Director Chao-Tsong Yuan recused themselves due to a conflict of interest. No objections were raised after the chairperson asked directors in attendance if they had any objections, and the proposal was passed.
2022.12.22	Plans for the Company's 2022 year-end bonuses to managers and 2023 remuneration plans	Director Chao-Tsong Yuan	Director Chao-Tsong Yuan recused themselves due to a conflict of interest. No objections were raised after the chairperson asked directors in attendance if they had any objections, and the proposal was passed.

3. Board of Directors performance evaluation:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method:	Evaluation contents
Each year	2022/1/1~ 2022/12/31	Board of Directors performance evaluation	Board of Directors internal self-evaluation	1.Participation in Company operations; 2.Quality of board resolutions. 3.Board composition and structure. 4.Election and continuing education of directors. 5.Internal control.
		Performance evaluation of individual directors	Director self-evaluation	1.Mastery of company goals and duties. 2.Awareness of duties. 3.Participation in Company operations; 4.Internal relationship management and communication. 5.Profession and continuing education of directors. 6.Internal control.
		Functional committees performance evaluation	Self-evaluation by functional committee members	1.Participation in Company operations; 2.Knowledge of the duties of the functional committee; 3.Quality of functional committee resolutions 4.Functional committee composition and election of members; 5.Internal control.

The Company discussed the operations of the overall Board of Directors, functional committees, and individual directors in the previous year, during the Board meeting on March 8, 2023, proposing suggestions for improvement. All directors scored above 90% satisfaction in the evaluations, and all functional committee members scored an even higher 100% in satisfaction, with overall evaluation results being excellent. In the future, the Company will continue to improve the performance of the Board of Directors, and facilitate directors' participation in and communications on the Company's operations.

4. An evaluation of the goals set for strengthening the functions of the Board and implementation status during the current and immediately preceding fiscal years: In 2022, all Company directors (including independent directors) completed the required number of annual hours in further education. In the future, the Company plans to arrange for a professional independent third-party organization or external team of experts to carry out evaluations of its Board of Directors and functional committees. Before the end of 2023, the Company shall establish a Corporate Governance Officer role pursuant to regulations, and make plans to establish a Risk Management Committee. In the coming year, the Company shall proactively ensure that it is complying with all required laws and regulations, and meeting its corporate governance requirements, continuously improving the capabilities of the Board of Directors.

(II) State of operations of the Audit Committee

The Audit Committee met 4 (A) times in the most recent year (2022). Attendance details are as follows:

Title	Name	Attendance in person (B)	Number of attendances No. of checks	Attendance in person rate (%) (B/A)	Remarks
Independent Director	Chi-Fa Cheng	4	0	100%	Re-appointed (Note 1)
Independent Director	Yuan-Long Chang	4	0	100%	Re-appointed (Note 1)
Independent Director	Bo-Ming Yang	2	0	100%	Continuing service
Independent Director	Mei-Hui Li	2	0	100%	Newly appointed (Note 1)

Note 1: The Company completed elections for the 2nd Board of Directors at the annual shareholders' meeting on June 16, 2022. Elected directors will serve from June 16, 2022 to June 15, 2025.

Other matters that require reporting:

1. The date of the Committee meeting, the term, the proposal details, details on the objections, decisions to not express an opinion, or major opinions expressed by independent directors, final resolution results of the Audit Committee, and the Company's response to the opinions expressed by Audit Committee members shall be recorded if any of the following circumstances occur during the operations of an Audit Committee meeting:

   (1)Items specified in Article 14-5 of the Securities and Exchange Act:

Audit Committee	Motions and subsequent actions	Resolution	The Company's response to the comments of the Audit Committee
First Audit Committee 14th 2022.03.08	1.Approved the 2021 financial statements and business report. 2.Passed proposal on issue of Statement on Internal Control 3.Approved proposal to amend the Company's Procedures for the Acquisition and Disposal of Assets	Passed with the approval of all committee members in attendance.	1.Submitted in report to Board of Directors. 2.Passed by Board of Directors with approval from all directors in attendance.
Second Audit Committee 1st 2022.08.05	1.Passed the proposed 2022 Q2 consolidated financial statements. 2.Passed the proposal to review	Passed with the approval of all committee	1.Submitted in report to Board of Directors. 2.Passed by Board

	CPA fees. 3. Passed proposal to establish domestic investment company.	members in attendance.	of Directors with approval from all directors in attendance.

(2) In addition to the matters above, other resolutions that have not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire Board of Directors: N/A.

2. The Independent Directors' avoidance of interest motion should indicate the names of the Independent Directors, content of the motion and reasons of avoidance of interest as well as the involvement in voting: N/A.

3. Communications between independent directors and internal audit officers and auditors (including communications regarding important matters involving the Company's financial and business activities, means, and results):

(1) The Company's Chief Internal Auditor communicates the results of Company audits to members of the Audit Committee each quarter, and makes a report on internal audits at an Audit Committee meeting each month. In special circumstances, the Chief Internal Auditor will also immediately provide a special report to Audit Committee members.

(2) The Company's CPAs shall report on the results of their audit of the Company's quarterly financial statements at an Audit Committee meeting each quarter, as well as communicate other information they are required to inform the Audit Committee of pursuant to law. In special circumstances, the Company's CPAs will also immediately provide a special report to Audit Committee members.

Topics discussed between independent directors and the Chief Internal Auditor and CPAs in 2022

Meeting date	Topics discussed with CPAs	Topics discussed with Chief Internal Auditor
2022.03.08	1. Explanation of 2021 financial information and profits and losses by CPAs, as well as summary of financial statement audit results. 2. Explanation on the Company's compliance with accounting policies. 3. Important regulations and their impact on the Company. 4. Other communicated matters.	1. Review and read internal audit report 2. Review of the Company's 2021 Statement on Internal Control
2022.05.05		1. Review and read internal audit report
2022.08.05	1. Accountants summarize and explain results from audit of Q2 2022 financial statements. 2. Important regulations and their impact on the Company. 3. Other communicated matters.	1. Review and read internal audit report
2022.11.04		1. Review and read internal audit report 2. Review of 2023 annual audit plans
2022.12.22	1. Responsibility of governing unit for improving ability to prepare financial statements. (Board of Directors and Audit Committee) 2. Scope and methods of audit of financial statements. 3. Group audit 4. Significant accounting policies, significant accounting	

	estimates, and major incidents or transactions. 5. Evaluation of incidents of fraud 3. Key audit matters 4. Other communicated matters. 5. Impact of CFC implementation	

Results: All matters above have been reviewed or approved by the Audit Committee, and no independent directors have raised any objections

(III) Corporate governance practices and discrepancies with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and reasons

Assessment item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
I. Does the company establish and disclose its corporate governance principles pursuant to the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has established Corporate Governance Best Practice Principles, and have established rules for building an effective corporate governance framework, protecting shareholders' equity, improving the functions of the Board of Directors, using the functions of the Audit Committee, respecting stakeholder rights, and improving information transparency. Please visit the Company's website for more details on these rules.	No material deviation
II. Shareholding structure & stockholders' equity (I) Has the Company set internal operations procedures for dealing with shareholder proposals, doubts, disputes, and litigation as well as implemented those procedures through the proper procedures? (II) Does the Company have a list of major shareholders of companies over which the Company has actual control and the list of ultimate owners of those major shareholders? (III) Has the Company established and implemented risk control/management and firewall mechanisms between it and affiliated corporations? (IV) Does the Company have internal regulations in place to prevent its internal	✓ ✓ ✓ ✓		(I) In order to protect shareholders' equity, the Company has established a dedicated unit to address the suggestions, questions, and disputes raised by shareholders. (II) The Company constantly monitors the shareholding status of the Company's directors, managers, and major shareholders holding more than ten percent of the Company's stock. Shareholding information is disclosed pursuant to law. (III) The Company has established risk management systems governing our relationship with our affiliates. (IV) Pursuant to the measures for preventing insider trading provided in the Company's internal control and management system, the Company holds	No material deviation

Assessment item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
staff from trading securities based on information yet to be public on the market?			courses for our directors, managers, and employees at least once a year on the Rules for Preventing Insider Trading, the Procedures for Handling Material Inside Information, and on the laws and regulations governing these issues. The Company also arranges courses for newly-appointed directors and managers 3 months after they take on their new roles.	
III. Composition and responsibilities of the Board of Directors (I) Has the Board of Directors proposed and implemented diversity policies and specific management goals? (II) In addition to establishing a Compensation Committee and an Audit Committee, which are required by law, is the company willing to also voluntarily establish other types of functional committees? (III) Has the company established and implemented methods for assessing the performance of the Board of Directors	✓ ✓ ✓		(I) The Company considers the diversity of Board members, and formulates an appropriate diversity policy based on it's business operations and development needs. Board members have the knowledge, skills, and literacy necessary to perform their duties. In order to achieve the Company's ideal corporate governance goals, over one half of the current Board's independent directors have not served for more than three consecutive terms, and there is at least one female independent director on the Board highly experienced and with professional expertise in fields such as finance, business, and executive management. (II) The Company has established an Audit Committee and Remuneration Committee, and the Company's Board of Directors has on December 24, 2021 passed a resolution to establish a Sustainable Development Committee. (III) The Company's Board of Directors has on May 7, 2019 passed the Board of Directors Performance Evaluation Guidelines, which provides that a performance evaluation shall be conducted on the Board of Directors,	No material deviation

Assessment item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
and conducted performance evaluation annually? Does the Company submit results of assessments to the Board of directors and use results as the basis for the salary, remuneration, nomination and reappointment of individual Directors?			individual directors, and the Company's functional committee at least once a year. These evaluations shall be completed before the end of the first quarter of each year. This year's performance evaluation results have already been submitted to the Board of Directors on March 8, 2023. The Board of Directors achieved a weighted performance evaluation score of 97.49, while the individual directors achieved a weight self-evaluation of 97.69. Excellent scores were achieved in all evaluations, and in the future the Company shall continue to improve the performance of the Board of Directors, and facilitate directors' participation in and communications on the Company's operations. The Company's criteria for evaluating the performance of the Board of Directors includes the following five major aspects: I. Participation in Company operations; II. Improving the quality of board decisions. III. Board composition and structure. IV. Election and continuing education of directors. V. Internal control. The director self-performance evaluation must include at least the following six major aspects: I. Mastery of company goals and duties. II. Awareness of duties. III. Participation in Company operations; IV. Internal relationship management and communication. V. Profession and continuing education of directors. VI. Internal control. The functional committee performance evaluation must include at least the following five aspects: I. Participation in Company operations; II. Knowledge of the duties of the functional committee; III. Improvement of the quality of functional committee's decisions;	

Assessment item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			IV. Functional committee composition and election of members; V. Internal control. The performance evaluation indicators of the board of directors shall be based on the Company's operations and the Company shall determine the content that accords with and appropriate for the Company's performance evaluation; the remuneration committee shall review and make recommendations on a regular basis. The scoring standard can be revised and adjusted according to the Company's needs, and it can also be scored in a weighted manner according to each measurement aspect.	
(IV) Does the company periodically evaluate the level of independence of the CPA?	✓		(IV) The Company's Audit Committee shall regularly evaluate the independence the Company's CPAs each year, and submit these evaluation results to the Board of Directors. The most recent evaluation was passed in an Audit Committee meeting on March 8, 2022, and submitted to the Board of Directors on March 8, 2022, where the Board also approved the results through a resolution. Evaluation procedures are as follows: 1. Verify that the Company's CPAs are not related parties to the Company or its directors. 2. Switch CPAs pursuant to the Corporate Governance Best Practice Principles. 3. Pursuant to the US Sarbanes-Oxley Act, accounting firms are required to obtain prior approval from the Company's Audit Committee before taking on a company audit, or conducting any work on behalf of the Company. 4. Pursuant to the US Sarbanes-Oxley Act, CPAs are required to report on their audit/review work to the Audit Committee each quarter, as well as on their compliance with independence requirements. 5. Regularly collect statements of	

Assessment item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			independence from accountants.	
IV. Does the TWSE/TPEx listed company have a corporate governance unit and sufficient staff as well as a corporate governance officer responsible for corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, assisting the board and supervisors in legal compliance, organizing board meetings and annual general meetings as required by law, and compiling minutes of board meetings and annual general meetings) on a full-time or part-time basis?	✓		In order to improve the functions of the Board of Directors, the Company has appointed competent and suitable corporate governance officers. The Company's Head of Accounting, Vice President Meng-Hui Tsai, has been appointed as the Company's Corporate Governance Officer. Vice President Tsai possesses over three years of professional experience with managing the financial and meeting affairs of listed companies. The Company's Corporate Governance Officer shall be responsible for handling the Company's corporate governance affairs, amending Company rules, and providing the information required for the Board of Directors to carry out their duties when necessary. The Corporate Governance Officer shall also be responsible for keeping the Board of Directors informed of the most recent laws and regulations relevant to the Company's business operations, preparing the meeting minutes for shareholders' and Board meetings, and changing and completing the Company's business registration.	No material deviation
V. Has the Company established channels for communicating with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a dedicated stakeholder area on the Company website, as well as responded appropriately to important corporate social responsibility (CSR) issues of concern to stakeholders?	✓		The Company has established a stakeholder's section on its website, where it provides stakeholders with a channel for communicating with the Company. The section also allows the Company to appropriately respond to any corporate social responsibilities issues of concern to stakeholders. For more details, please refer to the chapter "Stakeholder Engagement" in the Company's sustainability report.	No material deviation
VI. Has the Company hired a professional agency to handle tasks and issues	✓		The Company has hired a professional agency, Taishin Securities Stock Transfer Agency, to handle the Company's shareholder	No material deviation

Assessment item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
related to convening shareholder's meeting?			affairs.	
VII. Information disclosure (I) Has the Company established a corporate website to disclose information regarding the Company's financial, business and corporate governance status? (II) Has the Company adopted other means of information disclosure (e.g., creating a website in English, appointing a dedicated staff to gather and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company website)? (III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	✓ ✓ ✓		(I) The Company has posted financial information for the previous years and corporate governance information on its website. (II) The Company has created an English website, where it discloses financial information for the previous years and corporate governance information. The Company has also appointed an employee to be responsible for collecting and disclosing this information, implementing the Company's spokesperson system, and disclosing information presented in the Company's earnings call on the Company's English website. (III) The Company reports information on its business operations, its quarterly reports, and its annual financial reports within legal deadlines.	No material deviation
VIII. Does the Company have other information that contributes to better understanding of its corporate governance	✓		(I) Maintaining and protecting employee rights: The Company holds a labor-management meeting once every three months in order to improve labor-management communications and to maintain and protect employee rights.	No material deviation

Assessment item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
standing (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, training completed by directors and supervisors, implementation of risk management policies and risk evaluation criteria, implementation of customer policies, liability insurance policies purchased for directors and supervisors)?			(II) Employee care: 1. The Company has established an Employee Welfare Committee, which proactively looks for ways to provide various employee benefits. 2. The Company has established on-site medical centers staffed by professional nurses and doctors in order to protect employee occupational safety. 3. The Company has established an Employee Safety and Health Committee, which meets at least once every three months. The Committee is responsible for handling various employee safety and health affairs pursuant to law. (III) Investor relations: The Company has appointed dedicated employees responsible for communicating with its external juridical person investors and shareholders, establishing a two-way channel of communication between Company management and external investors. (IV) Supplier relations: The Company has established a set of Supplier Management Procedures, with rules providing that the Company has to make sure that a supplier has the management ability to comply with the Company's standards for managing hazardous environmental substances, before the Company is allowed to develop relations with the supplier. All suppliers are also required to possess international quality management systems certification, obtained through a third-party certification process. This must include a description of the supplier's responsibilities, and a Environmental Hazardous Substances Guarantee should be provided that describe the training provided to suppliers, rules for managing the quality of supplier materials, and for handling cases where supplied materials	

Assessment item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			do not meet standards or are of poor quality. All of this information should be included in the annual supplier evaluation, and made into a report. The supplier evaluation form should include the following evaluation items related to supplier legal compliance, management systems, and environmental measures: Has the supplier obtained third-party certification, does it meet green production process criteria, has it implemented any other environmental management or legal compliance measures. Only suppliers who receive a score of 70 or above on the annual supplier evaluation are allowed to maintain their qualified supplier status. (V) Stakeholder interests: The Company provides transparent and timely information on the Company website and the Market Observation Post System. Apart from financial and business information, the Company also provides information related to its corporate governance. (VI) Continuing education of directors: The Company's directors have completed the required hours of continuing education pursuant to the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies published by the Taiwan Stock Exchange Corporation. For more details please refer to the following table. (VII) Implementation of risk management policies and risk assessment standards: The Company has established various internal rules pursuant to law for carrying out risk management and assessment. (VIII) The implementation of customer relations policies: The Company has maintained stable and good relationship with customers to facilitate Company profitability.	

Assessment item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			(IX) Liability insurance purchased by the Company for directors: The Company has purchased liability insurance for its directors.	

IX. Please describe improvements in terms of the results of the Corporate Governance Evaluation System in recent years and propose areas and measures to be given priority where improvement will be needed.

Improvements implemented in 2022:

1. Established risk management policies and procedures that have been passed by the Board of Directors

Improvement and correction measures prioritized for 2023:

1. Create an English version of the Company's annual report, and upload this report 7 days before the annual shareholders' meeting.
2. Submit interim financial reports to the Board of Directors for discussion and resolution after the report has been approved by the Audit Committee.
3. Establish a Corporate Governance Officer responsible for corporate governance affairs. Describe the scope of responsibilities and training provided for this role on the Company website.
4. The Company's risk management unit shall report to the Board of Directors once a year with regard to their risk management operations.
5. Upload the English version of the annual financial report 7 days before the annual shareholders' meeting, and create an English version of interim financial reports within two months of the submission deadline for the Chinese interim financial report.

1. Continuing education of directors:

Title	Name	Date of continuing education	Organizer	Course name	Hours of continuing education
Director	Sheng-Nan Lu	2022.10.05	Securities and Futures Institute	2022 Seminar on Compliance with Securities Trading Laws for Internal Employees	3
		2022.10.28	Securities and Futures Institute	2022 Seminar on Prevention of Insider Trading	3
Director	Chao-Tsong Yuan	2022.08.05	Taiwan Investor Relations Institute	Competitive Strategies for the Digital Age - Emerge Victorious Through Competitive Dynamics	3

		2022.11.03	The Business Development Foundation of the Chinese Straits	External Challenges Currently Facing China, and an Analysis of Global Corporate Governance Strategy	3
Director	You-Qi Lu	2022.08.05	Taiwan Investor Relations Institute	Competitive Strategies for the Digital Age - Emerge Victorious Through Competitive Dynamics	3
		2022.09.28	Taiwan Corporate Governance Association	Discussion and Case Studies on Ethical Corporate Management, Corporate Governance, and Social Responsibility	3
Director	Ying-Fu Mao	2022.10.05	Securities and Futures Institute	2022 Seminar on Compliance with Securities Trading Laws for Internal Employees	3
		2022.10.28	Securities and Futures Institute	2022 Seminar on Prevention of Insider Trading	3
Director	Cheng-Han Hsieh	2022.10.14	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3
		2022.10.21	Securities and Futures Institute	2022 Seminar on Prevention of Insider Trading	3
Director	Bo-Ming Yang	2022.10.05	Securities and Futures Institute	2022 Seminar on Compliance with Securities Trading Laws for Internal Employees	3
		2022.10.14	Securities and Futures Institute	2022 Seminar on Prevention of Insider Trading	3
Independent Director	Chi-Fa Cheng	2022.10.05	Securities and Futures Institute	2022 Seminar on Compliance with Securities Trading Laws for Internal Employees	3
		2022.10.14	Securities and Futures Institute	2022 Seminar on Prevention of Insider Trading	3
Independent Director	Yuan-Long Chang	2022.05.10	Securities and Futures Institute	Legal Compliance of Information Security Management Rules Under the Threat of Ransomware	3
		2022.05.10	Securities and Futures Institute	Competitiveness vs Survival, ESG Trends and Strategy	3
Independent Director	Mei-Hui Li	2022.07.25	Accounting Research and Development Foundation	Continuing Education Courses for the Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12

2. Continuing education for Company managers:

Title	Name	Date of continuing education	Organizer	Course name	Hours of continuing education
Head of accounting	Meng-Hui Tsai	2022.07.11	Accounting Research and Development Foundation	New Trends for ESG and TFCD Reporting: Understanding of Key Points	3
Head of accounting	Meng-Hui Tsai	2022.07.15	Accounting Research and Development Foundation	New Trends for ESG and TFCD Reporting: Understanding of Key Points	3
Head of accounting	Meng-Hui Tsai	2022.09.22~ 2022.09.23	Accounting Research and Development Foundation	Continuing Education Courses for the Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12
Head of accounting Deputy	Ya-Fen Fang	2022.12.26~ 2022.12.27	Accounting Research and Development Foundation	Continuing Education Courses for the Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12
Chief Auditor	Su-Ling Xiao	2022.08.16	The Institute of Internal Auditors	Discussion of Practical Audit Measures for Corporate Expenses and Creating Value	6
Chief Auditor	Su-Ling Xiao	2022.09.21	The Institute of Internal Auditors	Discussion of Practical Audit Measures for Corporate Expenses and Creating Value	6
Deputy Chief Auditor	Jun-Yi Zeng	2022.10.17	The Institute of Internal Auditors	Discussion of Practical Audit Measures for Corporate Expenses and Creating Value	6
Deputy Chief Auditor	Jun-Yi Zeng	2022.10.28	The Institute of Internal Auditors	Discussion of Practical Audit Measures for Corporate Expenses and Creating Value	6

(IV) Composition, duties, and operations of the Remuneration Committee

1. Information on members of the Remuneration Committee

March 31, 2023

Identification Type (Criteria / Name)		Professional qualifications and experience (Note 2)	Independence (Note 3)	Number of other public companies in which the member also serves as a member of their compensation committee
Independent Director	Chi-Fa Cheng	Possesses professional working experience as an accountant. Previous Managing Partner at ShineWing Taiwan, Managing Partner of Jing Xing Joint CPA Firm, Section Manager at Small and Medium Enterprise Credit Guarantee Fund of Taiwan, Head of the Audit Section of Deloitte Taiwan. Currently an accountant at Jing Xing Joint CPA Firm, Independent Director of the Company, member of the Audit and Remuneration Committee, Independent Director of HONG YI FIBER IND. CO., LTD, Chairperson of Yu Xing Management Consulting Limited, Director of Golden Point Management Ltd, Chairperson of Shen Bo Ge Investment Co., Ltd., Director of Yuan Fu Tai Development Limited, Director of SHIH HER TECHNOLOGIES INC., Director of GSD Technologies Co., Ltd., Director of CoreMax Corporation, representative for the juridical person director Ezfly International Travel Agent Co., Ltd., and Director of URANUS CHEMICALS CO., LTD.	Please see page 12 for more information on the independence of the Company's independent directors.	1

Independent Director	Yuan-Long Chang	Previously an accountant at Qin Zheng Joint CPA Firm, Assistant Vice President of Arcoa Communication Co., Ltd. Currently an accountant at Qin Zheng Joint CPA Firm, Independent Director and Member of the Remuneration Committee at GSD Technologies Co., Ltd., Independent Director of and Member of the Remuneration Committee at CoreMax Corporation, and Independent Director, member of the Audit Committee, and member of the Remuneration Committee of the Company.	Please see page 12 for more information on the independence of the Company's independent directors.	2
Independent Director	Mei-Hui Li	Previous Chief Financial Officer at Flytech Technology Co.,Ltd. Current Supervisor of Flytech Technology (Shanghai) Co.,Ltd, Director of Flytech Foundation, and Independent Director, member of the Audit Committee, and member of the Remuneration Committee of the Company.	Please see page 12 for more information on the independence of the Company's independent directors.	None

2. Operations of the Remuneration Committee

(1) The Remuneration Committee consists of three members.

(2) Current term of office: From June 28, 2022 to June 15, 2025. The Remuneration Committee has held 2 meetings in the most recent year (2022), with the qualifications of each committee member and meeting attendance records as follows:

Title	Name	Attendance in person No. of checks	Number of attendances No. of checks	Attendance in person rate (%)	Remarks
Committee Member/Convener	Bo-Ming Yang	1	0	100	2022.6.16 Term ended
Committee Member/Convener	Yuan-Long Chang	2	0	100	None
Committee Member	Chi-Fa Cheng	2	0	100	None
Committee member	Mei-Hui Li	1	0	100	2022.6.28 Newly-appointed

Other matters that require reporting:

I. Describe the date, term, agenda, and resolutions of the board meeting and the response to the Remuneration Committee's recommendations where the board did not adopt or modify the Remuneration Committee's recommendations (e.g., describe the difference and reasons where the board of directors approves a better compensation package than what is recommended by the Remuneration Committee): N/A.

II. If a member opposes a resolution the Committee has adopted or has qualified opinions for which there is a written record or a statement, the date and session of the meeting, the resolution, opinions of all the members, and the handling of their opinions shall be indicated: N/A.

III. Composition and responsibilities of the Remuneration Committee:

(I) All committee members meet the professional qualifications and experience requirements provided in Article 5 of the Rules on Remuneration Committee Responsibilities, as well as the criteria provided in Article 6 of the Rules on Remuneration Committee Responsibilities.

(II) Responsibilities:

1、Establish and regularly review performance evaluations for and the policies, systems, standards, and structure for director, supervisor, and manager compensation.

2、Regularly evaluate and decide on director, supervisor, and manager compensation.

3、Review the organizational rules for the Remuneration Committee and propose amendments to these rules when necessary.

IV. The dates, term, meeting agendas, and resolutions passed in the past year, and the Company's response to the opinions raised by the Audit Committee:

Remuneration Committee	Motions and subsequent actions	Resolution	The Company's handling of the opinions of the Remuneration Committee members.
Fourth Remuneration Committee 07th 2022.03.25	1. Review proposal for allocating 2021 employee (manager) and director remuneration. 2. Changes to and salary adjustments for the Company's senior managers.	Passed with the approval of all committee members in attendance	Passed by the Board of Directors with approval from all directors in attendance
Fifth Remuneration Committee 01st 2022.12.05	1. Review of proposal for 2022 year-end bonuses to managers and 2023 remuneration plans. 2. Allocation of director remuneration for 2022 and estimate for total amount of	Passed with the approval of all committee members in attendance	Passed by the Board of Directors with approval from all directors in attendance

	director remuneration to be allocated in 2023.		

(V) Implementation status of sustainable development and deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons

Implemented measures	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for any deviations
	Yes	No	Summary	
I. Has the company established a governance structure for promoting sustainable development and set up a unit that supports CSR practices on a full-time or part-time basis? Is the CSR unit operated by senior managers as authorized by the Board of Directors, and supervised by the Board of Directors?	✓		The Company has established a Sustainable Development Committee as of December 24, 2021, and have established the following rules based on the Committee's rules of organization: Members of the Sustainable Development Committee must be appointed through a Board of Directors resolution, and the Committee must have at least three members. Committee members must be either the Company's senior managers or its independent directors, and at least one member must be an independent director, who is to participate in Committee work and supervise the Committee. A chairperson must also be appointed for this Committee by the Board of Directors, who shall report the results of any work carried out by the Committee and the Committee goals for the coming year to the Board of Directors each year.	No material deviation
II. Does the Company perform assessments of risks in environmental, social, and corporate governance issues relevant to its business activities	✓		1. The information disclosed is for the period from January 2022 to December 2022. The risk assessment boundary is focused on the Company, and includes its existing business locations in Taiwan and China. 2. In order for the Company to better understand how its stakeholders view the Company's sustainable management, the Company has	No material deviation

and devise risk management policies and strategies based on the principle of materiality?			adopted procedures for identifying important sustainable management topics, identifying which are the topics that stakeholders are most concerned about, or which topics have the highest impact on the Company's sustainable management. These topics have been included as the main focus of the Company's ESG report, and for more details please refer to the Company's 2022 sustainability report.	
III.Environmental issues (I) Has the Company established a proper environmental management system based on the characteristics of the industry?	✓		All of the Company's plants and subsidiaries have adopted environmental management systems compliant with ISO 14001, and have continuously obtained third-party certification for these systems. Based on the ISO 14064-1 requirements, the Company conducts a greenhouse gas inventory each year to track the effectiveness of its carbon emissions reduction measures, publicly disclosing these results in the Company's sustainability report and website.	No material deviation
(II) Is the Company committed to improving its energy efficiency and using recycled materials that have a low impact on the environment?	✓		1. The Company has proactively implemented energy conservation measures, and has established an energy management roadmap for improving its manufacturing process, energy transition, and establishing a circular economy, using these activities as a carbon reduction indicator. 2. The raw materials that the Company uses meets RoHS, REACH, and halogen-free standards, and the Company has obtained the IECQ QC 080000 Hazardous Substances Process Management certification.	No material deviation
(III) Does the company assess the potential risks and opportunities of climate change facing its current and future operations, and has it implemented measures in response?	✓		The Company has taken initial steps to identify the short, medium, and long-term risks and opportunities facing Shin Zu Shing based on risks and opportunities categories provided by the Task Force on Climate-Related Financial Disclosures (TCFD). Identified physical risks include risks of water shortage and high temperatures, while transition risks include changes to laws and regulations, stakeholder requirements for sustainable development, and the development of	No material deviation

<table>
<tr><td></td><td></td><td></td><td>low-carbon products. Through these methods, the Company hopes to be able to review the potential impact of climate change on the Company, and to establish measures in advance to reduce risks. (For more details please refer to the chapter on measures for responding to climate change in the Company's 2022 sustainability report)</td><td></td></tr>
<tr><td>(IV) Does the company take inventory of its greenhouse gas emissions, water consumption, and the amount of waste it has produced in the past two years, and has it implemented policies to reduce energy and water consumption, carbon and greenhouse gas emissions, and the amount of waste produced?</td><td>✓</td><td></td><td>1. In 2022, all of the Company's plants and subsidiaries have completed taking inventory of Scope One, Two, and Three greenhouse gases pursuant to ISO 14064-1, and the process has been certified by a third party.
Greenhouse gas emissions for the past two years
(Unit: Co2e tons/year)
<table><tr><th>Year</th><th>Scope One</th><th>Scope Two</th><th>Scope Three</th></tr><tr><td>2021</td><td>551.8689</td><td>25750.3185</td><td>5098.2145</td></tr><tr><td>2022</td><td>926.2556</td><td>25701.8991</td><td>8539.9157</td></tr></table>
For the five years from 2017 to 2022, the Company's average electricity saving rate was 2.5%. The Company hopes to reduce greenhouse gas emissions per NT$1 million in revenue by at least 1% each year, year after year. At this pace, the Company hopes to reduce greenhouse gas emissions by 5-10% by 2025, with the average annual reduction rate for the past five years being at least 1% by that year.
Electricity saving goals:
Based on the Energy Administration Act, electricity consumption is the main cause of greenhouse gas emissions. Following the Company's management strategy, and using its electricity consumption for 2020 as a baseline, the Company's electricity consumption relative to its production and sales in 2022 was lower by 1%. This electricity consumption baseline has been appropriately adjusted based on the Company's production, climate data, equipment type and quantity, and equipment operating time.
Energy saving measures:
1. Based on data reported to the Bureau of Energy, the Company saved 2,271,548 kWh of electricity in 2022,</td><td>No material deviation</td></tr>
</table>

			in compliance with its rule to save 1% on energy use each year. 2. Newly-adopted smart management system for air compressors: Estimated to save 1,894.959 kWh. 3. Water cooling tower fans installed with variable-speed drives and temperature controls: estimated to save 369,313 kWh. 4. Heat pumps used to replace electric water heaters: estimated to save 115.559 kWh. 5. Saving electricity is a process that involves the whole company, when production capacity is also increasing. Electricity saving indicators have been included in the KPIs for each unit manager, in order for saving electricity to take place on-site. **Water conservation strategy:** The Company promotes water conservation and water recycling each year. Waste-water utilization systems circulate water back into the Company's systems to increase its water supply, and water conservation measures have been implemented for both everyday use of water and the water used in our production processes. Total water consumption for the past two years (Unit: km³) 2021: 171.13 / 2022: 155.75 **Everyday usage:** Taps have been installed with water-saving mechanisms (continue to be installed) **Production usage:** Water is recycled at the production site into wet scrubbers or vibrating equipment for use. Water recycling figures for almost the past 2 years are as follows: (Unit: km³) 2021: 3.94 / 2022: 4.28 **Reusing waste:** Due to improvements in production technology and managing waste reduction at the source, such as: refining nickel oxide, using recycled fuel oil as a supplementary fuel, and recycling metal.	

			This lowers the amount of direct environmental pollution and environmental impact caused by waste material, and also reduces the amount of raw materials harvested and used. Waste recycling figures are as follows: (Unit: tons) 2021: 713.606 2022: 729.103	
IV.Social issues (I) Has the Company formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		1. The Company is compliant with labor laws and regulations and the International Bill of Human Rights. It protects the legal rights of its employees, and have established policies and procedures for this purpose. Apart from establishing policies for protecting worker rights that comply with local laws and regulations under its Corporate Social Responsibility Promotion and Management Rules, the Company has also established human rights rules pursuant to the Responsible Business Alliance Code of Conduct: These include anti-discrimination rules, anti-forced labor and prison labor rules, rules against the use of punitive management, incident investigation rules, child and youth labor rules, rules for preventing and punishing sexual harassment, rules for protecting disadvantaged groups, rules on repetitive workplace tasks, rules for electing worker representatives, rules for preventing occupational violence, rules for preventing illness or injury from abnormal working conditions, and rules for hearing protection at noisy workplace sites. 2. The Company has established a smooth system for handling employee complaints, and have established the Rules for Handling Employee Complaints and Whistleblower Protection Rules to appropriately handle employee complaints. 3. In 2022, the Company provided 4,069 hours of training on employee rights protection to its employees. In	No material deviation

			the future, the Company shall continue to comply with the UN Guiding Principles on Business and Human Rights and the Responsible Business Alliance Code of Conduct to further implement its Human Rights Policy. 4. The Company's human rights management policies and specific measures for protecting human rights are as follows:	

Human Rights Management Policy	Specific measures
Providing a Safe and Healthy Work Environment	1.The Company has created a safe and healthy workplace environment, and implemented necessary health and first aid measures. 2.The Company actively cares for and manages employees with abnormal workloads, preventing them from over working and regularly providing them with education and training on work safety.
Eliminating illegal discrimination	Resumes that job applicants are required to fill out do not ask for any information unrelated to work
Prohibition of Forced Labor	The Company does not use forced, bonded (including debt bondage) or indentured labor, involuntary prison labor, slavery or trafficking of persons. The Company does not restrict the basic right of employees to freely move
Helping employees maintain mental and physical health and balance at work	The Company cares for the physical and mental health of its employees, and regularly provides employees with free health examinations

(II) Has the Company established and does it implement reasonable employee benefits (including remuneration,	✓		1. The Company's employee benefits are compliant with laws and regulations. Pursuant to Article 19 of the Company's Articles of Incorporation, if the Company has made a profit at the end of the year, no less than 2% of this profit shall be	No material deviation

	leave, and other benefits), and ensure business performance or results are reflected adequately in employee remuneration?			distributed as employee remuneration. The Company has provided employees with a reasonable amount of remuneration based on its Salary and Wage Rules and Performance Evaluation Rules, also taking into consideration the Company's business performance and how much each employee has contributed to Company performance. 2. In order to promote diversity and gender equality at the workplace, a new female director was added to the Company's Board of Directors in 2022. Female managers make up 23.6% of all Company managers, an increase of 4.3% compared to 2021.	
(III)	Does the Company provide a safe and healthy working environment and provide employees with regular safety and health training?	✓		1. The Company has obtained ISO 14001 Environmental Management Systems, ISO 45001 Occupational Health and Safety Management Systems, and CNS 45001 Taiwan Occupational Safety and Health Management System (TOSHMS) certification for its workplace environment. The Company also carries out regular employee training in compliance with regulations. 2. The Company's Disabling Injury Frequency Rate in 2022 was 4.49. 37 employees were involved in occupational disasters. After an internal review, the Company has immediately established improvement ensures to ensure employee safety during work.	No material deviation
(IV)	Does the Company have in place effective tools to help employees with career planning and development?	✓		The Company has established Rules for Planning and Implementing Education and Training, and regularly evaluated its employee education and training plans. **Succession planning** The Company sees human capital as critical to its vision for sustainability, and continues to train employees for important roles. The Company has integrated and established systems for developing succession talent, and has defined critical roles, designating 2 to 3 suitable employees potentially able to fill these	No material deviation

			roles. Based on a set training schedule, short, medium, and long-term training goals are set for these employees, training these employees step by step. **Training of management employees** The Company has arranged for external seminars and training to improve the leadership ability of its managers, building consensus between Company managers and the organization. The Company arranges for management training and consensus building courses for its middle and high-level managers each year. **Further professional training** The Company has trained internal lecturers and invited external lecturers to give courses at the Company. Various professional training and technical skill training courses have been offered. These include courses on fundamental/technical skills, as well as on new knowledge/topics related to the industry. **New employee training** The Company has adopted various training methods to help employees continue learning and growing, incorporating the development of corporate ethics. In 2022, the Company held a total of 4,069 hours of career training courses.	
(V) With regard to issues such as customer health and safety, privacy rights, marketing, and labeling of products and services, has the Company followed relevant laws, regulations, and international norms and set up relevant consumer or customer protection policies and complaint procedures?	✓		The Company deeply understands the importance of privacy, and is committed to respecting and protecting the privacy and confidential information of customers. Unless clearly authorized or legally required to do so, the Company shall not disclose or use any private or confidential customer information for any purpose. When developing new equipment, the Company will enter into a non-disclosure agreement (NDA) with all customers, and all employees working on the development project shall be bound by this NDA. By doing so, the Company hopes to be able to protect customer intellectual property to the greatest possible extent. Customer feedback drives the Company's constant refinement. The Company uses all customer complaints and feedback as	No material deviation

			opportunities to continue improving. Thus, the Company has established an optimized customer complaints system. This comprehensive, systematic, and standardized process allows the Company to make sure that customer complaints and feedback are effectively delivered, handled, and responded to, ensuring that customer rights are protected. The Company responds to customer complaints by immediately reporting the issue to its quality control, customer service, and manufacturing management divisions, as well as by looking up the serial number for the materials mentioned in the customer complaint in its plant ERP system. This allows the Company to obtain information on the material's warehouse, procurement, and quality records, allowing it to create further quality issue reports.	
(VI) Has the Company formulated supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, and labor rights and requested their reports on the implementation of such regulations?	✓		1. The Company is currently 100% compliant with the rules and spirit of the RBA's guidelines. The Company conducts an annual evaluation and quarterly assessment of its suppliers, in order to ensure that suppliers are compliant with ethical and international guidelines with regard to worker rights, safety, and health, and environmental concerns. These paper or on-site evaluations are carried out by the Company's Evaluation Team. 2. In order to manage supplier quality risks, the Company has required all suppliers to comply with the EU RoHS guidelines, prohibited suppliers from using substances of very high concern as described in the REACH regulations in their products, and prohibited suppliers from using conflict minerals. Management of worker rights: Suppliers are prohibited from hiring child laborers who are below 16 years of age, from subjecting workers to forced labor, and from engaging in inappropriate employment discrimination. Suppliers are also required to comply	No material deviation

			with international standards and the labor and employment laws and regulations that apply to their operating location. In 2022, there have been no major risks or incidents where the Company or any of its suppliers have used child labor or subjected workers to forced labor. 3. Through evaluating, auditing, training its suppliers, and recognizing well-performing suppliers, the Company is able to implement sustainability concepts into its regular supplier management operations.	
V. Has the Company prepared and published reports, such as a sustainability report, to disclose non-financial information of the Company pursuant to international standards or guidelines? Has the Company received assurance or certification of the aforementioned reports from a third-party certification institution?	✓		The Company has prepared its 2022 sustainability report pursuant to the GRI Standards Core Options and the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies published by the Taiwan Stock Exchange Corporation. The Company has also used the United Nations Sustainable Development Goals (SDGs) and the Sustainability Accounting Standards Board disclosure topics as a reference for this report. The report has been certified by an external party, AFNOR Asia Ltd., to ensure that it complies with the: *GRI Standards Core Options ＊AA 1000 AS v3	No material deviation
VI. If the Company has established its own Sustainable Development Best Practice Principles pursuant to the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies, clearly specify any deviations between its actual operations and the established principles: The Company has established a set of Sustainable Development Best Practice Principles, and its actual operations do not deviate from these principles.				
VII. Other key information useful for understanding the Company's implementation of sustainable development measures: 1. Greenhouse gas management: The Company has obtained ISO 14064 Greenhouse Gas Inventory certification, and conducts greenhouse gas inventories to track its emissions. The Company has also participated in the Carbon Disclosure Project (CDP), allowing it to better understand the challenges brought about by climate change, evaluate its impact on the environment, and establish climate-related strategies. 2. Mutual supply chain benefits: The Company conducts regular annual suppler risk evaluations to ensure that suppliers are compliant with laws, regulations, and RBA guidelines. The scope of these evaluations include worker rights and environmental safety and health. The Company regularly holds a supplier conference each year, improving its supply chain management.				

3. Green procurement: 94% of all raw materials procured by the Company are sourced from Taiwan, and the Company has proactively increased procurement from local suppliers to reduce shipping distances, leading to lower carbon emissions. The Company prioritizes purchasing raw materials that are produced domestically, in order to better fulfill its corporate environmental responsibilities, and to deepen business relationships with local suppliers, fostering mutual growth. 4. Community involvement: The Company has proactively participated in social welfare and charity programs. In 2022, the Company donated traffic batons to the police department, funded meals for the elderly in its neighborhood, and contributed to the operating funds of primary schools. For more details please refer to the Company's 2022 sustainability report, found in the corporate social responsibility section of the Company website. https://www.szs.com.tw/page/esg-and-csr

(VI) Implementation of Ethical Corporate Management Measures, deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for deviating:

The Company's corporate culture is focused on integrity, innovation, professionalism, and harmony. Since 1965, the Company's philosophy is to pursue solid and stable growth. From operating in only a single industry to the Company's diverse business operations today, the Company's business results can be attributed to its hard work and commitment to continuous learning and improvement.

Assessment item	Operating status			Deviations and reasons for deviating from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
I. Establishment of ethical corporate management policy and approaches (I) Has the Company established ethical corporate management policies approved by the Board of Directors, and stated	✓		The Company has established a set of Ethical Corporate Management Best Practice Principles and a Code of Ethics, which were approved by	No material deviation

Assessment item		Operating status			Deviations and reasons for deviating from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
		Yes	No	Summary	
	these policies and practices in its bylaws or external correspondence to maintain business integrity? Are the Board of Directors and senior management committed to fulfilling this commitment?			the Board of Directors on June 12, 2014. These rules clearly specify the Company's ethical corporate management policies and methods, and the policies that have been implemented by the Company's senior management. The Company has also specified provisions on ethical behavior in its agreements with external transaction partners, and have included provisions on integrity into signed supplier agreements, as part of its commitment to implement ethical management policies.	
(II)	Has the Company established a risk assessment system for preventing unethical conduct, analyzed and assessed operating activities at higher risk of unethical conduct on a regular basis, and established prevention programs to prevent these risks that at least include the preventive measures specified in Article 7, Paragraph 2 of the Ethical	✓		The Company has established Rules for Ethical and Integrity Business Management, and has analyzed and evaluated business operations within its business scope at higher risk of unethical product pursuant to these Rules. These Rules encompass the preventive measures provided in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles.	

Assessment item	Operating status			Deviations and reasons for deviating from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies? (III) Does the Company have any measures against dishonest conducts? Are these measures supported by proper procedures, behavioral guidelines, disciplinary actions and complaint systems? Does the Company review the policies on a regular basis?	✓		The Company has specified the business activities at higher risk of unethical conduct and measures for preventing unethical conduct in its Ethical Corporate Management Best Practice Principles and Rules for Ethical and Integrity Business Management. The Company has also established Rules for Employee Complaints and Rules for Whistleblower Reports of Unethical Conduct. The Company has provided a whistleblowing email address and hotline on its website. On May 7, 2019, the Board of Directors approved an amendment to the Company's Ethical Corporate Management Best Practice Principles.	
II. Implementation of ethical corporate management (I) Does the Company evaluate the integrity of all	✓		The Company regularly evaluates its suppliers. When necessary, the	No material deviation

Assessment item	Operating status			Deviations and reasons for deviating from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?			Company has also included provisions on ethical behavior in agreements signed with transaction counterparties, and signed written Commitments to Ethical Conduct.	
(II) Does the Company have a unit under the Board of Directors that is charged with promoting ethical corporate management and regularly (at least once every year) reports to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	✓		In order to improve ethical corporate management, the head of the Company's management department is responsible for establishing ethical corporate management policies and prevention programs, under the supervision of the President's Office. The management department has reported to the Board of Directors on December 22, 2022 on how this task is progressing.	
(III) Has the Company established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications?	✓		In order to establish policies for preventing conflicts of interest, and to create appropriate channels for communication, the Company has in 2014 and 2016 respectively established the Ethical Corporate Management Best Practice	

Assessment item	Operating status			Deviations and reasons for deviating from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
			Principles and Rules for Ethical and Integrity Business Management. Both rules have been published on the Company's internal network.	
(IV) Does the Company have effective accounting and internal control systems in place to enforce ethical corporate management, and does the internal audit unit devise audit plans based on the results of unethical conduct risk assessments? Does the Company's internal audit unit then audit systems pursuant to these plans in order to prevent unethical conduct, or engage CPAs to perform such audits?	✓		The Company has established effective accounting and internal control systems to enforce ethical corporate management, and the Company's internal audit unit devises annual audit plans based on risk assessment results. Apart from conducting regular audits to prevent unethical conduct, the Company also conducts audits on specific topics, and reports to the Board of Directors on how these audits have been conducted. The Company has also engaged third-party accounts to conduct internal audits.	
(V) Did the Company periodically provide internal and external training programs on integrity management?	✓		In order to implement ethical corporate management over its legal compliance, financial, and information security affairs, the Company holds regular annual worker rights and ethics courses. In 2022, the Company held 105 total	

Assessment item	Operating status			Deviations and reasons for deviating from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
			training and educational courses on ethical corporate management which were attended by 3,014 persons, providing 5,997 hours of training.	
III. Implementation of the Company's whistleblowing System (I) Has the Company established concrete whistleblowing and reward system and have a convenient reporting channel in place, and assign an appropriate person to communicate with the accused? (II) Has the company established standard operating procedures for investigating reported issues, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms? (III) Has the Company adopted measures for protecting the	✓ ✓ ✓		The Company has established Rules for Whistleblower Reports of Unethical Conduct, and an email address and hotline for receiving whistleblower reports. In 2018, the Company established a Hotline Channel for Reporting Unethical Conduct on the internal company network and on the Company's official website. Apart from providing a set of standard operating procedures for investigating whistleblower reports, these Rules also detail a system for keeping confidential information secure, and measures for protecting whistleblowers from inappropriate retaliation. These Rules have been posted on the Company's website.	No material deviation

<table>
<tr><th rowspan="2">Assessment item</th><th colspan="3">Operating status</th><th rowspan="2">Deviations and reasons for deviating from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>whistle-blower against improper treatment or retaliation?</td><td></td><td></td><td></td><td></td></tr>
<tr><td>IV. Enhancing information disclosure
(I) Has the Company disclosed its Ethical Corporate Management Best Practice Principles and the results of implementing these principles on its website and the Market Observation Post System?</td><td>✓</td><td></td><td>The Company has disclosed its Ethical Corporate Management Best Practice Principles, passed in a Board of Directors resolution on August 9, 2013, and disclosed the results of implementing these principles on its website and the Market Observation Post System.</td><td>No material deviation</td></tr>
<tr><td colspan="5">V. The Company shall establish its own Code of Business Integrity based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies" and clearly articulate the differences between its operations and the established code. No material deviation.</td></tr>
<tr><td colspan="5">VI. Other key information useful for explaining status of ethical corporate management practices: (Such as reviewing and revising its ethical business codes, etc.)
1. The Company’s Board of Directors passed the Ethical Corporate Management Best Practice Principles in a resolution on August 9, 2013, after requesting each director to provide their suggestions and opinions on the Principles. These Principles have then been posted on the Company’s internal website, official website, and the Market Observation Post System. These Ethical Corporate Management Best Practice Principles were later amended on May 7, 2019.
2. The Company established its Rules for Ethical and Integrity Business Management on May 12, 2016, which have been posted on the internal Company network for employees to comply with.
3. In August 2018, a Hotline and Email Address for Reporting Unethical Conduct was</td></tr>
</table>

Assessment item	Operating status			Deviations and reasons for deviating from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
prominently displayed on the Company's official website and internal network, allowing Company stakeholders to report unethical conduct at any time. 4. Each month, the Company informs its current directors and managers each month of its Procedures for Handling Material Insider Information, as well as relevant laws and regulations. New directors and managers are trained on handling material insider information within 3 months of taking on their role. 5. This year, the Company has already completed this training for its current managers and employees as of January 10, 2021. This training included an analysis of legal frameworks, commitments to ethical conduct and the handling business secrets and patents, measures for preventing sexual harassment and workplace ethics, and a brief discussion of the Labor Standards Act. All training course materials have been uploaded onto the Company's internal network for employee reference.				

(VII) If the Company has established corporate governance principles and related guidelines, disclose how this information can be accessed:

The Company has established Corporate Governance Best Practice Principles, Rules for Promoting and Managing Corporate Social Responsibility, a Code of Ethics, and Ethical Corporate Management Best Practice Principles, all of which are available on the Market Observation Post System and the Company website for reference.

https://www.szs.com.tw/investor/company-policies

(VIII) Other significant information which may improve the understanding of corporate governance and operation: None

(IX) Status of implementation of internal control system

1. Statement on Internal Control:

SHIN ZU SHING CO., LTD.
Statement on Internal Control

Date: March 08, 2023

This Statement of Internal Control System is issued based on the self-evaluation results of the Company for year 2022:

I. The Company is fully aware that the establishment, implementation and maintenance of its internal control system is the responsibility of the Board of Directors and the management personnel. In this regard the Company has established such a system. The aim of the system is to provide reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguarding of asset security), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

II. There are inherent limitations to even the most well designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. Moreover, the operating environment and situation may change and impact the effectiveness of the internal control system. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.

III. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The internal control system judgment criteria adopted by the Regulations divides internal control into five elements based on the process of management control: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Monitoring. Each element further contains several items. For more information on the aforementioned items, see the Regulations.

IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.

V. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company believes that as of December 31, 2022, its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability of reporting, and compliance with applicable laws and regulations, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.

VI. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Statement has been passed by the Board of Directors in a Board meeting held on March 8, 2023, where none of the 9 directors in attendance expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

SHIN ZU SHING CO., LTD.

Chairman: Sheng-Nan Lu Signature and Seal

CEO: Chao-Tsong Yuan Signature and Seal

2. **Accountant audit report on internal controls**: N/A.

(X) Penalties imposed on the Company and its employees, penalties imposed by the Company on employees for violating internal control rules, major deficiencies and improvement in the past year up to the publication date of this Annual Report: N/A.

(XI) Important resolutions adopted in shareholders meetings and Board of Directors' meetings in the past year up to the publication date of this Annual Report:

1. **Resolutions passed at the 2022 annual shareholders' meeting and the implementation status of these resolutions:**

Important resolutions passed by the shareholders' meeting	Implementation
(1) Passed and ratified the 2021 financial statements and business report.	Related tables and forms have already been publicly disclosed and submitted to the competent authorities for acknowledgment pursuant to the Company Act and the Securities and Exchange Act.
(2) Passed and ratified the 2021 earnings distribution proposal (NT$2.5 cash dividends per share)	Designated July 22, 2022 as the ex-dividend date, and August 15, 2022 as the dividend payout date.
(3) Discussed and passed proposal to distribute cash from capital surplus (NT$2.5 cash distributed per share)	Designated July 22, 2022 as the ex-dividend date, and August 15, 2022 as the dividend payout date.
(4) Passed the Asset Acquisition or Disposal Procedures	Has been publicly-disclosed on the Market Observation Post System and the Company website, implemented after amendment.
(5) Passed proposal to re-elect the Company's directors	List of elected directors: (Including three independent directors) Ordinary directors: Sheng-Nan Lu, Chao-Tsong Yuan, You-Qi Lu, Cheng-Han Hsieh, Ying-Fu Mao, Bo-Ming Yang Independent Director Yuan-Long Chang, Chi-Fa Cheng, Mei-Hui Li
(6) Passed proposal to lift non-compete clause for newly-appointed directors	List of newly-appointed directors no longer bound be non-compete clauses: Chao-Tsong Yuan, You-Qi Lu, Ying-Fu Mao, Cheng-Han Hsieh, Bo-Ming Yang, Chi-Fa Cheng, Yuan-Long Chang, Mei-Hui Li

2. **Important Board of Directors resolutions**

Date	Important Board of Directors resolutions

Date	Important Board of Directors resolutions
Nineteenth Board of Directors 17th 2022.03.08	First matter for ratification and discussion: Approved the 2021 financial statements and business report. Second matter for ratification and discussion: Passed the Company’s proposal on methods for distributing 2021 employee and director remuneration. Third matter for ratification and discussion: Passed proposal on issue of Statement on Internal Control. Fourth matter for ratification and discussion: Passed the Company’s proposal to conduct regular evaluations of the independence of the Company's CPAs. Fifth matter for ratification and discussion: Passed the Company’s proposal to apply for additional funding from financial institutions. Sixth matter for ratification and discussion: Passed proposal to amend the Company’s Procedures for the Acquisition and Disposal of Assets. Seventh matter for ratification and discussion: Passed the Company’s proposal to re-elect its nine directors (including three independent directors). Eighth matter for ratification and discussion: Passed proposal on discussion items to be included on the Company’s 2022 annual shareholders’ meeting agenda. Ninth matter for ratification and discussion: Passed proposal to replace the Company’s President and spokesperson.
Nineteenth Board of Directors 18th 2022.05.05	First matter for ratification and discussion: Passed proposal on allocating 2021 employee (manager) and director remuneration. Second matter for ratification and discussion: Passed proposal on 2021 earnings distribution. Third matter for ratification and discussion: Passed proposal on distributing cash from capital surplus. Fourth matter for ratification and discussion: Passed proposed list of nominated directors (including independent directors) to be submitted to the Board of Directors for resolution. Fifth matter for ratification and discussion: Passed proposal to lift non-compete clause for newly-appointed directors. Sixth matter for ratification and discussion: Passed the submitted 2022 annual shareholders’ meeting agenda.
Twentieth Board of Directors 1st 2022.06.16	First matter for ratification and discussion: Passed proposal on election of the Company’s chairperson.
Twentieth Board of Directors 2nd 2022.06.28	First matter for ratification and discussion: Passed proposal to elect the convener for the second Audit Committee. Second matter for ratification and discussion: Passed proposal on appointment of members to the fifth Remuneration Committee.

Date	Important Board of Directors resolutions
Twentieth Board of Directors 3rd 2022.08.05	First matter for ratification and discussion: Passed proposal on the 2022 Q2 financial statements. Second matter for ratification and discussion: Passed the proposal to review CPA fees. Third matter for ratification and discussion: Passed the Company's proposal to buy back shares. Fourth matter for ratification and discussion: Passed proposal to establish domestic investment company. Fifth matter for ratification and discussion: Passed proposal on appointment of members to the first Sustainable Development Committee. Sixth matter for ratification and discussion: Passed the Company's proposal to renew bank loans.
Twentieth Board of Directors 4th 2022.11.04	First matter for ratification and discussion: Passed proposal for the 2023 audit plan. Second matter for ratification and discussion: Passed proposal to amend the set buyback period for the Company's first buyback of treasury stock. Third matter for ratification and discussion: Passed the Company's proposal to retire treasury stock bought back in the Company's first stock buyback, and the proposed capital reduction effective date.
Twentieth Board of Directors 5th 2022.12.22	First matter for ratification and discussion: Passed the Company's proposed 2023 budget. Second matter for ratification and discussion: Passed proposal to set aside amount for employee remuneration. Third matter for ratification and discussion: Discussed and passed proposal on allocation of director remuneration for 2022 and the estimate for total amount of director remuneration to be allocated in 2023. Fourth matter for ratification and discussion: Passed plans for the Company's 2022 year-end bonuses to managers and 2023 remuneration plans. Fifth matter for ratification and discussion: Passed the Company's proposal to apply for additional funding from financial institutions. Sixth matter for ratification and discussion: Passed the Company's proposal to establish company for investing in Vietnam. Seventh matter for ratification and discussion: Passed proposal to amend the Company's Procedures for Handling Material Insider Information. Eighth matter for ratification and discussion: Passed proposal to establish the Company's Risk Management Policies and Procedures. Ninth matter for ratification and discussion: Passed proposal to amend the Company's Rules of Procedure for Board of Directors' Meetings.

(XII) Dissenting or qualified opinions from directors objecting to an important resolution passed by the Board of Directors that is on record or has been stated in a written statement in the past year up to the publication date of this Annual Report: N/A.

(XIII) Resignation and dismissal of the Company's Chairperson, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, and Chief R&D Officer in the past year up to the publication date of this Annual Report:

Title	Name	Date of appointment	Date of dismissal	Reason for resignation or dismissal
CEO	Frank Lin	96.06.13	111.03.08	The Company's President was removed from his position due to a readjustment of roles.

V. Compensation provided to certified public accountants:

(I) Audit and non-audit related fees paid to certified public accountants, their affiliated firms, and their affiliates:

Amount denominated in: NTD thousands

Name of accounting firm	Name of Accountants:	Accountant audit period	Audit fee	Non-audit fee	Total	Remarks
Deloitte Taiwan	Yu-Shiou Su	111.01.01-111.12.31	3,660	1,195	4,855	
	Ming-Yu Chiu	111.01.01-111.12.31				

Non-audit related fees include fees for tax consultations, auditing and attesting capital amounts, and auditing and attesting to the direct deduction business tax calculation method.

(II) If the accounting firm is replaced and the audit fees paid during the replacement year are less than the audit fees for the previous year, disclose the amount and reasons for the difference in audit fees before and after the replacement: Nil.

(III) If the audit fees are lower by more than ten percent compared to the previous year, disclose the amount of, proportion, and reasons for the reduction in audit fees: Nil.

VI. Information on changes to accountants: Nil.

VII. The Chairman, President and Financial or Accounting Managerial Officer of the Company who had worked for the Independent CPA or the affiliate in the past year: N/A.

VIII. Changes to equity transfers or pledged shares of directors, managers, and major shareholders whose shareholding ratio exceeds ten percent in the most recent year and up to the publication date of the Annual Report:

(I) Changes to equity transfer or pledged shares of directors, managers, and major shareholders whose shareholding ratio exceeds ten percent:

Title	Name	2022		Current year up to April 9, 2023	
		Number of shares held Quantity of increase (decrease)	Number of pledged shares Quantity of increase (decrease)	Number of shares held Quantity of increase (decrease)	Number of pledged shares Quantity of increase (decrease)
Chairman	Sheng-Nan Lu	-	-	-	-

Director	Min-Wen Lu (Note 1)	80,000	-	N/A	N/A
Director	Chao-Tsong Yuan	-	-	-	-
Director	You-Qi Lu	-	-	-	-
Director	Ying-Fu Mao	-	-	-	-
Director	Cheng-Han Hsieh	-	-	-	-
Director	Bo-Ming Yang	-	-	-	-
Independent Director	Chi-Fa Cheng	-	-	-	-
Independent Director	Yuan-Long Chang	-	-	-	-
Independent Director	Mei-Hui Li	-	-	-	-
CEO	Chao-Tsong Yuan	-	-	-	-
CEO	Frank Lin (Note 2)	-	-	N/A	N/A
Vice President	Jin-Sheng Zhu	-	-	-	-
Vice President	Sheng-Huan Zhuo	-	-	-	-
Vice President	Qin-Zhuan Chen	-	-	-	-
Vice President	Shi-Jin Weng	5,000	-	-	-
Chief Financial Officer	Qian-Ting Xu	-	-	-	-
Head of accounting	Meng-Hui Tsai	(25,000)	-	-	-

Note 1: One director was removed from his position after the re-election of directors on June 16, 2022

Note 2: The Company's President was removed from his position due to a readjustment of roles on March 8, 2022

(II) Related parties who were counterparties to equity transfers: N/A.

(III) Related parties who were counterparties to share pledge transactions: N/A.

IX. Information on the relationship between any of the top ten shareholders (related party, spouse, or second-degree relative):

April 9, 2023

Name	The individual Shares held		Shares held by spouse and underage children		Total shareholding by nominee arrangement		Names and relationships of any of the top ten shareholders who are related parties, spouses, or second-degree relatives to each other.		Remarks
	Shares	Percentage	Shares	Percentage	Shares	Percentage	Title (Name)	Relationship	
Sheng-Nan Lu	17,154,346	9.14%	-	-	-	-	Min-Wen Lu	Brother	
Min-Wen Lu	9,776,084	5.21%	-	-	-	-	Sheng-Nan Lu Min-Wen Lu Yu-Cheng Lu Pei-Fang Lu	Brother Father-daughter, father-son Father-daughter	
Fubon Life Insurance Co., Ltd.	9,300,000	4.95%	-	-	-	-	None	None	
Nan Shan Life Insurance Company, Ltd.	6,020,993	3.21%	-	-	-	-	None	None	
Pei-Fang Lu	4,695,664	2.50%	419,244	0.22%	-	-	Min-Wen Lu Min-Wen Lu Yu-Cheng Lu	Father-daughter Sibling Jinn	
Yu-Cheng Lu	4,121,554	2.20%	13,179	0.01%	-	-	Min-Wen Lu Min-Wen Lu Pei-Fang Lu	Father-son Sibling Sibling	
Chuang Jia Investment Ltd.	3,801,832	2.02%	-	-	-	-	None	None	
Fubon Life Insurance Co., Ltd.	3,243,041	1.73%	-	-	-	-	None	None	

Name	The individual Shares held		Shares held by spouse and underage children		Total shareholding by nominee arrangement		Names and relationships of any of the top ten shareholders who are related parties, spouses, or second-degree relatives to each other.		Remarks
	Shares	Percentage	Shares	Percentage	Shares	Percentage	Title (Name)	Relationship	
Min-Wen Lu	3,206,099	1.71%	-	-	-	-	Min-Wen Lu Yu-Cheng Lu Pei-Fang Lu	Father-daughter Sibling Sibling	
TransGlobe Life Insurance Inc.	2,830,000	1.51%	-	-	-	-	None	None	

X. The number of shares held by the Company, the Company's directors, supervisors, and managers, and the number of shares invested in a single company which are held by entities directly or indirectly controlled by the Company, and the consolidated shareholding ratio:

Unit: share; %March 31, 2023

Investee company	Investment by the Company		Investments by Directors, Supervisors, managerial officers and directly or indirectly controlled enterprises		Comprehensive investment	
	Shares	Percentage	Shares	Percentage	Shares	Percentage
TIME RISE CORP.	37,080,000	100%	-	-	37,080,000	100%
MAGIC TIMING TECHNOLOGY LIMITED	50,000	100%	-	-	50,000	100%
UP HILL INTERNATIONAL LIMITED	1,000,000	100%	-	-	1,000,000	100%
SPRING VISION TECHNOLOGY CORP.	10	100%	-	-	10	100%
HAMSTEAD CORPORATION	-	-	2,333,000	100%	2,333,000	100%
SHING SMART INTERNATIONAL CORP.	-	-	454	100%	454	100%
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd. (Note 1)	-	-	-	100%	-	100%
Shin Zu Shing Precision Electron (Chongqing) Co., Ltd. (Note 1)	-	-	-	100%	-	100%
Heng Shing Investment Co., Ltd.	70,000,000	100%	-	-	70,000,000	100%
AMAZING POWER LTD.	7,950,000	100%	-	-	7,950,000	100%
CJC HOLDING PTE LTD.	750,000	100%	-	-	750,000	100%
ACE TECHNOLOGY INC.	-	-	4,710,000	100%	4,710,000	100%
ELITE DRAGON GROUP LIMITED	-	-	5,000	100%	5,000	100%
BLOSSOM ENTERPRISE INC.	-	-	1,350,000	100%	1,350,000	100%
Kun Shang Cheng Jie Computer Parts Ltd. (Note 1)	-	-	-	100%	-	100%
Dong Guan Cheng Yue Computer Parts Ltd. (Note 1)	-	-	-	100%	-	100%
RSTC (Fu-qing) Co., Ltd. (Note 1)	-	-	-	100%	-	100%
ABOVE AVERAGE LIMITED	100,000	-	-	100%	100,000	100%
Ding Ying Investment Ltd.	50,000,000	100%	-	-	50,000,000	100%
SMART POINT CO.,LTD.	5,000,000	100%	-	-	5,000,000	100%

Note 1: Not a joint-stock company, so no share quantities have been provided.

Four. Capital Overview

I. Capital and shareholding

(I) Share capital source

Unit: Thousand shares; NTD thousands/ March 31, 2022

<table>
<tr><th rowspan="2">Year Month</th><th rowspan="2">Issuing price (NT$)</th><th colspan="2">Authorized capital</th><th colspan="2">Paid-in capital</th><th colspan="3">Remarks</th></tr>
<tr><th>No. of shares</th><th>Amount</th><th>No. of shares</th><th>Amount</th><th>Share capital source</th><th>Shares acquired by non-cash assets</th><th>Other</th></tr>
<tr><td>1968.06</td><td>1,000</td><td>1.2</td><td>1,200</td><td>1.2</td><td>1,200</td><td>Initial share capital of 1,200 NTD thousands</td><td>-</td><td>-</td></tr>
<tr><td>1974.09</td><td>1,000</td><td>3.6</td><td>3,600</td><td>3.6</td><td>3,600</td><td>Cash issue of 2,4000 NTD thousands</td><td>-</td><td>-</td></tr>
<tr><td>1981.09</td><td>1,000</td><td>6.0</td><td>6,000</td><td>6.0</td><td>6,000</td><td>Cash issue of 2,4000 NTD thousands</td><td>-</td><td>-</td></tr>
<tr><td>1982.09</td><td>1,000</td><td>12.0</td><td>12,000</td><td>12.0</td><td>12,000</td><td>Cash issue of 6,000 NTD thousands</td><td>-</td><td>-</td></tr>
<tr><td>1986.07</td><td>1,000</td><td>22.0</td><td>22,000</td><td>22.0</td><td>22,000</td><td>Cash issue of 10,000 NTD thousands</td><td>-</td><td>-</td></tr>
<tr><td>1990.01</td><td>1,000</td><td>37.5</td><td>37,500</td><td>37.5</td><td>37,500</td><td>Cash issue of 15,500 NTD thousands</td><td>-</td><td>-</td></tr>
<tr><td>1994.10</td><td>1,000</td><td>75.0</td><td>75,000</td><td>75.0</td><td>75,000</td><td>Cash issue of 37,500 NTD thousands</td><td>-</td><td>-</td></tr>
<tr><td>1997.01</td><td>1,000</td><td>150.0</td><td>150,000</td><td>150.0</td><td>150,000</td><td>Cash issue of 75,000 NTD thousands</td><td>-</td><td>-</td></tr>
<tr><td>2000.12</td><td>10</td><td>19,780.0</td><td>197,800</td><td>19,780.0</td><td>197,800</td><td>Capitalization of profits of 47,800 NTD thousands</td><td>-</td><td rowspan="2">Registration change approved in letter Jing-Shou-Shang-Zi No. 09101040730.</td></tr>
<tr><td>2002.01</td><td>10</td><td>25,056.0</td><td>250,560</td><td>25,056.0</td><td>250,560</td><td>Capitalization of profits of 52,760 NTD thousands</td><td>-</td></tr>
<tr><td>2002.12</td><td>10</td><td>35,000.0</td><td>350,000</td><td>27,561.6</td><td>275,616</td><td>Capitalization of profits of 25,056 NTD thousands</td><td>-</td><td>Registration change approved in letter Jing-Shou-Shang-Zi No. 09101505390.</td></tr>
<tr><td>2003.10</td><td>10</td><td>35,000.0</td><td>350,000</td><td>34,452.0</td><td>344,520</td><td>Capitalization of profits of 68,904 NTD thousands</td><td>-</td><td>Registration change approved in letter Jing-Shou-Zhong-Zi No. 09232840760.</td></tr>
<tr><td>2004.06</td><td>10</td><td rowspan="2">60,000.0</td><td rowspan="2">600,000</td><td rowspan="2">49,576.0</td><td rowspan="2">495,760</td><td>Capitalization of profits of 68,904 NTD thousands, capitalization of employee bonuses of 2,336 NTD thousands</td><td rowspan="2">-</td><td rowspan="2">Registration change approved in letter Jing-Shou-Zhong-Zi No. 09332298700. Submitted and made effective by the letter Tai-Cai-Zheng-Yi No. 0930120636 of the Securities and Futures Institute dated May 13, 2004.</td></tr>
<tr><td>2004.06</td><td>20</td><td>Cash issue of 80,000 NTD thousands</td></tr>
<tr><td>2005.05</td><td>10</td><td>70,000.0</td><td>700,000</td><td>57,313.0</td><td>573,130</td><td>Capitalization of profits of 74,364 NTD thousands, capitalization of employee bonuses of 3,006 NTD thousands</td><td>-</td><td>Registration change approved in letter Jing-Shou-Zhong-Zi No. 09401102450. Submitted and made effective by the letter Jin-Guan-Yi-Zi No. 0940111293 of the Securities and Futures Bureau dated April 8, 2005.</td></tr>
<tr><td>2005.12</td><td>83</td><td>70,000.0</td><td>700,000</td><td>63,853.0</td><td>638,530</td><td>Cash issue of 65,400 NTD thousands</td><td>-</td><td>Registration change approved in letter Jing-Shou-Zhong-Zi No. 09501004070. Submitted and made effective by the letter Jin-Guan-Yi-Zi No. 0940153673 of the Securities</td></tr>
</table>

Year Month	Issuing price (NT$)	Authorized capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Share capital source	Shares acquired by non-cash assets	Other
								and Futures Bureau dated November 22, 2005.
2006.05	10	120,000.0	1,200,000	88,610.0	886,100	Capitalization of profits of 127,706 NTD thousands, capitalization of employee bonuses of 6,011 NTD thousands, capitalization of capital surplus of 63,853 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 09501188900. Submitted and made effective by the Financial Supervisory Commission, Executive Yuan letter Jin-Guan-Zheng-Yi-Zi No. 095012293 from the Financial dated June 7, 2006
2006.08	120					Cash issue of 50,000 NTD thousands		
2007.08	10	160,000.0	1,600,000	111,560.0	1,115,600	Capitalization of profits of 221,525 NTD thousands, capitalization of employee bonuses of 7,975 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 09601191000. Submitted and made effective by the Financial Supervisory Commission, Executive Yuan letter Jin-Guan-Zheng-Yi-Zi No. 09600322263 dated June 26, 2007
2008.08	10	160,000.0	1,600,000.0	123,530.0	1,235,300.0	Capitalization of profits of 111,560 NTD thousands, capitalization of employee bonuses of 8,140 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 09701201380. Submitted and made effective by the Financial Supervisory Commission, Executive Yuan letter Jin-Guan-Zheng-Yi-Zi No. 0970031475 from the Financial dated June 24, 2008
2008.10	10	160,000.0	1,600,000.0	124,179.9	1,241,799.1	Conversion of corporate bonds into share capital of 6,499.1 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 09701251640.
2009.08	10	200,000.0	2,000,000.0	144,953.1	1,449,531.2	Capitalization of profits of 124,179.9 NTD thousands. Capitalization of employee bonuses of 7,382.8 NTD thousands, conversion of corporate bonds into share capital of 76,169.4 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 09801181670. Submitted and made effective by the Financial Supervisory Commission, Executive Yuan letter No. 0980032560.
2009.11	10	200,000.0	2,000,000.0	149,338.8	1,493,388.3	Conversion of corporate bonds into share capital of 43,857 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 09801253000.
2010.03	10	200,000.0	2,000,000.0	149,741.1	1,497,411.5	Conversion of corporate bonds into share capital of 4,023.2 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 09901041710.
2010.05	10	200,000.0	2,000,000.0	149,863.6	1,498,635.9	Conversion of corporate bonds into share capital of 1,224.4 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 09901089900.

Year Month	Issuing price (NT$)	Authorized capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Share capital source	Shares acquired by non-cash assets	Other
2010.08	10	200,000.0	2,000,000.0	158,428.6	1,584,286.2	Capitalization of profits of 74,880.3 NTD thousands. Capitalization of employee bonuses of 10,770.1 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 09901193500. Submitted and made effective by the Financial Supervisory Commission, Executive Yuan letter Jin-Guan-Zheng-Fa-Zi No. 0990035188 dated July 7, 2010
2010.11	10	200,000.0	2,000,000.0	158,430.8	1,584,307.9	Conversion of corporate bonds into share capital of 21.7 NTD thousands	-	Letter Jing-Shou-Shang-Zi No. 09901244350.
2012.05	10	200,000.0	2,000,000.0	158,432.1	1,584,321.1	Conversion of corporate bonds into share capital of 13.1 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 10101077520.
2012.11	10	200,000.0	2,000,000.0	172,535.0	1,725,349.7	Conversion of corporate bonds into share capital of 141,028.6 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 10101226370.
2013.03	10	200,000.0	2,000,000.0	173,845.5	1,738,455.1	Conversion of corporate bonds into share capital of 13,105.5 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 10201040230.
2013.05	10	200,000.0	2,000,000.0	174,879.0	1,748,789.6	Conversion of corporate bonds into share capital of 10,334.5 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 10201083940.
2013.08	10	200,000.0	2,000,000.0	174,911.1	1,749,110.8	Conversion of corporate bonds into share capital of 321.3 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 10201172420.
2013.11	10	200,000.0	2,000,000.0	175,269.6	1,752,696.6	Conversion of corporate bonds into share capital of 3,585.7 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 10201233470.
2014.02	10	200,000.0	2,000,000.0	178,725.3	1,787,253.5	Conversion of corporate bonds into share capital of 34,556.9 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 10301033520.
2019.05	10	200,000.0	2,000,000.0	178,988.3	1,789,883.5	Conversion of employee stock options into capital of 2,630 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 10801057400.
2019.09	10	250,000.0	2,500,000.0	179,230.3	1,792,303.5	Conversion of employee stock options into capital of 2,420 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 10801118480.
2019.10	10	250,000.0	2,500,000.0	180,469.3	1,804,693.5	Conversion of employee stock options into capital of 12,390 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 10801168820.
2020.04	10	250,000.0	2,500,000.0	181,580.3	1,815,803.5	Conversion of employee stock options into capital of 11,110 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 10901050590.
2020.05	10	250,000.0	2,500,000.0	181,754.3	1,817,543.5	Conversion of employee stock options into capital of 1,740 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 10901083130.
2020.08	10	250,000.0	2,500,000.0	181,779.3	1,817,793.5	Conversion of employee	-	Registration change approved

Year Month	Issuing price (NT$)	Authorized capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Share capital source	Shares acquired by non-cash assets	Other
						stock options into capital of 250 NTD thousands		in letter Jing-Shou-Shang-Zi No. 10901164920.
2020.09	110	250,000.0	2,500,000.0	191,779.3	1,917,793.5	Cash issue of 100,000 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 10901177130. Submitted and made effective by the Financial Supervisory Commission letter Jin-Guan-Zheng-Fa-Zi No. 1090346283 dated June 17, 2020
2020.11	10	250,000.0	2,500,000.0	191,920.3	1,919,203.5	Conversion of employee stock options into capital of 1,410 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 10901222270.
2021.03	10	250,000.0	2,500,000.0	192,026.3	1,920,263.5	Conversion of employee stock options into capital of 1,060 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 11001049080.
2021.05	10	250,000.0	2,500,000.0	192,405.3	1,924,053.5	Conversion of employee stock options into capital of 3,790 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 11001090820.
2021.09	10	250,000.0	2,500,000.0	192,485.3	1,924,853.5	Conversion of employee stock options into capital of 800 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 11001157910.
2022.12	10	250,000.0	2,500,000.0	187,748.3	1,877,483.5	Retired treasury stock, reducing capital by 47,370 NTD thousands	-	Registration change approved in letter Jing-Shou-Shang-Zi No. 11101222510.

Unit: share/April 30, 2023

Type of Shares	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common shares	187,748,346	62,251,654	250,000,000	

Information on shelf registration: N/A.

(II) Shareholders

April 09, 2023

Shareholders / Quantity	Government Institution	Financial Institution	Other Juridical person	Individual investors	Foreign institutions and foreigners	Total
Number of Shareholders	0	22	175	20,837	189	21,223
Shareholding (shares)	0	22,461,204	13,261,758	113,894,652	38,130,732	187,748,346
Percentage	0.00%	11.96%	7.06%	60.66%	20.31%	100.00%

(III) Ownership dispersion status

1. Common shares

Common share/par value of NT$10
April 09, 2023

Shareholding range	Number of Shareholders	Shareholding (Shares)	Percentage
1 to 999	9,105	493,722	0.26%
1,000 to 5,000	9,729	18,923,833	10.08%
5,001 to 10,000	1,199	9,270,660	4.94%
10,001 to 15,000	388	4,908,333	2.61%
15,001 to 20,000	217	3,957,126	2.11%
20,001 to 30,000	184	4,641,533	2.47%
30,001 to 40,000	82	2,947,657	1.57%
40,001 to 50,000	60	2,771,520	1.48%
50,001 to 100,000	119	8,623,257	4.59%
100,001 to 200,000	46	6,596,883	3.51%
200,001 to 400,000	28	7,836,737	4.17%
400,001 to 600,000	23	11,233,677	5.98%
600,001 to 800,000	7	4,565,163	2.43%
800,001 to 1,000,000	6	5,194,821	2.77%
Over 1,000,001	30	95,783,424	51.02%
Total	21,223	187,748,346	100.00%

2. Preferred stocks: N/A.

(IV) List of major shareholders

The names, number of shares held, and shareholding ratio of all shareholders with a shareholding ratio of 5% or greater, or of the top ten largest shareholders.

April 09, 2023

Shares / Name of major shareholders	Shares	Percentage
Sheng-Nan Lu	17,154,346	9.14%
Min-Wen Lu	9,776,084	5.21%
Fubon Life Insurance Co., Ltd.	9,300,000	4.95%

Name of major shareholders \ Shares	Shares	Percentage
Nan Shan Life Insurance Company, Ltd.	6,020,993	3.21%
Pei-Fang Lu	4,695,664	2.50%
Yu-Cheng Lu	4,121,554	2.20%
Chuang Jia Investment Ltd.	3,801,832	2.02%
Fubon Life Insurance Co., Ltd.	3,243,041	1.73%
Min-Wen Lu	3,206,099	1.71%
TransGlobe Life Insurance Inc.	2,830,000	1.51%

(V) Market price per share, net worth, earnings, dividends, and the related information for the last 2 years

Unit: NTD;share

Item \ Year			2021	2022	Current year up to March 31, 2023
Stock price (Note 1)	Highest		138.00	98.00	90.30
	Lowest		89.80	72.60	81.70
	Average		112.02	85.20	85.84
Net worth per share	Before distribution		80.66	84.18	85.33
	After distribution		80.66	84.58 (Note 5)	-
Earnings per share	Weighted average shares (thousand shares)		192,286	187,748	187,748
	Earnings per share		6.08	8.68	0.67
Dividends per share	Cash dividend		5.00	6.00 (Note 5)	-
	Stock dividend	-	-	-	-
		-	-	-	-
	Accumulated unpaid dividend		-	-	-
Return on investment analysis	Price-earnings ratio (Note 2)		18.42	9.82 (Note 5)	-
	Price-dividend ratio (Note 3)		22.40	14.2 (Note 5)	-
	Cash dividend yield (Note 4)		4.46	7.04 (Note 5)	-

Note 1: Data sourced from the TWSE website.

Note 2: Price-earnings (P/E) ratio = Average market price / Earnings per share.

Note 3: Price-dividend (P/D) ratio = Average market price / Cash dividends per share.

Note 4: Cash dividend yield rate = Cash dividend per share / Average market price.

Note 5: Pending final approval from Shareholders' Meeting.

(VI) Dividend policy and implementation status

1. **Dividend policy:**

The Company is currently in the stage of operating growth, and must use retained earnings to meet operating growth and investment needs. At this stage, it adopts a residual dividend policy.

In order to meet the needs of business expansion and industry growth, the Company's future dividend policy will be based on the Company's future capital expenditure budget and considerations of capital needs. Earnings can be distributed in the form of cash dividends or stock dividends, but the cash dividend must not be less than 10% of total dividends.

2. **Current-year dividend distribution proposal to shareholders' meeting:**

NT$6 per share of shareholder cash dividends were distributed (NT$3 per share from distributed earnings, and NT$3 per share from capital surplus). The total amount of cash dividends distributed to shareholders was NT$1,126,490,076. After being approved through a shareholders' meeting resolution, the Company's Board of Directors shall be authorized to designate an ex-dividend date.

3. **When there is expected to be a major change to the Company's share dividend policy:** N/A.

(VII) The effects of the stock dividends proposed by the shareholders' meeting on the Company's business performances and earnings per share: Not applicable.

(VIII) Employee and director remuneration:

1. **Percentage or range of remuneration distributed to employees and Directors as stipulated in the Company's Articles of Incorporation:**

If the Company has profits for the year (the so-called profits refer to profit before tax) before deduction of employee remuneration and directors' remuneration, no less than 2% shall be allocated for employee remuneration and no more than 2% for director's remuneration. However, if the company still has accumulated losses (including adjustments to the amount of undistributed earnings), it shall reserve the amount of compensation for accumulated losses in advance, and then calculate the provisions based on the remaining balance.

2. **Basis for estimating the amount of employee and director remuneration, basis for calculating the number of shares to be distributed as employee bonuses, the actual distributed amount for the current period, and the accounting method adopted to address the discrepancy, if any, between the actual distributed amount and the estimated amount:** No discrepancy.

3. **Remuneration distribution passed by the Board of Directors:**

(1) The implementation status of the Company's 2022 employee and director remuneration proposals that have been passed in a Board of Director's resolution as of April 25, 2023.

Unit: NT$

Item	Proposed distribution of 2022 Employee and director remuneration (Not yet approved by the shareholders' meeting)
Employee remuneration (cash)	132,543,858
Director remuneration (cash)	9,000,000

(2) There are no deviations between the total amount of employee and director remuneration distributed in 2022 and the estimated amount recognized as expenses for 2022.

(3) The estimated amount of employee remuneration distributed as stock as a percentage of total net profit after tax and total employee remuneration for the period: No employee remuneration is planned to be distributed as stock for this period, so this amount and percentage has both been recorded as 0.

4. Actual amount of employee and director remuneration distributed the previous year, with a description of the amount, reasons, and method adopted to address any discrepancies, if any, between the recognized amount and actual amount of employee and director remuneration:

The actual amount of employee remuneration distributed for 2021 was NT$112,470,299, and the actual amount of director remuneration was NT$8,000,000. There is no discrepancy between these amounts and the recognized amount.

(IX) Buyback of Treasury Stock:

Buyback iteration	1st
Date of Board of Directors resolution	August 05, 2022
Buyback purpose	Protect Company credit reputation and shareholders’ equity
Planned buyback period	From August 5, 2022 to October 4, 2022
Planned share type and quantity to be bought back	5,000,000 ordinary shares
Planned buyback price range	NT$70 to NT$100
Actual buyback period	From August 8, 2022 to October 4, 2022
Actual share type and quantity bought back	4,737,000 ordinary shares
Actual amount of share capital bought back	NT$420,456,557
Average share buyback price	NT$88. 76

Number of shares retired or transferred	4,737,000 ordinary shares
Accumulated Company shares held	0 shares
Accumulated Company shares held as a proportion of all outstanding shares (%)	0%
Reason for not completing buyback	The Company's stock price gradually stabilized during the buyback period, and the Company was able to achieve its goal of protecting the Company's credit reputation and shareholders' equity without buying back the full amount of shares originally planned.

II. Corporate bond issuance status: N/A.

III. Issuance of preferred stocks: N/A.

IV. Issuance of global depositary receipts (GDR): N/A.

V. Exercise of employee stock option plan (ESOP):

(I) Exercise of employee stock option plans (ESOP) and impact on shareholders' equity

March 31, 2022

Type of employee stock option	First issue of employee stock options
Date reported and effective date	2016.07.20
Issuance date	2016.08.24
Units issued	5,000,000 shares
Proportion of shares issued to total current outstanding shares	2.80%
Stock options period	2016.08.24~2022.08.23
Method of issue	Issue of new shares
Stock options period and restrictions (%)	Stock options period: From three business days before the legal book closure period, the announced ex-rights book closure date for the Company's free allotment of shares submitted to the Taiwan Stock Exchange Corporation, the announced ex-dividends book closure date for cash dividends, or the announced ex-rights book closure date for the cash issue of shares, to the dividend payout date. Stock options restrictions: 60% of granted stock options may be exercised during the stock options vesting period after vesting for 2 years, and 100% (accumulated) may be exercised after 3 years.
Number of shares granted through stock option exercise	3,760,000 shares
Value of stocks exercised	NT$33,262,500
Stock options not exercised	375,000 shares
Exercise price for unexercised shares	NT$88.70
Number of stock options unexercised as a proportion of total current outstanding shares (%)	0.19

Impact on shareholders’ equity	The Company’s issue of employee stock options is to attract and retain talent required by the Company, as well as to motivate employees and foster a greater sense of belonging to the Company. Even though the issue of stock options has diluted the shareholding ratios of its original shareholders, these stock options may only be gradually exercised after a vesting period of two years, which means that its share diluting effect shall be limited as it is spread out across several years. The Company hopes in the future to be able to retain and motivate its employees, working together with them to create Company and shareholder profits in order to benefit its original shareholders.

(II) Names of all managers who have been issued stock options, names of the ten employees who have been issued the most number of stock options, and the acquisition and exercise status of these stock options: From January 1, 2022 to August 23, 2022 (subscription expiration date), there were no managers and top ten employees who subscribed for shares.

(III) Restricted stock awards: N/A.

VI. Issuance of new shares for merger or acquiring shares of other companies: N/A.

VII. Implementation of Capital Allocation Plan: N/A.

Five. Business Overview
I. Business Activities
(I) Business scope

1. Major business activities

(1) Manufacturing and sales of various wire and plate springs.
(2) Manufacturing and sales of various precision steel molds, hardware machinery, electronic parts, computer parts, and auto parts.
(3) Assembly, manufacturing and sales of various precision components.
(4) Manufacturing, processing and trading of various screws (metal).
(5) Manufacturing, processing and trading of various loose-proof, leak-proof sealant, and fixing glues (metal screws).
(6) Hard-welding processing, R&D, manufacturing and trading of aerospace and motorcycle parts.
(7) Hard welding processing, manufacturing and trading of air conditioners, refrigerating air conditioners and their components.
(8) Manufacturing and trading of plate heat exchangers.
(9) Manufacturing and trading of catalytic converters.
(10) Vacuum brazing processing, manufacturing and trading of insulation series products (insulation cups, thermos bottles, insulation plates, insulation pots, incubators, etc.).
(11) Operation of heat treatment business.
(12) The import and export trade business of the previous products.
(13) All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Revenue breakdown

Unit: NT$ thousand

Year / Product	2022		2021	
	Amount	Ratio %	Amount	Ratio %
Hinge products	10,951,898	93	11,107,947	91
MIM	826,949	7	936,958	8
Other	45,851	-	96,044	1
Total	11,824,698	100	12,140,949	100

3. Main Products and Services:

The group's main business is the R&D, design, production, and sales of various hinges, MIM (metal injection molding) parts, lathed parts, stamped spring parts. Current product categories and important uses and functions are shown in the table below:

Product Category	Important uses and functions
Hinges	Main used as connecting hinges in various types of notebook computers, tablets, LCDs, video cameras, digital cameras, and other 3C electronic information products and audiovisual accessories.
MIM products (Metal injection molding)	Made using powder metallurgy and injection molding technology, able to manufacture various types of products with high strength and complex product shapes, can be used in various types of electronic, medical, and automotive products, etc.
Lathed products	Lathed parts with a diameter of 3mm – 32mm, chiefly used in various types of computer and electronic products and electric bicycle parts, etc.
Stamped spring products	Various types of precision stamped parts and spring products, chiefly used in switches and connectors in computers, electronics, optics, household appliances, information, communications, and instruments, etc.
Other precision processed items Customized products	Design and manufacture of molds, fixtures, and testing jigs, design and sales of customized automated equipment.

4. New products in the pipeline

(1) Development of hinge parts and components for ultra-thin computer and LCD monitor products, accessories, and assemblies.
(2) Development of hinges and related components for digital products and wearable devices in conjunction with customers.
(3) Development of hinges MIM (metal injection molding) products for folding mobile phone and tablets in conjunction with customers.
(4) Development of hinges for folding mobile phones.
(5) Development of parts and hinges for AR/VR.

(II) Industry Overview

1. Current trends and industry outlook:

The manufacture and sale of various types of hinges account for the greatest share of this company's business (approximately 62%), of which hinges used in LCDs account for 29%, hinges used in notebook computers ("NB") account for 26%, and hinges used in other 3C products (wearable devices and headphones) account for 7%; Metal injection molding parts (MIM) account for 7%; Other products account for roughly 31%.

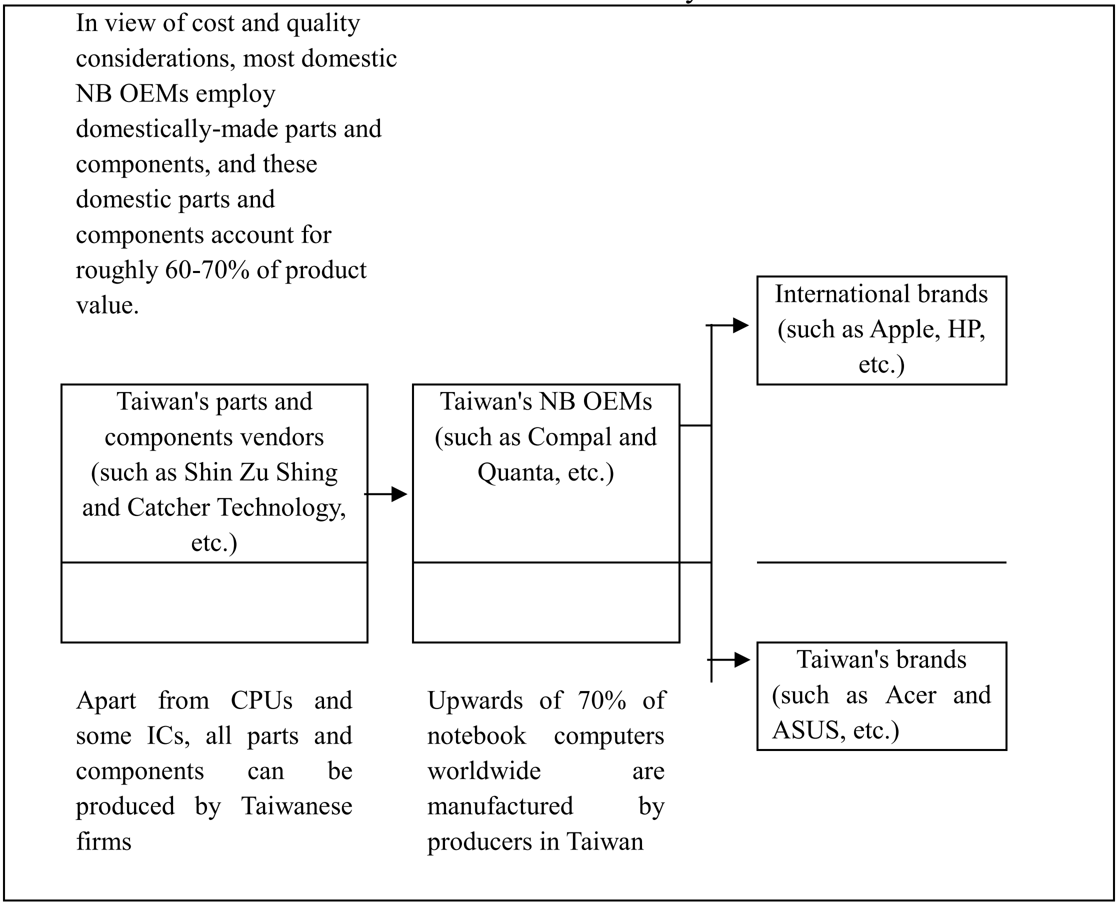
(1) NB： If we look at the history of notebooks, we see that the steadily shrinking size of NBs and desktop PCs, the introduction of new operating system versions and ARM platforms, and the continued increases in NB battery life have encouraged consumers to purchase notebook computers instead of desktop PCs.

Before the Covid pandemic, many industry observers believed that PCs would gradually go into decline, and become a niche tech product depending on replacement for sales. As a result, for a 10-year period, apart from several years of only slightly decreasing sales, for six years in a row, PC shipment volume decreased significantly. However, PCs have now encountered an opportunity for renewed growth

The NB industry is experiencing a time of intense competition. In order to reduce their inventory of parts and finished products, major international manufacturers are adopting cooperative international production-marketing models. By incorporating partner firms in their value chains, and establishing virtual integrated operating entities, companies are achieving sustainable competitive advantages; As the trend toward lower-price electronic products continues, to meet their quality and cost goals, major international PC manufacturers must search for specialized OEM partners offering good quality and advanced technology. Taiwan's manufacturers offer formidable R&D capabilities, process versatility and flexibility, and outstanding production quality, and can also take advantage of lower manufacturing costs in nearby China and local part and components supply chains that are growing steadily more extensive. As a result, manufacturers in Taiwan have become the OEM producers of choice for major international brands, including such leading information product brands as Dell, HP, Lenovo, and Apple. Because these brands all have steadily growing reliance on OEMs in Taiwan, the role played by Taiwan in global NB supply chains has become extremely important.

Looking ahead to the future, NB system vendors will continue to develop even lighter, thinner, and more compact products, and consumers' IT product performance and functionality requirements will also continue to grow even higher. Apart from basic computing ability, notebooks will also need to provide even more entertainment, wireless, security, and power-saving functions. As a result, from the perspective of both technology and demand, multimedia entertainment, wireless connectivity, and security will be focal areas of NB product development in the future. Because hinges have such a wide range of applications, regardless of how NB trends evolve (including greater thinness, multiple-segment, shape transforming, and 360° revolving functions), the hinge elements we produce will remain indispensable elements; In addition, responding to gradual shifts by NB manufacturers, we have recently been diversifying our development of consumer electronic products and precision processed parts, which will help us to respond to industry trends at an early date.

Taiwan's NB industry value chain



Source: ITRI IEK

Because NB computers have different computing and processing functions than desktops (DT), and there are fewer restrictions on their form factor or aesthetic design, NB functionality and form factor have been continuously improving, and the NB market has experienced steady product replacement. In addition, such major brands as HP, Dell, and Acer, etc. have all adopted low-price strategies in recent years, and have tried to better differentiate their products. As a result, the average retail price differential between NB and DT computers worldwide has continued to shrink, and notebooks have experienced a clear replacement effect. Even though it may prove difficult to maintain notebooks' past growth rate in the wake of growing competition from Tablet PCs and gaming/VR game computers, and slowing replacement of business notebooks, according to data from Canalys and IDC, the NB shortage resulting from the surge in working and going to school from home due to Covid-19 in 2020 and 2021 enabled PC shipment volume to set a growth rate record for the past decade in 2021, and PC shipment volume also reached a new high for the most recent five years during 2021. But after demand for PCs in 2020-2021 was satisfied, demand fell by 16% in 2022.

(2) According to the market survey firm IDC, because consumers are increasingly using smart watches and ear-worn devices in remote work and

for health and fitness tracking, these two products have captured relatively high market shares. Within these two categories, consumer spending on smart watches grew by 9.4% in 2022, with shipment volume reaching US$14.86 billion and market share attaining 30.2%. Because smart watches can be used for fitness and health tracking, they have been eagerly welcomed by increasingly health consciousness consumers. In addition, with the spread of remote working, smart watches have become essential accessories for many consumers, and help them in managing their work and busy lives.

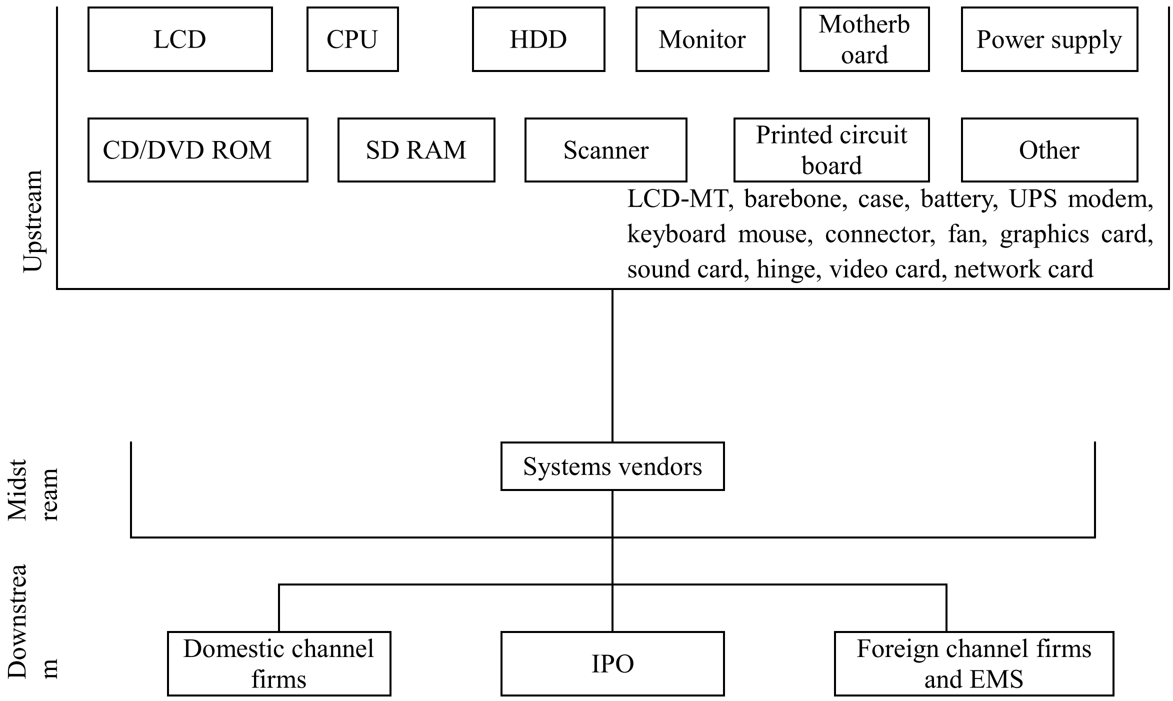
However, although ear-worn devices still enjoy a large market share and shipment volume, which were 62.3% and US$306 million respectively, their growth has dropped by 9.7%, which may be due to market saturation and weakening consumer demand for this type of product.

Company	2022 Shipments	2022 Market Share	2021 Shipments	2021 Market Share	Year-Over-Year Growth
Clothing	0.5	0.1%	0.9	0.2%	-43.0%
Earwear	306.8	62.3%	339.6	63.7%	-9.7%
Glasses	0.4	0.1%	1.3	0.2%	-66.9%
Modular	0.0	0.0%	0.1	0.0%	-57.8%
Other	0.7	0.1%	0.5	0.1%	39.6%
Smartwatch	148.6	30.2%	135.8	25.5%	9.4%
Wrist Band	35.0	7.1%	55.2	10.3%	-36.5%
Total	**492.1**	**100.0%**	**533.4**	**100.0%**	**-7.7%**

Units: 1m, source: IDC,Mar 2023

2. **Relationships with firms in the industry's supply chain:** In the personal computer (including PC and NB) industry, this company is a supplier of key parts and components—hinges—and is a member of the upstream segment of the supply chain, along with other parts, components, and peripherals (such as suppliers of central processors, LCDs, hard and soft drives, DRAM, SRAM, motherboards, power supplies, cases, mouse, batteries, keyboards, thermal slugs, hinges, and network cards, etc.); the mid-stream segment consists of computer system (PC and NB) manufacturers (such as Quanta, Wistron, Compal, Pegatron, Inventec, and Hon Hai, etc.); the downstream segment consists of domestic and foreign channel firms (such as Synnex, etc.), IPOs (such as: Dell, Lenovo, Hp, Toshiba, Apple, etc.) and EMS (such as: Ingram Micro, Tech Data, etc.). Furthermore, the hinge industry relies on mechanical structural design to assemble numerous mechanical elements into finished hinge products, and can meet customers' tolerance, torque, and durability requirements; manufacturers of rotating shafts, fixed shaft, zinc alloy, brackets, supports, tube spring frame, and rivets , etc.) are upstream members; manufacturers of rotating shafts, fixed shaft, zinc alloy, brackets, supports, tube spring frame, and rivets , etc.) are upstream members; This company is responsible for jointly developing structural design with downstream customers, and performs assembly of hinge finished products; it is subordinate to systems vendors manufacturing NBs, LCDs, and CDs, etc. in the mid-stream and downstream industry segments. The up-, mid-, and

downstream structure of the hinge is as shown below.



Source: III MIC

Upstream

Steel plate
SUS、SK

- Domestic steel: China Steel; Toyo, Tang Eng; Hwang Yu
- Foreign steel: Japan Sumitomo; Tien Yuan

Steel rod and wire
SUS、SWP、SUM

- China Steel: Chih Lien; GC Metal
- Foreign steel wire & rod: Japan Sumitomo; Nippon Seisen

Hinge-related parts

- Rotating shaft, retainer: Shin Zu Shing; Ju Fu; Bei Chuan
- Zinc alloy: Jin Xin; Ted-Yue
- Bracket, support: Shin Zu Shing; Zhen Yu; Jin Xin, Bo En; Hong Chi, Shen Hui
- Tube spring frame: Shin Zu Shing; Chin Le; Hong Chi
- Rivets: Huang Ming; Zhong Li

Midstream

NB、LCD、3C

- Shin Zu Shing
- Jarllytec
- Hsin Ho
- Lian Hong Art

Structural design
Mechanical processing
Inspection and testing
Assembly
Inspection and testing
Shipment

LCD

- Shin Zu Shing
- Jarllytec
- Foxconn
- Syncmold

Downstream

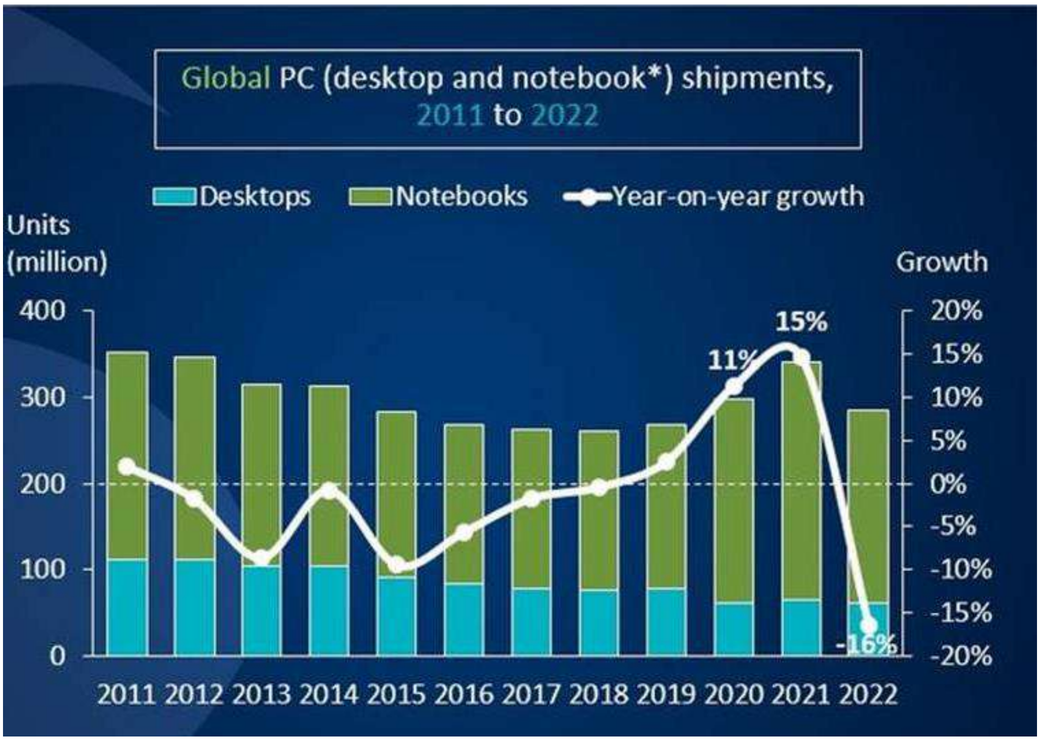
Wistron **Quanta** **Compal** **Pegatron** **Clevo**
Inventec **Hon Hai** **Link Com** **Luxshare** **Inventec Appliances**
Mitac **Goertek** **Chicony**

3. Product development trends and competition

(1) Product Trends

(A) NB：

Due to deteriorating economic conditions, rising interest rates, tightening of government and corporate budgets, and reduced consumer spending in expectation of a recession, the global personal computer market performed poorly during the second half of 2022, and total shipment volume of desktop and notebook computers shrank by 29% during the fourth quarter, which was also the fourth straight quarter of decline. In spite of these circumstances, total global shipment volume in 2022 was nevertheless 7% higher than in 2019. In spite of the impact of Covid, the PC market is still stable.



Source：Canalys,Jan 2023

(B) LCD Monitor：

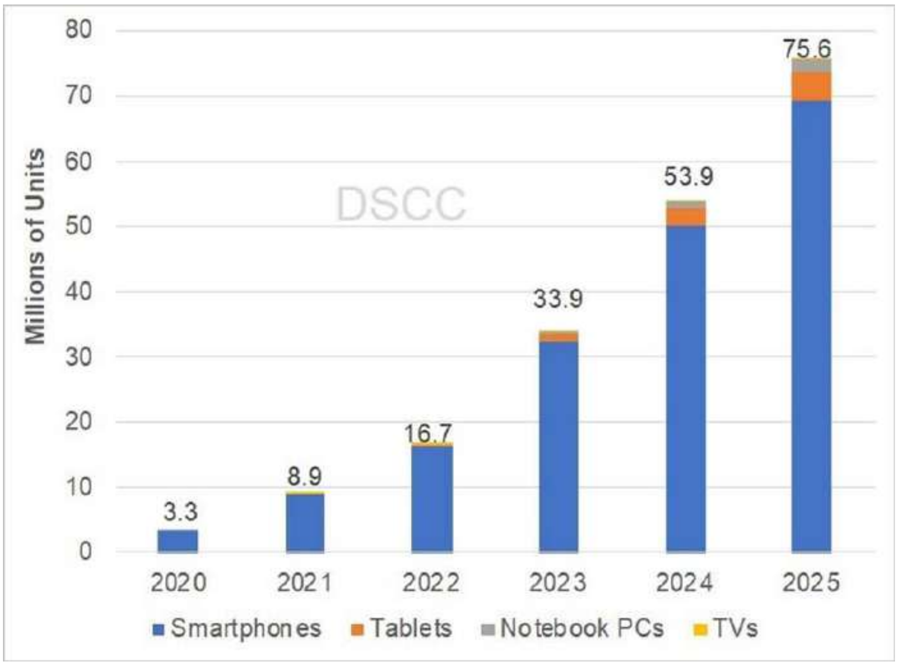
LCD monitors have reached a mature stage, and the industry's growth momentum is waning. The growth in shipment volume is slower than in the past, and the emergence of popular consumer electronic products, such as Apple's iPad and Surface, has had an unbeneficial impact. However, looking ahead to the future, as LCD AIO devices grow increasingly common, along with the emergence of smart family ecosystems and introduction of new operating system versions, as well as the end of support for old operating systems, new incentives and increased demand from the gaming market, monitor market growth can be expected to increase.

(C) Digital video cameras:

Because a growing number of digital cameras and smartphones have video recording functions, this market is expected to gradually atrophy, and shift toward the multifunctional, high-end market, such as by combining video recording and Wi-Fi transmission functions.

(D) Flexible devices:

According to a DSCC report, shipment volume of foldable screens will increase at a CAGR of 65% from 2022 to 2025, and reach US$75.6 million. Devices with foldable screens have tremendous potential in emerging economies, and can be applied in the design of many different products. Smartphones are likely to be the largest market, and it is expected foldable screen will be used in 92% of smartphones, making foldable screens a key trend in the smartphone market.



Source：DSCC,Mar 2023

(2) Product competition

Thanks to the cost advantages, global operations management capabilities, and constantly-improving product quality of Taiwan's manufacturers, consistent production orders from major foreign brands have enabled Taiwan's information hardware products to maintain a significant global market share. This company's main business items consist of the R&D, manufacture, and sales of hinges, MIM (metal injection molding) product, precision processed parts, spring products and stamped products. Hinges constitute its mainstay products, and account for more than 80% of the company's operating revenue; in the case of hinge products, because this company possesses a full line of high-precision hinge structural products, its products are widely used in notebook computers, LCD screens, and CD electronic products, etc. Although competitors used a low-price strategy to capture market share in the wake of the financial crisis, which had a major impact on our profit margins, the superiority of this company's processing capabilities and product lines has remained unaffected.

Because they have important components supply chain advantages, and are continuously expanding their capacity, major notebook computer manufacturers have considerable room for cost-cutting. But in order to maintain good relations with their customers, in the face of customers desire to slash OEM prices, a choice between getting more orders and maintaining healthy profit margins must be made. If manufacturers wish to obtain more orders and maintain good relationships with their customers, they are often forced to strategically sacrifice some of their profit margins. The electronics industry faces an era of slender profit margins. While the "big get bigger" effect assumes that larger size can ease the impact of smaller profit margins, and large-scale growth in revenue can allow a certain degree of profitability to be attained through cumulative small profits, in the unprecedentedly harsh environment the electronics industry now faces, the "big get bigger" pathway is no longer a guarantee of profitability. How to rely on R&D to boost product added value, escape a pure OEM model, and avoid the trend toward notebook computers becoming yet another conventional industry have become some of the most urgent contemporary issues for manufacturers.

This company plans to expand its automated equipment, and ensure that its R&D and design capabilities meet the highest world standards. We look forward to achieving customer satisfaction through stable high quality, and hope to achieve globalization by keeping pace with the world's leading brands.

(III) Overview of Technology and R&D

1. Expected R&D investment in the most recent fiscal year and up to the publication date of this Annual Report

Unit: NT$ thousand

Item	2022	2023 up to March 31
R&D expenditure	198,327	41,309
Net operating income	11,824,698	1,879,933
Percentage of operating revenue %	2%	2%

2. Technologies and products successfully developed the most recent fiscal year and up to the publication date of this Annual Report

LCD monitor hinges, high-end thin NB hinges, and MIM (metal injection molding) parts for applications in wearable products, etc.

(IV) Long- and Short-Term Business Development Plans

1. Short-Term Development Plan

(1) Market strategy

(A) Maintaining market share of existing products, and simultaneously developing products with market niches.

(B) Expanding international markets, increasing coverage.

(2) Business strategy
   (A) Boosting degree of automation and optimizing logistics management, cutting costs.
   (B) Boosting products' added value, increasing profit margin
   (C) Strengthening manpower resources, cultivating a management team with a global perspective
(3) R&D strategy
   (A) Cooperation with domestic and foreign universities and research units for the purpose of developing new technologies.
   (B) Dedication to forward-looking technology R&D, shortening the time from R&D to mass production.
   (C) Low carbon products, boosting product use value and use cycle.
   (D) Strengthening quality control, ensuring that product quality meets market needs.

2. Long-Term Development Plan

(1) Market strategy
   (A) Getting closer to markets and establishing customer service locations and production facilities; providing synchronous collaborative design service and manufacturing locally to ensure rapid supply.
   (B) Using technological capabilities to expand new market areas and ease the risk of excessive product concentration.
(2) Business strategy
   (A) Strengthening brand image, boosting market competitiveness.
   (B) Multinational division of labor, strengthening competitive advantage.
   (C) Strengthening supply chain management, increasing efficiency and quality stability.
(3) Research and development
   (A) Continuing investment in R&D, development of new products and new technologies possessing market potential.
   (B) Mastering advanced manufacturing technologies, boosting product quality and production efficiency.
   (C) Strengthening protection of intellectual property ownership, strengthening patent and technology licensing management.
   (D) Development of early preliminary process rationalization.
   (E) Establishment of flexible manufacturing systems.
   (F) Promotion of green manufacturing to reduce environmental pollution and wasted energy.

II. Market, production and sales

(I) Market analysis

1. Main product sales areas

Unit: NT$ thousand

Region	2022		2021	
	Operating revenue	%	Operating revenue	%
Taiwan area	228,299	2	244,333	2
Asia-Pacific	11,403,112	97	11,232,577	93
America	158,282	1	642,619	5
Europe	35,005	-	21,420	-
Total	11,824,698	100	12,140,949	100

2. Market Share

This company retains a certain degree of leadership and market share in the global notebook computer parts and components market. This company will continue to maintain its active, innovative spirit, and will work with leading partners worldwide to continuously introduce new devices in keeping with market trends. We consequently foresee that this company will continue to boost its market status in areas apart from NCs, including such areas as desktop screens, wearable devices, and various types of precision parts and components.

3. Future market supply and demand and future growth

Taiwan is currently the world's leading producer of notebook computers, and possesses global operations capabilities, fast response, and a large economy of scale. In spite of the emergence of competitors in mainland China, Taiwan's NC producers still account for more than 70% of all NC production. Thanks to waves of replacement driven by newly-introduced chips, remote working and instruction, and even the continued development of telemedicine, this company's electronics parts and components, including hinges, still retain room for growth.

4. Competitive niches

Our technology team specializes in R&D and design and has a strong technical background and innovation ability with respect to structural connections in various device types, precision molds, progressive die design, and precision springs. We further possess technology R&D capabilities surpassing those of our peers, and can offer highly flexible manufacturing procedures. These capabilities constitute our company's key competitive niche.

(1) We possess large-scale rationalized, expandable equipment, and expect we can use our equipment to increase capacity and quality. We look forward to achieving our ideal of globalization by keeping pace with the world's leading brands.

(2) Our R&D and design capabilities meet the world's highest standards, and our stable quality has won customers' strong approval. We are relying on new

product R&D and patents to boost our profit margins.

(3) This company enjoys stable finances, sustainable management, good credit, flexible allocation of funds, and the means and flexibility to withstand violent market fluctuations.

(4) A strong business management team: This company has adopted a professional manager system and provides full authorization. As a consequence, it can respond with sensitivity to market changes, and make quick decisions when necessary. Upper managers have strong strategic foresight, and staff qualifications are high. Managers are full of ambition, and rely on in employee profit-sharing policy to strengthen corporate cohesion. The management team has developed excellent teamwork between the areas of production, marketing, and management support.

(5) Extensive management technologies and leading process technologies: Management technologies at the manufacturing site are the most direct determinant of quality, delivery, and cost. Our management team has extensive on-site management experience and continues to improve efficiency to meet customer needs. The production machinery used by this company consists of the most advanced international devices. We are a leader among our domestic competitors when it comes to small-dimension machinery, and our extensive management technology allows us to keep efficiency at the highest possible level.

(6) A complete product lineup: This company's NB hinge product lines include conventional, twin-coil type, zinc alloy type, and Autolock, ultra-thin type hinges, as well as 360° rotation and flexible device hinges. In no cases are competing domestic and foreign suppliers' product lineups as all-inclusive as this company's, and our product development capabilities will allow us to keep pace with the trend toward integrated information, communications, and consumer electronics products.

(7) Comprehensive marketing and international division of labor system: In order to achieve the goal of real-time supply, our international marketing system and all-inclusive product lineup can maximize our international marketing advantage.

(8) Domestic development and production of high precision parts: Our high-margin niche products are currently all produced domestically in Taiwan; we seek to both comply with the government's roots in Taiwan policy, and also avoid the leakage of technology.

(9) We are boosting our in-house production capabilities and adopting automated production technologies.

(10) We possess extensive experience in joint development with the world's best-known brands and a well-seasoned team, and our complete corresponding system includes the stages of design, mold development, quality verification, and mass production. We can satisfy customers' need for various types of reports and data and documents needed for communication. We also can offer a highly-automated quality tracking system. We can perform complete

quality management spanning from yield rate to our production personnel.

5. **Favorable and adverse factors for long-term development and response measures**

(1) Favorable factors

(A) Electronics industry still has room for growth: Responding to structural changes in the global electronic information industry, trend towards information appliances, and the informatization of household appliances, electronic information, communications, and optoelectronic consumer electronic products, as well as cloud-related products, are certain to have a growing need for various types of hinges. This is sure to have a positive influence on this company's sales and profitability.

(B) Stable product quality: Thanks to this company's many years of implementing rationalized automated production, optimization of production efficiency, defect rate control, and implementation of modifications, we have gained mastery of electronic parts production technology. In addition, our establishment of overseas subsidiaries and extensive collaboration and interaction with customers, including encouragement of their establishment of effective quality management systems, and implementation in production and logistics operations, has resulted in stable and steadily increasing orders.

(C) We possess professional technology and a highly cohesive management team: Thanks to our management team's extensive specialized technical experience, as well as our ability to develop optimal production conditions, we can achieve the highest possible production performance and minimize manufacturing costs. Because of the high cohesiveness of our management team and primary-level personnel, the dedicated efforts of management and employees alike has resulted in steadily higher sales and profits.

(D) We have established excellent lasting collaborative relationships with major international NB and LCD OEM manufacturers: This company's main customers chiefly consist of major international NB and LCD OEM manufacturers (including Pegatron, Compal, Quanta, Wistron, Link Com, Inventec, Hon Hai, Qisda, and TPV, etc.), and we have maintained excellent collaborative relationships with these companies for many years. Constructive interaction in the areas of product R&D and production has remained the rule, and we have won our customers' widespread approval. Because of the close cooperation needed between the upstream and downstream segments of the NB and LCD industry, our effective collaboration with customers facilitates mutual technology sharing, and helps us obtain even more chances for collaboration with customers, as well as opportunities to develop new products.

(E) Robust R&D and design capabilities: Since it was established, this company has recognized the importance of technology development and rooting. As a result, we have trained many senior industry personnel, actively participate in customers' R&D projects, and have established a solid technological foundation. In addition, we also provide all-round training to existing employees, which includes: Transmission of the company's internal technologies, holding of internal education and training courses, and participation in external education and training. These training measures serve to boost the technical skills of our personnel, and ensure that the quality and quantity of our human resources can continue to growth as the company develops. We also distribute our training efforts throughout the areas of product design and development, process improvement, quality improvement, and equipment rationalization, which has ensured that we can offer robust R&D and design capabilities. We also participate in industry-academic and school-to-work programs, which has stimulated our employees' innovative talents and strengthened our R&D foundation.

(2) Unfavorable factors

(A) Shortages of labor have caused manpower costs to increase: Taiwan has enjoyed rapid economic development and gradual shifts in industry ecosystems in recent years. Various service industries have emerged, and manufacturing has shifted from conventional labor-intensive industry to capital- and technology-intensive sectors. This has reduced manufacturing firms' need for workers, and made recruiting of primary-level labor difficult.

Response measures:

(a) Since we entered the field of precision parts and components production, we have striven to rationalize production and improve processes. We rely on the acquisition of up-to-date machinery and equipment to boost our degree of rationalization and reduce our dependence on manpower, and we hope to keep increasing the unit output efficiency of our primary-level manpower.

(b) We have acquired foreign workers for production in Taiwan, and established production sites in China. This dual-track approach to resolving labor shortages and outflow of personnel will help bring about the long-term improvement of product quality and reduction of production costs.

(c) We are strengthening employees' pre-service and in-service training, boosting personnel qualifications and productivity, and striving to plan human resources and strengthen employee benefits in order to effectively reduce our personnel turnover and boost corporate profitability.

(B) Increasingly intense price competition: The rapid upgrading of tablet PCs and NBs has caused the retail prices of NB products to trend steadily downward, which has compressed the profit margins of NB parts and components. Apart from adjusting prices to meet customers' needs, NB part manufacturers must also respond to increasingly harsh price competition if they hope to remain partners of NB manufacturers.

Response measures:

(a) Plant expansion to increase vertical integration capability and achieve an integrated production model. We are relying on economy of scale and cost control to enhance our ability to respond to price competition.

(b) Strengthening collaborative relationships with customers, continuing to develop niche devices in conjunction with customers, and relying on on the higher retail prices of niche products to obtain relatively high profit margins.

(c) Development of new structure to meet customers' need for innovation. We hope to rely on steadily improving technology to increase the competitiveness of our products.

(C) Extreme impact of exchange rate fluctuations: Due to our steadily increasing export rate, excessive exchange rate fluctuations may erode our corporate profitability.

Response measures:

(a) stay fully aware of exchange rate trends, which will reduce the risk of exchange rate fluctuations impacting our corporate revenue and profit.

(b) When exchange rate fluctuations are severe, we will adopt other measures (such as foreign exchange trading) to ease the impact of exchange rate fluctuations, we may employ a natural hedging approach to reduce our net USD asset position.

(II) Production Procedures of Main Products:

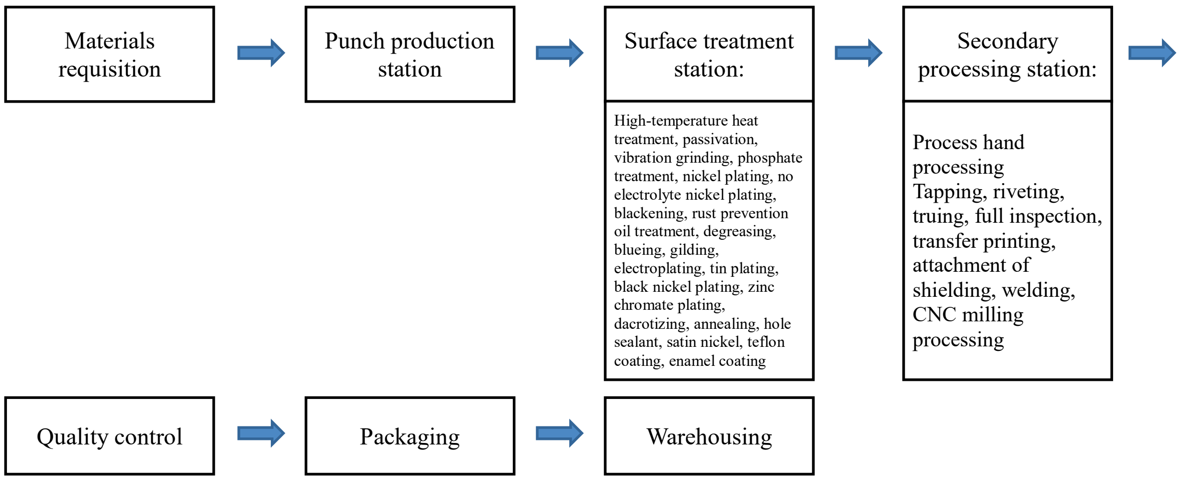
1. Applications of major products:

Product Category	Important uses and functions
Hinges	Main used as connecting hinges in various types of notebook computers, tablets, LCDs, video cameras, digital cameras, and other 3C electronic information products and audiovisual accessories.
MIM products (Metal injection molding)	Made using powder metallurgy and injection molding technology, able to manufacture various types of products with high strength and complex product shapes, can be used in various types of electronic, medical, and automotive products, etc.
Lathed products	Lathed parts with a diameter of 3mm – 32mm, chiefly used in various types of computer and electronic products and electric bicycle parts, etc.
Stamped spring products	Various types of precision stamped parts and spring products, chiefly used in switches and connectors in computers, electronics, optics, household

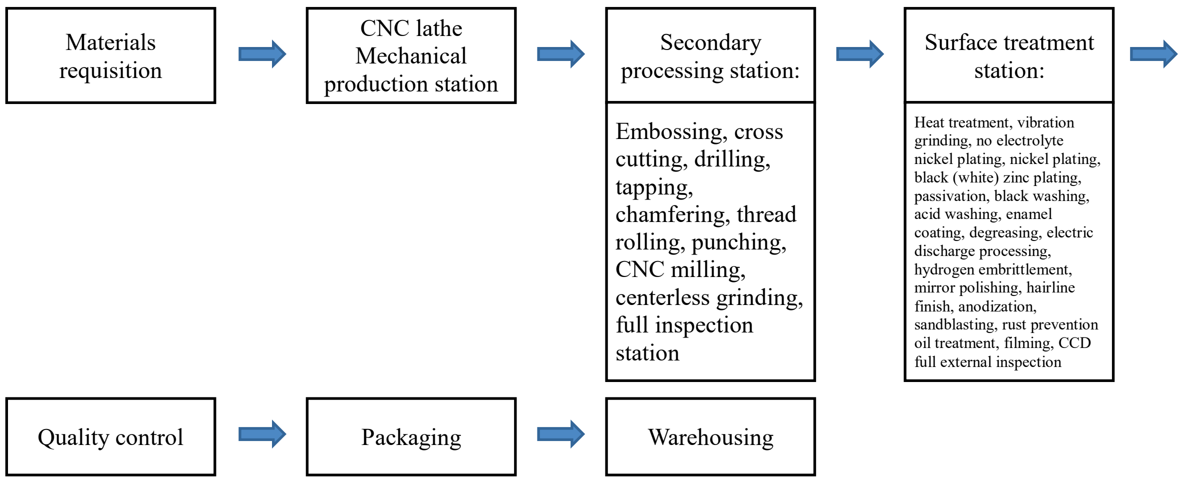
	appliances, information, communications, and instruments, etc.
Other precision processed items Customized products	Design and manufacture of molds, fixtures, and testing jigs, design and sales of customized automated equipment.

2. Product production processes:

(1) Stamping part production processes



(2) Lathe turning part production processes



(3) Spring processed part production processes

Materials requisition → Spring processing Mechanical production station → Secondary processing station: Engineering hand processing → Surface treatment station: Heat treatment, nickel plating, rust prevention oil treatment, zinc yellow, blueing, degreasing, blackening, grinding, ammonia lead, hydrogen embrittlement, yellowing, greening, oranging, tin plating, phosphate treatment →

Quality control → Packaging → Warehousing

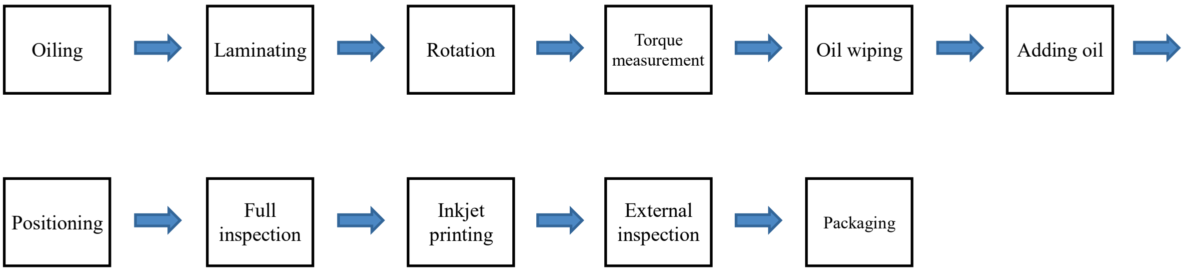
(4) Hinge assembly processes

①Conventional type

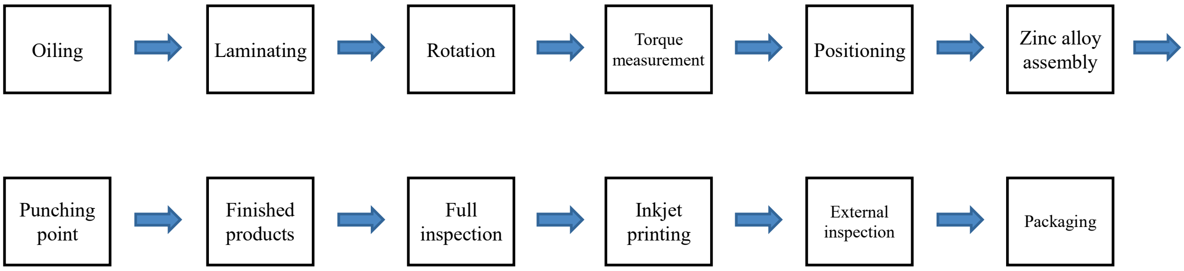
Oiling → Assembly → Tightening → Rotation → Torque measurement → Oil wiping →

Positioning → Full inspection → Inkjet printing → External inspection → Packaging

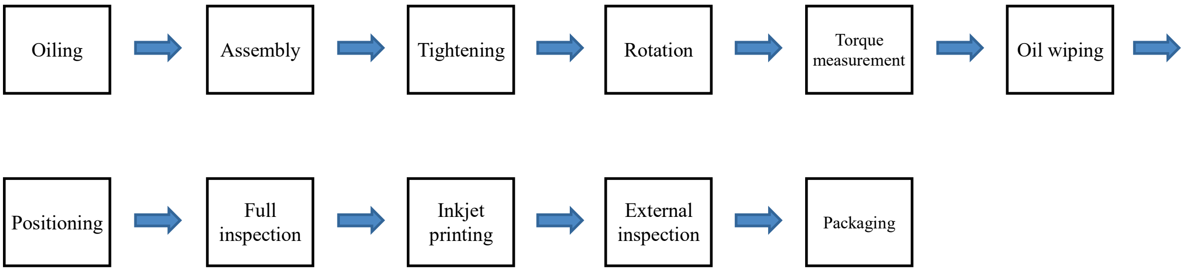
②Twin-coil type



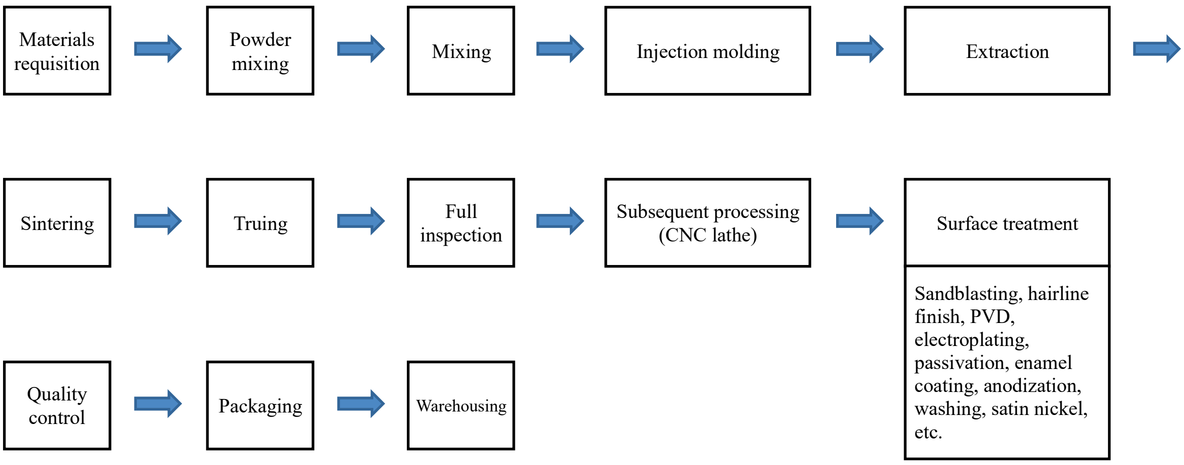
③Zinc alloy type



④AUTOLOCK



(5) Metal injection molding (MIM) part production processes



(III) Supply status of primary raw materials

Main raw materials	Major supply source	Supply status
Bracket/ retainer/ support	Jing Cheng, Ted-Yue, Shen Hui, etc.	Excellent
Rotating shaft/ pivot/ sleeve	Fu Jia, Sen Hai Hsin, Zheng Jie, Guo Chao, Wu Da, etc.	Excellent
Stamping parts	Hong Chi, Luzhi Pinfu, Fu Wei, De Yao, etc.	Excellent
Metal plate/ rod	Qiang Lin, Ju Qi Yuan, Jia Guan, GC Metal, etc.	Excellent
Spring plate/ spring	Jin Yi, Yi Jin, and Li Fu De, etc.	Excellent
Wire & rod	Ikuta, Daiichi, Manho, etc.	Excellent
Screws/ nuts/ rivets, etc.	Mei Bei Ya, Gao Jing, Hamanaka, Hong Yu, etc.	Excellent
Steel plate/ copper plate	Tien Yuan, Hwang Yu, etc.	Excellent
Iron parts/lathed parts	Guang Heng Hardware, Yong De Mao, Mi Ya, Zhong Gui, Zheng He, etc.	Excellent
Plastic parts	Yuan Hai, Min Wei, Jin Shun Fa, Yi Cheng, Xian Feng, etc.	Excellent
Powder raw materials/ iron powder	BASF, Gredmann, etc.	Excellent
Die-casting parts	AMJ, Xing Lian Yi, Quan Xun, Ri Shan, Pan Yu, etc.	Excellent
Cardboard cartons, labels, tags, etc.	Qi Hang, Qu Du, Mai Rui, Xing Hong Chuan, etc.	Excellent
Aluminum extruded caps	EBEST, Xi En Bi, Zhuchang, etc.	Excellent

(IV) Major Suppliers and Customers in the Last Two Years:

1. **Names of suppliers who accounted for more than 10% of the purchases of the Company in the last two years:** N/A.
2. **Names of customers who accounted for more than 10% of sales in the last two years:**

Item	2021				2022				Q1 2023			
	Name	Amount	Percentage of net product sales during year %	Relationship with issuer	Name	Amount	Percentage of net product sales during year %	Relationship with issuer	Name	Amount	Percentage of net product sales during year %	Relationship with issuer
1	Company A	1,379,883	11	—	Company A	1,684,291	14	—	Company A	486,795	26	—
2	Company B	1,362,970	11	—	Company B	—	—	—	Company B	—	—	—
	Other	9,398,096	78	—	Other	10,140,407	86	—	Other	1,393,138	74	—
	Sales Net amount	12,140,949	100	—	Sales Net amount	11,824,698	100	—	Sales Net amount	1,879,933	100	—

3. **Explanation of changes:** Due to customer changes in 2022, overall net product sales fell compared with 2021. As a result, fewer customers accounted for more than 10% of net sales in 2022 than in 2021.

(V) Output volume and value for the most recent two years

Units: 1,000 pcs./ NT$ 1,000

Year / Production / Volume and value of main products	2022			2021		
	Production capacity	Quantity	Output value	Production capacity	Quantity	Output value
Hinge products	700,000	418,241	12,118,968	700,000	518,226	11,096,757
MIM	160,000	107,229	1,677,750	160,000	118,206	1,610,759
Total	860,000	525,470	13,796,718	860,000	636,432	12,707,516

Explanation of changes: Although output of hinge products and MIM products fell in 2022 compared with 2021, product value increased, which was chiefly due to softening product demand, the change to new products, and changes in product lineup.

(VI) Sales in the Last Two Calendar Years

Unit: 1,000 pcs./ NT$ 1,000

Year / Sales volume and value / Major Product	2022				2021			
	Domestic sales		Exports		Domestic sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Hinge products	28,148	198,724	219,373	10,753,174	42,014	214,826	272,994	10,893,121
MIM	865	14,073	18,881	812,876	1,115	22,844	19,105	914,114
Other	802	15,502	408	30,349	213	6,663	3	89,381
Total	29,815	228,299	238,662	11,596,399	43,342	244,333	292,102	11,896,616

Explanation of changes: The reduction in volume and value of hinge products and MIM products in 2022 compared with 2021 was chiefly due to the switch to new products and softening market demand; as a result, overall product sales volume and value both fell compared with 2021.

III. Number of employees, average length of service, average age, and education distribution of employees in the most recent two years and up to the publication date of this Annual Report

March 31, 2023

Year		2021	2022	March 31, 2023
Number of employees	Direct employees	2,874	1,722	2,007
	Indirect employees	1,370	1,306	1,271
	Total	4,244	3,028	3,278
Average age		36.6	37.2	37.0
Average years of service		4.8	4.7	4.5
Academic qualification	PhD	0.05%	0.07%	0.06%
	Master	3.02%	3.86%	3.51%
	University/College	24.27%	29.66%	27.12%
	High school	20.00%	21.23%	21.20%
	Below high school	52.66%	45.18%	48.11%

IV. Environmental protection expenditure information

(I) According to laws and regulations, if a permit must be obtained to install polluting facilities or discharge pollutants, or pay pollution control fees must be paid, or a dedicated responsible unit/office for environmental issues must be set up, the description of the status of such applications, payment or establishment shall be made:

This company has obtained ISO 14001 environment management system certification and QC 080000 environmentally restricted substance management certification, upholds the spirit of conserving natural resources, and strives to advanced pollution preventin and continued improvement. In the future, the company will strive to implement environmental performance strategies including green R&D design, Green Mark certification of products, and product life cycle assessment.

(II) The Company's investment in major environmental pollution prevention equipment, use, and expected benefits:

Unit: NT$ thousand

Item No.	Environmental protection expenditure category	Investment item	Use and benefit	Expenditure Amount
1	Water pollution control	Wastewater treatment facility operation and maintenance	Wastewater is treated so that it meets effluent standards in laws and regulations	10,662
2	Water pollution control	Wastewater recycling and treatment facility operation and maintenance	Wastewater recycling and reuse	2,587
3	Water pollution control	Wastewater effluent testing	Quarterly reporting and compliance with discharge standards in laws and regulations	288
4	Air pollution control	Air pollution fee reporting	Quarterly reporting and regular payment of fees	378
5	Air pollution control	Air pollution control testing	Quarterly reporting and compliance with emission standards in laws and regulations	325
6	Air pollution control	Air pollution facility operation and maintenance	Air pollutants are treated in order to meet legal and regulatory standards	1,095
7	Waste clearance and disposal	Waste testing	General industrial waste (sludge testing) Hazardous industrial waste (waste liquid testing)	60
8	Waste clearance and disposal	Outsourced waste disposal	All general and hazardous industrial waste is adequately treated and	7,334

			disposed of	
9	Soil and groundwater remediation	Soil and groundwater remediation fee reporting	Quarterly reporting and regular payment of fees	17
10	Noise pollution control	Noise measurement in adjacent areas	Regular annual measurement	84
Total				22,830

(III) Environmental Protection Expenditure List the losses suffered by the Company due to pollution of the environment in the most recent fiscal year and up to the publication date of this Annual Report (including compensation and results of environmental protection audits that violated environmental protection laws and regulations; specify the date of the penalty, penalty number, violated articles in regulations, content of violation, and the content of penalties), and disclose the estimated amount arising both at present and in the future and the corresponding countermeasures. If the amount cannot be reasonably estimated, the reason for the inability to provide a reasonable estimate shall be explained:

Item No.	**1**
Date of penalty	2022/1/6
Year of violation	2021
Penalty number	Xin-Bei-Huan-Ji-Zi No. 1102525466
Regulation violated	Article 7, Paragraph 1 of the Water Pollution Control Act; Article 2, Paragraph 1 of the Effluent Standards
Content of violation	Industrial and wastewater sewer systems and building wastewater treatment facilities must comply with the Effluent Standards when discharging wastewater (sewage) into surface water bodies. Metal basic industry, metal surface treatment industry, and the electroplating industry must comply with a suspended solids (SS) standard of 30 mg/L
Content of penalties	This bureau has sent personnel to inspect your company's Shulin plant, and has obtained the following inspection results after sending water samples from effluent outlets for testing: Suspended solids: 96.0 mg/L (limit: 30 mg/L), does not comply with Effluent Standards.
Estimated amount	NT$252,000
Response measures	Issued contract to cut off effluent not attributable to this company. Requirement to make improvement within a limited time period was subsequently cancelled after follow-up inspection by the Bureau of Environmental Protection on December 10, 2021.

V. Employees-employer relations

(I) The Company's employee benefit measures, continuing education, training, and actual state of implementation

The company takes employee benefits very seriously, and makes monthly pension contributions in accordance with labor laws. The Company has established and registered an "Employee Welfare Committee" to actively implement the following benefits:

1. Employees must participate in Labor Insurance and National Health Insurance in accordance with the law, and employees are also enrolled in Group Insurance.
2. On-the-job training is provided to enhance employees' professional skills based on their job requirements and expertise.
3. Employees receive year-end bonuses based on the Company's business performance, individual work performance, years of service, and proportion of year the employee was employed.
4. Marriage and funeral subsidies and consolation for hospitalization.
5. Holiday bonuses and birthday cash gift.
6. Medical check-up and full-time nurse.
7. Dormitories are provided for employees who have moved from distant places.
8. Employee cafeteria and company uniforms
9. Subsidies for on-the-job training
10. Children's education subsidies.
11. Company trip subsidies.

The company has drafted "Education and Training Procedures" to guidance employees' training and continuing education. We rely on education and training to boost individuals' qualifications and maintain outstanding human resources. We also specify that all employees must complete one hour each of labor human rights and health/safety law and regulations training classes each year.

This company's education and training implementation and its benefits in 2022 were as follows:

Training type	Training item	Training content	Women, person times	Men, person times	Total training hours
Internal training	New employee training	We make sure that new employees learn about the company's history and future development, explain employees' rights and duties, and provide education concerning general occupational safety, information security, and quality, etc., ensuring that new personnel quickly become a part of the organization.	132	167	1,794
	Quality training	Establishment of ISO, ITAF16949, and GP quality system and laboratory quality standards systems.	362	533	2,768
	IT education	We are striving to enhance the information security awareness of all in-plant personnel, and hold occasional social engineering prevention exercises.	25	64	178

Training type	**Training item**	**Training content**	**Women, person times**	**Men, person times**	**Total training hours**
	Professional training, technology extension	We provide training in accordance with each department's annual training plans, have cultivated a group of in-house speakers, invite external speakers to conduct in-plant classes, and hold various types of specialized training and technology mentorship activities. Includes internal application and operating procedure instruction, basic/ technological function courses, and new industry knowledge training and education. Personnel receiving training can broadly apply their learning results to internal work processes and efficiency. In addition, our innovation and improvement proposal incentives have improved work satisfaction.	296	593	1,156
	Manager training	Our manager training has strengthened managers' management functions and awareness of corporate social responsibility (CSR) issues, as well as investigation and implementation of ESG corporate sustainable development matters.	46	92	330
	Occupational health and safety, labor human rights, and ethics education	In order to strengthen awareness of safety and human rights, we arrange one hour each of labor health and safety and labor human rights courses for all in-plant personnel.	1,987	1,870	4,069
External training	Manager skill enhancement training	We arrange external talks and training sessions intended to improve managers' leadership and management skills, and maintain a consensus between managers and the organization consensus; We arrange annual management ability and consensus building courses for primary-level, middle, and upper managers.	27	86	348
	Professional external training, licensing work	We arrange various kinds of external licensing training to help personnel obtain equipment operation, hazardous work, and first-aid licenses, and also arrange refresher training, ensuring that personnel stay safe while on the job, and meet relevant legal and regulatory requirements. Such as: Forklift operators, occupational accident first aid personnel, fire prevention managers, special chemical operation managers, and crane operators, etc.	11	82	997
Online learning	Online courses, knowledge sharing	We acquired a digital learning management system in 2023 to provide colleagues with online learning and interdepartmental knowledge and teaching materials sharing; this system includes general knowledge courses, basic, and technical courses. Managers and lecturers maintain up-to-date employee learning records and provide feedback at appropriate times.	-	-	-
Personal growth	Continued learning, in-service continuing education	We encourage colleagues to improve their work-related professional skills and develop second skillsets; We actively apply for internal and external seminars and talks, and provide training subsidies. We make sure that personnel responsible for management, audits, tax affairs, and financial accounting keep improving their skills and can acquire the most up-to-date knowledge and information.	15	15	93
		Total	2,901	3,502	11,732

(II) Retirement system and its implementation

1.The Labor Pension Act took effect on July 1, 2005 and laborers were allowed to choose between the pension system set forth in the Labor Standards Act, or the pension system set forth in the Labor Pension Act with their years of service retained for the new pension system. The Company established its Employee Retirement Regulations in accordance with the Labor Pension Act, and began contributing 6% of employees' monthly salaries to their personal pension account starting on July 1, 2005. (Pursuant to the Labor Pension Act, the ratio of pension contributions to be borne by employers may not be lower than 6% of employees' monthly salaries.)

2.The Company's Employee Retirement Regulations established in accordance with the Labor Standards Act uses the defined benefits plan, in which employees receive two basis points for each full year of service within 15 years (inclusive), and an additional basis point for each year after 15 years, limited to 45 basis points in total. Payment of employee pensions is calculated based on the employee's years of service and 6-month average wage before the approved date of retirement. The calculation of average wage is in accordance with the Labor Standards Act. The Company makes contributions to employees' pension fund in a dedicated account at the Central Trust of China in accordance with the Labor Standard Act.

3.The company handles pensions in accordance with International Accounting Standards No. 18.

(III) Employee-employer agreements and measures to protect employee rights and interests: The company has maintained labor-management harmony since the time it was established, and encourages all personnel to devote their efforts to the joint development of the enterprise. There were no labor-management disputes that resulted in losses in the most recent and up to the publication date of this Annual Report. We will continue to strengthen labor-management communication in the future, and strive to prevent the occurrence of any disputes; We will make dedicated efforts to ensure that both employees and management achieve a shared consensus, which will ensure that the company's business undertakings proceed smoothly.

(IV) List the losses suffered by the company due to labor disputes in the most recent year up to the publication date of this annual report (including violations of the Labor Standards Act in the results of labor inspections; specify the date of the penalty, penalty number, violated articles in regulations, content of violation, and the content of penalties), and disclose the estimated amount arising both at present and in the future and the corresponding countermeasures. If the amount cannot be reasonably estimated, the reason for the inability to provide a reasonable estimation shall be explained: None. We will continue to strengthen labor-management communication in the future, and strive to prevent the occurrence of any disputes; We will make the dedicated efforts to ensure that both employees and management achieve a shared consensus. The company consequently does not anticipate any losses of this type in the future.

(V) Employee code of conduct or ethics

The company has drafted relevant rules and regulations to guide the conduct of all employees. Employees can view relevant regulations on the company's internal website. Relevant regulations are summarized as follows:

1. Approval authority: The company has drafted an approval authority table, which clearly assigns duties and powers to personnel at all levels in accordance with the principle of delegation of responsibilities.
2. Duties and powers of departments: We have determined duties and communication procedures for each department in the organization, and established rules and communication channels promoting the integration of organizational systems.
3. Employee handbook: The employee handbook specifies employee management work rules for all company personnel, including rights and duties with regard to work attendance, rewards and penalties, leave and vacation time, and performance evaluation.

(VI) Protection Measures for the Work Environment and Employees' Personal Safety

The company's labor health and safety conditions uniformly comply with the competent authority's regulations. The company has also adopted the ISO14001 environment management system, QC 080000 environmental restricted substance management system, OHSAS 18001: occupational health and safety system, and CNC 15506 Taiwan occupational health and safety management system certification. All employees must comply with relevant health and safety work rules.

1. Health and safety management units and personnel: The company has assigned worker safety personnel and first aid personnel to serve as its health and safety implementation units.
2. Facility safety: The company has drafted equipment maintenance and inspection standards, and maintain procedures for all equipment. Special tools and machinery must be maintained in accordance with regulations in all cases, and must be operated by qualified personnel.
3. Environmental health: As required by the competent authority's regulations, the company performs testing on a regular basis, and gives employees regular health check-ups when warranted by the nature of their work. The company also has full-time physicians and nurses stationed at its plants.

VI. Information and communications security management

(I) Information and communications security risk management framework

Shin Zu Shing complies with the information security management mechanisms and requirements of the competent authority, the Financial Supervisory Commission, which has classified listed companies as three grades. As a second grade company, this company must complete establishment of a dedicated information security unit, manager, and information security personnel by the end of 2023; this unit, manager, and personnel shall bear responsibility for information security matters, shall perform planning and monitoring of the information security system, and shall implement information security management duties. This company formally established an information security department on June 1, 2022, and renamed its existing information security management committee the "information security management review committee" on February 1, 2023. This committee bears responsibility for determining information security policies and drafting and reviewing information security targets and information security control mechanisms, supervising the implementation of information security policies, and reviewing information security governance policies and supervising the state of information security management affairs at the Group's various duties and subsidiaries. It is expected that management, planning, oversight, promotion, and implementation by a specialized information security unit will enable the development of all round information security protection mechanisms, and ensure that personnel have a high degree of information security consciousness, which will reduce possible future information security risks. The following is an overview of the duties of the organizations subordinate to the information security management review committee:

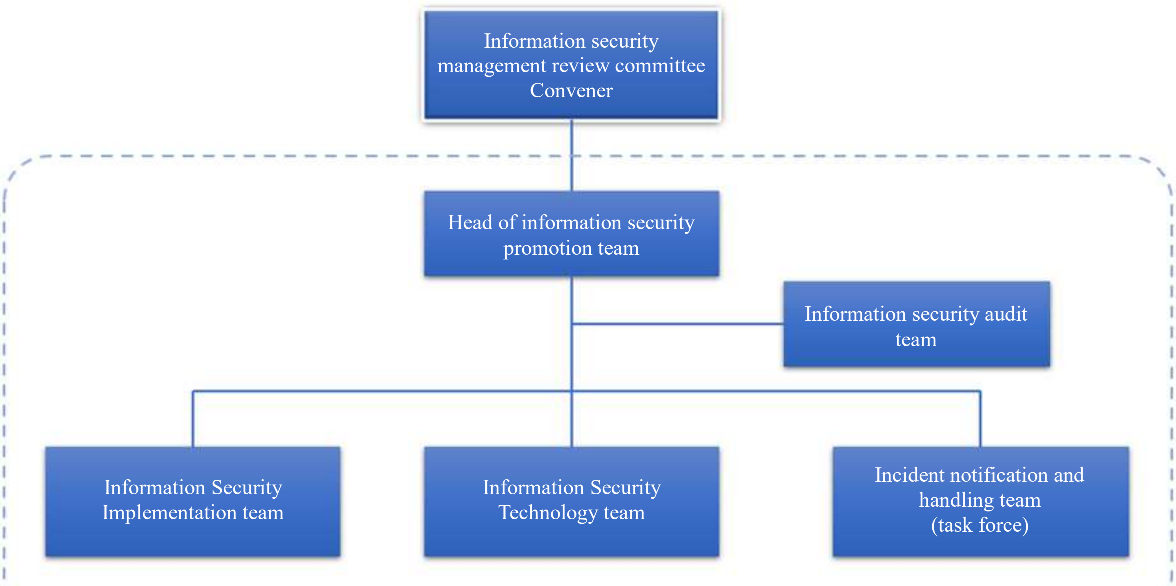
■ Information security management review committee: This is the highest decision-making information security management organization, and is responsible for drafting and reviewing information security policies and information security targets.

■ Information security implementation committee: Announces information security policies and declarations, implements the information security management system.

■ Information security technology committee: Assesses information security technology security measures, performs security mechanism monitoring of server rooms and office areas.

■ Information security audit team: Assesses degree of attainment of information security targets, performs information security audits.

■ Incident notification and handling team: Monitoring and assessment of information security incidents, implementation of notification, handling, and service continuity management procedures.



Information security promotion organization

(II) Information security strategy

To ensure the normal, secure, and stable functioning of Shin Zu Shing's information system, this company has drafted highest guidelines for its information security management system; these guidelines seek to ensure information assets' confidentiality, integrity, availability, and compliance with relevant laws and regulations, reduce information security risks, and thereby safeguard the rights and interests of information system service users.

The applicable scope of this company's information security management system includes information server room operation and maintenance, and maintenance and security management of service operation systems. The company currently has fully effective information operation and management processes, and can meet all security requirements and expectations:

Confidentiality: Can ensure that only authorized users can access information.

Integrity: Can ensure the correctness and integrity of information and processing methods.

Availability: Can ensure that authorized users can access information and relevant assets when needed.

An information environment with service continuity: This refers to the computer operating environment needed to maintain this company's normal service operations.

The company received no verified complaints of violations of customers' privacy or loss of customer data in 2022. The following is Shin Zu Shing's information security policy statement: To realize the information security declaration, strengthen information security education and training, and ensure the continuity of service operations.

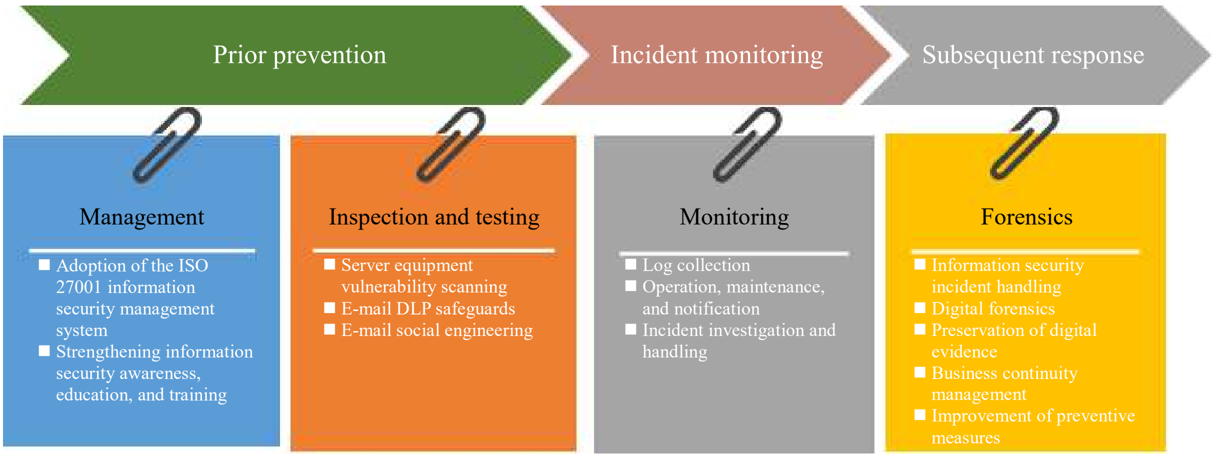
(III) Specific management plans

Information security management actions

In order to reinforce the security of applications systems and reduce risk, the company performs regular annual vulnerability scans of server equipment, and conducts improvements in the case of high-risk vulnerabilities. This prevents attack from hackers and viruses, and ensures the normal operation of information systems, equipment, and networks. We have adopted a computer asset management system, mail filters, e-mail data leak (DLP) systems, and dual-factor authentication (MFA) in order to strengthen account name and password management, and reduce the chance that system-related account names or passwords will be stolen or used without authorization. We have also adopted a log management system to monitor network traffic and analyze any anomalous user behavior; we collect and analyze log records in order to reduce potential information security threats.

Shin Zu Shing has implemented business continuity management procedures, drafted a business continuity plan (BCP), conducts annual business continuity exercises to ensure the continuity of the company's operations, and exercises response capabilities and enhances information security standards at appropriate moments. This company implements information security education and training for employees, regularly conducts annual social engineering exercises, and holds at least one information security awareness training session each year. The company relies on internal education and training to perform awareness and guidance concerning information security incidents. A total of 1,076 persons took part in relevant education and training in 2022, and each person had one hour of training, which included early warning of phishing websites, vigilance against blackmail attacks, emergency handling principles, and awareness of the need to be vigilant against malicious software. This education and training has enhanced employees' information security awareness and strengthened their self-protection consciousness.

In order to continue strengthening the company's information security, and better protect customers' privacy and confidential information, we began adopting the ISO 27001:2013 information security management system in July 2022; we have drafted information security policies and ISMS four-stage management documents, established an information security management system (ISMS) ensuring confidentiality, integrity, and availability, and determined information security protection standards for prevention, incident monitoring, and subsequent response. We have further established a information security performance assessment and effectiveness metric table containing measurable metrics on the basis of the Plan-Do-Check-Act (PDCA) cycle, and regularly review and assess target attainment. A third party verification company completed an external audit of the company's ISO 27001:2013 system on March 31, 2023, and recommended certificate issuance. The company's management system complies with international information security standards, and enables effective monitoring and management of information security risks, ensuring that Shin Zu Shing's information security management system can provide an even higher level of protection.



Figure—Block diagram of information security safeguards

Information security risk assessment

The company performs annual asset inventories and risk assessments of important IT processes, ERP systems, information security protection equipment, and main server rooms and equipment. These actions ensure more effective asset management. Information security risk assessments are used to locate and analyze known threats to to the company's information assets, and threat probability and impact information provided by asset fragility assessments enable the implementation of risk management strategies and appropriate protective measures to reduce the severity and frequency of risks.

Information security internal audits

The information security department and information security audit team perform one information security internal audit each year, and all information security audit personnel must have received relevant audit training. Audit inspections are conducted in accordance with the "information security internal audit checklist" (example shown on the right), and the content of inspections complies with the requirements of the ISO 27001 standard. Audit personnel submit information security internal audit reports after compiling the results of their audits, and implementing units are required to complete corrective measures within specified deadlines. The information security audit team regularly tracks implementation of information security corrective actions and assesses their effectiveness, and reports the state of improvement to the information security officer at the information security management review conference.

Adding information security joint protection mechanisms

In order to reinforce its active defense strategy, Shin Zu Shing joined the TWCERT/CC information security alliance in October 2022. The TWCERT/CC information security alliance facilitates the acquisition of information security and network attack information, sharing of threat intelligence and industry experience, real-time issuance internal information security warnings, and inspection of internal equipment and systems updating. This membership will strengthen the breadth and capabilities of the company's overall information security.

(IV) The Company has had no material informational communication security incidents in the most recent fiscal year and up to the publication date of this annual report.

VII. Important contracts

The company has signed relevant supply and sales contracts with customers and vendors. However, such contracts are not sufficient to affect shareholder's equity.

VI. Financial Overview

A. Condensed balance sheets and statements of income of the last five years

(I) Consolidated condensed balance sheet and consolidated statement of comprehensive income data - International Financial Reporting Standards (IFRS)

1. Consolidated condensed balance sheet

Unit: NT$ thousand

Item \ Year		Financial information for the most recent 5 fiscal years					Financial information for the current year up to March 31, 2023
		2018	2019	2020	2021	2022	
Current assets		10,819,107	13,130,134	15,891,609	14,444,636	12,636,037	12,112,758
Property, plant and equipment		6,320,514	6,072,150	5,944,010	6,093,702	5,758,801	5,658,588
Investment property		—	—	—	—	2,441,877	2,437,076
Intangible assets		—	—	—	—	—	—
Other assets		179,027	325,043	574,901	818,224	603,725	680,577
Total assets		17,318,648	19,527,327	22,410,520	21,356,562	21,440,440	20,888,999
Current liabilities	Before distribution	4,220,579	5,559,879	5,987,071	4,527,246	4,967,258	4,327,534
	After distribution	4,935,481	6,286,897	7,331,255	5,489,672	6,093,748	5,454,024
Non-current liabilities		347,592	521,847	703,406	1,302,535	592,766	541,113
Total liabilities	Before distribution	4,568,171	6,081,726	6,690,477	5,829,781	5,560,024	4,868,647
	After distribution	5,283,073	6,808,744	8,034,661	6,792,207	6,686,514	5,995,137
Equity attributable to the parent company		12,750,477	13,445,601	15,720,043	15,526,781	15,880,416	16,020,352
Capital stock		1,787,253	1,812,543	1,920,263	1,924,853	1,877,483	1,877,483
Capital surplus	Before distribution	2,800,651	2,677,784	3,449,185	2,911,722	2,370,695	2,370,695
	After distribution	2,443,200	2,314,275	2,873,106	2,430,509	1,807,450	1,807,450
Retained earnings	Before distribution	8,433,182	9,371,635	10,679,695	11,083,217	11,952,637	12,078,166
	After distribution	8,075,731	9,008,126	9,911,590	10,602,004	11,389,392	11,514,921
Other equities		(270,609)	(416,361)	(329,100)	(393,011)	(320,399)	(305,992)
Treasury stock		—	—	—	—	—	—
Non-controlling interests		—	—	—	—	—	—
Total equity	Before distribution	12,750,477	13,445,601	15,720,043	15,526,781	15,880,416	16,020,352
	After distribution	12,035,575	12,718,583	14,375,859	14,564,355	14,753,926	14,893,862

Note 1: Information reviewed by the independent auditor on March 31, 2023.

Note 2: The amount after distribution in 2022 and on March 31, 2023 has been calculated on the basis of the proposed 2022 distribution of earnings tentatively passed by the Board but not yet passed by the shareholders meeting.

2. Consolidated condensed statements of comprehensive income

Unit: NT$ thousand

Item \ Year	Financial information for the most recent 5 fiscal years					Financial information for the current year up to March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue	9,644,924	11,818,610	15,232,783	12,140,949	11,824,698	1,879,933
Gross operating profit	2,325,202	2,788,966	3,654,877	2,438,607	2,501,716	297,675
Operating income/loss	1,507,370	1,928,026	2,697,065	1,576,750	1,559,293	137,047
Non-operating income and expenses	215,020	83,351	(251,890)	55,961	708,822	20,107
Net profit before tax	1,722,390	2,011,377	2,445,175	1,632,711	2,268,115	157,154
Net income from continuing operations	1,191,456	1,297,956	1,672,971	1,169,603	1,659,184	125,529
Loss from discontinued operations	—	—	—	—	—	—
Net profit of the period	1,191,456	1,297,956	1,672,971	1,169,603	1,659,184	125,529
Other comprehensive income (loss) for the period (Net income after tax)	(58,670)	(114,989)	85,859	(63,728)	76,965	14,407
Total comprehensive income for the current period	1,132,786	1,182,967	1,758,830	1,105,875	1,736,149	139,936
Net income attributable to owners of the parent	1,191,456	1,297,956	1,672,971	1,169,603	1,659,184	125,529
Net Income (Loss) Attributable to Non-controlling Interests	—	—	—	—	—	—
Total Comprehensive income attributable Owners of the Parent	1,132,786	1,182,967	1,758,830	1,105,875	1,736,149	139,936
Total Comprehensive income attributable to Non-controlling Interests	—	—	—	—	—	—
Earnings per share (NTD)	6.67	7.25	9.05	6.08	8.68	0.67

Note 1: Information reviewed by the independent auditor on March 31, 2023.

(II) Condensed Balance Sheet, Comprehensive Income Statement information-International Financial Reporting Standards (IFRS)

1. Individual condensed balance sheet

Unit: NT$ thousand

Item \ Year		Financial information for the most recent 5 fiscal years				
		2018	2019	2020	2021	2022
Current assets		5,622,198	8,036,012	9,258,041	9,131,957	7,395,987
Property, plant and equipment		6,014,769	5,719,872	5,584,937	5,656,102	5,354,656
Intangible assets		—	—	—	—	—
Other assets		4,462,743	4,960,458	5,855,388	5,482,056	8,086,874
Total assets		16,099,710	18,716,342	20,698,366	20,270,115	20,837,517
Current liabilities	Before distribution	3,001,799	4,756,239	4,293,496	3,459,543	4,411,232
	After distribution	3,716,701	5,483,257	5,637,680	4,421,969	5,537,722
Non-current liabilities		347,434	514,502	684,827	1,283,791	545,869
Total liabilities	Before distribution	3,349,233	5,270,741	4,978,323	4,743,334	4,957,101
	After distribution	4,064,135	5,997,759	6,322,507	5,705,760	6,083,591
Equity attributable to the parent company		12,750,477	13,445,601	15,720,043	15,526,781	15,880,416
Capital stock		1,787,253	1,812,543	1,920,263	1,924,853	1,877,483
Capital surplus	Before distribution	2,800,651	2,677,784	3,449,185	2,911,722	2,370,695
	After distribution	2,443,200	2,314,275	2,873,106	2,430,509	1,807,450
Retained earnings	Before distribution	8,433,182	9,371,635	10,679,695	11,083,217	11,952,637
	After distribution	8,075,731	9,008,126	9,911,590	10,602,004	11,389,392
Other equities		(270,609)	(416,361)	(329,100)	(393,011)	(320,399)
Treasury stock		—	—	—	—	—
Non-controlling interests		—	—	—	—	—
Total shareholder's equity	Before distribution	12,750,477	13,445,601	15,720,043	15,526,781	15,880,416
	After distribution	12,035,575	12,718,583	14,375,859	14,564,355	14,753,926

Note 1: The amount after distribution in 2022 has been calculated on the basis of the proposed 2022 distribution of earnings tentatively passed by the Board but not yet passed by the shareholders meeting.

2. Individual condensed comprehensive statement of income

Unit: NT$ thousand

Item \ Year	Financial information for the most recent 5 fiscal years				
	2018	2019	2020	2021	2022
Operating revenue	7,113,250	9,130,941	10,220,420	8,865,174	8,678,588
Gross operating profit	1,672,502	1,260,479	1,857,692	1,675,548	1,877,111
Operating income/loss	1,066,707	585,682	1,100,673	1,003,805	1,187,265
Non-operating income and expenses	508,092	1,048,002	951,407	482,443	876,248
Net profit before tax	1,574,799	1,633,684	2,052,080	1,486,248	2,063,513
Net income from continuing operations	1,191,456	1,297,956	1,672,971	1,169,603	1,659,184
Loss from discontinued operations	—	—	—	—	—
Net profit of the period	1,191,456	1,297,956	1,672,971	1,169,603	1,659,184
Other comprehensive income for the current period (net, after-tax)	(58,670)	(114,989)	85,859	(63,728)	76,965
Total comprehensive income for the current period	1,132,786	1,182,967	1,758,830	1,105,875	1,736,149
Net income attributable to owners of the parent	1,191,456	1,297,956	1,672,971	1,169,603	1,659,184
Net Income (Loss) Attributable to Non-controlling Interests	—	—	—	—	—
Total Comprehensive income attributable Owners of the Parent	1,191,456	1,297,956	1,672,971	1,169,603	1,659,184
Total Comprehensive income attributable to Non-controlling Interests	—	—	—	—	—
Earnings per share (NTD)	6.67	7.25	9.05	6.08	8.68

(3) Names of auditing CPAs of the last five years and their audit opinions:

1. Names of auditing CPAs of the last five years and their audit opinions:

Year	Accounting firm	Name of Accountants:	Audit opinion
2018	Deloitte Taiwan	Yu-hsiu Su, Chih Rui-quan	Unqualified opinion
2019	Deloitte Taiwan	Yu-hsiu Su, Ming-yu Chiu	Unqualified opinion
2020	Deloitte Taiwan	Su Yu-hsiu, Chiu Ming-yu	Unqualified opinion
2021	Deloitte Taiwan	Su Yu-hsiu, Chiu Ming-yu	Unqualified opinion
2022	Deloitte Taiwan	Yu-hsiu Su, Ming-yu Chiu	Unqualified opinion

2. If the CPA has been changed during the most recent five years, please indicate the companies, the previous and new CPAs, and an explanation of the reason for the change:

Starting in Q4 of 2019, due to internal organizational adjustments at Deloitte Taiwan, the original auditing CPAs Yu-hsiu Su and Rui-quan Chih were changed to Yu-hsiu Su and Chiu Ming-yu.

II. Financial analysis for the last five years

(I) Consolidated Financial Statements-Employing International Financial Reporting Standards (IFRS)

Analytical item \ Year		Financial analysis for the last five years 2018	2019	2020	2021	2022	Financial information for the current year up to March 31, 2023
Financial structure	Debt-to-assets ratio (%)	26.38	31.14	29.85	27.30	25.93	23.31
	Long-term fund to property, plant and equipment ratio (%)	207.23	230.02	276.30	276.18	286.05	292.68
Solvency	Current ratio (%)	256.34	236.16	265.43	319.06	254.39	279.90
	Quick ratio (%)	219.60	203.15	233.92	277.82	219.14	241.68
	Interest protection multiples	41,177.75	42,179.02	24,861.27	26,839.45	20,352.84	3,948.04
Operating ability	Receivable turnover (times)	2.77	2.62	2.74	2.30	2.63	2.00
	Average collection period	131.76	139.31	133.21	158.69	138.78	182.50
	Inventory turnover (times)	6.04	5.60	6.39	5.23	5.17	3.71
	Payables turnover (times)	4.57	4.09	4.07	3.48	4.49	4.09
	Average inventory turnover days	60.43	65.17	57.12	69.78	70.59	98.38
	Property, plant and equipment turnover (times)	1.47	1.91	2.54	2.02	2.00	1.32
	Total assets turnover (times)	0.58	0.64	0.73	0.55	0.55	0.36
Profitability	Return on assets (%)	7.13	7.07	8.02	5.37	7.8	2.44
	Return on equity (%)	9.63	9.91	11.47	7.49	10.57	3.15
	Pre-tax income to paid-in capital ratio (%)	96.37	111.45	127.41	84.82	120.81	33.48
	Net profit margin (%)	12.35	10.98	10.98	9.63	14.03	6.68
	Earnings per share (NTD) (Note)	6.67	7.25	9.05	6.08	8.68	0.67
Cash flows	Cash flow ratio (%)	38.33	31.12	35.43	49.32	30.85	26.09
	Cash flow adequacy ratio (%)	109.56	113.61	111.21	137.24	103.46	110.92

<table>
<tr><th colspan="2" rowspan="2">Year
Analytical item</th><th colspan="5">Financial analysis for the last five years</th><th rowspan="2">Financial information for the current year up to March 31, 2023</th></tr>
<tr><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th></tr>
<tr><td></td><td>Cash flow reinvestment ratio (%)</td><td>7.18</td><td>5.70</td><td>6.69</td><td>4.08</td><td>2.61</td><td>5.13</td></tr>
<tr><td rowspan="2">Leverage</td><td>Operating leverage</td><td>1.46</td><td>1.36</td><td>1.26</td><td>1.40</td><td>1.40</td><td>2.12</td></tr>
<tr><td>Financial leverage</td><td>1.00</td><td>1.00</td><td>1.00</td><td>1.00</td><td>1.01</td><td>1.03</td></tr>
<tr><td colspan="8">Please explain reasons for changes in financial ratios in recent two years: (If the increase or decrease does not reach 20%, the analysis can be exempted)
1. The reduction in current ratio was due to the major reduction in cash and cash equivalents in 2022, and there was also an increase in short-term borrowing; current assets consequently decreased compared with the end of 2021, and current liabilities increased compared with the end of 2021, causing the current ratio to fall.
2. The reduction in quick ratio was due to the major reduction in cash and cash equivalents in 2022, and there was also an increase in short-term borrowing; current assets consequently decreased compared with the end of 2021, and current liabilities increased compared with the end of 2021, causing the current ratio to fall.
3. The reduction in interest protection multiples was due to the increase in interest expenses attributable to short-term borrowing in 2022.
4. The increase in payables turnover ratio was due to the major reduction in accounts payment (including to related parties) in 2022.
5. The increase in return on assets was due to the increase in 2022 after-tax net profit compared with 2021.
6. The increase in return on equity was due to the increase in 2022 after-tax net profit compared with 2021.
7. The increase in pre-tax net profit as a share of paid-in capital was due to the increase in 2022 pre-tax net profit compared with 2021.
8. The increase in net profit ratio was due to the increase in 2022 after-tax net profit compared with 2021, and the reduction in net sales compared with 2021.
9. The increase in EPS was due to the increase in 2022 profit compared with 2021, and the reduction in weighted average circulating shares used as a basis for calculation of EPS.
10. The reduction in cash flow ratio was due to the reduction in net cash flow from business activity in 2022.
11. The reduction in cash flow adequacy ratio was due to the reduction in net cash flow from business activity and sharp increase in capital expenditures in 2022.
12. The reduction in cash reinvestment ratio was due to the reduction in net cash flow from business activity and other non-current assets in 2022 compared with 2021.</td></tr>
</table>

(II) Individual financial statement - employing International Financial Reporting Standards (IFRS)

Analytical item	Year	Financial analysis for the last five years				
		2018	2019	2020	2021	2022
Financial structure	Debt-to-assets ratio (%)	20.80	28.16	24.05	23.40	23.79
	Long-term fund to property, plant and equipment ratio (%)	217.76	244.06	293.73	297.21	306.77
Solvency	Current ratio (%)	187.29	168.96	215.63	263.96	167.66
	Quick ratio (%)	169.04	157.09	195.20	240.87	141.95
	Interest protection multiples	45,030.07	39,839.33	26,592.12	29,671.19	23,348.23
Operating ability	Receivable turnover (times)	2.83	2.63	2.53	2.41	2.54
	Average collection period	128.97	138.78	144.26	151.45	143.7
	Inventory turnover (times)	10.09	14.58	11.59	8.15	6.64
	Payables turnover (times)	5.47	4.13	3.56	3.70	4.24
	Average inventory turnover days	36.17	25.03	31.49	44.78	54.97
	Property, plant and equipment turnover (times)	1.14	1.56	1.81	1.58	1.58
	Total assets turnover (times)	0.45	0.52	0.52	0.43	0.42
Profitability	Return on assets (%)	7.58	7.48	8.52	5.73	8.1
	Return on equity (%)	9.63	9.91	11.47	7.49	10.57
	Pre-tax income to paid-in capital ratio (%)	88.11	90.52	106.92	77.21	109.91
	Net profit margin (%)	16.75	14.21	16.37	13.19	19.12
	Earnings per share (NTD) (Note)	6.67	7.25	9.05	6.08	8.68
Cash flows	Cash flow ratio (%)	44.08	27.72	16.71	51.30	15.47
	Cash flow adequacy ratio (%)	100.92	114.26	89.06	114.88	73.10
	Cash flow reinvestment ratio (%)	5.51	3.48	(0.05)	2.03	(1.32)
Leverage	Operating leverage	1.61	2.06	1.56	1.54	1.43
	Financial leverage	1.00	1.01	1.01	1.01	1.01

Please explain reasons for changes in financial ratios in recent two years: (If the increase or decrease does not reach 20%, the analysis can be exempted)

1. The reduction in current ratio was due to the major reduction in cash and cash equivalents and financial assets at amortized cost-current in 2022, which caused a major reduction in current assets, and there was also an increase in short-term borrowing; current assets consequently decreased compared with the end of 2021, and current liabilities increased compared with the end of 2021.
2. The reduction in the quick ratio was due to the major reduction in cash and cash equivalents and financial assets at amortized cost-current in 2022, as well as to the increase in short-term borrowing; current assets consequently decreased compared with the end of 2021, and current liabilities increased compared with the end of 2021.
3. The reduction in interest protection multiples was due to the increase in interest expenses attributable to short-term borrowing in 2022.
4. The increase in average inventory turnover days was due to the reduction in sales expenses in parallel with revenue and increase in average inventory in 2022, which caused average inventory turnover days in 2022 to increase compared with 2021.
5. The increase in return on assets was due to the increase in 2022 after-tax net profit compared with 2021.
6. The increase in return on equity was due to the increase in 2022 after-tax net profit compared with 2021.
7. The increase in pre-tax net profit as a share of paid-in capital was due to the increase in 2022 pre-tax net profit compared with 2021.
8. The increase in net profit ratio was due to the increase in 2022 after-tax net profit compared with 2021.
9. The increase in EPS was due to the increase in 2022 profit compared with 2021, and the reduction in weighted average circulating shares used as a basis for calculation of EPS.
10. The reduction in cash flow ratio was due to the increase in both accounts receivable and inventory at the end of 2022, which caused a major reduction in net cash flow from business activity compared with 2021.
11. The reduction in cash flow adequacy ratio was due to the major reduction in 2022 net cash flow from business activity and sharp increase in capital expenditures compared with 2021.
12. The reduction in cash reinvestment ratio was due to the major reduction in 2022 net cash flow from business activity compared with 2021, which led to the 2022 net cash flow from business activity being less than the cash dividends issued during that year.

Note 1: Calculated on the basis of retroactive weighted average issued shares.

Note 2: Formulas:

1. Financial structure
   (1) Debt-to-asset ratio = total liabilities / total assets.
   (2) Ratio of long-term funds attributable to real estate, buildings, and equipment ＝ (total equity＋ non-current liabilities) / net value of real estate, buildings, and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets – inventory – prepaid expense) / current liabilities.
   (3) Times interest earned = net income before income tax and interest expense / current interest expense.
3. Operating ability
   (1) Receivables (includes accounts receivable and bills receivable from sales) turnover ratio ＝ net sales / average balance of receivables in each period (includes accounts

receivable and bills receivable from sales).

(2) Average collection period＝365/ receivables turnover ratio.

(3) Inventory turnover ratio ＝ sales expenses / average inventory.

(4) Payables (includes accounts payable and payable bills due to operations) turnover ratio ＝ sales costs / average balance of payables (includes accounts payable and payable bills due to operations) in each period.

(5) Average inventory turnover days ＝365/ inventory turnover ratio.

(6) Turnover ratio of real estate, buildings, and equipment＝ net sales / average net value of real estate, buildings, and equipment.

(7) Total assets turnover ratio ＝ net sales / average total assets.

4. Profitability

(1) Return on assets ＝ [net income + interest expense (1– tax rate)] / average total assets.

(2) Return on shareholder's equity＝ after-tax profit or loss / average net shareholder's equity.

(3) Net margin = net income / net sales.

(4) EPS = (income belonging to parent company - stock dividend of preferred stocks)/weighted average number of issued shares. (Note 3)

5. Cash flow

(1) Cash flow ratio ＝ net cash flow from business activity / current liabilities.

(2) Net cash flow adequacy ratio ＝net cash flow from business activity during most recent five years / (capital outlays ＋ increase in inventory＋ cash dividends) during most recent five years.

(3) Cash reinvestment ratio ＝(net cash flow from business activity － cash dividends)/(gross value of real estate, buildings, and equipment＋ long-term investment ＋ other non-current assets ＋ operating funds). (Note 4)

6. Leverage:

(1) Operating leverage＝(net operating revenue－ variable operating costs and expenditures) / operating profit (Note 5).

(2) Financial leverage`＝ operating profit / (operating profit － interest expenses).

Note 3: When performing assessment using the foregoing EPS calculation formula, the following items require special attention:

1. Based on weighted average common stock shares, and not on issued shares at year-end.
2. Whenever there are cash capital increases or treasury stock transactions, the weighted average shares should be calculated in consideration of the circulation period.
3. Whenever there is capitalization of profits or capitalization of contributed surplus, when calculating EPS for the past year and half-year, a retroactive adjustment must be made on the basis of the capital increase ratio, but there is no need to consider the capital increase issuance period.
4. If preferred stock is non-convertible cumulative preferred stock, dividends for the current year (regardless of whether they have been distributed) must be subtracted from after-tax net profit or added to after-tax net losses. If preferred stock is non-cumulative, when there is after-tax net profit, preferred stock dividends must be subtracted from after-tax net profit; if there is a loss, there is no need for adjustment.

Note 4: The following items require special attention when performing cash flow analysis:

1. Net cash flow from business activity refers to net cash inflow from business activity on the cash flow statement.

2. Capital outlays refers to cash outflows from capital investment during each year.
3. The increase in inventory shall be entered only when the ending balance is greater than the balance at the beginning of the period; if inventory has decreased at year-end, the increase in inventory shall be calculated as zero.
4. Cash dividends include common stock and preferred stock cash dividends.
5. Gross value of real estate, buildings, and equipment refers to the total value of real estate, buildings, and equipment before subtracting accumulated depreciation.

Note 5: The issuer shall classify various operating costs and operating expenses as fixed and variable according to their nature; if estimates or subjective judgments are involved, they should be reasonable and consistent.

Note 6: In the case of foreign companies, the foregoing paid-in capital ratio shall be calculated as the share of net value instead.

SHIN ZU SHING CO., LTD.
Audit Committee's Review Report

The board of directors has prepared the company's 2022 financial statements as well as the business report and the surplus distribution proposal. Among them, the financial statements were verified by CPAs Yu-Shiou Su and Ming-Yu Chiu of Deloitte Taiwan, and an independent auditor's report has been issued. The above documents have been reviewed by the Audit Committee as correctly portraying the Company's business activities. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, this report is compiled and presented for shareholder's examination.

To

SHIN ZU SHING CO., LTD. 2023 Annual Shareholders' Meeting

Audit Committee convener: Yuan-Long Chang

April 25, 2023

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

SHIN ZU SHING CO., LTD.

By

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SHENG-NAN, LU
Chairman

March 8, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Shin Zu Shing Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Shin Zu Shing Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. 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.

<u>Assessment of revenue recognition</u>

Shin Zu Shing Co., Ltd. and its subsidiaries mainly engaged in research and development, manufacturing and sales of notebook and LCD hinge components and MIM (Metal Injection Molding). The Group prepare the stock in the hub warehouse based on the customer's demand.The Group recognizes revenue upon the goods are picked up from the hub warehouses and accepted by the customers (when control of the products is transferred) if picked up. Since the revenue recognition of sales from hub warehouses requires more control mechanisms, we considered it as a key audit matter.

The key audit procedures that we performed in respect of sales from hub warehouses included the following:

1. We performed and obtained an understanding of the appropriateness of the design and implementation of internal control system that is related to revenue recognition.

2. We executed test of details on the revenue from hub warehouses in order to assure the occurence of sales revenue.

3. We issued confirmation letters to major hub warehouses, and trace the replies of confirmation letters to the inventory quantity listed in the inventory subledger in order to assure the accuracy of the inventory quantity booked at the end of the hub warehouse.

Other Matter

We have audited the separate financial statements of Shin Zu Shing Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements,

whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yu-Shiou Su and Ming-Yu Chiu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2023

Notice to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SHIN ZU SHING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 3,282,113	15	$ 4,999,278	23
Financial assets at fair value through profit or loss - current (Note 7)	188,190	1	162,033	1
Financial assets at amortized cost - current (Note 9)	2,993,956	14	2,784,877	13
Notes receivable (Note 10)	11,248	-	11,527	-
Accounts receivable (Note 10)	4,352,961	20	4,575,849	22
Accounts receivable from related parties (Notes 10 and 31)	35	-	-	-
Other receivables (Note 10)	48,262	-	44,201	-
Inventories (Note 11)	1,665,649	8	1,761,941	8
Other current assets	93,623	1	104,930	1
Total current assets	12,636,037	59	14,444,636	68
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	208,727	1	237,679	1
Investments accounted for using the equity method (Note 13)	105,695	-	101,786	-
Property, plant and equipment (Note 14)	5,758,801	27	6,093,702	29
Right-of-use assets (Note 15)	118,157	1	107,880	1
Investment properties, net (Note 16)	2,441,877	11	-	-
Deferred tax assets (Note 25)	123,377	1	74,260	-
Refundable deposits	15,569	-	16,608	-
Other non-current assets (Notes 17 and 21)	32,200	-	280,011	1
Total non-current assets	8,804,403	41	6,911,926	32
TOTAL	$ 21,440,440	100	$ 21,356,562	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Note 18)	$ 1,013,430	5	$ 498,240	2
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	6,767	-
Notes payable, net	19	-	1,306	-
Accounts payable, net (Note 19)	1,501,046	7	2,464,046	12
Accounts payable to related parties, net (Note 31)	186,935	1	-	-
Other payables (Note 20)	720,263	3	986,746	5
Other payables to related parties (Note 31)	575	-	-	-
Current tax liabilities (Note 25)	252,618	1	239,395	1
Lease liabilities - current (Note 15)	49,859	-	31,544	-
Current portion of long-term borrowings (Note 18)	767,750	4	-	-
Other current liabilities	474,763	2	299,202	1
Total current liabilities	4,967,258	23	4,527,246	21
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	-	-	692,000	3
Deferred tax liabilities (Note 25)	511,921	3	548,270	3
Lease liabilities - non-current (Note 15)	62,056	-	53,490	-
Guarantee deposits received	18,789	-	8,775	-
Total non-current liabilities	592,766	3	1,302,535	6
Total liabilities	5,560,024	26	5,829,781	27
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
Share capital				
Ordinary shares	1,877,483	9	1,924,853	9
Capital surplus	2,370,695	11	2,911,722	14
Retained earnings				
Legal reserve	1,886,935	9	1,769,772	8
Special reserve	393,011	2	329,101	2
Unappropriated earnings	9,672,691	45	8,984,344	42
Total retained earnings	11,952,637	56	11,083,217	52
Other equity	(320,399)	(2)	(393,011)	(2)
Total equity	15,880,416	74	15,526,781	73
Total	$ 21,440,440	100	$ 21,356,562	100

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

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

SHIN ZU SHING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
NET REVENUE (Note 23)	$ 11,824,698	100	$ 12,140,949	100
COST OF REVENUE (Note 11)	9,322,982	79	9,702,342	80
GROSS PROFIT	2,501,716	21	2,438,607	20
OPERATING EXPENSES				
Selling expenses	229,876	2	203,406	2
Administrative expenses	497,025	4	419,115	3
Research and development expenses	198,327	2	253,252	2
Expected credit loss (reversal) on account receivables	17,195	-	(13,916)	-
Total operating expenses	942,423	8	861,857	7
INCOME FROM OPERATIONS	1,559,293	13	1,576,750	13
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 24)	62,024	-	73,181	1
Other income (Note 24)	116,050	1	51,168	-
Other gains and losses, net (Note 24)	546,846	5	(59,726)	-
Finance costs (Note 24)	(11,199)	-	(6,106)	-
Share of profits of associates	(4,899)	-	(2,556)	-
Total non-operating income and expenses	708,822	6	55,961	1
INCOME BEFORE INCOME TAX	2,268,115	19	1,632,711	14
INCOME TAX EXPENSE (Note 25)	608,931	5	463,108	4
NET INCOME	1,659,184	14	1,169,603	10
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	4,353	-	2,024	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	(56,938)	-	(11,480)	-
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	129,550	1	(54,272)	(1)

(Continued)

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

SHIN ZU SHING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Other comprehensive income (loss) for the year	76,965	1	(63,728)	(1)
TOTAL COMPREHENSIVE INCOME	$ 1,736,149	15	$ 1,105,875	9
NET INCOME ATTRIBUTABLE TO:				
Shareholders of the Parent	$ 1,659,184	14	$ 1,169,603	10
Non-controlling interests	-	-	-	-
	$ 1,659,184	14	$ 1,169,603	10
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Shareholders of the Parent	$ 1,736,149	15	$ 1,105,875	9
Non-controlling interests	-	-	-	-
	$ 1,736,149	15	$ 1,105,875	9
EARNINGS PER SHARE (Note 26)				
Basic	$ 8.68		$ 6.08	
Diluted	$ 8.61		$ 6.04	

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SHIN ZU SHING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										
				Retained Earnings			Others				
	Ordinary Shares	Capital Collected in Advance	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock	Equity Attributable to Owners of the Company	Total Equity
BALANCE AT JANUARY 1, 2021	$ 1,919,203	$ 1,060	$ 3,449,185	$ 1,602,615	$ 416,362	$ 8,660,718	$ (304,768)	$ (24,332)	$ -	$ 15,720,043	$ 15,720,043
Appropriation of 2020 earnings											
Legal reserve	-	-	-	167,157	-	(167,157)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(768,105)	-	-	-	(768,105)	(768,105)
Special reserve	-	-	-	-	(87,261)	87,261	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(13)	-	-	-	-	-	-	(13)	(13)
Issuance of shares dividends from capital surplus	-	-	(576,079)	-	-	-	-	-	-	(576,079)	(576,079)
Disposal of subsidiaries (Note 12)	-	-	-	-	-	-	1,841	-	-	1,841	1,841
Issuance of ordinary shares under employee share options	5,650	(1,060)	38,629	-	-	-	-	-	-	43,219	43,219
Net income for the year ended December 31, 2021	-	-	-	-	-	1,169,603	-	-	-	1,169,603	1,169,603
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	2,024	(54,272)	(11,480)	-	(63,728)	(63,728)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	1,171,627	(54,272)	(11,480)	-	1,105,875	1,105,875
BALANCE AT DECEMBER 31, 2021	1,924,853	-	2,911,722	1,769,772	329,101	8,984,344	(357,199)	(35,812)	-	15,526,781	15,526,781
Appropriation of 2021 earnings											
Legal reserve	-	-	-	117,163	-	(117,163)	-	-	-	-	-
Special reserve	-	-	-	-	63,910	(63,910)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(481,213)	-	-	-	(481,213)	(481,213)
Issuance of shares dividends from capital surplus	-	-	(481,213)	-	-	-	-	-	-	(481,213)	(481,213)
Treasury stock acquired	-	-	-	-	-	-	-	-	(420,088)	(420,088)	(420,088)
Treasury stock retired	(47,370)	-	(59,814)	-	-	(312,904)	-	-	420,088	-	-
Net income for the year ended December 31, 2022	-	-	-	-	-	1,659,184	-	-	-	1,659,184	1,659,184
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	4,353	129,550	(56,938)	-	76,965	76,965
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	1,663,537	129,550	(56,938)	-	1,736,149	1,736,149
BALANCE AT DECEMBER 31, 2022	$ 1,877,483	$ -	$ 2,370,695	$ 1,886,935	$ 393,011	$ 9,672,691	$ (227,649)	$ (92,750)	$ -	$ 15,880,416	$ 15,880,416

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

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

SHIN ZU SHING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,268,115	$ 1,632,711
Adjustments for:		
Depreciation expense	628,772	629,459
Expected credit loss recognized (reversal)	17,195	(13,916)
Net gain on fair value change of financial assets and liabilities at fair value through profit or loss	(71,914)	(42,624)
Finance costs	11,199	6,106
Interest income	(62,024)	(73,181)
Dividend income	(17,587)	(7,643)
Share of profit of associates	4,899	2,556
Loss (gain) on disposal of property, plant and equipment, net	2,158	(9,801)
Loss on disposal of subsidiaries	-	1,841
Gain on disposal of financial assets, net	(2,264)	(14,634)
Write-down of inventories	7,143	-
Reversal of write-downs of inventories	-	(4,360)
Gain on land and plant expropriation	(87,436)	-
Changes in operating assets and liabilities		
Notes receivable	279	1,288
Accounts receivable	206,841	1,375,165
Accounts receivable from related parties	(35)	-
Other receivables	(4,628)	10,804
Inventories	88,920	13,712
Other current assets	11,307	10,910
Notes payable	(1,287)	(4,111)
Accounts payable	(963,000)	(640,633)
Accounts payable to related parties	186,935	-
Other payables	(260,789)	(237,279)
Other payables to related parties	575	-
Other current liabilities	175,561	106,657
Net defined benefit liabilities	-	(790)
Cash generated from operations	2,138,935	2,742,237
Interest received	62,656	69,967
Dividends received	17,587	7,643
Interest paid	(5,605)	(4,796)
Income tax paid	(681,361)	(582,079)
Net cash generated from operating activities	1,532,212	2,232,972
NET CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of financial assets at fair value through other comprehensive income	(28,246)	(147,561)
(Increase) decrease in financial assets at amortized cost	(209,079)	3,499,263
Acquisitions of financial assets at fair value through profit or loss	(59,641)	(161,407)

(Continued)

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

SHIN ZU SHING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
Proceeds from disposal of financial assets at fair value through profit or loss	100,895	46,411
Acquisitions of investments accounted for using the equity method	-	(43,127)
Acquisitions for property, plant and equipment	(195,624)	(278,355)
Proceeds from disposal of property, plant and equipment	124,252	17,405
Decrease in refundable deposits	1,105	2,768
Proceeds from expropriation of land	43,536	-
Acquisitions of investments properties	(2,212,812)	-
Increase in other non-current assets	(94,284)	(544,534)
Net cash (used in) generated from investing activities	(2,529,898)	2,390,863
NET CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	515,190	(640,960)
Proceeds from long-term borrowings	-	692,000
Increase in guarantee deposits received	9,898	8,117
Repayment of the principal portion of lease liabilities	(51,867)	(38,894)
Cash dividends	(962,426)	(1,344,184)
Exercise share option from employee	-	43,219
Treasury stocks acquired (Note 22)	(420,088)	-
Net cash used in financing activities	(909,293)	(1,280,702)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	189,814	(49,446)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,717,165)	3,293,687
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4,999,278	1,705,591
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 3,282,113	$ 4,999,278

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Shin Zu Shing Co., Ltd. (the "Company") was incorporated in the Republic of China (ROC) on June 28 1968, under the Company Act of the ROC and related laws. The Company was formerly "Shin Zu Shing spring machinery industry Co., Ltd.", which changed the name to Shin Zu Shing Co., Ltd. on November 17, 1997.

The Company's shares have been listed on the Taipei Exchange (TPEx) Mainboard since December 2005, and have been listed on the Taiwan Stock Exchange since December 2007.

The main business of the company is research and development, design, production, assembly, testing, manufacturing and sales of various precision springs, stamping parts, hinge components and metal injection molding (MIM). In recent years, it has been committed to developing various hinge components. To be used in various notebook computers, LCD monitors, digital cameras and other electronic product parts, etc.

The consolidated financial statements are presented in the Group's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 8, 2023.

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

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

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Group chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group shall recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and the Group shall recognize the cumulative effect of initial application in retained earnings at that date. The Group shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

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

c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated.

2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (referred to as the "2020 amendments") and "Non-current Liabilities with Covenants" (referred to as the "2022 amendments")

   The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

   The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

   The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

3) Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"

   The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. Seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Basis of consolidation

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

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

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 12、Table 4 and 5 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

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

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

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

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

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

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

When the Company subscribes for additional new shares of an associate and joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

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

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent that interests in the associate are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and subsequent accumulated impairment loss.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

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

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

i. Investment properties

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

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

Depreciation is recognized using the straight-line method.

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

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

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

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

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 30.

ii. Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized cost, notes and Accounts receivable, Accounts receivable from related parties and other receivables, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

- Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses/any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including structured deposits and cross-currency swap contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

l. Revenue recognition

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

Sales of goods are mainly recognized when the customer obtains control over the promised assets, that is, when the goods are delivered to the customer and the performance obligation are met.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable and reduced for estimated customer returns, rebates and other similar allowances. Estimated sales returns and allowances is generally made and adjusted based on historical experience and the consideration of varying contractual terms to recognize refund liabilities, and provisions are recognized accordingly.

m. Leasing

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

1) The Group as lessor

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

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

2) The Group as lessee

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

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

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

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

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and net interest on the net defined benefit liability (asset)) are recognized as employee benefit expenses in the period they occur, when the plan amendment or curtailment occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

o. Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.The Group sells specific products to specific customers, and estimates appropriate provision for sales returns and discounts in accordance with the agreement.

p. Share-based payment arrangements - employee share options

Employee share options granted to employees and others providing similar services

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company’s estimate of employee stock options that are expected to ultimately vest, with a corresponding increase in additional paid-in capital - employee stock options. If the equity instruments granted vest immediately at the grant date, expenses are recognized in full in profit or loss.

At the end of each reporting period, the Group revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to additional paid-in capital - employee stock options.

q. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	**2021**
Cash on hand	$ 3,607	$ 628
Checking accounts and demand deposits	3,278,506	4,998,650
	$ 3,282,113	$ 4,999,278

As of December 31, 2022 and 2021, the ending balance of time deposits with original maturities of more than 3 months were $2,993,956 thousand and $2,784,877 thousand, respectively, and were classified as financial assets at amortized cost (refer to Note 9).

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	**2021**
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Hybrid financial assets		
Structured deposits (a,c)	$ -	$ 86,098
Derivate financial assets (not under hedge accounting)		
Cross-currency swap contracts (b)	99,637	-
Non-derivative financial assets		
Domestic listed shares	88,553	75,125
	$ 188,190	$ 162,033

Financial liabilities at FVTPL - current

Financial liabilities mandatorily classified as at FVTPL		
Derivative financial liabilities (not under hedge accounting)		
Cross-currency swap contracts (b)	$ -	$ 6,767

a. The Group signed a structured time deposit contract with the bank as of December 31, 2021. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract is assessed and classified mandatorily as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.

b. At the end of the reporting period, outstanding cross-currency swap contracts not under hedge accounting were as follows:

Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
December 31, 2022			
US$ 15,000／NT$ 416,895	2023.12.18	0.45%	USD-LIBOR +0.55%
US$ 10,000／NT$ 278,080	2023.12.21	0.45%	USD-LIBOR +0.55%
US$ 10,000／NT$ 300,000	2023.08.11	1.20%	3.69%
US$ 7,000／NT$ 214,900	2023.03.06	1.15%	3.77%
US$ 10,000／NT$ 316,000	2023.07.11	1.40%	4.67%
US$ 3,000／NT$ 83,700	2023.02.24	0.43%	USD-SOFR +0.55%
US$ 3,000／NT$ 85,080	2023.03.10	0.39%	USD-SOFR +0.55%

Notional Amount (In Thousands)	Maturity Date	Interest Rates Paid	Interest Rates Received
December 31, 2021			
US$ 15,000/NT$ 416,895	2023.12.18	0.45%	USD-LIBOR +0.55%
US$ 10,000/NT$ 278,080	2023.12.21	0.45%	USD-LIBOR +0.55%
US$ 8,000/NT$ 222,176	2022.05.13	0.30%	0.31%
US$ 5,000/NT$ 138,750	2022.02.18	0.29%	0.23%
US$ 5,000/NT$ 138,750	2022.03.18	0.29%	0.25%

The Group entered into cross-currency swap contracts during the years ended December 31, 2022 and 2021 to manage exposures to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities.

c. The structured time deposit contract were as follows:

Notional Amount (In Thousands)	Contract Period	Income Rates (Before Tax)	Conversion Rates
December 31, 2021			
CNY10,000	2021.11.08-2022.01.07	4.10%	6.3800
CNY10,000	2021.12.08-2022.01.10	4.50%	6.3500

In regards to the contract for RMB, during conversion period, when the exchange rate from RMB to USD is lower than or equal to the conversion rate, the Group may receive the exchanged USD principal and RMB gains according to the conversion rate; when the exchange rate from RMB to USD is higher than the conversion rate, the Group may receive the principal in RMB with the additional gains; when the exchange rate from USD to RMB is higher than or equal to the conversion rate, the Group may receive the exchanged RMB principal and USD gains according to the conversion rate.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
Non-current		
Domestic investments		
Listed shares and emerging market shares	$ 191,095	$ 237,679
Foreign investments		
Unlisted shares	17,632	$ -
	$ 208,727	$ 237,679

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
Current		
Domestic investments		
Time deposits with original maturities of more than 3 months	$2,993,956	$2,784,877
The ranges of interest rates	0.31%-4.45%	0.05%-3.07%

10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31 2022	December 31 2021
Notes receivable		
Notes receivable - operating	$ 11,248	$ 11,527
Less: Allowance for impairment loss	-	-
	$ 11,248	$ 11,527
Accounts receivable		
At amortized cost		
Gross carrying amount - non-related parties	$ 4,377,011	$ 4,583,852
Gross carrying amount - related parties	35	-
Less: Allowance for impairment loss	(24,050)	(8,003)
	$ 4,352,996	$ 4,575,849
Other receivables		
At amortized cost		
Others	$ 48,262	$ 44,201

The average credit period of sales of goods is 120-150 days. No interest is charged on Accounts receivable.In order to minimize credit risk, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivables. The expected credit losses on accounts receivables are estimated by reference to past default experience of the debtor and past receivable experience. The Group estimates expected credit loss rate, by past due status and actual situation.

The following table details the loss allowance of trade receivable and Accounts receivable from related parties:

December 31, 2022

	Not Past Due	1 to 90 Days Past Due	91 to 120 Days Past Due	121 to 365 Days Past Due	Over 365 Days Past Due	Total
Gross carrying amount	$ 3,939,500	$ 406,262	$ 7,003	$ 20,301	$ 3,980	$ 4,377,046
Loss allowance (Lifetime ECL)	(1,575)	(8,382)	(1,050)	(9,063)	(3,980)	(24,050)
Amortized cost	$ 3,937,925	$ 397,880	$ 5,953	$ 11,238	$ -	$ 4,352,996

December 31, 2021

	Not Past Due	1 to 90 Days Past Due	91 to 120 Days Past Due	121 to 365 Days Past Due	Over 365 Days Past Due	Total
Gross carrying amount	$ 4,437,600	$ 91,076	$ 80	$ 14,638	$ 40,458	$ 4,583,852
Loss allowance (Lifetime ECL)	(751)	(1,308)	(12)	(2,345)	(3,587)	(8,003)
Amortized cost	$ 4,436,849	$ 89,768	$ 68	$ 12,293	$ 36,871	$ 4,575,849

The expected credit loss rate for each about range of the Group is less than 1% within the not overdue period;1%-10% within the overdue period from 1 to 90 days; 11%-99% within the overdue period from 91 to 365 days; and 100% when the overdue period exceeds 365 days.

As of December 31, 2021, partial receivables within the overdue period of exceeding 365 days has been recovered, the rest written off as expected credit loss.

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

	2022	2021
Balance at January 1	$ 8,003	$ 21,919
Net remeasurement of loss allowance	17,195	-
Impairment losses reversed	-	(13,916)
Foreign exchange gains and losses	(1,148)	-
Balance at December 31	$ 24,050	$ 8,003

11. INVENTORIES

	December 31	
	2022	2021
Finished goods	$ 784,410	$ 892,141
Semi-finished goods	96,110	72,710
Work in process	241,486	352,332
Raw materials	543,643	444,758
	$ 1,665,649	$ 1,761,941

The cost of inventories recognized as cost of goods sold for 2022 and 2021 included $9,322,982 thousand and $9,702,342 thousand, respectively. The cost of goods sold for 2022 and 2021 included inventory write-downs of $7,143 thousand and reversal of inventory write-downs $4,360 thousand, respectively.

12. SUBSIDIARIES

Subsidiaries Included in Consolidated Financial Statements

The detail information of the subsidiaries at the end of reporting period was as follows:

Percentage of Ownership at December 31

Investor	Investee	Nature of Activities	2022	2021	Note
Shin Zu Co., Ltd.	Winway Technology Limited	Entrepot trade services of parent companies and affiliates	-	-	a
	Magic Timing Technology Limited	Entrepot trade services of parent companies and affiliates	100%	100%	b
	Time Rise Corp.	Investment Management	100%	100%	c
	Up Hill International Limited	Entrepot trade services of parent companies and affiliates	100%	100%	d
	Spring Vision Technology Corp	Entrepot trade services of parent companies and affiliates	100%	100%	e
	Heng Xing Investment Co., Ltd.	Investment Management	100%	100%	f
	Amazing Power Limited	Investment Management	100%	100%	g
	CJC Holding Pte. Limited	Sales of LCD monitor frames, rotary shafts and accessories	100%	100%	h
	Above Average Limited	Entrepot trade services of parent companies and affiliates	100%	100%	i
	Ding Ying Investment Co., Ltd.	Investment Management	100%	-	j
Time Rise Corp.	Hamstead Corporation	Investment management	100%	100%	k
	Titan Speed Technology Limited	Investment management	100%	100%	l
	Shining Smart International Corp	Investment management	100%	100%	m
Hamstead Corporation	Shin Zu Shing Precision Electron（Suzhou）Co.,Ltd.	Production and sales of precision hardware, electronics, molds and plastic, etc.	100%	100%	n
	Shin Zu Shing Precision Electron（Chongqing）Co.,Ltd.	Production and sales of computer accessories	100%	-	o
Titan Speed Technology Limited	Zhi qun Precision Electron（Suzhou）Co.,Ltd.	Production and sales of precision hardware, electronics, molds, etc.	100%	100%	p
Amazing Power Limited	Ace Technology Inc.	Investment management	100%	100%	q
	Blossom Enterprise Inc.	Investment management	100%	100%	r
	Elite Dragon Group Limited.	Investment management	100%	100%	s
Ace Technology Inc.	Kunshan Jengjea Computer Fittings Co.,Ltd.	Production and development of LCD monitor accessories and key laptop components	100%	100%	t
Elite Dragon Group Limited.	Dongguan Chengyue Computer Fittings Co.,Ltd.	Production and sales of computer accessories	100%	100%	u
Blossom Enterprise Inc.	Redstar Precision Electorn (Fuqing) Co.,Ltd.	Production of shafts and other precision bearings, molds, LCD monitor accessories, key laptop and other new electronic components, self-produced products, etc.	100%	100%	v

The detail information of the subsidiaries at the end of reporting period was as follows:

a. Winway Technology Limited (hereinafter as “Winway”), incorporated on September 24, 2002 in the British Virgin Islands, is approved by the Ministry of Economic Affairs Overseas Chinese and Foreign Investment Commission to conduct international trade-related business. Winway has been liquidated during the third quarter of 2021.

b. Magic Timing Technology Limited (hereinafter as “Magic”), incorporated on January 13, 2005 in the British Virgin Islands, is approved by the Ministry of Economic Affairs Overseas Chinese and Foreign Investment Commission to conduct contracting and international trade-related business.

c. Time Rise Corporation (hereinafter as “Time Rise”), incorporated on February 17, 2004 in the Republic of Mauritius, is approved by the Ministry of Economic Affairs Overseas Chinese and Foreign Investment Commission to conduct reinvestment business in China.

d. Up Hill International Limited (hereinafter as “Up Hill”), incorporated on May 12, 2006 in Samoa, is approved by the Ministry of Economic Affairs Overseas Chinese and Foreign Investment Commission to conduct international trade-related business.

e. Spring Vision Technology Corporation (hereinafter as “Spring Vision”), incorporated on November 8, 2007 in the British Virgin Islands, is approved by the Ministry of Economic Affairs Overseas Chinese and Foreign Investment Commission to conduct contracting and international trade-related business.

f. Heng Xing Investment Co., Ltd. (hereinafter as "Heng Xing") was incorporated in August 2009 in Sanchong District, New Taipei City, and mainly conducts investment business.

g. Amazing Power Limited (hereinafter as "Amazing") was 100% acquired by Shin Zu Shing for US$14,156 thousand in September 2010. Amazing was incorporated in January 2009 in the Republic of Seychelles, and is approved by the Ministry of Economic Affairs Overseas Chinese and Foreign Investment Commission to conduct reinvestment business in China.

h. CJC Holding Pte. Limited (hereinafter as "CJC Holding") was 100% acquired by Shin Zu Shing for US$428 thousand in September 2010. CJC Holding was incorporated in December 1995 in Singapore, and mainly conducts sales in LCD monitor base frames, shafts and accessories.

i. Above Average Limited (hereinafter as "Above Average") was incorporated on September 30, 2016 in the Republic of Seychelles for US$100 thousand, and is approved by the Ministry of Economic Affairs Overseas Chinese and Foreign Investment Commission to conduct contracting and international trade-related business.

j. Ding Ying Investment Co., Ltd. (hereinafter as "Ding Ying") was incorporated in November 2022 in Sanchong District, New Taipei City, and mainly conducts investment business.

k. Hamstead Corporation (hereinafter as "Hamstead") is 100% owned by Time Rise, and was incorporated on November 30, 2001 in the Republic of Mauritius. Hamstead is approved by the Ministry of Economic Affairs Overseas Chinese and Foreign Investment Commission to conduct reinvestment business in China, and it has acquired the ownership of Shin Zu Shing Precision Electron（Suzhou）Co.,Ltd. and Shin Zu Shing Precision Electron（Chongqing）Co.,Ltd.

l. Titan Speed Technology Limited (hereinafter as "Titan"), was 100% acquired by Time Rise for US$3,010 thousand in July 2007. Titan was incorporated on January 12, 2006 in Samoa, and is approved by the Ministry of Economic Affairs Overseas Chinese and Foreign Investment Commission to conduct reinvestment business in China; it has acquired 100% ownership of Zhi qun Precision Electron（Suzhou）Co.,Ltd., in China.

m. Shining Smart International Corporation (hereinafter as "Shining Smart") was incorporated on November 13, 2007 in the British Virgin Islands. Shining Smart owns 28.03% ownership of Prosperity Investment Holding Pte. Ltd. to conduct investment business in Vietnam. In March 2021 and July 2020 Shining Smart has not participated in the capital injection proportionately into Prosperity Investment Holding Pte. Ltd., resulting in the change of its ownership after the capital increase to 25% and 26.11%.

n. Shin Zu Shing Precision Electron (Suzhou) Co.,Ltd. (hereinafter as "Shin Zu Shing (Suzhou)"), 100% owned by Hamstead, was incorporated in Suzhou, China in March 2002, and obtained the enterprise permit to do business in May 2002, with the validity period beginning on March 5, 2002 to March 4, 2052. Its main businesses include the manufacture and sales of precision springs, electronics, molds, and plastic, etc.

o. Shin Zu Shing Precision Electron (Chongqing) Co.,Ltd. (hereinafter as "Shin Zu Shing (Chongqing)") was incorporated in Chongqing, China, on September 26, 2022, and obtained the enterprise permit to do business in September 2022. Hamstead has 100% ownership of Shin Zu Shing (Chongqing). Its main businesses include the manufacture and sales of computer accessories.

p. Zhi qun Precision Electron (Suzhou) Co.,Ltd. (hereinafter as "Zhi qun") 100% owned by Titan, was incorporated in Suzhou, China on March 13, 2006, and obtained the enterprise permit to do business in March 2006, the validity period beginning on March 13, 2006 to March 12, 2056. Its main businesses include the manufacture and sales of precision springs, electronics, molds, etc.

q. Ace Technology Inc. (hereinafter as "Ace") was incorporated on January 5, 2009 in the Republic of Seychelles. Ace is approved by the Ministry of Economic Affairs Overseas Chinese and Foreign Investment Commission to conduct investment business in China, and has acquired 100% ownership of Kunshan Jengjea Computer Fittings Co.,Ltd, in China.

r. Blossom Enterprise Inc. (hereinafter as "Blossom") was incorporated on November 13, 2008 in the Republic of Seychelles. Blossom is approved by the Ministry of Economic Affairs Overseas Chinese and Foreign Investment Commission to conduct investment business in China and has established a subsidiary, Redstar Precision Electorn (Fuqing) Co.,Ltd, with 100% ownership.

s. Elite Dragon Group Limited (hereinafter as "Elite Dragon") was incorporated on July 19, 2017 in the British Virgin Islands for US$5000. Elite Dragon is approved by the Ministry of Economic Affairs Overseas Chinese and Foreign Investment Commission to conduct investment business in China, and has indirectly acquired 100% ownership of Dongguan Chengyue Computer Fittings Co.,Ltd.

t. Kunshan Jengjea Computer Fittings Co.,Ltd. (hereinafter as "Kunshan Jengjea"), 100% owned by Ace, was incorporated in Kunshan, China on September 26, 2001, and has obtained the enterprise permit to do business, the validity period beginning on September 26, 2001 to September 25, 2031. Its main businesses include the development and manufacture of LCD monitor accessories, key laptop components, etc.

u. Dongguan Chengyue Computer Fittings Co.,Ltd. (hereinafter as "Dongguan Chengyue"), incorporated in Dongguan, China on April 23, 2018, has obtained the enterprise permit to do business and is 100% owned by Elite Dragon. Its main businesses include the manufacture and sales of computer accessories.

v. Redstar Precision Electorn (Fuqing) Co.,Ltd. (hereinafter as "Redstar (Fuqing)), 100% owned by Blossom, was incorporated in Fuqing, China on August 23, 2011, and has obtained the enterprise permit to do business, the validity period beginning on August 23, 2011 to August 22, 2061. Its main businesses include the manufacture and sale of hinges, molds, LCD monitor accessories, key laptop and electronic components, etc.

The financial statements and related information for the year ended December 31, 2022 and 2021 of the companies included in the consolidated financial statements have been audited by CPAs

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2022	**2021**
Investments in associates		
Associates that are not individually material	$ 105,695	$ 101,786

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership Rights December 31 2022	2021
Prosperity Investment Holding Pte. Ltd	Investment	Singapore	25.00	25.00

a. The Group signed a three-party contract with Jochu Technology Co., Ltd. and other company to establish Prosperity Investment Holding Pte. Ltd, in which the Group invested US$888 thousand to acquire 28.03% ownership through Shining Smart International Corporation.

b. On March 2, 2021, the Group invested US$1,525 thousand into Prosperity Investment Holding Pte. Ltd. through Shining Smart International Corporation, unproportioned to its previous ownership percentage, resulting in its ownership decreased to 25%.

c. The Group is not the largest shareholder of Prosperity Investment Holding Pte. Ltd., and either does not have the partical ability to direct the relevant activities of Prosperity Investment Holding Pte. Ltd., therefore, the Group does not have control over it.

d. The investment under the equity method and the Group’s share of profit or loss of associates accounted for using the entity method is calculated according to the unreviewed reports of the associates; however, the Management of the Group believes that the unreviewed reports does not have significant influence.

	For the Year Ended December 31	
	2022	**2021**
The Group’s share of:		
Loss from continuing operations	$ (4,889)	$ (2,556)
Other comprehensive income	-	-
Total comprehensive income for the year	$ (4,889)	$ (2,556)

Refer to Table 4 “Name, locations, and related information of investees on which the Company exercises significant influence” for the nature of activities, principal place of business and country of incorporation of the associates.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Office Equipment	Transportation Equipment	Others Equipment	Total
Cost							
Balance at January 1, 2021	$ 3,058,135	$ 1,919,698	$ 4,709,446	$ 56,133	$ 28,715	$ 580,984	$ 10,353,111
Additions	-	-	223,890	4,029	995	53,388	282,302
Disposals	-	(989)	(64,665)	(918)	(1,995)	(2,913)	(71,480)
Effect of foreign currency exchange differences	-	(2,304)	(2,530)	687	(123)	(1,141)	(5,411)
Reclassifications	-	-	454,672	(285)	-	14,273	468,660
Balance at December 31, 2021	$ 3,058,135	$ 1,916,405	$ 5,320,813	$ 59,646	$ 27,592	$ 644,591	$ 11,027,182
Accumulated depreciation and impairment							
Balance at January 1, 2021	$ -	$ 488,742	$ 3,452,165	$ 46,397	$ 23,999	$ 397,798	$ 4,409,101
Disposals	-	(824)	(57,666)	(889)	(1,871)	(2,626)	(63,876)
Depreciation expense	-	52,442	451,769	2,501	1,064	83,231	591,007
Effect of foreign currency exchange differences	-	(1,241)	(1,373)	772	(103)	(807)	(2,752)
Reclassifications	-	-	-	-	-	-	-
Balance at December 31, 2021	$ -	$ 539,119	$ 3,844,895	$ 48,781	$ 23,089	$ 477,596	$ 4,933,480
Carrying amount at December 31, 2021	$ 3,058,135	$ 1,377,286	$ 1,475,918	$ 10,865	$ 4,503	$ 166,995	$ 6,093,702
Cost							
Balance at January 1, 2022	$ 3,058,135	$ 1,916,405	$ 5,320,813	$ 59,646	$ 27,592	$ 644,591	$ 11,027,182
Additions	-	-	115,835	8,947	1,262	60,909	186,953
Disposals	-	(53,082)	(166,795)	(1,565)	(2,821)	(17,468)	(241,731)
Effect of foreign currency exchange differences	-	4,756	3,988	1,090	212	2,130	12,176
Reclassifications	-	-	101,377	-	-	-	101,377
Balance at December 31, 2022	$ 3,058,135	$ 1,868,079	$ 5,375,218	$ 68,118	$ 26,245	$ 690,162	$ 11,085,957
Accumulated depreciation and impairment							
Balance at January 1, 2022	$ -	$ 539,119	$ 3,844,895	$ 48,781	$ 23,089	$ 477,596	$ 4,933,480
Disposals	-	(17,318)	(137,986)	(1,461)	(2,597)	(15,646)	(175,008)
Depreciation expense	-	51,356	423,966	2,616	1,024	83,334	562,296
Effect of foreign currency exchange	-	2,555	1,301	997	162	1,373	6,388

differences							
Reclassifications	-	-	-	-	-	-	-
Balance at December 31, 2022	$ -	$ 575,712	$ 4,132,176	$ 50,933	$ 21,678	$ 546,657	$ 5,327,156
Carrying amount at December 31, 2022	$ 3,058,135	$ 1,292,367	$ 1,243,042	$ 17,185	$ 4,567	$ 143,505	$ 5,758,801

No impairment assessment was performed because there was no indication of impairment for the years ended December 31, 2022 and 2021.

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

Buildings	
Industrial building	14-50 years
Electrical power systems	5 years
Engineering systems	5-27 years
Machinery equipment	
Major production equipment	5-10 years
Motor, controller and spindle device	3 years
Office equipment	5 years
Transportation equipment	5 years
Other equipment	3-15 years

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	**2021**
Carrying amount		
Land	$ 7,996	$ 23,880
Buildings	98,666	68,761
Transportation equipment	11,495	15,239
	$ 118,157	$ 107,880

	For the Year Ended December 31	
	2022	**2021**
Depreciation charge for right-of-use assets		
Land	$ 500	$ 665
Buildings	39,120	25,247
Transportation equipment	10,850	12,540
	$ 50,470	$ 38,452

Except for the addition in assets and recognition of depreciation expense, the Group had no material sublease and impairment loss on its right-of-use assets for the years ended December 31, 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	**2021**

Carrying amount		
Current	$ 49,859	$ 31,544
Non-current	$ 62,056	$ 53,490

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	**2021**
Buildings	0.44%～4.65%	0.44%-4.65%
Transportation equipment	0.39%～4.45%	0.35%-3.85%

c. Material leasing activities and terms

The Group leases certain buildings and transportation equipment for business use with lease terms of 2019-2027 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. The Group is prohibited from subleasing all or any portion of the underlying assets without the lessors' consents.

The Group also leases land for the manufacturing of products with lease term of 30-50 years in ROC. The lease specifies that payments will be paid in total amount at once, and does not contain purchase option at the end of the contract.

d. Other lease information

	For the Year Ended December 31	
	2022	**2021**
Expenses relating to short-term leases	$ 7,962	$ 2,404
Total cash outflow for leases	$ (59,829)	$ (41,298)

The Group's lease of office equipment and other equipment qualifies as short-term lease. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. INVESTMENT PROPERTIES

	Land	**Buildings**	**Total**
Cost			
Balance at January 1, 2022	$ -	$ -	$ -
Additions	2,014,511	443,372	2,457,883
Balance at December 31, 2022	$2,014,511	$443,372	$2,457,883
Accumulated depreciation and impairment			
Balance at January 1, 2022	$ -	$ -	$ -
Depreciation expense	-	16,006	16,006
Balance at December 31, 2022	$ -	$ 16,006	$ 16,006
Carrying amount at December 31, 2022	$2,014,511	$427,366	$2,441,877

The Group purchased land and buildings located at No. 199-202, of Xinxing and Zhongxing Sections., Hukou Township, Hsinchu County, for $2,471,817 thousand (including tax) from unrelated parties in December 2021. The title deed of properties was transferred in March 2022.

As of December 31, 2022, the security deposit of the operating leases collected by the company was $9,092 thousand.

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

	December 31, 2022
Year 1	$ 38,139
Year 2	12,074
Year 3	12,074
Year 4	11,068
Year 5	-
	$ 73,355

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

Buildings	14-26 years

The determination of fair value was performed using cost method by independent qualified professional valuers,Yang Min-An . The fair value as appraised of December 23, 2022 was $2,457,968 thousand.

17. OTHER ASSETS

	December 31	
	2022	2021
Non-current		
Prepayments for equipment and construction	$ 21,787	$ 31,543
Prepayments for land and buildings	-	245,071
Prepayments for pension	10,368	2,483
Others	45	914
	$ 32,200	$ 280,011

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Unsecured borrowings		
Credit borrowing	$1,013,430	$ 498,240

The interest rate of bank loan were 0.39%-1.40% and 0.29%-0.30% on December 31, 2022 and 2021,respectively.

b. Long-term borrowings

	December 31	
	2022	2021
Unsecured borrowings		
Credit borrowing	$ 767,750	$ 692,000
Less: Current portion	(767,750)	-
	$ -	$ 692,000

The long-term loan on December 31, 2021 was a fixed-rate loan from ANZ Bank. These loans were due on December 18, 2023 and December 21, 2023 respectively, and the effective annual interest rate was 0.45%. The Group partially hedges the interest rate risk of the loan through the interest rate exchange contract by exchanging fixed interest rate for floating interest rate (refer to Notes 7 and 30).

19. ACCOUNTS PAYABLE

	December 31	
	2022	2021
Accounts payable		
Operating	$ 1,501,046	$ 2,464,046

The average credit period is 120 to 150 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

20. OTHER LIABILITIES

	December 31	
	2022	2021
Current		
Other payables		
Payables for salaries and bonus	$ 234,646	$ 275,813
Payables for bonus to employees and directors	141,544	120,470
Payables for consumable	49,530	67,801
Payables for processing fees	36,965	238,250
Payables for purchase of equipment	28,409	37,080
Payables for mold and fixture fees	28,076	58,743
Payables for commission	15,225	-
Others	185,868	188,589
	$ 720,263	$ 986,746

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

CJC Holding, Shin Zu Shing Precision Electron（Suzhou）Co.,Ltd., Shin Zu Shing Precision Electron（Chongqing）Co.,Ltd., Zhi qun Precision Electron（Suzhou）Co.,Ltd., Kunshan Jengjea Computer Fittings Co.,Ltd., Dongguan Chengyue Computer Fittings Co.,Ltd., and Redstar Precision Electorn (Fuqing) Co.,Ltd., participate in the local government pension plan in accordance with local laws and regulations. A certain percentage of the employee's salary is regularly allocated to the local government for pension. The Group's obligation to the government-run retirement benefit plan is to contribute a specified amount only.

b. Defined benefit plans

The defined benefit plan adopted by the Group in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 6.45% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2022	**2021**
Present value of defined benefit obligation	$ 26,355	$ 30,175
Fair value of plan assets	(36,723)	(32,658)
Contribution (surplus)	(10,368)	(2,483)
Net defined benefit assets	$ (10,368)	$ (2,483)

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2021	$ 38,714	$ (35,900)	$ 2,814
Service cost			
Current service cost	322	-	322
Net interest expense (income)	194	(189)	5
Recognized in profit or loss	516	(189)	327

Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(427)	(427)
Actuarial gain	(1,597)	-	(1,597)
Recognized in other comprehensive income	(1,597)	(427)	(2,024)
Contributions from the employer	-	(3,600)	(3,600)
Benefits paid	(7,458)	7,458	-
Balance at December 31, 2021	30,175	(32,658)	(2,483)
Service cost			
Current service cost	101	-	101
Net interest expense (income)	226	(259)	(33)
Recognized in profit or loss	327	(259)	68
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ (2,614)	$ (2,614)
Actuarial gain	(1,739)	-	(1,739)
Recognized in other comprehensive income	(1,739)	(2,614)	(4,353)
Contributions from the employer	-	(3,600)	(3,600)
Benefits paid	(2,408)	2,408	-
Balance at December 31, 2022	$ 26,355	$ (36,723)	$ (10,368)

(Concluded)

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	**2021**
Discount rate(s)	1.5%	0.75%
Expected rate(s) of salary increase	2.5%	2%

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

	December 31	
	2022	2021
Discount rate(s)		
0.25% increase	$ (732)	$ (935)
0.25% decrease	$ 762	$ 975
Expected rate(s) of salary increase		
0.25% increase	$ 741	$ 947
0.25% decrease	$ (716)	$ (913)

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

	December 31	
	2022	2021
The expected contributions to the plan for the next year	$ 3,600	$ 3,600
The average duration of the defined benefit obligation	11.3 years	12.5 years

22. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	250,000	250,000
Shares authorized	$ 2,500,000	$ 2,500,000
Number of shares issued and fully paid (in thousands)	187,748	192,485
Shares issued	$ 1,877,483	$ 1,924,853

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

The movements of the ordinary shares were due to cancelation of treasury shares and the exercise of employee share options.

From January 1 to December 31,2022, the treasury shares was canceled and the capital was reduced by 47,370 thousand (4,737 thousand shares).On November 4, 2022, the Company’s board of directors approved a capital reduction to cancel the Company’s treasury shares, and the record date was November 7, 2022. The company has completed the related corporate registration procedures with respect to the issuance of new shares.The Company’s paid-in capital was $1,877,483 thousand after the capital reduction.

From January 1 to December 31, 2021, employees executed 459 shares of stock options. In 2021, the 459 shares executed during the period plus 106 shares executed in 2020 were converted into shares and the change registration was completed.

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Issuance of ordinary shares	$ 64,802	$ 605,829
Forfeited employee share options	38,162	-
Conversion of bonds	2,267,719	2,267,719
May only be used to offset a deficit		
Share of changes in capital surplus of associates	12	12
May not be used for any purpose		
Employee share options	-	38,162
	$ 2,370,695	$ 2,911,722

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

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders. For the policies on distribution of compensation of employees and remuneration of directors and supervisors before and after amendment, refer to employee benefits expense in Note 24(f) and compensation of employees and remuneration of directors in Note 24(g).

Dividends are recommended by the board of directors in accordance with the Company's dividend policy. Under this policy, industry trends and growth should be evaluated, investment opportunities should be fully understood, and proper capital adequacy ratios should be considered in determining the dividends to be distributed. In addition, cash dividends should not be less than 10% of the total dividends to be appropriated.

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

According to the Ministry of Economic Affairs Order Ref. No.10802432410 dated January 9, 2010, the Company calculates the net profit after tax plus other accounts into the current year undistributed earnings as base of the appropriation for special reserve.

The Company makes appropriations and reversals related to special reserve in accordance to the

Financial Supervisory Commission Order Ref. No. 1010012865, No.1010047490, and No. 1030006415, along with "Frequently asked questions and answers regarding appropriation for special reserve after application of IFRS".

The appropriations of earnings for 2021 and 2020 approved in the shareholders' meetings on June 16, 2022 and July 15, 2021, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For Fiscal Year 2021	**For Fiscal Year 2020**	**For Fiscal Year 2021**	**For Fiscal Year 2020**
Legal reserve	$ 117,163	$ 167,157	$ -	$ -
Appropriate (reserve) special reserve	63,910	(87,261)	-	-
Cash dividends (distributed by unappropriated earnings)	481,213	768,105	2.5	4.0

The shareholders of the Company resolved to use its additional paid-in capital of $481,213 thousands ($2.5 per share) and $576,079 thousands ($3 per share) to distribute as cash dividends.

The appropriation of earnings for 2022 proposed by the Company's board of directors on April, 2023

The appropriation of earnings for 2022 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June, 2023.

d. Other equity items

1) Exchange differences on translation

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ (357,199)	$ (304,768)
Reclassification adjustments on disposal of foreign operations	-	1,841
Exchange differences on the translation of net asset of foreign operations	129,550	(54,272)
Balance at December 31	$ (227,649)	$ (357,199)

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ (35,812)	$ (24,332)
Recognized during the period		
Unrealized loss - equity instruments	(56,938)	(11,480)
Balance at December 31	$ (92,750)	$ (35,812)

e. Treasury shares

Purpose of Buy-back	Number of Shares at January 1, 2022	Addition	Deduction	Number of Shares at December 31, 2022
Maintenance company honor and equity	-	4,737	(4,737)	-

To maintain the Company's credit and shareholders' equity, on August 5, 2022, the Company's board of directors resolved to buy back 5,000 thousand shares from August 8, 2022 to October 10, 2022 at the price range from $70 per share to $100 per share. The Company will continue to buy back shares when the market price falls below the lower limit of the price range. At the end of the execution duration, the Company bought back 4,737 thousand shares with total cost of $420,088 thousand.

On November 4, 2022, the Company's board of directors approved a capital reduction to cancel the Company's 4,737 thousand treasury shares, and the record date was November 7, 2022.

23. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from sale of goods	$ 11,824,698	$ 12,140,949
Contract balances		
Accounts receivable (Note 10)	$ 4,352,961	$ 4,575,849
Accounts receivable from related parties (Note 31)	35	-
	$ 4,352,996	$ 4,575,849
Contract liabilities (Booked under other current liabilities)		
Sale of goods	$ 7,228	$ 3,144

24. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations was attributable to:

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	$ 33,013	$ 42,686
Financial assets at amortized cost	27,747	25,080
Others	1,264	5,415
	$ 62,024	$ 73,181

b. Other income

	For the Year Ended December 31	
	2022	2021
Dividends income	$ 17,587	$ 7,643
Others	98,463	43,525
	$ 116,050	$ 51,168

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net foreign exchange gain (loss)	$ 388,472	$ (124,472)
Gain on land and plant expropriation	87,436	-
Fair value changes of financial assets and financial liabilities		
Investments in debt instruments at FVTPL	71,914	42,624
Gain on disposal of financial assets		
Investments in debt instruments at FVTPL	2,264	14,634
(Loss) Gain on disposal of property, plant and equipment	(2,158)	9,801
Loss on disposal of associates	-	(1,841)
Others	(1,082)	(472)
	$ 546,846	$ (59,726)

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	$ 8,582	$ 4,672
Interest on lease liabilities	2,617	1,434
	$ 11,199	$ 6,106

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	$ 562,296	$ 591,007
Right-of-use assets	50,470	38,452
Investment properties	16,006	-
	$ 628,772	$ 629,459
An analysis of depreciation and amortization by function		
Operating costs	$ 518,120	$ 537,530
Operating expenses	110,652	91,929
	$ 628,772	$ 629,459

f. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Post-employment benefits		
Defined contribution plans	$ 96,975	$ 87,847
Defined benefit plans	68	327
	97,043	88,174
Termination benefits	33	1,440
Remuneration of directors	9,240	8,216
Other employee benefits	1,969,455	2,078,251
	1,978,728	2,087,907
	$ 2,075,771	$ 2,176,081
An analysis of employee benefits expense by function		
Operating costs	$ 1,650,543	$ 1,751,481
Operating expenses	425,228	424,600
	$ 2,075,771	$ 2,176,081

g. Compensation of employees and remuneration of directors for 2022 and 2021

The Company accrued compensation of employees and remuneration of directors at the rates no less than 2%, and remuneration of directors at the rates no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021 which were been approved by the Company’s board of directors were as follows:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Compensation of employees	6%	7%
Remuneration of directors	0.4%	0.5%

Amount

	For the Year Ended December 31	
	2022	2021
Compensation of employees	$ 132,544	$ 112,470
Remuneration of directors	9,000	8,000
	$ 141,544	$ 120,470

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

Information on the compensation of employees and remuneration of directors in 2022 and 2021 resolved by the Company’s board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current period	$ 682,265	$ 533,667
Income tax on unappropriated earnings	25,467	41,178
Adjustments for prior year	(9,132)	(14,298)
Tax refund due to Regulations Governing the Management, Utilization, and Taxation of Repatriated Offshore Funds	(4,203)	-
Deferred tax		
In respect of the current period	(85,466)	(97,439)
Income tax expense recognized in profit or loss	$ 608,931	$ 463,108

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

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	$ 2,268,115	$ 1,632,711
Income tax expense calculated at the statutory rate	$ 453,623	$ 326,542
Tax effect of adjusting items:		
Tax-exempt income	(4,233)	(4,341)
Unrecognized temporary differences	6,654	(8,334)
Non-additive income in determining taxable income	(21,312)	-
Tax refund due to Regulations Governing the Management, Utilization, and Taxation of Repatriated Offshore Funds	(4,203)	-
Income tax of unappropriated earnings	25,467	41,178
Effects of different tax rate of group entities operating in other jurisdictions	162,067	123,953
Taxation due to profit repatriation of subsidiaries	74,181	88,907
Tax credit due to profit repatriation of Chinese subsidiary	(74,181)	(88,907)
Adjustments for prior years' tax	(9,132)	(14,298)
Others	-	(1,592)
Income tax expense recognized in profit or loss	$ 608,931	$ 463,108

b. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax liabilities		
Income tax payable	$ 252,618	$ 239,395

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Unrealized allowance loss on inventories	$ 14,080	$ 1,200	$ 15,280
Unrealized foreign exchange loss	1,545	14,835	16,380
Unrealized gross profit from affiliated company	765	(515)	250
Others	57,870	33,597	91,467
	$ 74,260	$ 49,117	$ 123,377
Deferred tax liabilities			
Associates	$ 548,270	$ (36,349)	$ 511,921

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Unrealized allowance loss on inventories	$ 12,780	$ 1,300	$ 14,080
Unrealized foreign exchange loss	4,442	(2,897)	1,545
Unrealized gross profit from affiliated company	1,767	(1,002)	765
Others	36,164	(21,706)	57,870
	$ 55,153	$ (19,107)	$ 74,260
Deferred tax liabilities			
Associates	$ 626,602	$ (78,332)	$ 548,270

d. Income tax assessments

The tax returns of Shin Zu Shing Co., Ltd. through 2020 have been assessed by the tax authorities. The tax returns of Heng Xing Investment Co., Ltd. through 2020 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2022	**2021**
Profit for the year attributable to owners of the Company	$ 1,659,184	$ 1,169,603

	2022	2021
Effect of potentially dilutive ordinary shares		
Compensation of employees	-	-
Earnings used in the computation of diluted earnings per share	$ 1,659,184	$ 1,169,603

Number of Shares

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	191,004	192,286
Effect of potentially dilutive ordinary shares		
Employees shares option	-	78
Compensation of employees	1,624	1,164
Weighted average number of ordinary shares used in the computation of diluted earnings per share	192,628	193,528

The Group may settle the compensation paid to employees by cash or shares; therefore, the Group presumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the shares had a dilutive effect. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

27. CASH FLOW INFORMATION

Non-cash Transactions

Except for those disclosed in other notes, the Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows for the years 2022 and 2021:

In 2022 and 2021, the Group acquired property, plant and equipment for $186,953 thousand and $282,302 thousand, respectively; the amount payable for equipment decreased by $8,671 thousand and increased by $3,947 thousand, respectively; the total amount of cash paid for the purchase of property, plant and equipment amounted to $195,624 thousand and $278,355 thousand, respectively.

28. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee stock option

Employees of the Company were granted 5000 options in August 24, 2016. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Company. Recipients include qualified employees of the Company and its subsidiaries. The options granted are valid for 6 years and exercisable at 60% after the second year from the grant date. After the third year from the grant date, the 100% stock options can be exercised. The options were granted at an exercise price equal to the closing price of the Company’s ordinary shares listed on Taiwan Stock Exchange at the grant date. For any subsequent changes in the Company’s capital surplus, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	For the Year Ended December 31			
	2022		2021	
	Number of Options	Weighted-average Exercise Price ($)	Number of Options	Weighted-average Exercise Price ($)
Balance at January 1	375	$ 88.7	834	$ 94.16
Options granted	-	-	-	-
Options forfeited	-	-	-	-
Options exercised	-	-	(459)	94.16
Options expired	(375)	-	-	-
Balance at December 31	-		375	88.7
Options exercisable, end of the year	-		375	88.7
Weighted-average fair value of options granted ($)	$ -		$ -	

As of the end of a reporting period, information employee share options on outstanding during the period was as follows:

	December 31,2021
Weighted-average remaining contractual life (in years)	0.67

Options granted in August 2016 are priced using the binomial option pricing model, and the inputs to the model are as follows:

	August 2016
Grant-date share price	$108
Exercise price	$108
Expected volatility	37.49%
Expected life (in years)	6
Risk-free interest rate	0.5265%

Expected volatility is based on the historical share price volatility over the past 6 years, and takes the effects of early exercise

29. CAPITAL MANAGEMENT

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

Key management personnel of the Group review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic investments				
Listed shares and emerging market shares	$ 191,095	$ -	$ -	$ 191,095
Domestic investments				
Unlisted shares	-	-	17,632	17,632
	$ 191,095	$ -	$ 17,632	$ 208,727
Financial assets at FVTPL				
Derivative financial assets				
Cross-currency swap contracts	$ -	$ -	$ 99,637	$ 99,637
Domestic listed shares	88,553	-	-	88,553
	$ 88,553	$ -	$ 99,637	$ 188,190

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity				
Domestic listed shares	$ 237,679	$ -	$ -	$ 237,679
Financial assets at FVTPL				
Hybrid financial assets				
Structured deposits	$ -	$ -	$ 86,908	$ 86,908
Domestic listed shares	75,125	-	-	75,125
	$ 75,125	$ -	$ 86,908	$ 162,033
Financial liabilities at FVTPL				
Derivatives financial liabilities				
Cross-currency swap contracts	$ -	$ -	$ 6,767	$ 6,767

There were no transfers between Levels 1 and 2 in the current and prior periods.

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

measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - currency swaps contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Structured deposits	It is based on the evaluation report provided by the financial institution, and its evaluation method is measured by the rate of return derived from the deposit principal and the linked target of the derivative instrument.

b. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
FVTPL	$ 188,190	$ 162,033
Financial assets at amortized cost (1)	10,688,575	12,415,732
Financial assets at FVTOCI		
Equity instruments	208,727	237,679
Financial liabilities		
FVTPL	-	6,767
Amortized cost (2)	4,190,018	4,642,338

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivables, Accounts receivable, Accounts receivable from related parties, other receivables and financial assets at amortized cost - current.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term loans, notes payable, Accounts payable, Accounts payable from related parties, other payables, other payables from related parties and long-term loans(including current portion).

c. Financial risk management objectives and policies

The Group's major financial instruments included equity and debt investments, notes receivables, Accounts receivable, Accounts receivable from related parties, other receivables, notes payable, Accounts payable, Accounts payable from related parties, other payables, other payables from related parties, borrowings and lease liabilities.The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate treasury function reported quarterly to the Group's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments (includes cross-currency swap contracts and strctured deposits) to manage its exposure to foreign currency risk and interest rate risk.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Group has foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters through cross-currency swap contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are disclosed in Note 33.

Sensitivity analysis

The Group was mainly exposed to the USD and EUR.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included cross-currency swap contracts and strctured deposits designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in post-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on post-tax profit and other equity and the balances below would be negative.

	USD Impact (i)		**EUR Impact (ii)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2022	**2021**	**2022**	**2021**
Profit or loss*	$ 28,544	$ 35,107	$ 183	($ 20)

i. This was mainly attributable to the exposure on outstanding USD assets and liabilities, which were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure on outstanding EUR assets and liabilities, which were not hedged at the end of the reporting period.

b) Interest rate risk

The Group is exposed to interest rate risk because the entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts and forward interest rate contracts.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	December 31	
	2022	**2021**
Fair value interest rate risk		
Financial assets		
Financial assets at amortized cost	$ 2,993,956	$ 2,784,877
Cash flow interest rate risk		
Financial assets		
Demand deposits	3,230,403	4,905,203
Financial liabilities		
Borrowings	1,781,180	1,190,240

<u>Sensitivity analysis</u>

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 0.25% basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25% basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased by $3,623 thousand and $9,287 thousand, which was mainly attributable to the Group's exposure to interest rates on its floating rate bank deposits and bank borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group could be equal to the total of the following:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

The Group adopted a policy of only dealing with entities that have high credit ratings, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available, or if such information is not available, the Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management annually.

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

The counterparties for transactions of current assets and financial assets are bank with the high credit ratings from international credit rating agencies, therefore the credit risk should be fairly limited.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liability. As of December 31, 2022 and 2021, the Group had available unutilized overdraft and short-term bank loan facilities of approximately $3,448,790 thousand and $3,661,920 thousand, respectively.

a) Liquidity and interest rate risk tables

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2022

	Weighted Interest Average Effective Rate (%)	**Less than 3 Months**	**3 Months to 1 Year**	**1 Year +**
Non-derivative liabilities				
Float interest rate liabilities	0.39%～1.40%	$ 399,798	$ 1,389,807	$ -
Lease liabilities	0.39%～4.65%	12,580	37,279	62,056

Further information on the maturity analysis of the above financial liabilities are as follows:

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	$ 49,859	$ 62,056	$ -

December 31, 2021

	Weighted Interest Average Effective Rate (%)	Less than 3 Months	3 Months to 1 Year	1 Year +
Non-derivative liabilities				
Float interest rate liabilities	0.29%-0.45%	$ 276,939	$ 221,682	$ 698,127
Lease liabilities	0.35%-4.65%	9,094	22,450	53,490

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	$ 31,544	$ 53,490	$ -

b) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table detailed the Group’s liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2022

	Less Than 3 Month	3 Months to 1 Year	1+ Years
Net settled			
interest rates swap	$ 18,080	$ 81,557	$ -

December 31, 2021

	Less Than 3 Month	3 Months to 1 Year	1+ Years
Net settled			
interest rates swap	$ 650	$ 729	$ 5,388

c) Financing facilities

	December 31	
	2022	**2021**
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	$ 1,781,180	$ 1,190,240
Amount unused	3,448,790	3,661,920

31. RELATED-PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Relationship with the Company
Jochu Technology (Vietnam) Co., Ltd.	Related party in substance
Jochu Technology Co., Ltd.	Related party in substance
Suzhou Xinglianyi Metal Technology Co., Ltd.	Related party in substance

b. Sales of goods

		For the Year Ended December 31	
Line Item	**Related Party Category/Name**	**2022**	**2021**
Sales	Related party in substance	$ 35	$ -

The product type of sales to related parties is different from that of general customers, so there is no basis for comparison of the transaction amount. The payment conditions are about 120 days from the end of the next month, which is the same as that of general customers.

c. Purchase of goods

	For the Year Ended December 31	
	2022	**2021**
Related party in substance	$ 184,001	$ -

Purchase prices and payment terms offered by related parties were similar with those offered by third parties, the payment conditions are about 120 days from the end of the next month.

d. Accounts receivable from related parties (excluding loans to related parties)

		December 31	
Line Item	**Related Party Category/Name**	**2022**	**2021**
Accounts receivable	Related party in substance	$ 35	$ -

e. Payables to related parties (excluding borrowings from related parties)

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Accounts payable	Related party in substance Suzhou Xinglianyi Metal Technology Co., Ltd.	$186,935	$ -

f. Other payables to related parties

	December 31 2022	December 31 2021
Related party in substance	$ 575	$ -

g. Guarantee deposits

	December 31 2022	December 31 2021
Related party in substance Jochu Technology Co., Ltd.	$ 2,524	$ -

h. Operating expense

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Operating expense	Related party in substance	$ 162	$ -

i. Other gains and losses

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Rental income	Related party in substance Jochu Technology Co., Ltd.	$ 11,737	$ -

The rental income between related parties is calculated in accordance to the contract, and is collected on a monthly basic.

j. Other income

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Other income	Related party in substance	$ 2,647	$ -

k. Property transactions

Sample and molds making

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Manufacturing overhead	Related party in substance	$ 367	$ -

l. Compensation of key management personnel

The amounts of remuneration of directors and key executives were as follows:

	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Short-term benefits	$ 51,717	$ 64,896
Post-employment benefits	637	637
Other long-term benefits	24,000	27,000
	$ 76,354	$ 92,533

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

32. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

Due to business needs, the Group has invested USD $5,000 thousand to establish Smart Point Co., Ltd. as of the date of issuance of the financial statements, and completed the establishment registration for indirect investment in Vietnam companies, but Vietnam companies are still being established.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities of entities in Group denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

(Unit: In Thousands of Foreign Currencies and New Taiwan Dollars)

December 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 129,100	30.71 (USD:NTD)	$ 3,964,670
USD	67,670	6.9646 (USD:RMB)	2,078,137
USD	10	1.3422 (USD:SGP)	306
EUR	560	32.72 (EUR:NTD)	18,316
SDG	100	22.88 (SDG:NTD)	2,287

Financial liabilities

	Foreign Currencies	Exchange Rate	Carrying Amount
Monetary items			
USD	95,744	30.71 (USD:NTD)	2,940,303
USD	8,090	6.9646 (USD:RMB)	248,443
JPY	1,299	0.2324 (JPY:NTD)	302

December 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 143,581	27.68 (USD:NTD)	$ 3,974,310
USD	105,571	6.3757 (USD:RMB)	2,922,196
USD	13	1.3529 (USD:SGP)	373
RMB	53,187	4.344 (RMB:NTD)	231,045
JPY	3,658	0.2405 (JPY:NTD)	880
EUR	190	31.32 (EUR:NTD)	5,965
Financial liabilities			
Monetary items			
USD	101,341	27.68 (USD:NTD)	2,805,108
USD	20,993	6.3757 (USD:RMB)	581,094
JPY	8,736	0.2405 (JPY:NTD)	2,101
EUR	255	31.32 (EUR:NTD)	7,986

For the years ended December 31, 2022 and 2021, net foreign exchange gain (loss) was $388,472 thousand and $(124,472) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities.

34. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b) information on investees:

1) Lending funds to others. (None)

2) Providing endorsements or guarantees for others. (None)

3) Holding of securities at the end of the period (excluding investments in subsidiaries, associates and joint ventures). (Table 3)

4) Aggregate purchases or sales of the same securities reaching NT$300 million or 20 percent of paid-in capital or more. (None)

5) Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more. (None)

6) Disposal of real estate reaching NT$300 million or 20 percent of paid-in capital or more. (None)

7) Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of

paid-in capital or more. (Table 1)

8) Accounts receivable from related parties reaching NT$100 million or 20 percent of paid-in capital or more. (Table 2)

9) Trading in derivative instruments (Note 7)

10) Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them. (Table 4)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area. (Table 5)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses. (Table 6)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

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

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

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

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

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

d. Intercompany relationships and significant intercompany transactions (Table 7)

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

35. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group’s reportable segments under IFRS 8 “Operating Segments” were as follows:

Hinge products - design, manufacture, testing and sales of hinge products for various components (including NB, LCD, and 3C hinge products and other parts such as various springs, stamping and lathed parts), for different types of laptops or consumer electronic products.

MIM products - design, manufacture, testing and sales of parts produced through combining powder metallurgy and injection molding technology (as in the process of injecting metal to form mold in the shape desired) for different types of laptops or consumer electronic products.

a. Segment revenues and results

	Segment Revenue For the Year Ended December 31		Segment Profit For the Year Ended December 31	
	2022	2021	2022	2021
Hinge products	$ 10,951,898	$ 11,107,947	$ 1,936,154	$ 1,767,954
MIM products	826,949	936,958	78,316	134,548
Others	45,851	96,044	41,848	93,363
	$ 11,824,698	$ 12,140,949	2,056,318	1,995,865
Other gains and losses			546,846	(59,726)
Interest income			62,024	73,181
Other income			116,050	51,168
Headquarters management costs and director remuneration			(497,025)	(419,115)
Financial costs			(11,199)	(6,106)
Share of profit or loss of subsidiaries and associates			(4,899)	(2,556)
Profit before tax			$ 2,268,115	$ 1,632,711

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the years ended December 31, 2022 and 2021.

Departmental profit refers to the profit earned by each department, excluding headquarters management costs and director remuneration, other gains and losses, interest income, other income, financial costs and share of profit or loss of subsidiaries and associates. This measure is provided to key operational decision makers to allocate resources to departments and measure their performance.

b. Total segment assets and liabilities

	December 31	
	2022	2021
Segment assets		
Hinge products	$ 16,270,229	$ 16,064,591
MIM products	1,536,265	1,887,468
Others	14,001	43,868
	$ 17,820,495	$ 17,995,927
Segment liabilities		
Hinge products	$ 2,752,060	$ 3,432,529
MIM products	259,833	403,352
Others	2,412	9,228
	$ 3,014,305	$ 3,845,109

For the purpose of monitoring segment performance and allocating resources between segments:

1) All assets were allocated to reportable segments other than interests in associates accounted for using the equity method, other financial assets, and current and deferred tax assets. Assets used jointly by reportable segments were allocated on the basis of the revenue earned by individual reportable segments; and

2) Al l liabilities were allocated to reportable segments other than borrowings, other financial liabilities, current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable were allocated in proportion to segment assets.

c. Other segment information

Other information reviewed by the chief operating decision maker or regularly provided to the chief operating decision maker was as following:

	Depreciation and Amortization		**Additions to Non-current Assets**	
	For the Year Ended December 31		**December 31**	
	2022	**2021**	**2022**	**2021**
Hinge products	$ 544,899	$ 548,500	$ 2,502,591	$ 964,676
MIM products	83,873	80,959	28,375	48,901
	$ 628,772	$ 629,459	$ 2,530,966	$ 1,013,577

d. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	December 31	
	2022	**2021**
Hinge products	$ 10,951,898	$ 11,107,947
MIM products	826,949	936,958
Others	45,851	96,044
	$ 11,824,698	$ 12,140,949

e. Geographical information

The Group operates in three principal geographical areas - Taiwan, Singapore and China.

The Group's revenue from continuing operations from external customers by location of operations and information on its non-current assets by location of assets are detailed below.

	Revenue from External Customers		**Non-current Assets**	
	For the Year Ended December 31		**December 31**	
	2022	**2021**	**2022**	**2021**
Taiwan	$8,567,125	$8,582,181	$7,937,262	$6,010,125
Singapore	-	-	468	406
China	3,257,573	3,558,768	418,506	485,187
	$11,824,698	$12,140,949	$8,356,236	$6,495,718

Non-current assets exclude non-current assets classified as held for sale, and exclude financial instruments, investments accounted for using equity method, deferred tax assets, post-employment benefit assets, and assets arising from insurance contracts.

f. Information on major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31 2022		For the Year Ended December 31 2021	
Client	**Amount**	**% of Net Revenue**	**Amount**	**% of Net Revenue**
Company A	$ 1,684,291	14	$ 1,379,883	11
Company B	-	-	1,362,970	11
	$ 1,684,291		$ 2,742,853	

SHIN ZU SHING CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Shin Zu Shing Co., Ltd.	Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Subsidiary	Sale	$ 111,239	1	Net 120 days end of the month	The product type of sales is different from that of general customers, so there is no basis for comparison of the transaction amount	The same trading terms as non-related parties	$ 23,935	1	
	Kunshan Jengjea Computer Fittings Co., Ltd.	Subsidiary	Purchase	550,823	12	Net 120 days end of the month	The product type of purchased is different from that of general customers, so there is no basis for comparison of the transaction amount	The same trading terms as non-related parties	(120,160)	(9)	
	Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Subsidiary	Purchase	1,488,836	33	Net 120 days end of the month	The product type of purchased is different from that of general customers, so there is no basis for comparison of the transaction amount	The same trading terms as non-related parties	(403,929)	(30)	
	Dongguan Chengyue Computer Fittings Co., Ltd.	Subsidiary	Purchase	432,680	10	Net 120 days end of the month	The product type of purchased is different from that of general customers, so there is no basis for comparison of the transaction amount	The same trading terms as non-related parties	(78,110)	(6)	
	Suzhou Xinglianyi Metal Technology Co., Ltd.	Related party in substance	Purchase	174,265	4	Net 120 days end of the month	The product type of purchased is different from that of general customers, so there is no basis for comparison of the transaction amount	The same trading terms as non-related parties	(175,960)	(13)	

SHIN ZU SHING CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars or RMB Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Shin Zu Shing Co., Ltd.	Parent and subsidiary	RMB 91,605	2.29	$ -		RMB 70,258	$
Kunshan Jengjea Computer Fittings Co., Ltd.	Shin Zu Shing Co., Ltd.	Parent and subsidiary	RMB 27,251	2.82	-		RMB 11,423	
Suzhou Xinglianyi Metal Technology Co., Ltd.	Shin Zu Shing Co., Ltd.	Related party in substance	TWD 175,960	2.00	-		TWD 32,437	

TABLE 3

SHIN ZU SHING CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Heng Xing Investment Co., Ltd.	Jochu Technology Co., Ltd.	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	9,124	$ 180,655	10.00	$ 180,655	
	Nan Juen International Co., Ltd.	None	〃	200	10,440	-	10,440	
	Min De Biomedical Co., Ltd.	〃	Financial assets at fair value through profit or loss - current	171	-	2.00	-	
	Anpec Electronics Corp.	〃	〃	280	32,200	-	32,200	
	TaiDoc Technology Corp	〃	〃	170	31,450	-	31,450	
	Delta Electronics, Inc.	〃	〃	10	2,865	-	2,865	
	Innodisk Corporation.	〃	〃	103	19,098	-	19,098	
	Wistron Corporation.	〃	〃	100	2,940	-	2,940	
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Suzhou Xinglianyi Metal Technology Co., Ltd.	Related party in substance	Financial assets at fair value through profit or loss - current - non-current	-	17,632	16.67	17,632	

SHIN ZU SHING CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Losses) of the Investee	Equity in the Earnings (Losses)	Note
				December 31, 2022	December 31, 2021	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
Shin Zu Shing Co., Ltd.	Time Rise Corp.	Mauritius	Holding, reinvestment	$ 1,223,666	$ 1,223,666	37,080	100	$ 2,977,465	$ 384,948	$ 384,948	
	Magic Timing Technology Limited	British Virgin Islands	International trading	1,581	1,581	50	100	171,317	(2,154)	(2,154)	
	Up Hill International Limited	Samoa	International trading	33,278	33,278	1,000	100	54,804	(6,024)	(6,024)	
	Spring Vision Technology Corp.	British Virgin Islands	International trading	3,220	3,220	-	100	12,012	(14,896)	(14,896)	
	Heng Xing Investment Co., Ltd.	New Taipei City	Investment	700,000	700,000	70,000	100	562,588	(14,178)	(14,178)	
	Ding Ying Investment Co., Ltd.	New Taipei City	Investment	500,000	-	50,000	100	500,320	320	320	
	Amazing Power Limited	Seychelles	Holding, reinvestment	472,555	472,555	7,950	100	1,121,412	203,341	203,341	
	Cjc Holding Pte Limited	Singapore	Sales of liquid crystal displays, monitor base brackets, shafts and accessories	13,720	13,720	750	100	2,089	(778)	(778)	
	Above Average Limited	Seychelles	International trading	3,172	3,172	100	100	34,377	471	471	
Time Rise Corp.	Hamstead Corporation	Mauritius	Holding, reinvestment	US$ 23,330	US$ 23,330	2,333	100	US$ 78,129	US$ 13,015	US$ 13,015	
	Titan Speed Technology Limited	Samoa	Holding, reinvestment	US$ 13,000	US$ 13,000	13,000	100	US$ 14,541	US$ 21	US$ 21	
	Shining Smart International Corp.	British Virgin Islands	Holding, reinvestment	US$ 4,538	US$ 4,538	-	100	US$ 4,253	US$ (152)	US$ (152)	
Amazing Power Limited	Ace Technology Inc.	Seychelles	Holding, reinvestment	US$ 4,710	US$ 4,710	4,710	100	US$ 11,720	US$ 2,016	US$ 2,016	
	Blossom Enterprise Inc.	Seychelles	Holding, reinvestment	US$ 1,350	US$ 1,350	1,350	100	US$ 10,210	US$ 577	US$ 577	
	Elite Dragon Group Limited	British Virgin Islands	Holding, reinvestment	US$ 5	US$ 5	5	100	US$ 14,628	US$ 4,307	US$ 4,307	
Shining Smart International Corp.	Prosperity Investment Holding Pte. Ltd.	Singapore	Holding, reinvestment	US$ 3,788	US$ 3,788	3,788	25	US$ 3,442	US$ (662)	US$ (166)	

SHIN ZU SHING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars or U.S. Dollars)

1. Name of the investees in mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in mainland China:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2, b, (2))	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Production and sales of precision hardware, electronics, molds and plastic, etc.	US$ 30,000	b.	US$ 23,330	$ -	$ -	US$ 23,330	US$ 13,074	100	US$ 13,074	US$ 68,234	US$ 63,555	
Zhi qun Precision Electron (Suzhou) Co., Ltd.	Production and sales of precision hardware, electronics, molds, etc.	US$ 13,000	b.	US$ 13,000	-	-	US$ 13,000	US$ 22	100	US$ 22	US$ 14,510	US$ 6,674	
Kunshan Jengjea Computer Fittings Co., Ltd.	Production and development of LCD monitor accessories and key laptop components	US$ 5,000	b.	US$ 7,469	-	-	US$ 7,469	US$ 2,007	100	US$ 2,007	US$ 11,314	US$ 18,718	
Dongguan Chengyue Computer Fittings Co., Ltd.	Production and sales of computer accessories	US$ 1,200	b.	US$ 4,312	-	-	US$ 4,312	US$ 4,307	100	US$ 4,307	US$ 14,623	US$ 9,112	
Dongguan Jinkun Hardware Co., Ltd. (Note 3)	Production and sales of hinges and hardware products	US$ 700	b.	US$ 500	-	-	US$ 500	-	-	-	-	-	
Redstar Precision Electorn (Fuqing) Co., Ltd.	Production of shafts and other precision bearings, molds, LCD monitor accessories, key laptop and other new electronic components, self-produced products, etc.	US$ 650	b.	US$ 650	-	-	US$ 650	US$ 575	100	US$ 575	US$ 9,878	US$ 3,966	
Zhi qun Precision Electron (Chongqing) Co., Ltd.	Production and sales of computer accessories	US$ 2,000	b.	-	-	-	-	US$ (172)	100	US$ (172)	US$ 1,894	-	

Note 1: The investment types are as follows:

a. Direct investment in mainland China.
b. Indirect investments in mainland China through subsidiaries, invested by TCC and momo, in third regions.
c. Others.

Note 2: In the column “Investment Gain”

a. If it is in preparation and there is no investment gain(loss), it should state clearly.

b. Investment Gain recognition was based on the following and should state clearly.

1) Financial statements audited by an international CPA firm having a cooperative relation with CPA firms in the Republic of China;
2) Financial statements audited by the CPA firm of the parent company in Taiwan;
3) Other.

Note 3 Dongguan Jinkun Hardware Co., Ltd has completed the deregistration in August 2011, but has not yet completed the deregistration to the Investment Commission.

(Continued)

2. The limited amounts of the investment in mainland China

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
NT$1,588,732 (US$49,261)	NT$2,137,779 (US$66,750)	NT$9,528,250

Note: According to the Investment Commission of MOEA, the investment amount in mainland China should be limited to the greater of the net profit or 60% of consolidated net profit.

(Concluded)

SHIN ZU SHING CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

1. Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss:

Company Name	Related Party	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Shin Zu Shing Co., Ltd.	Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Sale	$ 111,239	1	Adjusted for plus or minus cost	Net 120 days end of the month	The product type of sales is different from general customers, so there is no basis for comparison of the transaction amount. The amount and payment terms are the same as non-related parties.	Accounts receivable $ 23,935	1	$ (1,250)	
Shin Zu Shing Co., Ltd.	Kunshan Jengjea Computer Fittings Co., Ltd.	Purchase	550,823	12	Adjusted for plus or minus cost	Net 120 days end of the month	The amount and payment terms of purchased is the same as non-related parties.	Accounts payable (120,160)	(9)		
Shin Zu Shing Co., Ltd.	Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Purchase	1,488,836	33	Adjusted for plus or minus cost	Net 120 days end of the month	The amount and payment terms of purchased is the same as non-related parties.	Accounts payable (403,929)	(30)		
Shin Zu Shing Co., Ltd.	Redstar Precision Electorn (Fuqing) Co., Ltd.	Purchase	98,321	2	Adjusted for plus or minus cost	Net 120 days end of the month	The amount and payment terms of purchased is the same as non-related parties.	Accounts payable (32,785)	(2)		
Shin Zu Shing Co., Ltd.	Dongguan Chengyue Computer Fittings Co., Ltd.	Purchase	432,680	10	Adjusted for plus or minus cost	Net 120 days end of the month	The amount and payment terms of purchased is the same as non-related parties.	Accounts payable (78,110)	(6)		
Shin Zu Shing Co., Ltd.	Suzhou Xinglianyi Metal Technology Co., Ltd.	Purchase	174,265	4	Adjusted for plus or minus cost	Net 120 days end of the month	The amount and payment terms of purchased is the same as non-related parties.	Accounts payable (175,960)	(13)		

2. The amount of property transactions and the amount of the resultant gains or losses: None.

3. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes : None.

4. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds : None.

5. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services : None.

SHIN ZU SHING CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

No. (Note1)	Investee Company	Counterparty	Relationship (Note2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets (Note3)
0	Shin Zu Shing	Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	1	Sales Accounts receivable	$ 111,239 23,935	The product type of sales is different from general customers, so there is no basis for comparison of the transaction amount. The payment terms is the same as general customers.	1 -
				Purchase Accounts payable	1,488,836 403,929	The purchase price, payment terms and other trading conditions are the same as general manufacturers, and the payment terms is net 120 days end of the month	13 2
		Kunshan Jengjea Computer Fittings Co., Ltd.	1	Purchase Accounts payable	550,823 120,160	The purchase price, payment terms and other trading conditions are the same as general manufacturers, and the payment terms is net 120 days end of the month	5 1
		Dongguan Chengyue Computer Fittings Co., Ltd.	1	Purchase Accounts payable	432,680 78,110	The purchase price, payment terms and other trading conditions are the same as general manufacturers, and the payment terms is net 120 days end of the month	4 -
		Redstar Precision Electorn (Fuqing) Co., Ltd.	1	Purchase Accounts payable	98,321 32,785	The purchase price, payment terms and other trading conditions are the same as general manufacturers, and the payment terms is net 120 days end of the month	1 -
1	Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Zhi qun Precision Electron (Suzhou) Co., Ltd.	3	Purchase Accounts payable	29,171 -	The product type of purchased is different from general manufacturers, so there is no basis for comparison of the transaction amount. The payment terms is net 120 days end of the month.	- -
2	Zhi qun Precision Electron (Suzhou) Co., Ltd.	Kunshan Jengjea Computer Fittings Co., Ltd.	3	Sales Accounts receivable	18,360 -	The product type of sales is different from general customers, so there is no basis for comparison of the transaction amount. The payment terms is the same as general customers.	- -
3	Redstar Precision Electorn (Fuqing) Co., Ltd.	Dongguan Chengyue Computer Fittings Co., Ltd.	3	Sales Accounts receivable	18,899 7,742	The product type of sales is different from general customers, so there is no basis for comparison of the transaction amount. The payment terms is the same as general customers.	- -
4	CJC HOLDING	SPRING VISION	3	Technical Services income	13,689	Collection of management service income from Associate.	-

Note 1: Information regarding intercompany transactions should be numbered according to the following:

a. Parent company should be numbered 0.
b. Subsidiaries should be numbered beginning with 1.

(Continued)

Note 2: Intercompany transactions can be divided into three categories as following:

a. Parent company to subsidiaries
b. Subsidiaries to parent company
c. Subsidiaries to subsidiaries

Note 3: For the percentage of intercompany transactions in total sales or asset, year-end balance is used for balance sheet accounts while income statement accounts use the accumulated amount to calculate.

Note 4: The Company may decide whether to list the material transactions in this table according to the principle of materiality.

(Concluded)

TABLE 8

SHIN ZU SHING CO., LTD. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
December 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sheng-Nan Lu	17,154,346	9
Min-Wen Lu	9,776,084	5

Note 1: The information of major shareholders presented in this table is provide by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholders delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Shin Zu Shing Co., Ltd.

Opinion

We have audited the accompanying financial statements of Shin Zu Shing Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Assessment of revenue recognition</u>

Shin Zu Shing Co., Ltd. mainly engaged in research and development, manufacturing and sales of notebook and LCD hinge components and MIM (Metal Injection Molding). The Company prepare the inventory in the hub warehouse based on the customer's demand.The Company recognizes revenue upon the goods are picked up from the hub warehouses and accepted by the customers (when control of the products is transferred). Since the revenue recognition of sales from hub warehouses requires more control mechanisms, it is considered as a key audit matter.

The key audit procedures that we performed in respect of sales from hub warehouses included the following:

1. We performed and obtained an understanding of the appropriateness of the design and implementation of internal control system that is related to revenue recognition.

2. We executed test of details on the revenue from hub warehouses in order to ensure the occurence of sales revenue.

3. We issued confirmation letters to major hub warehouses, and trace the replies of confirmation letters to the inventory quantity listed in the inventory subledger in order to ensure the accuracy of the inventory quantity booked at the end of the hub warehouse

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2023

<u>*Notice to Readers*</u>

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SHIN ZU SHING CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 28)	$ 722,243	3	$ 2,595,234	13
Financial assets at fair value through profit or loss - current (Notes 7 and 28)	99,637	1	86,908	1
Financial assets at amortized cost - current (Notes 8 and 28)	1,925,245	9	2,301,888	11
Notes receivable, net (Notes 9 and 28)	6,376	-	3,536	-
Accounts receivable, net (Notes 9 and 28)	3,458,914	17	3,253,312	16
Accounts receivable from related parties, net (Notes 9, 28 and 29)	23,970	-	71,282	-
Other receivables (Note 28)	25,294	-	20,966	-
Inventories (Note 10)	1,116,392	5	784,472	4
Other current assets	17,916	-	14,359	-
Total current assets	7,395,987	35	9,131,957	45
NON-CURRENT ASSETS				
Investments accounted for using equity method (Note 11)	5,436,384	26	5,052,093	25
Property, plant and equipment (Note 12)	5,354,656	26	5,656,102	28
Right-of-use assets (Note 13)	44,026	-	65,463	-
Investment properties, net (Note 14)	2,441,877	12	-	-
Deferred tax assets (Note 23)	123,166	1	73,457	-
Refundable deposits	9,266	-	11,946	-
Other non-current assets (Notes 15 and 19)	32,155	-	279,097	2
Total non-current assets	13,441,530	65	11,138,158	55
TOTAL	$ 20,837,517	100	$ 20,270,115	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Notes 16 and 28)	$ 1,013,430	5	$ 498,240	2
Financial liabilities at fair value through profit or loss - current (Notes 7 and 28)	-	-	6,767	-
Notes payable (Note 28)	19	-	1,306	-
Accounts payable (Notes 17 and 28)	535,941	2	432,145	2
Accounts payable to related parties (Notes 28 and 29)	810,944	4	1,428,163	7
Other payables (Notes 18 and 28)	556,970	3	557,582	3
Other payables to related parties (Note 29)	223	-	-	-
Current tax liabilities (Note 23)	232,386	1	216,423	1
Lease liabilities - current (Notes 13 and 28)	19,579	-	22,263	-
Current portion of long-term borrowings (Notes 16 and 28)	767,750	4	-	-
Other current liabilities	473,990	2	296,654	2
Total current liabilities	4,411,232	21	3,459,543	17
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 16 and 28)	-	-	692,000	3
Deferred tax liabilities (Note 23)	511,921	3	548,270	3
Lease liabilities - non-current (Notes 13 and 28)	24,856	-	43,521	-
Guarantee deposits received	9,092	-	-	-
Total non-current liabilities	545,869	3	1,283,791	6
Total liabilities	4,957,101	24	4,743,334	23
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
Share capital				
Ordinary shares	1,877,483	9	1,924,853	10
Capital surplus	2,370,695	11	2,911,722	14
Retained earnings				
Legal reserve	1,886,935	9	1,769,772	9
Special reserve	393,011	2	329,101	2
Unappropriated earnings	9,672,691	46	8,984,344	44
Total retained earnings	11,952,637	57	11,083,217	55
Other equity	(320,399)	(1)	(393,011)	(2)
Total equity	15,880,416	76	15,526,781	77
TOTAL	$ 20,837,517	100	$ 20,270,115	100

The accompanying notes are an integral part of the parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SHIN ZU SHING CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
NET REVENUE (Notes 21 and 29)	$ 8,678,588	100	$ 8,865,174	100
COST OF REVENUE (Notes 10 and 29)	6,801,477	78	7,189,626	81
GROSS PROFIT	1,877,111	22	1,675,548	19
UNREALIZED GAIN ON THE TRANSACTIONS WITH SUBSIDIARIES	1,250	-	3,825	-
REALIZED GAIN ON THE TRANSACTIONS WITH SUBSIDIARIES	3,825	-	8,834	-
NET GROSS PROFIT	1,879,686	22	1,680,557	19
OPERATING EXPENSES				
Selling expenses	110,990	1	101,726	1
Administrative expenses	383,104	5	321,774	4
Research and development expenses	198,327	2	253,252	3
Total operating expenses	692,421	8	676,752	8
INCOME FROM OPERATIONS	1,187,265	14	1,003,805	11
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	19,120	-	17,571	-
Other income (Note 22)	76,278	1	20,255	-
Other gains and losses, net (Note 22)	238,676	3	(36,124)	-
Finance costs (Note 22)	(8,876)	-	(5,026)	-
Share of profit of subsidiaries	551,050	6	485,767	6
Total non-operating income and expenses	876,248	10	482,443	6
INCOME BEFORE INCOME TAX	2,063,513	24	1,486,248	17
INCOME TAX EXPENSE (Note 23)	404,329	5	316,645	4
NET INCOME	1,659,184	19	1,169,603	13
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				

(Continued)

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SHIN ZU SHING CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
Remeasurement of defined benefit plans (Note 19)	4,353	-	2,024	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(56,938)	(1)	(11,480)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	129,550	2	(54,272)	(1)
Other comprehensive income (loss) for the year	76,965	1	(63,728)	(1)
TOTAL COMPREHENSIVE INCOME	$ 1,736,149	20	$ 1,105,875	12
EARNINGS PER SHARE (Note 24)				
Basic	$ 8.68		$ 6.08	
Diluted	$ 8.61		$ 6.04	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
SHIN ZU SHING CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

				Retained Earnings			Others			
	Ordinary Shares	Capital Collected in Advance	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock	Total Equity
BALANCE AT JANUARY 1, 2021	$ 1,919,203	$ 1,060	$ 3,449,185	$ 1,602,615	$ 416,362	$ 8,660,718	$ (304,768)	$ (24,332)	$ -	$ 15,720,043
Appropriation of 2020 earnings										
Legal reserve	-	-	-	167,157	-	(167,157)	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(768,105)	-	-	-	(768,105)
Special reserve	-	-	-	-	(87,261)	87,261	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(13)	-	-	-	-	-	-	(13)
Issuance of shares dividends from capital surplus	-	-	(576,079)	-	-	-	-	-	-	(576,079)
Disposal of subsidiaries	-	-	-	-	-	-	1,841	-	-	1,841
Issuance of ordinary shares under employee share options	5,650	(1,060)	38,629	-	-	-	-	-	-	43,219
Net income for the year ended December 31, 2021	-	-	-	-	-	1,169,603	-	-	-	1,169,603
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	2,024	(54,272)	(11,480)	-	(63,728)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	1,171,627	(54,272)	(11,480)	-	1,105,875
BALANCE AT DECEMBER 31, 2021	1,924,853	-	2,911,722	1,769,772	329,101	8,984,344	(357,199)	(35,812)	-	15,526,781
Appropriation of 2021 earnings										
Legal reserve	-	-	-	117,163	-	(117,163)	-	-	-	-
Special reserve	-	-	-	-	63,910	(63,910)	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(481,213)	-	-	-	(481,213)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	-	-	-	-	-	-
Issuance of shares dividends from capital surplus	-	-	(481,213)	-	-	-	-	-	-	(481,213)
Treasury stock acquired	-	-	-	-	-	-	-	-	(420,088)	(420,088)
Treasury stock retired	(47,370)	-	(59,814)	-	-	(312,904)	-	-	420,088	-
Net income for the year ended December 31, 2022	-	-	-	-	-	1,659,184	-	-	-	1,659,184
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	4,353	129,550	(56,938)	-	76,965
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	1,663,537	129,550	(56,938)	-	1,736,149
BALANCE AT DECEMBER 31, 2022	$ 1,877,483	$ -	$ 2,370,695	$ 1,886,935	$ 393,011	$ 9,672,691	$ (227,649)	$ (92,750)	$ -	$ 15,880,416

The accompanying notes are an integral part of the parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SHIN ZU SHING CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,063,513	$ 1,486,248
Adjustments for:		
Depreciation expense	506,302	543,721
Net gain on fair value change of financial assets and liabilities at fair value through profit or loss	(106,559)	(23,195)
Finance costs	8,876	5,026
Interest income	(19,120)	(17,571)
Share of profit of subsidiaries	(551,050)	(485,767)
Loss (gain) on disposal of property, plant and equipment, net	1,570	(9,970)
Loss on disposal of subsidiaries	-	1,824
Write-down of inventories	6,000	6,500
Unrealized gain on the transactions with associates	1,250	3,825
Realized gain on the transactions with associates	(3,825)	(8,834)
Changes in operating assets and liabilities:		
Notes receivable	(2,840)	(1,432)
Accounts receivable	(205,602)	628,191
Accounts receivable from related parties	47,312	42,876
Other receivables	(4,112)	9,099
Inventories	(337,920)	55,157
Other current assets	(3,557)	16,612
Notes payable	(1,287)	(4,111)
Accounts payable	103,796	(127,764)
Accounts payable to related parties	(617,219)	(27,530)
Other payables	6,407	(146,437)
Other payables to related parties	223	-
Other current liabilities	177,336	108,818
Net defined benefit liabilities	-	(790)
Cash generated from operations	1,069,494	2,054,496
Interest received	18,904	18,083
Interest paid	(5,602)	(4,750)
Income tax paid	(400,243)	(293,206)
Net cash generated from operating activities	682,553	1,774,623
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in financial assets at amortized cost	376,643	786,364
Acquisitions of financial assets at fair value through profit or loss	-	(87,063)
Proceeds from disposal of financial assets at fair value through profit or loss	87,063	-
Acquisitions of investments accounted for using the equity method	(500,000)	-
Net cash flows from disposal of subsidiaries	-	2,519
Acquisitions for property, plant and equipment	(82,097)	(127,922)
Proceeds from disposal of property, plant and equipment	5,647	11,057
Decrease in refundable deposits	2,680	3,120
Acquisitions of investments properties	(2,212,812)	-
Dividends received from subsidiaries	667,765	789,800

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SHIN ZU SHING CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	**2021**
Increase in other non-current assets	(95,153)	(545,932)
Net cash (used in) generated from investing activities	(1,750,264)	831,943
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	515,190	(640,960)
Increase in long-term borrowings	75,750	692,000
Increase in guarantee deposits received	9,092	-
Repayment of the principal portion of lease liabilities	(22,798)	(25,754)
Cash dividends	(962,426)	(1,344,184)
Exercise share option from employee	-	43,219
Treasury stocks acquired (Note 20)	(420,088)	-
Net cash used in financing activities	(805,280)	(1,275,679)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,872,991)	1,330,887
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,595,234	1,264,347
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 722,243	$ 2,595,234

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

Shin Zu Shing Co., Ltd. (the “Company”) was incorporated in the Republic of China (ROC) on June 28 1968, under the Company Act of the ROC and related laws. The Company was formerly “Shin Zu Shing spring machinery industry Co., Ltd.”, which changed the name to Shin Zu Shing Co., Ltd. on November 17, 1997.

The Company’s shares have been listed on the Taipei Exchange (TPEx) Mainboard since December 2005, and have been listed on the Taiwan Stock Exchange since December 2007.

The main business of the company is research and development, design, production, assembly, testing, manufacturing and sales of various precision springs, stamping parts, hinge components and metal injection molding (MIM).In recent years, it has been committed to developing various hinge components. To be used in various notebook computers, LCD monitors, digital cameras and other electronic product parts, etc.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on March 8, 2023.

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

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

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

- The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Company chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company discloses those judgements or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Company shall recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and the Company shall recognize the cumulative effect of initial application in retained earnings at that date. The Company shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

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

c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulate that, when the Company sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Company loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Company sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company's interest as an unrelated investor in the associate or joint venture, i.e., the Company's share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company's interest as an unrelated investor in the associate or joint venture, i.e., the

Company's share of the gain or loss is eliminated.

2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (referred to as the "2020 amendments") and "Non-current Liabilities with Covenants" (referred to as the "2022 amendments")

The 2020 amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Company shall disclose information that enables users of financial statements to understand the risk of the Company that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

3) Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"

The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. Seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

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

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

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing its parent company only financial statements, the Company used equity method to account for its investment in subsidiaries, associates and jointly controlled entities. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owner of the Company in its financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and consolidated basis were made to investments accounted for by equity method, share of profit or loss of subsidiaries, associates and joint ventures, share of other comprehensive income of subsidiaries, associates and joint ventures and related equity items, as appropriate, in the parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

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

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

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

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

For the purpose of presenting financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is not recognized in profit or loss. For all other partial disposals (i.e., partial disposals of associates or jointly controlled entities that do not result in the Company losing significant influence or joint control), the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

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

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiary is an entity (including structured entity) that is controlled by the Company.

Under the equity method, investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Freehold land is not depreciated.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Investment properties

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

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

Depreciation is recognized using the straight-line method.

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

i. Impairment of property, plant and equipment, right-of-use asset, and investment properties

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 28.

ii. Financial assets at amortized cost

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

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

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

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including Accounts receivable) and investments in debt instruments that are measured at FVTOCI.

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

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

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

<u>Financial liabilities at FVTPL</u>

Financial liabilities are classified as at FVTPL when such a financial liability is either held for trading or it is designated as at FVTPL.

The related gain or loss is recognized in other gains and losses/interest incurred is recognized in finance costs, and gains or losses arising from other remeasurements are recognized in other gains and losses when the financial liabilities held at fair value through profit or loss.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, which include structured deposits and cross-currency swap contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

k. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Sales of goods is recognized as revenue when the customer obtains the right of goods. When the goods are delivered to the customer's specific location, the performance obligation is satisfied.

Revenue from the sales of goods is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Allowances for sales returns and liabilities for returns are recognized to provisions at the time of sale based on the seller's reliable estimate of future returns and based on past experience and different contract conditions.

l. Leases

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

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

1) The Company as lessor

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

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

2) The Company as lessee

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

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

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

However, if leases transfer ownership of the underlying assets to the Company by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

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

m. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the Company recognizes any related restructuring costs.

n. Provisions

A provision is recognized when the Corporation is charged with a current obligation as a result of a past event, and it is likely that the Corporation has to settle the obligation, whose amount can be reliably estimated. The company sells specific products to specific customers, and estimates appropriate sales return and discount reserves according to the agreement.

o. Share-based payment arrangements

Employee share options granted to employees and others providing similar services.

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the board of directors approves the transaction.

At the end of each reporting period, the Company revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

p. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	**2021**
Cash on hand	$ 200	$ 200
Checking accounts and demand deposits	722,043	2,595,034
	$ 722,243	$ 2,595,234

As of December 31, 2022 and 2021, the ending balance of time deposits with original maturities of more than 3 months were $1,925,245 thousand and $2,301,888 thousand, respectively, and were classified as financial assets at amortized cost (refer to Note 8).

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	**2021**
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Hybrid financial assets		
Structured deposits (a,c)	$ -	$ 86,098
Derivate financial assets (not under hedge accounting)		
Cross-currency swap contracts (b)	99,637	-
	$ 99,637	$ 86,098

Financial liabilities at FVTPL - current

Financial liabilities mandatorily classified as at FVTPL		
Derivative financial liabilities (not under hedge accounting)		
Cross-currency swap contracts (b)	$ -	$ 6,767

a. The Company signed a structured time deposit contract with a bank on December 31, 2021. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract is assessed and classified mandatorily as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.

b. At the end of the reporting period, outstanding cross-currency swap contracts not under hedge accounting were as follows:

Notional Amount (In Thousands)	Maturity Date	Interest Rates Paid	Interest Rates Received
December 31, 2022			
USD15,000/NTD416,895	2023.12.18	0.45%	USD-LIBOR +0.55%
USD10,000/NTD278,080	2023.12.21	0.45%	USD-LIBOR +0.55%
USD10,000/NTD300,000	2023.08.11	1.20%	3.69%
USD7,000/NTD214,900	2023.03.06	1.15%	3.77%
USD10,000/NTD316,000	2023.07.11	1.40%	4.67%
USD3,000/NTD83,700	2023.02.24	0.43%	USD-SOFR+0.55%
USD3,000/NTD85,080	2023.03.10	0.39%	USD-SOFR+0.55%
December31,2021			
USD15,000/NTD416,895	2023.12.18	0.45%	USD-LIBOR +0.55%
USD10,000/NTD278,080	2023.12.21	0.45%	USD-LIBOR +0.55%
USD8,000/NTD222,176	2022.05.13	0.30%	0.31%
USD5,000/NTD138,750	2022.02.18	0.29%	0.23%
USD5,000/NTD138,750	2022.03.18	0.29%	0.25%

The Group entered into cross-currency swap contracts during the years ended December 31, 2022 and 2021 to manage exposures due to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities.

c. The structured time deposit contract were as follows:

Notional Amount (In Thousands)	Contract Period	Income Rates (Before Tax)	Conversion Rates
December 31, 2021			
RMB 10,000	2021.11.08-2022.01.07	4.10%	6.3800
RMB 10,000	2021.12.08-2022.01.10	4.50%	6.3500

In regards to the contract for RMB, during conversion period, when the exchange rate from RMB to USD is lower than or equal to the conversion rate, the Group may receive the exchanged USD principal and RMB gains according to the conversion rate; when the exchange rate from RMB to USD is higher than the conversion rate, the Group may receive the principal in RMB with the additional gains; when the exchange rate from USD to RMB is higher than or equal to the conversion rate, the Company may receive the exchanged RMB principal and USD gains according to the conversion rate.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
Current		
Domestic investments		
Time deposits with original maturity of more than 3 months	$ 1,925,245	$ 2,301,888
The ranges of interest rates	0.31%-4.45%	0.05%-2.90%

9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31	
	2022	2021
Notes receivable		
Notes receivable - operating	$ 6,376	$ 3,536
Less: Allowance for impairment loss	-	-
	$ 6,376	$ 3,536
Accounts receivable		
At amortized cost		
Gross carrying amount - non-related parties	$ 3,466,917	$ 3,261,315
Gross carrying amount - related parties	23,970	71,282
Less: Allowance for impairment loss	(8,003)	(8,003)
	$ 3,482,884	$ 3,324,594

The average credit period of sales of goods is120-150 days. No interest is charged on Accounts receivable.In order to minimize credit risk, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9,which permits the use of lifetime expected loss provision for all accounts receivables. The expected credit losses on accounts receivables are estimated by reference to past default experience of the debtor and past receivable experience. The Company estimates expected credit loss rate, by past due status and actual situation.

No ECL was provided on related party receivables as of the end of 2022 and 2021.

The following table details the loss allowance of trade receivable:

December 31, 2022

	Not Past Due	1 to 90 Days Past Due	91 to 120 Days Past Due	121 to 365 Days Past Due	Over 365 Days Past Due	Total
Gross carrying amount	$ 3,060,883	$ 399,984	$ 1,134	$ 936	$ 3,980	$ 3,466,917
Loss allowance (Lifetime ECL)	(460)	(2,951)	(170)	(442)	(3,980)	(8,003)
Amortized cost	$ 3,060,423	$ 397,033	$ 964	$ 494	$ -	$ 3,458,914

December 31, 2021

	Not Past Due	1 to 90 Days Past Due	91 to 120 Days Past Due	121 to 365 Days Past Due	Over 365 Days Past Due	Total
Gross carrying amount	$ 3,117,610	$ 88,529	$ 80	$ 14,638	$ 40,458	$ 3,261,315
Loss allowance (Lifetime ECL)	(751)	(1,308)	(12)	(2,345)	(3,587)	(8,003)
Amortized cost	$ 3,116,859	$ 87,221	$ 68	$ 12,293	$ 36,871	$ 3,253,312

The expected credit loss rate for each above range of the Company is less than 1% within the not overdue period; 1%-10% within the overdue period from 1 to 90 days; 11%-99% within the overdue period from 91 to 365 days; and 100% when the overdue period exceeds 365 days.

As of December 31, 2021, partial receivables within the overdue period of exceeding 365 days has been recovered, the rest written off as expected credit loss.

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

	2022	2021
Balance at January 1	$ 8,003	$ 8,003
Add(Less): Net remeasurement of loss allowance	-	-
Balance at December 31	$ 8,003	$ 8,003

10. INVENTORIES

	December 31	
	2022	2021
Finished goods	$ 381,831	$ 286,261
Semi-finished goods	57,452	31,285
Work in process	202,175	193,870
Raw materials	474,934	273,056
	$ 1,116,392	$ 784,472

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 included $6,801,477 thousand and $7,189,626 thousand, respectively. The cost of goods sold for 2022 and 2021 included inventory write-downs of $6,000 thousand and $6,500 thousand, respectively.

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Subsidiaries

	December 31	
	2022	**2021**
Unlisted company		
Time Rise Corp.	$ 2,977,465	$ 3,008,240
Magic Timing Technology Limited	171,317	156,498
Up Hill International Limited	54,804	55,157
Spring Vision Technology Corp.	12,012	24,707
Rich Rise Investment Co., Ltd.	562,588	633,704
Ding Ying Investment Co., Ltd.	500,320	-
Amazing Power Ltd.	1,121,412	1,140,685
CJC Holding Pte Ltd.	2,089	2,539
Above Average Limited	34,377	30,563
	$ 5,436,384	$ 5,052,093

The Company's proportion of ownership and voting rights of its associates as of the balance sheet date were as follows:

	December 31	
	2022	**2021**
Time Rise Corp.	100%	100%
Magic Timing Technology Limited	100%	100%
Up Hill International Limited	100%	100%
Spring Vision Technology Corp.	100%	100%
Rich Rise Investment Co., Ltd.	100%	100%
Ding Ying Investment Co., Ltd.	100%	-%
Amazing Power Ltd.	100%	100%
CJC Holding Pte Ltd.	100%	100%
Above Average Limited	100%	100%

The Company's share of profit (loss) and other comprehensive income (loss) from subsidiaries using the equity method was recognized based on each subsidiary's audited financial statements.

Time Rise Corp., a subsidiary of the company, repatriated accumulated surplus of $447,776 thousand totally in March, April, and December of 2022; Another subsidiary, Amazing Power Ltd., repatriated accumulated surplus of $219,989 thousand totally in October and December 2022.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Office Equipment	Transportation Equipment	Others Equipment	Total
Cost							
Balance at January 1, 2021	$ 3,058,135	$ 1,613,805	$ 4,388,052	$ 13,265	$ 11,509	$ 431,527	$ 9,516,293
Additions	-	-	79,372	3,825	-	38,766	121,963
Disposals	-	-	(50,166)	-	(930)	(195)	(51,291)
Reclassifications	-	-	454,672	(285)	-	14,066	468,453
Balance at December 31, 2021	$ 3,058,135	$ 1,613,805	$ 4,871,930	$ 16,805	$ 10,579	$ 484,164	$ 10,055,418
Accumulated depreciation and impairment							
Balance at January 1, 2021	$ -	$ 330,738	$ 3,285,622	$ 9,029	$ 9,648	$ 296,319	$ 3,931,356
Disposals	-	-	(49,111)	-	(913)	(180)	(50,204)
Depreciation expense	-	38,819	411,827	1,763	691	65,064	518,164
Balance at December 31, 2021	$ -	$ 369,557	$ 3,648,338	$ 10,792	$ 9,426	$ 361,203	$ 4,399,316
Carrying amount at December 31, 2021	$ 3,058,135	$ 1,244,248	$ 1,223,592	$ 6,013	$ 1,153	$ 122,961	$ 5,656,102
Cost							
Balance at January 1, 2022	$ 3,058,135	$ 1,613,805	$ 4,871,930	$ 16,805	$ 10,579	$ 484,164	$ 10,055,418
Additions	-	-	26,119	3,834	-	42,148	72,101
Disposals	-	-	(96,800)	(713)	(828)	(759)	(99,100)
Reclassifications	-	-	101,377	-	-	-	101,377
Balance at December 31, 2022	$ 3,058,135	$ 1,613,805	$ 4,902,626	$ 19,926	$ 9,751	$ 525,553	$ 10,129,796
Accumulated depreciation and impairment							
Balance at January 1, 2022	$ -	$ 369,557	$ 3,648,338	$ 10,792	$ 9,426	$ 361,203	$ 4,399,316
Depreciation expense	-	-	(89,609)	(713)	(829)	(732)	(91,883)
Disposals	-	38,345	360,783	1,914	473	66,192	467,707
Balance at December 31, 2022	$ -	$ 407,902	$ 3,919,512	$ 11,993	$ 9,070	$ 426,663	$ 4,775,140
Carrying amount at December 31, 2022	$ 3,058,135	$ 1,205,903	$ 983,114	$ 7,933	$ 681	$ 98,890	$ 5,354,656

No impairment assessment was performed because there was no indication of impairment for the years ended December 31, 2022 and 2021.

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

Buildings	
Industrial building	30-50 years
Electrical power systems	5 years
Engineering systems	5-27 years
Machinery equipment	
Major production equipment	5 years
Motor, controller and spindle device	3 years
Office equipment	5 years
Transportation equipment	5 years
Other equipment	3-15 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amount		
Land	$ 36,997	$ 51,729
Transportation equipment	7,029	13,734
	$ 44,026	$ 65,463

	For the Year Ended December 31	
	2022	2021
Depreciation charge for right-of-use assets		
Buildings	$ 14,732	$ 16,026
Transportation equipment	7,857	9,531
	$ 22,589	$ 25,557

Except for the addition in assets and recognition of depreciation expense, the Company had no material sublease and impairment loss on its right-of-use assets for the years ended December 31, 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	$ 19,579	$ 22,263
Non-current	$ 24,856	$ 43,521

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Buildings	0.44%-0.55%	0.44%-0.55%
Transportation equipment	0.39%-1.20%	0.35%-0.59%

c. Material leasing-in activities and terms

The Company leases certain building and transportation equipment with lease terms from 2019 to 2025.The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. The Company is prohibited from subleasing all or any portion of the underlying assets without the lessors' consents.

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	$ 4,019	$ 1,459
Total cash outflow for leases	$ (26,817)	$ (27,213)

The Company's lease of office equipment and other equipment qualifies as short-term lease. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. INVESTMENT PROPERTIES

	Land	Buildings	Total
Cost			
Balance at January 1, 2022	$ -	$ -	$ -
Additions	2,014,511	443,372	2,457,883
Balance at December 31, 2022	$ 2,014,511	$ 443,372	$ 2,457,883
Accumulated depreciation and impairment			
Balance at January 1, 2022	$ -	$ -	$ -
Depreciation expense	-	16,006	16,006
Balance at December 31, 2022	$ -	$ 16,006	$ 16,006
Carrying amount at December 31, 2022	$ 2,014,511	$ 427,366	$ 2,441,877

The Company purchased land and buildings located at No. 199-202, of Xinxing and Zhongxing Sections., Hukou Township, Hsinchu County, for $2,471,817 thousand (including tax) from unrelated parties in December 2021. The title deed of properties was transferred in March 2022.

As of December 31, 2022, the security deposit of the operating leases collected by the company was $9,092 thousand.

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

	December 31, 2022
Year 1	$ 38,139
Year 2	12,074
Year 3	12,074
Year 4	11,068
Year 5	-
	$ 73,355

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

Buildings	14-26 years

The determination of fair value was performed using cost method by independent qualified professional valuers,Yang Min-An . The fair value as appraised of December 23, 2022 was $2,457,968 thousand.

15. OTHER ASSETS

	December 31	
	2022	2021
Non-current		
Prepayments for equipment and construction	$ -	$ 245,071
Prepayments for land and buildings	21,787	31,543
Prepayments for pension	10,368	2,483
	$ 32,155	$ 279,097

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Unsecured borrowings		
Credit borrowing	$ 1,013,430	$ 498,240

The interest rate of bank loan were 0.39%-1.40% and 0.29%-0.30% on December 31, 2022 and 2021,respectively.

b. Long-term borrowings

	December 31	
	2022	2021
Unsecured borrowings		
Credit borrowing	$ 767,750	$ 692,000
Less: Current portion	(767,750)	-
	$ -	$ 692,000

The long-term loan on December 31, 2021 was a fixed-rate loan from ANZ Bank. These loans were due on December 18, 2023 and December 21, 2023, respectively, and the effective annual interest rate was 0.45%. The Company partially hedges the interest rate risk of the loan through the interest rate exchange contract by exchanging fixed interest rate for floating interest rate (refer to Notes 7 and 28).

17. ACCOUNTS PAYABLE

	December 31	
	2022	2021
Accounts payable		
Operating	$ 535,941	$ 432,145

The average credit period is 120 to 150 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

18. OTHER LIABILITIES

	December 31	
	2022	**2021**
Current		
Other payables		
Payables for salaries and bonus	$ 191,416	$ 216,204
Payables for bonus to employees and directors	141,544	120,470
Payables for consumable	44,593	54,013
Payables for insurance	18,756	20,348
Payables for mold and fixture fees	15,325	26,241
Payables for repairs and maintenance	11,831	9,778
Payables for purchase of equipment	7,653	17,649
Payables for transport costs	6,230	8,470
Payables for interest expense	3,260	283
Payables for samples	12,456	8,375
Payables for commission	15,072	-
Others	88,834	75,751
	$ 556,970	$ 557,582

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 6.45% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	$ 26,355	$ 30,175
Fair value of plan assets	(36,723)	(32,658)
Contribution (surplus)	(10,368)	(2,483)
Net defined benefit assets	$ (10,368)	$ (2,483)

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2021	$ 38,714	$ (35,900)	$ 2,814
Service cost			
Current service cost	322	-	322
Net interest expense (income)	194	(189)	5
Recognized in profit or loss	516	(189)	327
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(427)	(427)
Actuarial gain	(1,597)	-	(1,597)
Recognized in other comprehensive income	(1,597)	(427)	(2,024)
Contributions from the employer	-	(3,600)	(3,600)
Benefits paid	(7,458)	7,458	-
Balance at December 31, 2021	30,175	(32,658)	(2,483)
Service cost			
Current service cost	101	-	101
Net interest expense (income)	226	(259)	(33)
Recognized in profit or loss	327	(259)	68
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,614)	(2,614)
Actuarial gain	(1,739)	-	(1,739)
Recognized in other comprehensive income	(1,739)	(2,614)	(4,353)
Contributions from the employer	-	(3,600)	(3,600)
Benefits paid	(2,408)	2,408	-
Balance at December 31, 2022	$ 26,355	$ (36,723)	$ (10,368)

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	**2021**
Discount rate(s)	1.5%	0.75%
Expected rate(s) of salary increase	2.5%	2%

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

	December 31	
	2022	**2021**
Discount rate(s)		
0.25% increase	$ (732)	$ (935)
0.25% decrease	$ 762	$ 975
Expected rate(s) of salary increase		
0.25% increase	$ 741	$ 947
0.25% decrease	$ (716)	$ (913)

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

	December 31	
	2022	**2021**
The expected contributions to the plan for the next year	$ 3,600	$ 3,600
The average duration of the defined benefit obligation	11.3 years	12.5 years

20. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	250,000	250,000
Shares authorized	$ 2,500,000	$ 2,500,000
Number of shares issued and fully paid (in thousands)	187,748	192,485
Shares issued	$ 1,877,483	$ 1,924,853

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

The movements of the ordinary shares were due to cancelation of treasury shares and the exercise of employee share options.

From January 1 to December 31, 2022, the treasury share was canceled and the capital was reduced by $47,370 thousands (4,737 thousand shares). On November 4, 2022, the Company's board of directors approved a capital reduction to cancel the Company's treasury shares, and the record date was November 7, 2022. The company has completed the related corporate registration procedures with respect to the issuance of new shares. The Company's paid-in capital was $1,877,483 thousand after the capital reduction.

From January 1 to December 31, 2021, employees executed 459 shares of stock options. In 2021, the 459 shares executed during the period plus 106 shares executed in 2020 were converted into shares and the change registration was completed.

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Issuance of ordinary shares	$ 64,802	$ 605,829
Forfeited employee share options	38,162	-
Conversion of bonds	2,267,719	2,267,719
May only be used to offset a deficit		
Share of changes in capital surplus of associates	12	12
May not be used for any purpose		
Employee share options	-	38,162
	$ 2,370,695	$ 2,911,722

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

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors, refer to employee benefits expense in Note 22 (f) and compensation of employees and remuneration of directors in Note 22 (g).

Dividends are recommended by the board of directors in accordance with the Corporation's dividend policy. Under this policy, industry trend and growth should be evaluated, investment opportunities should be fully understood, and proper capital adequacy ratios should be considered in determining the dividends to be distributed. In addition, cash dividends should not be less than 10% of the total dividends to be appropriated.

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

According to the Ministry of Economic Affairs Order Ref. No.10802432410 dated January 9, 2010, the Company calculates the net profit after tax plus other accounts into the current year undistributed earnings as base of the appropriation for special reserve.

The Company makes appropriations and reversals related to special reserve in accordance to the Financial Supervisory Commission Order Ref. No. 1010012865, No.1010047490, and No. 1030006415, along with "Frequently asked questions and answers regarding appropriation for special reserve after application of IFRS".

The appropriations of earnings for 2021 and 2020 approved in the shareholders' meetings on June 16, 2022 and July 15, 2021, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For Fiscal Year 2021	**For Fiscal Year 2020**	**For Fiscal Year 2021**	**For Fiscal Year 2020**
Legal reserve	$ 117,163	$ 167,157	$ -	$ -
Appropriate (reserve) Special reserve	63,910	(87,261)	-	-
Cash dividends (distributed by unappropriated earnings)	481,213	768,105	2.5	4.0

The shareholders of the Company resolved to use its additional paid-in capital of $481,213 thousands ($2.5 per share) and $576,079 thousands ($3 per share) to distribute as cash dividends.

The appropriation of earnings for 2022 proposed by the Company's board of directors on April, 2023

The appropriation of earnings for 2022 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June, 2023.

d. Other equity

1) Exchange differences on translation

	For the Year Ended December 31	
	2022	2021
Beginning balance	$ (357,199)	$ (304,768)
Recognized during the year		
Exchange differences on translation of foreign financial statements	-	1,841
Exchange differences on the translation of net asset of foreign operations	129,550	(54,272)
Ending balance	$ (227,649)	$ (357,199)

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Beginning balance	$ (35,812)	$ (24,332)
Recognized during the year		
Unrealized loss - equity instruments	(56,938)	(11,480)
Ending balance	$ (92,750)	$ (35,812)

e. Treasury shares

Purpose of Buy-back	Number of Shares at January 1, 2022	Addition	Deduction	Number of Shares at December 31, 2022
Maintenance company honor and equity	-	4,737	(4,737)	-

To maintain the Company’s credit and shareholders’ equity, on August 5, 2022, the Company’s board of directors resolved to buy back 5,000 thousand shares from August 8, 2022 to October 7, 2022 at the price range from $70 per share to $100 per share. The Company will continue to buy back shares when the market price falls below the lower limit of the price range. At the end of the execution duration, the Company bought back 4,737 thousand shares with total cost of $420,088 thousand.

On November 4, 2022, the Company’s board of directors approved a capital reduction to cancel the Company’s 4,737 thousand treasury shares, and the record date was November 7, 2022.

21. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from sale of goods	$ 8,678,588	$ 8,865,174

Contract balances

	December 31	
	2022	2021
Accounts receivable (Note 9)	$ 3,458,914	$ 3,253,312
Accounts receivable from related parties (Note 29)	23,970	71,282
	$ 3,482,884	$ 3,324,594
Contract liabilities (Booked under other current liabilities)		
Sales of goods	$ 7,228	$ 779

22. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations included the following:

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	$ 1,733	$ 432
Financial assets at amortized cost	17,311	17,048
Others	76	91
	$ 19,120	$ 17,571

b. Other income

	For the Year Ended December 31	
	2022	2021
Others	$ 76,278	$ 20,255

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
(Loss) gain on disposal of property, plant and equipment	$ (1,570)	$ 9,970
Loss on disposal of associates	-	(1,824)
Net foreign exchange gain (loss)	133,687	(67,465)
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily at FVTPL	106,559	23,195
	$ 238,676	$ (36,124)

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	$ 8,579	$ 4,626
Interest on lease liabilities	297	400
	$ 8,876	$ 5,026

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	$ 467,707	$ 518,164
Right-of-use assets	22,589	25,557
Investment properties	16,006	-
	$ 506,302	$ 543,721
An analysis of depreciation and amortization by function		
Operating costs	$ 427,543	$ 468,171
Operating expenses	78,759	75,550
	$ 506,302	$ 543,721

f. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Post-employment benefits		
Defined contribution plans	$ 46,335	$ 51,504
Defined benefit plans	68	327
	46,404	51,831
Termination benefits	33	1,440
Remuneration of directors	9,240	8,216
Other employee benefits	1,469,052	1,613,371
	$ 1,524,729	$ 1,674,858

	For the Year Ended December 31	
	2022	2021
An analysis of employee benefits expense by function		
Operating costs	$ 1,185,326	$ 1,310,450
Operating expenses	339,403	364,408
	$ 1,524,729	$ 1,674,858

g. Compensation of employees and remuneration of directors for 2022 and 2021

The Company accrued compensation of employees and remuneration of directors at the rates no less than 2%, and remuneration of directors at the rates no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021 which were been approved by the Company's board of directors were as follows:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Compensation of employees	6%	7%
Remuneration of directors	0.4%	0.5%

Amount

	For the Year Ended December 31	
	2022	2021
Compensation of employees	$ 132,544	$ 112,470
Remuneration of directors	9,000	8,000
	$ 141,544	$ 120,470

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

Information on the compensation of employees and remuneration of directors in 2022 and 2021 resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follow:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ 477,174	$ 388,691
Income tax on unappropriated earnings	25,467	41,178
Adjustments for prior year	(8,051)	(15,742)
Tax refund due to Regulations Governing the Management, Utilization, and Taxation of Repatriated Offshore Funds	(4,203)	-
Deferred tax		
In respect of the current period	(86,058)	(97,482)
Income tax expense recognized in profit or loss	$ 404,329	$ 316,645

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

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	$ 2,063,513	$ 1,486,248
Income tax expense calculated at the statutory rate	$ 412,703	$ 297,250
Tax effect of adjusting items:		
Unrecognized temporary differences	(275)	(4,449)
Non-additive income in determining taxable income	(21,312)	-
Tax refund due to Regulations Governing the Management, Utilization, and Taxation of Repatriated Offshore Funds	(4,203)	-
Income tax of unappropriated earnings	25,467	41,178
Taxation due to profit repatriation of subsidiaries	74,181	88,907
Tax credit due to profit repatriation of Chinese subsidiary	(74,181)	(88,907)
Adjustments for prior years' tax	(8,051)	(15,742)
Others	-	(1,592)
Income tax expense recognized in profit or loss	$ 404,329	$ 316,645

b. Current income tax liabilities

	December 31	
	2022	2021
Current tax liabilities		
Income tax payable	$ 232,386	$ 216,423

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Unrealized allowance loss on inventories	$ 14,080	$ 1,200	$ 15,280
Unrealized foreign exchange loss	1,545	14,835	16,380
Unrealized gross profit from affiliated company	765	(515)	250
Others	57,067	34,189	91,256
	$ 73,457	$ 49,709	$ 123,166
Deferred tax liabilities			
Associates	$ 548,270	$ (36,349)	$ 511,921

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Unrealized allowance loss on inventories	$ 12,780	$ 1,300	$ 14,080
Unrealized foreign exchange loss	4,442	(2,897)	1,545
Unrealized gross profit from affiliated company	1,767	(1,002)	765
Others	35,318	21,749	57,067
	$ 54,307	$ 19,150	$ 73,457
Deferred tax liabilities			
Associates	$ 626,602	$ (78,332)	$ 548,270

d. Income tax assessments

The tax returns through 2020 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2022	2021
Basic earnings per share	$ 1,659,184	$ 1,169,603
Effect of potentially dilutive ordinary shares		
Compensation of employees	-	-
Earnings used in the computation of diluted earnings per share	$ 1,659,184	$ 1,169,603

Number of Shares

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	191,004	192,286
Effect of potentially dilutive ordinary shares		
Employees shares option	-	78
Compensation of employees	1,624	1,164
Weighted average number of ordinary shares used in the computation of diluted earnings per share	192,628	193,528

The Company may settle the compensation paid to employees by cash or shares; therefore, the Company presumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the shares had a dilutive effect. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

25. CASH FLOW INFORMATION

Non-cash Transactions

Except for those disclosed in other notes, the Company entered into the following non-cash investing and financing activities which were not reflected in the statements of cash flows for the years 2022 and 2021:

In 2022 and 2021, the Company acquired property, plant and equipment for $72,101 thousand and $121,963 thousand, respectively; the amount payable for equipment decreased by $9,996 thousand and $5,959 thousand, respectively; the total amount of cash paid for the purchase of property, plant and equipment amounted to $82,097 thousand and $127,922 thousand, respectively.

26. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee stock option

Employees of the Company were granted 5000 options in August 24, 2016. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Company. Recipients include qualified employees of the Company and its subsidiaries. The options granted are valid for 6 years and exercisable at 60% after the second year from the grant date. After the third year from the grant date, the 100% stock options can be exercised. The options were granted at an exercise price equal to the closing price of the Company's ordinary shares listed on Taiwan Stock Exchange at the grant date. For any subsequent changes in the Company's capital surplus, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	For the Year Ended December 31			
	2022		2021	
	Number of Options	Weighted-average Exercise Price ($)	Number of Options	Weighted-average Exercise Price ($)
Balance at January 1	375	$ 88.7	834	$ 94.16
Options granted	-	-	-	-
Options forfeited	-	-	-	-
Options exercised	-	-	(459)	94.16
Options expired	(375)	-	-	-
Balance at December 31	-		375	88.7
Options exercisable, end of the year	-		375	88.7
Weighted-average fair value of options granted ($)	$ -		$ -	

As of the end of a reporting period, information employee share options on outstanding during the period was as follows:

	December 31,2021
Weighted-average remaining contractual life (in years)	0.67

Options granted in August 2016 are priced using the binomial option pricing model, and the inputs to the model are as follows:

	August 2016
Grant-date share price	$108
Exercise price	$108
Expected volatility	37.49%
Expected life (in years)	6 years
Risk-free interest rate	0.5265%

Expected volatility is based on the historical share price volatility over the past 6 years, and takes the effects of early exercise

27. CAPITAL MANAGEMENT

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

Key management personnel of the Company review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets				
Cross-currency swap contracts	$ -	$ -	$ 99,637	$ 99,637

December 31, 2021

	Level 1	Level 2	Level 3	Total

Financial assets at FVTPL				
Hybrid financial assets				
Structured deposits	$ -	$ -	$ 86,908	$ 86,908
Financial liabilities at FVTPL				
Derivatives financial liabilities				
Cross-currency swap contracts	$ -	$ -	$ 6,767	$ 6,767

There were no transfers between Levels 1 and 2 in the current and prior periods.

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

Financial Instruments	Valuation Techniques and Inputs
Derivatives - currency swaps contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Structured deposits	It is based on the evaluation report provided by the financial institution, and its evaluation method is measured by the rate of return derived from the deposit principal and the linked target of the derivative instrument.

b. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
FVTPL		
Mandatorily at FVTPL	$ 99,637	$ 86,908
Financial assets at amortized cost (1)	6,162,042	8,246,218
Financial assets at FVTOCI		
Equity instruments		
Financial liabilities		
FVTPL	-	6,767
Amortized cost (2)	3,685,277	3,609,436

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivables, Accounts receivable, Accounts receivable from related parties, other receivables and financial assets at amortized cost - current.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term loans, notes payable, Accounts payable, Accounts payable from related parties, other payables, other payables from related parties and long-term loans(including current portion).

c. Financial risk management objectives and policies

The Company's major financial instruments included equity and debt investments, notes receivables, Accounts receivable, Accounts receivable from related parties, other receivables, notes payable, Accounts payable, Accounts payable from related parties, other payables, other payables from related parties, borrowings and lease liabilities.The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate treasury function reported quarterly to the Company's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Company entered into a variety of derivative financial instruments (includes cross-currency swap contracts and strctured deposits) to manage its exposure to foreign currency risk and interest rate risk.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company has foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures are managed within approved policy parameters through cross-currency swap contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are disclosed in Note 31.

<u>Sensitivity analysis</u>

The Company was mainly exposed to the USD and EUR.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included cross-currency swap contracts and strctured deposits designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in post-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on post-tax profit and other equity and the balances below would be negative.

	USD Impact		EUR Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
Profit or loss*	$ 10,245	$ 11,692	$ 183	$ (20)

i. This was mainly attributable to the exposure on outstanding USD assets and liabilities, which were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure on outstanding EUR assets and liabilities, which were not hedged, at the end of the reporting period.

b) Interest rate risk

The Group is exposed to interest rate risk because the entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts and forward interest rate contracts.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	$ 1,925,245	$ 2,301,888
Cash flow interest rate risk		
Financial assets		
Demand deposits	673,941	2,501,617
Financial liabilities		
Borrowings	1,781,180	1,190,240

<u>Sensitivity analysis</u>

The sensitivity analyses below were determined based on the Company's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 0.25% basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25% basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased by $2,768 thousand and $3,278 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on its floating rate bank deposits and bank borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the

Company could be equal to the total of the following:

a) The carrying amount of the respective recognized financial assets as stated in the standalone balance sheets; and

b) The amount of contingent liabilities in relation to financial guarantees issued by the Company.

The Company adopted a policy of only dealing with entities that have high credit ratings, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available, or if such information is not available, the Company uses other publicly available financial information or its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management annually.

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

The counterparties for transactions of current assets and financial assets are bank with the high credit ratings from international credit rating agencies, therefore the credit risk should be fairly limited.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Company had available unutilized short-term bank loan facilities is $3,096,150 thousand and $3,314,400 thousand.

a) Liquidity and interest rate risk tables

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

<u>December 31, 2022</u>

	Weighted Interest Average	Less than 3 Months	3 Months to 1 Year	1 Year +

	Effective Rate (%)			
Non-derivative liabilities				
Float interest rate liabilities	0.39%-1.40%	$ 399,798	$ 1,389,807	$ -
Lease liabilities	0.39%-1.20%	5,000	14,579	24,856

Further information on the maturity analysis of the above financial liabilities are as follows:

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	$ 19,579	$ 24,856	$ -

December 31, 2021

	Weighted Interest Average Effective Rate (%)	Less than 3 Months	3 Months to 1 Year	1 Years +
Non-derivative liabilities				
Float interest rate liabilities	0.29%-0.45%	$ 276,939	$ 221,682	$ 698,127
Lease liabilities	0.35%-0.59%	5,963	16,300	43,521

Further information on the maturity analysis of the above financial liabilities are as follows:

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	$ 22,263	$ 43,521	$ -

b) Liquidity and interest rate risk tables for derivative financial liabilities

The following table details the Company's liquidity analysis for its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2022

	Less Than 3 Month	3 Months to 1 Year	1+ Years
Net settled			
interest rates swap	$ 18,080	$ 81,557	$ -

December 31, 2021

	Less Than 3 Month	3 Months to 1 Year	1+ Years
Net settled			
interest rates swap	$ 650	$ 729	$ 5,388

c) Financing facilities

	December 31	
	2022	2021
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	$ 1,781,180	$ 1,190,240
Amount unused	3,096,150	3,314,400

29. RELATED PARTY TRANSACTIONS

Details of transactions between the Company and related parties are disclosed below.

a. Related party name and relationship

Related Party Name	Relationship with the Company
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Subsidiary
Dongguan Chengyue Computer Fittings Co., Ltd.	Subsidiary
Kunshan Jengjea Computer Fittings Co., Ltd.	Subsidiary
Redstar Precision Electorn (Fuqing) Co., Ltd.	Subsidiary
Shin Zu Shing Precision Electron (Chongqing) Co., Ltd.	Subsidiary
Jochu Technology (Vietnam) Co., Ltd.	Related party in substance
Jochu Technology Co., Ltd.	Related party in substance
Suzhou Xinglianyi Metal Technology Co., Ltd.	Related party in substance

b. Sales of goods

	For the Year Ended December 31	
	2022	2021
Subsidiaries		
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	$ 111,239	$ 282,411
Others	224	583
Related party in substance	35	-
	$ 111,498	$ 282,994

The product type of sales to related parties is different from that of general customers, so there is no basis for comparison of the transaction amount. The payment conditions are about 120 days from the end of the next month, which is the same as that of general customers.

c. Purchase of goods

For the Year Ended December 31

	2022	2021
Subsidiaries		
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	$ 1,488,836	$ 1,815,120
Dongguan Chengyue Computer Fittings Co., Ltd	432,680	482,700
Kunshan Jengjea Computer Fittings Co., Ltd	550,823	615,064
Redstar Precision Electorn (Fuqing) Co., Ltd.	98,321	208,530
Related party in substance		
Suzhou Xinglianyi Metal Technology Co., Ltd.	174,265	-
	$ 2,744,925	$ 3,121,414

Purchase prices and payment terms offered by related parties were similar with those offered by third parties, the payment conditions are about 120 days from the end of the next month.

d. Accounts receivable from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Accounts receivable	Subsidiaries		
	Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	$ 23,935	$ 71,282
	Related party in substance	35	-
		$ 23,970	$ 71,282

e. Payables to related parties (excluding borrowings from related parties)

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Accounts payable	Subsidiaries		
	Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	$ 403,929	$ 885,034
	Dongguan Chengyue Computer Fittings Co., Ltd	78,110	170,599
	Kunshan Jengjea Computer Fittings Co., Ltd	120,160	271,704
	Redstar Precision Electorn (Fuqing) Co., Ltd.	32,785	100,826
	Related party in substance		
	Suzhou Xinglianyi Metal Technology Co., Ltd.	175,960	-
		$ 810,944	$ 1,428,163

f. Other payables

	December 31 2022	December 31 2021
Related party in substance	$ 223	$ -

g. Deposits received

	December 31	
	2022	2021
Related party in substance		
Jochu Technology Co., Ltd.	$ 2,524	$ -

h. Operating expense

	December 31	
	2022	2021
Subsidiaries		
Related party in substance	$ 162	$ -

i. Other gains and losses

		December 31	
Line Item	Related Party Category/Name	2022	2021
Rental income	Related party in substance Jochu Technology Co., Ltd.	$ 11,737	$ -

The rental income between related parties is calculated in accordance to the contract, and is collected on a monthly basic.

j. Other revenues

		December 31	
Line Item	Related Party Category/Name	2022	2021
Other income	Related party in substance	$ 2,647	$ -

k. Disposal of property, plant and equipment

	Disposal Proceeds		Disposal Profit or Loss	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
Subsidiaries				
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	$ 4,070	$ 865	$ 2,495	$ 223
Shin Zu Shing Precision Electron (Chongqing) Co., Ltd.	395	-	359	-
	$ 4,465	$ 865	$ 2,854	$ 223

l. Property transactions

Sample and mold manufactory

Line Item	Related Party Category/Name	For the Year Ended December 31 2022	2021
Manufacturing cost	Subsidiaries	$ 333	$ -
	Related party in substance	55	-
		$ 388	$ -

m. Compensation of key management personnel

The amounts of remuneration of directors and key executives were as follows:

	For the Year Ended December 31 2022	2021
Short-term employee benefits	$ 51,717	$ 64,896
Post-employment benefits	637	637
Other long-term benefits	24,000	27,000
	$ 76,354	$ 92,533

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

30. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

Due to business needs, the Company has invested USD $5,000 thousand to establish Smart Point Co., Ltd. as of the date of issuance of the financial statements, and completed the registration of incorporation for indirect investment in Vietnam companies, but Vietnam companies are still in the process of corporate registration.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities of entities in Company denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

(Unit: In Thousands of Foreign Currencies and New Taiwan Dollars)

December 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 129,100	30.71 (USD:NTD)	$ 3,964,670
EUR	560	32.72 (EUR:NTD)	18,316

Equity investments accounted for using equity method			
USD	142,344	30.71 (USD:NTD)	4,371,387
SDG	91	22.88 (SDG:NTD)	2,089
Financial liabilities			
Monetary items			
USD	95,739	30.71 (USD:NTD)	2,940,151
JPY	1,299	0.2324 (JPY:NTD)	302

December 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 143,581	27.68 (USD:NTD)	$ 3,974,310
RMB	53,187	4.344 (RMB:NTD)	231,045
JPY	3,658	0.2405 (JPY:NTD)	880
EUR	190	31.32 (EUR:NTD)	5,965
Equity investments accounted for using equity method			
USD	159,532	27.68 (USD:NTD)	4,415,850
SDG	124	20.46 (SDG:NTD)	2,539
Financial liabilities			
Monetary items			
USD	101,341	27.68 (USD:NTD)	2,805,108
JPY	8,736	0.2405 (JPY:NTD)	2,101
EUR	255	31.32 (EUR:NTD)	7,986

For the years ended December 31, 2022 and 2021, net foreign exchange gain (loss) was $133,687 thousand and $(67,465) thousand, respectively.

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. information on investees:

1) Lending funds to others. (None)

2) Providing endorsements or guarantees for others. (None)

3) Holding of securities at the end of the period (excluding investments in subsidiaries, associates and joint venture). (Table 1)

4) Aggregate purchases or sales of the same securities reaching NT$300 million or 20 percent of paid-in capital or more. (None)

5) Disposal of real estate reaching NT$300 million or 20 percent of paid-in capital or more. (None)

6) Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more. (Table 3)

7) Accounts receivable from related parties reaching NT$100 million or 20 percent of paid-in capital or more. (Table 4)

8) Trading in derivative instruments. (Note 7)

9) Information on investees: (Table 2)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area. (Table 5)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: (Table 6)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

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

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

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

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

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7).

TABLE 1

SHIN ZU SHING CO., LTD.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Heng Xing Investment Co., Ltd.	Jochu Technology Co., Ltd.	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	9,124	$180,655	10	$180,655	
	Nan Juen International Co., Ltd.	None	〃	200	10,440	-	10,440	
	Min De Biomedical Co., Ltd.	〃	Financial assets at fair value through profit or loss - current	171	-	2	-	
	Anpec Electronics Corp.	〃	〃	280	32,200	-	32,200	
	TaiDoc Technology Corp	〃	〃	170	31,450	-	31,450	
	Delta Electronics, Inc.	〃	〃	10	2,865	-	2,865	
	Innodisk Corporation.	〃	〃	103	19,098	-	19,098	
	Wistron Corporation.	〃	〃	100	2,940	-	2,940	
SHIN ZU SHING PRECISION ELECTRON（SUZHOU）CO.,LTD.	Suzhou Xinglianyi Metal Technology Co., Ltd.	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	-	17,632	16.67	17,632	

SHIN ZU SHING CO., LTD.

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Losses) of the Investee	Equity in the Earnings (Losses)	Note
				December 31, 2022	December 31, 2021	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
Shin Zu Shing Co., Ltd.	Time Rise Corp.	Mauritius	Holding, reinvestment	$ 1,223,666	$ 1,223,666	37,080	100	$ 2,977,465	$ 384,948	$ 384,948	
	Magic Timing Technology Limited	British Virgin Islands	International trading	1,581	1,581	50	100	171,317	(2,154)	(2,154)	
	Up Hill International Limited	Samoa	International trading	33,278	33,278	1,000	100	54,804	(6,024)	(6,024)	
	Spring Vision Technology Corp.	British Virgin Islands	International trading	3,220	3,220	-	100	12,012	(14,896)	(14,896)	
	Heng Xing Investment Co., Ltd.	New Taipei City	Investment	700,000	700,000	70,000	100	562,588	(14,178)	(14,178)	
	Ding Ying Investment Co., Ltd.	New Taipei City	Investment	500,000	-	50,000	100	500,320	320	320	
	Amazing Power Limited	Seychelles	Holding, reinvestment	472,555	472,555	7,950	100	1,121,412	203,341	203,341	
	Cjc Holding Pte Limited	Singapore	Sales of liquid crystal displays, monitor base brackets, shafts and accessories	13,720	13,720	750	100	2,089	(778)	(778)	
	Above Average Limited	Seychelles	International trading	3,172	3,172	100	100	34,377	471	471	
Time Rise Corp.	Hamstead Corporation	Mauritius	Holding, reinvestment	US$ 23,330	US$ 23,330	2,333	100	US$ 78,129	US$ 13,015	US$ 13,015	
	Titan Speed Technology Limited	Samoa	Holding, reinvestment	US$ 13,000	US$ 13,000	13,000	100	US$ 14,541	US$ 21	US$ 21	
	Shining Smart International Corp.	British Virgin Islands	Holding, reinvestment	US$ 4,538	US$ 4,538	-	100	US$ 4,253	(US$ 152)	(US$ 152)	
Amazing Power Limited	Ace Technology Inc.	Seychelles	Holding, reinvestment	US$ 4,710	US$ 4,710	4,710	100	US$ 11,720	US$ 2,016	US$ 2,016	
	Blossom Enterprise Inc.	Seychelles	Holding, reinvestment	US$ 1,350	US$ 1,350	1,350	100	US$ 10,210	US$ 577	US$ 577	
	Elite Dragon Group Limited	British Virgin Islands	Holding, reinvestment	US$ 5	US$ 5	5	100	US$ 14,628	US$ 4,307	US$ 4,307	
Shining Smart International Corp.	Prosperity Investment Holding Pte. Ltd.	Singapore	Holding, reinvestment	US$ 3,788	US$ 3,788	3,788	25	US$ 3,442	(US$ 662)	(US$ 166)	

SHIN ZU SHING CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Shin Zu Shing Co., Ltd.	Shin Zu Shing Precision Electron (Suzhou) Co.,Ltd	Subsidiary	Sale	$ 111,239	1	Net 120 days end of the month	The product type of sales is different from that of general customers, so there is no basis for comparison of the transaction amount	The same trading terms as non-related parties	$ 23,935	1	
	Kunshan Jengjea Computer Fittings Co.,Ltd.	Subsidiary	Purchase	550,823	12	Net 120 days end of the month	The product type of purchased is different from that of general customers, so there is no basis for comparison of the transaction amount	The same trading terms as non-related parties	(120,160)	(9)	
	Shin Zu Shing Precision Electron (Suzhou) Co.,Ltd	Subsidiary	Purchase	1,488,836	33	Net 120 days end of the month	The product type of purchased is different from that of general customers, so there is no basis for comparison of the transaction amount	The same trading terms as non-related parties	(403,929)	(30)	
	Dongguan Chengyue Computer Fittings Co.,Ltd.	Subsidiary	Purchase	432,680	10	Net 120 days end of the month	The product type of purchased is different from that of general customers, so there is no basis for comparison of the transaction amount	The same trading terms as non-related parties	(78,110)	(6)	
	Suzhou Xinglianyi Metal Technology Co., Ltd.	Related party in substance	Purchase	174,265	4	Net 120 days end of the month	The product type of purchased is different from that of general customers, so there is no basis for comparison of the transaction amount	The same trading terms as non-related parties	(175,960)	(13)	

TABLE 4

SHIN ZU SHING CO., LTD.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars or RMB Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Shin Zu Shing Precision Electron (Suzhou) Co.,Ltd	Shin Zu Shing Co., Ltd.	Parent and subsidiary	RMB 91,605	2.29	-		RMB70,258	
Kunshan Jengjea Computer Fittings Co.,Ltd.	Shin Zu Shing Co., Ltd.	Parent and subsidiary	RMB 27,251	2.82	-		RMB11,423	
Suzhou Xinglianyi Metal Technology Co., Ltd.	Shin Zu Shing Co., Ltd.	Related party in substance	TWD 175,960	2.00	-		TWD32,437	

SHIN ZU SHING CO., LTD.

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars or U.S. Dollars)

1. Name of the investees in mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in mainland China:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2、B)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
Shin Zu Shing Precision Electron (Suzhou) Co.,Ltd	Production and sales of precision hardware, electronics, molds and plastic, etc.	US$ 30,000	b.	US$ 23,330	$ -	$ -	US$ 23,330	US$ 13,074	100	US$ 13,074	US$ 68,234	US$ 63,555	
Zhi qun Precision Electron（Suzhou）Co.,Ltd.	Production and sales of precision hardware, electronics, molds, etc.	US$ 13,000	b.	US$ 13,000	-	-	US$ 13,000	US$ 22	100	US$ 22	US$ 14,510	US$ 6,674	
Kunshan Jengjea Computer Fittings Co.,Ltd.	Production and development of LCD monitor accessories and key laptop components	US$ 5,000	b.	US$ 7,469	-	-	US$ 7,469	US$ 2,007	100	US$ 2,007	US$ 11,314	US$ 18,718	
Dongguan Chengyue Computer Fittings Co.,Ltd.	Production and sales of computer accessories	US$ 1,200	b.	US$ 4,312	-	-	US$ 4,312	US$ 4,307	100	US$ 4,307	US$ 14,623	US$ 9,112	
Dongguan Jinkun Hardware Co.,Ltd (Note 3)	Production and sales of hinges and hardware products	US$ 700	b.	US$ 500	-	-	US$ 500	-	-	-	-	-	
Redstar Precision Electorn (Fuqing) Co.,Ltd.	Production of shafts and other precision bearings, molds, LCD monitor accessories, key laptop and other new electronic components, self-produced products, etc.	US$ 650	b.	US$ 650	-	-	US$ 650	US$ 575	100	US$ 575	US$ 9,878	US$ 3,966	
Zhi qun Precision Electron (Chongqing) Co., Ltd.	Production and sales of computer accessories	US$ 2,000	b.	-	-	-	-	(US$ 172)	100	(US$ 172)	US$ 1,894	-	

Note 1: The investment types are as follows:

a. Direct investment in mainland China.
b. Indirect investments in mainland China through subsidiaries, invested by TCC and momo, in third regions.
c. Others.

Note 2: In the column of “Investment Gain”

a. If it is in preparation and there is no investment gain (loss), it should state clearly.

b. Investment Gain recognition was based on the following and should state clearly.

1) Financial statements audited by an international CPA firm having a cooperative relation with CPA firms in the Republic of China;
2) Financial statements audited by the CPA firm of the parent company in Taiwan;
3) Other.

Note 3: Dongguan Jinkun Hardware Co.,Ltd has completed the deregistration in August 2011, but has not yet completed the deregistration to the Investment Commission.

2. The limited amounts of the investment in mainland China

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
NT$ 1,588,732 (US$ 49,261)	NT$ 2,137,779 (US$ 66,750)	NT$ 9,528,250

Note: According to the Investment Commission of MOEA, the investment amount in mainland China should be limited to the greater of the net profit or 60% of consolidated net profit.

TABLE 6

SHIN ZU SHING CO., LTD.

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD AREA, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

1. Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss:

Company Name	Related Party	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Shin Zu Shing Co., Ltd.	Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Sale	$ 111,239	1	Adjusted for plus or minus cost	Net 120 days end of the month	The product type of sales is different from general customers, so there is no basis for comparison of the transaction amount. The amount and payment terms are the same as non-related parties.	Accounts receivable $ 23,935	1	$ (1,250)	
Shin Zu Shing Co., Ltd.	Kunshan Jengjea Computer Fittings Co., Ltd.	Purchase	550,823	12	Adjusted for plus or minus cost	Net 120 days end of the month	The amount and payment terms of purchased is the same as non-related parties.	Accounts payable (120,160)	(9)		
Shin Zu Shing Co., Ltd.	Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Purchase	1,488,836	33	Adjusted for plus or minus cost	Net 120 days end of the month	The amount and payment terms of purchased is the same as non-related parties.	Accounts payable (403,929)	(30)		
Shin Zu Shing Co., Ltd.	Redstar Precision Electorn (Fuqing) Co., Ltd.	Purchase	98,321	2	Adjusted for plus or minus cost	Net 120 days end of the month	The amount and payment terms of purchased is the same as non-related parties.	Accounts payable (32,785)	(2)		
Shin Zu Shing Co., Ltd.	Dongguan Chengyue Computer Fittings Co., Ltd.	Purchase	432,680	10	Adjusted for plus or minus cost	Net 120 days end of the month	The amount and payment terms of purchased is the same as non-related parties.	Accounts payable (78,110)	(6)		
Shin Zu Shing Co., Ltd.	Suzhou Xinglianyi Metal Technology Co., Ltd.	Purchase	174,265	4	Adjusted for plus or minus cost	Net 120 days end of the month	The amount and payment terms of purchased is the same as non-related parties.	Accounts payable (175,960)	(13)		

2. The amount of property transactions and the amount of the resultant gains or losses: None

3. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None

4. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds: None

5. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None

TABLE 7

SHIN ZU SHING CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sheng-Nan Lu	17,154,346	9
Min-Wen Lu	9,776,084	5

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

SHIN ZU SHING CO., LTD.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

SHIN ZU SHING CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, and Foreign Currency)

Item		Amount
Cash		
Cash on hand		$ 200
Cash in banks		
Checking accounts		48,102
Demand deposits		498,679
Foreign-currency deposits	Including US$5,603 thousand @30.71	172,054
	Including EUR98 thousand @32.72	3,208
		$ 722,243

SHIN ZU SHING CO., LTD.

STATEMENT OF TRADE RECEIVABLES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Explanation	Amount
Third parties		
A Company	For goods	$ 946,763
B Company	〃	366,026
C Company	〃	342,868
D Company	〃	342,349
E Company	〃	267,928
Others (Note)	〃	1,200,983
Less: Allowance for doubtful accounts		(8,003)
		$ 3,458,914

Note: Each account was less than 5% of the total account balance.

SHIN ZU SHING CO., LTD.

STATEMENT OF INVENTORIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Cost	Market Value (Note)
Raw materials (Note)	$ 474,934	$ 482,649
Semi-finished goods	57,452	60,179
Work in process	202,175	378,283
Finished goods	381,831	528,581
	$1,116,392	$1,449,692

Note: Lower of cost or net realizable value. Net realizable value refers to the estimated selling price under normal circumstances minus the cost to complete and sell.

SHIN ZU SHING CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and Shares)

	Beginning Balance		Increase		Decrease			(Unrealized) Realized Gain on the (Transactions with	Exchange Difference on Translating the Financial Statement of	Unrealized Gain (Loss) on Financial Assets at Fair Value Though	Ending Balance			Market Price or Net Asset Value		Pledge or
	Shares	Amount	Shares	Amount	Shares	Amount	Share of Profit of Subsidiaries	Subsidiaries	Foreign Exchange	Other Comprehensive	Shares	% of Ownership	Amount	Unit Price	Amount	Security
Time Rise Corp.	37,080,000	$ 3,008,240	-	$ -	-	$ 497,513	$ 384,948	$ 2,575	$ 79,215	$ -	37,080,000	100	$ 2,977,465	$ 80	$ 2,977,465	None
Magic Timing Technology Limited	50,000	156,498	-	-	-	-	(2,154)	-	16,973	-	50,000	100	171,317	3,426	171,317	None
Up Hill International Limited	1,000,000	55,157	-	-	-	-	(6,024)	-	5,671	-	1,000,000	100	54,804	55	54,804	None
Spring Vision Technology Corp.	10	24,707	-	-	-	-	(14,896)	-	2,201	-	10	100	12,012	1,201,200	12,012	None
Heng Xing Investment Co., Ltd.	70,000,000	633,704	-	-	-	-	(14,178)	-	-	(56,938)	70,000,000	100	562,588	8	562,588	None
Ding Ying Investment Co., Ltd.	-	-	50,000,000	500,000	-	-	320	-	-	-	50,000,000	100	500,320	10	500,320	None
Amazing Power Ltd.	7,950,000	1,140,685	-	-	-	244,433	203,341	-	21,819	-	7,950,000	100	1,121,412	141	1,121,412	None
CJC Holding Pte Ltd.	750,000	2,539	-	-	-	-	(778)	-	328	-	750,000	100	2,089	3	2,089	None
Above Average Limited	100,000	30,563	-	-	-	-	471	-	3,343	-	100,000	100	34,377	344	34,377	None
		$ 5,052,093		$ 500,000		$ 741,946	$ 551,050	$ 2,575	$ 129,550	$ (56,938)			$ 5,436,384		$ 5,436,384	

Note: Time Rise Corp. repatriated accumulated surplus of $447,776 thousand totally in March, April, and December of 2022; Amazing Power Ltd. repatriated accumulated surplus of $219,989 thousand totally in October and December 2022.

SHIN ZU SHING CO., LTD.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Beginning Balance	Increase	Decrease	Ending Balance
Cost				
Land	$ 86,244	$ -	$ -	$ 86,244
Transportation equipment	39,556	1,152	-	40,708
	$125,800	$ 1,152	$ -	$126,952
Accumulated depreciation				
Land	($ 34,515)	($ 14,732)	$ -	($ 49,247)
Transportation equipment	(25,822)	(7,857)	-	(33,679)
	($ 60,337)	($ 22,589)	$ -	($ 82,926)

SHIN ZU SHING CO., LTD.

STATEMENT OF SHORT-TERM LOANS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Bank	Ending Balance	Contract Period	Range of Interest Rates (%)	Loan Commitments	Collateral
Unsecured loans					
HSBC Bank	$ 184,260	2022.02.25 -2023.03.10	0.39%-0.43%	$ 767,750	None
Citibank	829,170	2022.08.15 -2023.08.11	1.15%-1.40%	859,880	None
	$1,013,430			$1,627,630	

STATEMENT 7

SHIN ZU SHING CO., LTD.

STATEMENT OF TRADE PAYABLES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Explanation	Amount
A Company	Payment for goods	$ 117,275
B Company	〃	53,934
C Company	〃	28,075
D Company	〃	27,305
Others (Note)	〃	309,352
		$ 535,941

Note: Each account was less than 5% of the total account balance.

SHIN ZU SHING CO., LTD.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Lease Term	Discount Rate(%)	Ending Balance
Land	2020.5.1-2025.10.31	0.44%-0.55%	$ 37,406
Transportation equipment	2020.6.30-2025.6.21	0.39%-1.20%	7,029
			44,435
Less: Current portion			(19,579)
Noncurrent portion			$ 24,856

SHIN ZU SHING CO., LTD.

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Quantity (Thousand)	Amount
Hinge Product	51,857	$ 7,905,033
MIM Product	59,546	518,245
Spare parts and Others	236,325	255,310
		$ 8,678,588

STATEMENT 10

SHIN ZU SHING CO., LTD.

STATEMENT OF COST OF GOODS SOLD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Beginning raw materials	$ 60,988
Add: Raw materials purchased	211,119
Finished goods transferred into raw materials	122,934
Return of raw material on manufacturing orders	127,405
Less: Others	(29,142)
Ending raw materials	(72,998)
Sale of raw materials	(765)
Raw materials used	419,541
Beginning supplies	212,068
Add: Supplies purchased	1,650,630
Finished goods transferred into supplies	1,926,829
Return of supplies on manufacturing orders	178,435
Less: Others	47,124
Sale of supplies	(130,814)
Ending supplies	(401,936)
Supplies used	3,482,336
Beginning semi-finished goods	31,285
Add: Semi-finished goods purchased	42,662
Finished goods transferred into semi-finished goods	3,477,873
Return of semi-finished goods on manufacturing orders	120,067
Less: Others	(40,588)
Ending semi-finished goods	(57,452)
Sale of semi-finished goods	(4,292)
Semi-finished goods used	3,569,555
Direct labor	764,474
Processing costs	354,782
Manufacturing expense	1,725,901
Manufacturing costs	10,316,589
Add: Beginning work in progress	193,870
Less: Return of work in progress on manufacturing orders	(444,329)
Ending work in process	(202,175)
Cost of Finished goods	9,863,955
Add: Beginning finished goods	286,261
Finished goods purchased	2,572,477
Return of finished goods on manufacturing orders	18,422
Others	4,663
Less: Others	(213,197)
Finished goods transferred out to semi-finished goods	(3,477,873)
Finished goods transferred out to raw materials	(1,926,829)
Finished goods transferred out to supplies	(122,934)
Ending finished goods	(381,831)
Production costs	6,623,114

(Continued)

Item	Amount
Cost of sales for material	$ 765
Cost of sales for supplies	130,814
Cost of sales for semi-finished goods	4,292
Expenses for employees' compensation	45,869
Less: Revenue from sales of scrap	(3,377)
Total cost of goods sold	$ 6,801,477

(Concluded)

SHIN ZU SHING CO., LTD.

STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item		Amount
Indirect labor	Including salary and pension.	$ 447,210
Depreciation expenses		427,543
Supplies consumption		258,791
Utilities		139,207
Insurance expenses		95,184
Others (Note)		357,966
		$1,725,901

Note: Each account was less than 5% of the total account balance.

SHIN ZU SHING CO., LTD.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing	General and Administration	Research and Development
Salary and bonus (including salary and pension)	$ 25,605	$ 175,847	$ 101,487
Depreciation expenses	-	49,946	-
Transportation expenses	46,658	-	-
Sample fee	-	-	33,497
Utilities	-	25,232	-
Supplies consumption	7,434	-	34,183
Export expenses	7,900	-	-
Others	23,393	132,079	29,160
	$ 110,990	$ 383,104	$ 198,327

Note: Each account was less than 5% of the total account balance.

SHIN ZU SHING CO., LTD.

EMPLOYEE WELFARE, DEPRECIATION AND AMORTIZATION EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022			2021		
Item	**Operating Cost**	**Operating Expense**	**Total**	**Operating Cost**	**Operating Expense**	**Total**
Salaries	$ 1,029,008	$ 292,510	$ 1,321,518	$ 1,138,932	$ 315,284	$ 1,454,216
Insurance	95,109	24,850	119,959	104,973	26,788	131,761
Pension	35,975	10,429	46,404	40,452	11,379	51,831
Remuneration of directors	-	9,240	9,240	-	8,216	8,216
Other employee benefit	25,233	2,375	27,608	26,093	2,741	28,834
Depreciation expense	427,543	78,759	506,302	468,171	75,550	543,721
	$ 1,612,868	$ 418,163	$ 2,031,031	$ 1,778,621	$ 439,958	$ 2,218,579

Note 1: As of December 31, 2022 and 2021, the number of employees were 2,282 and 2,647 people with 8 and 7 directors not included in the employees, respectively.

Note 2:

a. The average of employee benefit for the years ended December 31, 2022 and 2021 were 666 thousand and 631 thousand, respectively.
b. The average of salary for the years ended December 31, 2022 and 2021 were 581 thousand and 551 thousand, respectively. The average salary increased by 5.4% year over year.

Note 3: On June 18, 2019, the company's Articles of Incorporation amended by the resolution of the shareholders' meeting to set up an audit committee to replace the supervisor. Therefore, there was no compensation to the supervisor.

Note 4: The compensation policies of the company are as follow:

Directors

According to Article 19 of the company's Articles of Incorporation, if the company makes annual profits (profits refer to income before income tax) before deducting employee remuneration and directors' remuneration, no more than 2% should be allocated to directors' remuneration, and according to the company's "director's remuneration distribution method", consider the company's operating results, and consider its contribution to the company's performance, and give reasonable remuneration.

Managers

The remuneration policy for the general manager and deputy general manager is based on the company's "Company Manager Salary and Remuneration Measures", and with reference to the relevant industry standards of the position and the past company's operating performance. The payment standard, structure and system will also be Review and adjust it at any time depending on the actual operating conditions and changes in relevant laws and regulations, and do not guide managers to engage in behaviors that exceed the company's risks in pursuit of remuneration. Relevant assessment and remuneration rationality are reviewed by the Remuneration Committee, and the recommendations are submitted to the Board of Directors for discussion.

Employees

In order to maintain the competitiveness of compensation, the company will reasonably adjust the salary level with reference to the increase in the price index every year, and consider the company's operating performance and future development to formulate a reward plan. Implement the performance-based policy and give differentiated rewards based on individual performance to reward colleagues for their contributions.

Seven. Review and Analysis of Financial Status and Business Performance, and Risk Items:

I. Financial Status

Unit: NT$ thousand

Item \ Year	2021	2022	Difference	
			Amount	%
Current assets	14,444,636	12,636,037	(1,808,599)	(12.52)
Property, plant and equipment	6,093,702	5,758,801	(334,901)	(5.50)
Intangible assets	-	-	-	-
Other assets	818,224	3,045,602	2,227,378	272.22
Total assets	21,356,562	21,440,440	83,878	0.39
Current liabilities	4,527,246	4,967,258	440,012	9.72
Non-current liabilities	1,302,535	592,766	(709,769)	(54.49)
Total liabilities	5,829,781	5,560,024	(269,757)	(4.63)
Equity attributable to the parent company	15,526,781	15,880,416	353,635	2.28
Capital stock	1,924,853	1,877,483	(47,370)	(2.46)
Capital surplus	2,911,722	2,370,695	(541,027)	(18.58)
Retained earnings	11,083,217	11,952,637	869,420	7.84
Other equities	(393,011)	(320,399)	72,612	18.48
Treasury stock	-	-	-	-
Non-controlling interests	-	-	-	-
Total shareholder's equity	15,526,781	15,880,416	353,635	2.28

Please explain when the difference from the previous or subsequent periods exceeds 20%, or the amount of change exceeds NT$10 million:

1. The increase in other assets by NT$2,227,378,000 was chiefly due to the increase in the net value of investment-type real estate during the current period.
2. The decrease in non-current liabilities by NT$709,769,000 was chiefly due to long-term liabilities from long-term borrowing becoming due within one year, and which have therefore been re-entered current liabilities.

II. Financial performance

(I) Comparative analysis of operating results

Unit: NT$ thousand

Item \ Year	2021	2022	Change (amount)	Change ratio %
Net operating income	12,140,949	11,824,698	(316,251)	(2.60)
Operating costs	9,702,342	9,322,982	(379,360)	(3.91)
Gross operating profit	2,438,607	2,501,716	63,109	2.59
Operating expenses	861,857	942,423	80,566	9.35
Operating profit	1,576,750	1,559,293	(17,457)	(1.11)
Non-operating income and expenses	55,961	708,822	652,861	1166.64
Pre-tax net profit attributable to departments in continuous operation	1,632,711	2,268,115	635,404	38.92
Income tax expense	463,108	608,931	145,823	31.49
After-tax net profit attributable to departments in continuous operation	1,169,603	1,659,184	489,581	41.86

Analysis and explanation of the increase or decrease in ratios:

1. **Non-operating income and expenses**

   Other gains and losses: Foreign currency exchange rate fluctuations resulted in exchange gains of NT$388,472,000 from current-period foreign currency assets and liabilities, which represented an increase of NT$512,944,000 compared with the previous period; in addition, there were land and plant expropriation gains of NT$87,436,000 during the current period.

2. **Income tax:**

   The increase of NT$145,823,000 during the current period was chiefly due to relatively good sales during the current period, which resulted in increased income tax during this period.

3. **Expected sales volume during the coming year and its basis, possible impact on the company's future finances, and response plan:**

   Based on experience from the last year, the company sales department has compiled a forecast of future market changes and orders and sales in 2023 up to the publication of the annual report; the department has forecast that the Group's consolidated hinge product sales volume will grow in 2023 in comparison with 2022. In order to achieve the goal of maximizing the Group's profit, the company seeks to boost production utilization rate and yield rate, and decides production sequence and supply quantities based on customers' products with different specifications.

III. Cash flows

(I) Analysis of cash flow changes during the most recent year (2022)

Unit: NT$ thousand

Cash balance, beginning	Whole-year net cash flow from business activity	Whole-year net cash flow from other activities	Exchange rate fluctuations Effect	Cash surplus (deficit)	Remedial measures for cash deficit	
					Investment plans	Financing plans
4,999,278	1,532,212	(3,439,191)	189,814	3,282,113	-	-

1. The net cash inflow from business activity of NT$1,532,212,000 was chiefly due to the continued profitability of the company's operations.
2. The net cash inflow from investment activity of NT$2,529,898,000 was chiefly due to the increased acquisition of investment-type real estate and increased outflow financial assets at amortized cost cash during the current period.
3. The net cash inflow from fund-raising activity of NT$909,293,000 was chiefly due to the increased purchase of treasury stock during the current period.

(II) Expected improvement plans to compensate for insufficient liquidity: Not applicable.

(III) Analysis of liquidity in the coming year (2023):

Unit: NT$ thousand

Cash balance, beginning	Whole-year net cash flow from business activity	Whole-year net cash flow from other activities	Cash surplus (deficit)	Remedial measures for cash deficit	
				Investment plans	Financing plans
3,282,113	1,685,433	(1,832,470)	3,135,076	-	-

IV. The effects that significant capital expenditures have on financial operations in the recent year

(一) Use of major capital expenditures during the current year and source of funds: N/A.

(II) Anticipated benefits: Not applicable.

V. Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the coming year:

Unit: NT$ thousand

Description / Item	Investment amount	Policy	Main reasons for profit or loss			Improvement plan	Other future investment plans
			Income for the current period	Recognized investment income for the current period	Description		
Time Rise Corp. (Note 1)	1,223,666	Long-term investment consists of continued efforts to shift manufacturing sites to Taiwanese firms in mainland China in order to expand marketing of the company's products in the Chinese hinterland	384,948	384,948	Stable business generating continuing profits	N/A	None
Spring Vision Technology Corp.	3,220	Other business	(14,896)	(14,896)	Chiefly due to profit recognized from daily operating expenses	N/A	None
Magic Timing Technology Limited	1,581	Other business	(2,154)	(2,154)	Chiefly due to profit recognized from daily operating expenses	N/A	None
Up Hill International Limited	33,278	Other business	(6,024)	(6,024)	Chiefly due to profit recognized from daily operating expenses	N/A	None
Heng Shing Investment Co., Ltd	700,000	Other investments	(14,178)	(14,178)	Chiefly due to fluctuations in the fair value of securities from reinvestment	N/A	None

Item \ Description	Investment amount	Policy	Main reasons for profit or loss			Improvement plan	Other future investment plans
			Income for the current period	Recognized investment income for the current period	Description		
Ding Ying Investment Co., Ltd.	500,000	Other investments	320	320	Continuing to operate well	N/A	None
Amazing Power Limited (Note 2)	472,555	Long-term investment consists of continued efforts to shift manufacturing sites to Taiwanese firms in mainland China in order to expand marketing of the Group's LCD hinge products in the Chinese hinterland	203,341	203,341	Stable business generating continuing profits	N/A	None
CJC Holding PTE.Limited	13,720	Positioned as the Group's international marketing location	(778)	(778)	Chiefly existing to serve customers from nearby	N/A	None
Above Average Limited.	3,172	Other business	471	471	Continuing to operate well	N/A	None

Note 1: Via re-investment by subsidiary Time Rise Corp. established by the company in Mauritius in the equity of the Mauritius Hamstead Corp. Equity, Titan Speed Technology Ltd. (Samoa), and Shining Smart International Corp. (British Virgin Islands), indirect investment in the Chinese firms Shin Zu Shing Precision Electron (Suzhou) Co., Ltd., Zhiqun Precision Electron (Suzhou) Co., Ltd., Shin Zu Shing Precision Electron (Chongqing) Co., Ltd., and the Singapore firm Prosperity Investment Holding Pte.Ltd.

Note 2: Via re-investment by the company's Seychelles subsidiary Amazing Power Limited in the equity of Ace Technology Inc. (Seychelles), Elite Dragon Group Ltd. (British Virgin Islands), and Blossom Enterprise Inc. (Seychelles), indirect investment in China's Cherng Jyieh Computer Accessory (Kunshan) Co., Ltd. and Cheng Yueh Computer Accessory (Dongguan) Co., Ltd. and RSTC (Fuqing) Co., Ltd.

VI. Risk Items

(I) Risk management policies and organizational framework

This company's risk management involves awareness, identification, analysis, and assessment of potential risks, selection of appropriate control and handling methods, supervision, and risk management improvement plans. In addition, risks are handled through centralized management and delegated implementation in accordance with risk characteristics and their level of impact, so that all risks can be handled effectively at all times.

This company's main risk management organization and various risk management actions and responsible units are as follows:

1.Financial risk, liquidity risk, credit risk, legal risk:

The financial and accounting centers and management center draft and implement relevant strategies, and response measures are adopted after analysis and assessment of changes in laws and regulations, policies, and markets.

2.Market risk:

Apart from the drafting and implementation of relevant strategies by the company's various business units and General Management Department on the basis of their duties and powers, the company also adopts response measures reflecting analysis and assessment of changes in laws and regulations, policies, and markets. Upper management may organize management teams to respond to crises, and implement control and handling measures addressing possible market risk crises.

3.Strategic and operating risk:

Upper management may organize management teams to perform risk assessment prior to strategic operations, and subsequently track operating performance, which will ensure that corporate strategies comply with the company's vision and achieve operating goals.

(II) Impact of interest rate and exchange rate changes and inflation on the company's income in the most recent fiscal year and up to the publication date of this annual report and future response measures:

Risk Items	Effect on profit or loss	Future response measures
Interest rate	1. The balance of loans at the end of 2022 was NT$1,781,180,000, which was chiefly used as general working capital; interest rate fluctuations consequently had no significant impact on profit. 2. Most investment consist of short-term investments. Although falling interest rates in recent years have been unfavorable to investment gains, because investments involve the use of short-term operating funds, in view of the company's funds and ability to liquidate investment profits at appropriate times, these	The Group constantly monitors interest rate fluctuations, and maintains good communication with banks in order to secure the most favorable interest rates; in conjunction with planning of long- and short-term fund, this can reduce the company's overall financing costs. Interest rate fluctuations currently have no influence on the Group's operating results.

Risk Items	Effect on profit or loss	Future response measures
	investments had little impact on profit.	
Exchange rate	The company chiefly exports its products, and largely quotes prices in USD. With regard to the company's large USD position, since the NT dollar depreciated against USD and other foreign currencies and the RMB depreciated against USD in 2022, the company's foreign currency position generated exchange gains, and net exchange gains of NT$388,472,000 were produced in 2022; these gains accounted for 23.41% of net after-tax earnings.	1. The Group has established foreign currency deposit accounts for use in management of its foreign exchange positions, and either trades its foreign currency at appropriate times or uses foreign currency generated from the sale of goods to make overseas purchases; this has reduced the impact of exchange rate fluctuations on profit and achieved a natural hedging effect. 2. We will continue to observe USD and RMB trends, monitor market information, and seek to foresee long- and short-term exchange rate trends; whenever major exchange rate fluctuations occur, we re-negotiate transaction prices with customers or vendors as necessary. This has eased the impact of exchange rate fluctuations on the company's revenue and profit. 3. We may employ hedging derivatives when necessary in light of foreign exchange market fluctuations and the company's need for foreign currency funds. Such derivatives may consist of forward and cross currency swap (CCS) trading, which seeks to avoid exchange rate risk and minimize the impact of exchange rate fluctuations on profits.
Inflation	Most raw materials and components are purchased domestically, and it is forecast that Taiwan will remain in a low-inflation state during the coming	We will continue to monitor inflation, and appropriately adjust products' retail prices and our inventory of raw materials and components.

Risk Items	Effect on profit or loss	Future response measures
	year. As a consequence, inflation will not have a major impact on the company's profits.	will watch closely to see whether the rising prices of raw materials and parts has any impact on the company.

(III)Policy regarding high-risk, high-leverage investments, loans to others, endorsements, guarantees, and derivatives, reasons for profit or loss, and future response measures in the most recent fiscal year and up to the publication date of this annual report:

Risk Items	Implementation	Policies and response measures
High-risk, high-leverage investments	1.Short-term investments: Short-term cash holdings are chiefly used to purchase the stock of listed companies. Such investments have high liquidity and security, and do not constitute high-leverage or high-risk investments. 2.Long-term investments: Chiefly consist of investment in the establishment of overseas production sites. Most such investments are fully owned by the company, and offer excellent re-investment effectiveness.	Since it focuses on its core business areas, the company does not engage in high-risk, high-leveraged investments.
Loans to others	No funds were loaned to others in the most recent fiscal year and up to the publication date of this annual report.	If financing is required in the future due to business needs, information concerning loans to others will be announced promptly and correctly in accordance with laws and regulations and in compliance with this company's "Operating Procedures for Loan of Funds to Others."
Provision of endorsements and guarantees to others	No endorsements and guarantees were made to others in the most recent fiscal year and up to the publication date of this annual report.	If endorsements or guarantees must be made to others due to business needs, information concerning endorsements or guarantees made to others will be announced promptly and correctly in accordance with laws and regulations and in compliance with this company's "Operating Procedures for Endorsements and Guarantees to Others."
Derivatives	The company regularly sells foreign	If no major future changes occur in the

Risk Items	Implementation	Policies and response measures
Trading	exchange contracts to hedge against the effect of exchange rate fluctuations on foreign currency positions. This ensures that major exchange rate fluctuations do not cause exchange losses. As a consequence the sale of forward exchange contracts is intended as a means of hedging, and does not seek to yield profits. As a consequence, exchange rate fluctuations may still result in trading losses.	company's export orientation and customer base, this company will continue to sell forward exchange contracts as a means of hedging its foreign currency positions; If the trading of other derivatives is necessary in the future due to business development needs, information concerning relevant transactions will be announced promptly and correctly in accordance with laws and regulations and in compliance with this company's " Procedure for the Acquisition or Disposal of Assets."

(IV) Future R&D programs and expected R&D investment in the most recent fiscal year and up to the publication date of this annual report:

R&D programs		Progress	Expected time of mass production	Chief factors affecting the success of R&D	Expected further R&D expenses
2022	False axis automatic assembly machine	In-progress	2022/06	Electromechanical integration, process technology	NT$6 million
	Automatic torque adjustment machine	In-progress	2022/06	Electromechanical integration, information equipment	NT$4 million
	In-house development of laser welding machine	In-progress	2022/08	Electromechanical integration, process technology	NT$15 million
	Flexible	In-progress	2022/06	Mechanism, materials, mold, process technology	NT$4 million
	Development of high-end LCD link hinge	In-progress	2022/02	Mechanism, materials, mold, process technology	NT$8 million

(V) Impact of key domestic or international policy or legal changes on the company's finances and sales and response measures in the most recent fiscal year and up to the publication date of this annual report: No domestic or foreign policy or legal changes impacted the company's finances during the most recent year; however, we seek to shift our mature production lines to mainland China for production in view of the Group's profitability and customers' needs. As a consequence, any possible policy changes by the Chinese authorities may possibly have a negative impact on this company's operating activities in the mainland China area.

(VI) Impact of technological and industry developments (including information communication security risks) on the company's finance and sales and

response measures in the most recent fiscal year and up to the publication date of this annual report: In order to strengthen information and communication security management, and ensure the confidentiality, integrity, and availability of information assets, this company will continue to maintain its operations information environment, comply with relevant government laws and regulations, and meet the needs of internal and external stakeholders. We seek to avoid all internal and external intentional and accidental threats, and achieve the goal of strong information and communication security.

The applicable scope of this company's information and communications security management system includes information server room operation and maintenance, and business operating system and website system security management. The company currently has fully effective information operation and management processes, and can meet all security requirements and expectations.

Please refer to page 117 of the annual report: " VI. Information and communications security management" for a description of the company's information and communications security risk management.

(VII) Impact of corporate image on crisis management and response measures in the most recent fiscal year and up to the publication date of this annual report: The company is a professional hinge product vendor. We have focused on our core business areas since the company was established, and enjoy excellent business performance and reputation. Any market reports unfavorable to this company's corporate image have not led to any detrimental changes in the company's image.

(VIII) The expected benefits and possible risks of mergers and acquisitions as well as the responding measures: N/A.

(IX) Expected benefits and possible risks of factory expansions as well as the response measures: N/A.

(X) Risks associated with over-concentration in purchase or sale and response measures: N/A.

(XI) Impact of mass transfer of equity by or change of directors, supervisors, or shareholders holding more than 10% interest on the Company, associated risks and response measures: N/A.

(XII) The effects that change in management has on the Company as well as risk and responding measures: N/A.

(XIII) Any lawsuits or non-contentious incidents in the most recent fiscal year and up to the publication date of this annual report:

1. In the case of major litigation, non-contentious, and administrative events in the most recent fiscal year and up to the publication date of this annual report that have been determined by verdict of the court or are still pending, the results of which may have a significant impact on shareholders’ equity or securities prices, the facts in dispute, the target amount, date of commencement of litigation, main parties involved in litigation, and current handling situation: N/A.

2. Events in which the Company's directors, general manager, actual persons-in-charge, major shareholders holding more than 10% of shares, or subordinate companies are involved that have been determined by verdict of the court or are still pending in a major litigation, non-contentious, and administrative litigation in the most recent year and up to the publication date of this annual report, the outcome of which may have a significant impact on shareholder equity or securities prices, the facts in dispute, the target amount, date of commencement of litigation, main parties involved in litigation, and current handling situation: N/A.

(XIV) Other significant risks and response measures:

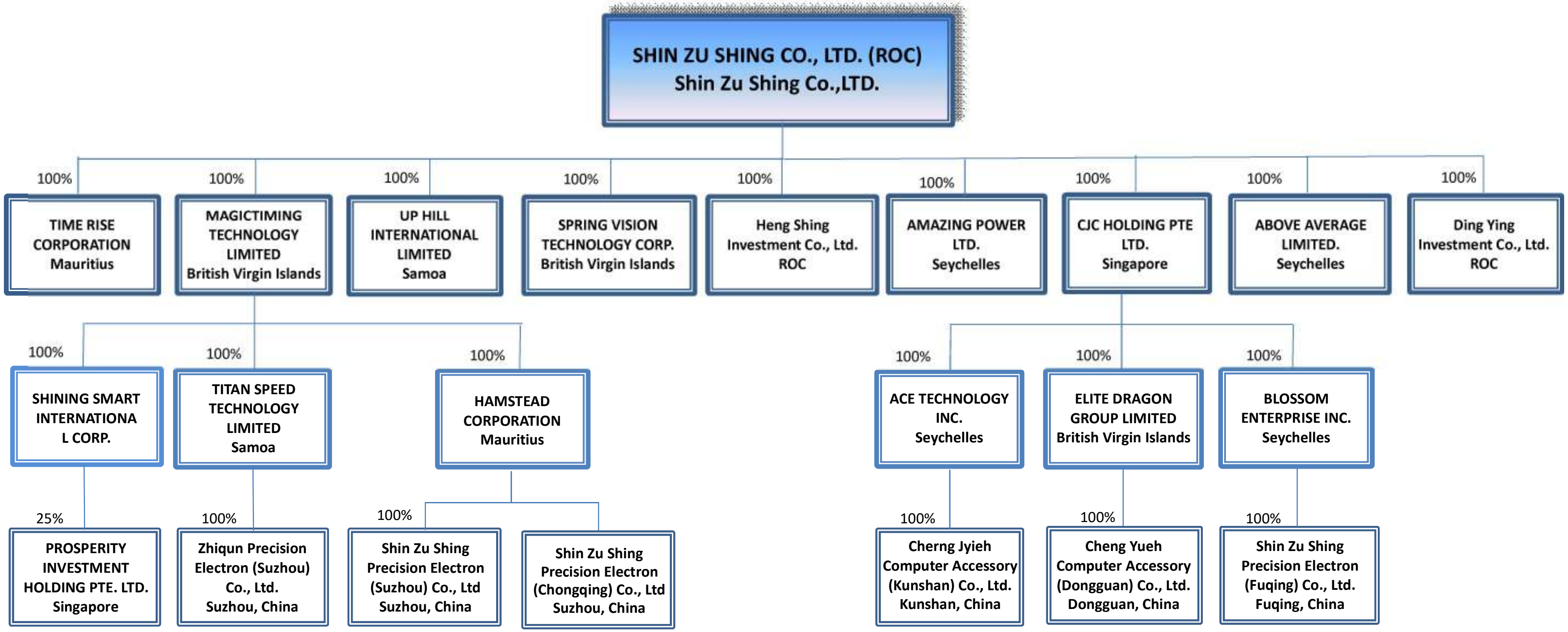
The company had no other major risk items in 2022 and 2023 up to the publication date of the annual report.

VII. Other important matters: N/A.

VIII. Special disclosures

I. Profiles of affiliates and subsidiaries:

(I) Affiliates organization chart (December 31, 2021)



(II) Basic information of the various affiliated enterprises

Enterprise name	Date of establishment	Region	Paid-in capital	Main business or production items
Magic Timing Technology Limited	2005.01.13	British Virgin Islands	USD 50,000	International trade
Up Hill International Limited	2006.05.12	Samoa	USD 1,000,000	International trade
Spring Vision Technology Corp.	2007.11.08	British Virgin Islands	USD 100,000	International trade
Heng Shing Investment Co., Ltd	2009.08.18	New Taipei City	NTD 700,000,000	General investment
Ding Ying Investment Co., Ltd.	2022.11.04	New Taipei City	NTD 500,000,000	General investment
Time Rise Corp.	2004.02.17	Mauritius	USD 37,080,000	Holding company
Hamstead Corp.	2001.11.30	Mauritius	USD 23,330,000	Holding company
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	2002.03.05	Suzhou	USD 30,000,000	Production and sales of precision hardware, precision electronics, precision molds, and plastic items
Shin Zu Shing Precision Electron (Chongqing) Co., Ltd.	2022.09.26	Chongqing	USD 2,000,000	Production and sales of computer peripherals and accessories
Titan Speed Technology Limited	2006.01.12	Samoa	USD 13,000,000	Holding company
Zhiqun Precision Electron (Suzhou) Co., Ltd.	2006.03.13	Suzhou	USD 13,000,000	Mold design and production, production, assembly, and manufacturing of all kinds of electronics hardware parts
Shining Smart International Corp.	2007.11.13	British Virgin Islands	USD 4,538,000	Holding company
Prosperity Investment Holding Pte.Ltd.	2019.10.02	Singapore	USD 15,150,000	Holding company
CJC Holding PTE.Limited	1995.12	Singapore	SGD 750,000	Sales of LCD bases and supports, rotating shafts, and accessories
Amazing Power Limited	2009.01	Seychelles	USD 7,950,000	Holding company
Ace Technology Inc.	2009.01.05	Seychelles	USD 4,710,000	Holding company
Elite Dragon Group Limited	2017.07.19	British Virgin Islands	USD 5,000	Holding company
Blossom Enterprise Inc.	2008.11.13	Seychelles	USD 1,350,000	Holding company
Cherng Jyieh Computer Accessory (Kunshan) Co., Ltd.	2001.09.26	Kunshan	USD 5,000,000	Development of LCD elements and accessories, notebook computer key parts and components
Cheng Yueh Computer Accessory (Dongguan) Co., Ltd.	2008.04.23	Dongguan	USD 1,200,000	Production and sales of computer peripherals and accessories

Enterprise name	Date of establishment	Region	Paid-in capital	Main business or production items
Shin Zu Shing Precision Electron (Fuqing) Co., Ltd.	2011.08.23	Fuqing	USD 650,000	Production and sales of rotating shafts and other types of precision bearings and precision molds; development of LCD elements and accessories, notebook computer key parts and components
Above Average Limited	2016.06.30	Seychelles	USD 100,000	International trade

(III) Information that must be disclosed concerning affiliates that are presumed to have a relationship of control and subordination: N/A.

(IV) Business areas covered by the affiliated enterprises' overall operations:

Enterprise name	Main business or production items	State of division of labor
Magic Timing Technology Limited	International trade	Other business.
Up Hill International Limited	International trade	Other business.
Spring Vision Technology Corp.	International trade	Other business.
Heng Shing Investment Co., Ltd.	Holding company	Holding company
Ding Ying Investment Co., Ltd.	Holding company	Holding company
Time Rise Corp.	Holding company	Holding company
Hamstead Corp.	Holding company	Holding company
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Production and sales of precision hardware, precision electronics, precision molds, and plastic items	Production site in mainland China area and provision of nearby service to customers
Shin Zu Shing Precision Electron (Chongqing) Co., Ltd.	Production and sales of computer peripherals and accessories	Production site in mainland China area and provision of nearby service to customers
Titan Speed Technology Limited	Holding company	Holding company
Zhiqun Precision Electron (Suzhou) Co., Ltd.	Mold design and production, production, assembly, and manufacturing of all kinds of electronics hardware parts	Production site in mainland China area and provision of nearby service to customers
Shining Smart International Corp.	Holding company	Holding company
Prosperity Investment Holding Pte.Ltd.	Holding company	Holding company
CJC Holding PTE.Limited	Sales of LCD bases and supports, rotating shafts, and accessories	International marketing center and provision of

Enterprise name	Main business or production items	State of division of labor
		nearby service to customers
Amazing Power Limited	Holding company	Holding company
Ace Technology Inc.	Holding company	Holding company
Elite Dragon Group Limited	Holding company	Holding company
Blossom Enterprise Inc.	Holding company	Holding company
Cherng Jyieh Computer Accessory (Kunshan) Co., Ltd.	Development of LCD elements and accessories, notebook computer key parts and components	Production site in mainland China area and provision of nearby service to customers
Cheng Yueh Computer Accessory (Dongguan) Co., Ltd.	Production and sales of computer peripherals and accessories	Production site in mainland China area and provision of nearby service to customers
Shin Zu Shing Precision Electron (Fuqing) Co., Ltd.	Production and sales of rotating shafts and other types of precision bearings and precision molds; development of LCD elements and accessories, notebook computer key parts and components	Production site in mainland China area and provision of nearby service to customers
Above Average Limited.	International trade	Other business

(V) Names of directors, supervisors, and general managers of affiliates, and shares held or investment contributed:

Unit: shares

Enterprise name	Title	Name or Representative	Shares held	
			Shares	%
Magic Timing Technology Limited	Institutional representative of Shin Zu Shing Co., Ltd.	Sheng-Nan Lu	50,000	100
Up Hill International Limited	Institutional representative of Shin Zu Shing Co., Ltd.	Pei-fang Lu	1,000,000	100
Spring Vision Technology Corp.	Institutional representative of Shin Zu Shing Co., Ltd.	Sheng-Nan Lu	10	100
Heng Shing Investment Co., Ltd	Institutional representative of Shin Zu Shing Co., Ltd.	Pei-fang Lu	70,000,000	100
Ding Ying Investment Co., Ltd.	Institutional representative of Shin Zu Shing Co., Ltd.	You-chi Lu	50,000,000	100
Time Rise Corp.	Institutional representative of Shin Zu Shing Co., Ltd.	Pei-fang Lu	37,080,000	100
Hamstead Corp.	Time institutional representative of Rise Corp.	Pei-fang Lu	2,333,000	100
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Institutional director representative of HamsteadCorp.	Chun-hung Lu	-	100
		Chao-Tsong Yuan	-	100
		Li-chuan You	-	100
Shin Zu Shing Precision Electron (Chongqing) Co., Ltd.	Institutional director representative of HamsteadCorp.	Chao-Tsong Yuan	-	100
		Jin-sheng Zhu	-	100
		Shi-jin Weng	-	100
Titan Speed Technology Limited	Time institutional representative of Rise Corp.	Pei-fang Lu	13,000,000	100
Zhiqun Precision Electron (Suzhou) Co., Ltd.	Titan Institutional director representative of Speed Technology Limited	Chun-hung Lu	-	100
		Chao-Tsong Yuan	-	100
		Frank Lin	-	100
Shining Smart International Corp.	Institutional representative of Shin Zu Shing Co., Ltd.	Sheng-Nan Lu	454	100

Enterprise name	Title	Name or Representative	Shares held	
			Shares	%
Prosperity Investment Holding Pte.Ltd.	Shining Institutional director representative of Smart International Corp.	Chao-Tsong Yuan	3,787,500	25
CJC Holding Pte.Limited	Institutional representative of Shin Zu Shing Co., Ltd.	You-chi Lu	750,000	100
Amazing Power Limited	Institutional representative of Shin Zu Shing Co., Ltd.	Sheng-Nan Lu	7,950,000	100
Ace Technology Inc.	Amazing Institutional representative of Power Limited	Pei-fang Lu	4,710,000	100
Elite Dragon Group Limited	Amazing Institutional representative of Power Limited	Chao-Tsong Yuan	5,000	100
Blossom Enterprise Inc.	Amazing Institutional representative of Power Limited	Chao-Tsong Yuan	1,350,000	100
Cherng Jyieh Computer Accessory (Kunshan) Co., Ltd.	Ace Technology Inc. Institutional director representative	You-chi Lu	-	100
		Chao-Tsong Yuan	-	100
		Sheng-huan Chuo	-	100
Cheng Yueh Computer Accessory (Dongguan) Co., Ltd.	Elite Dragon Group Limited Institutional director representative	Yung-he Lu	-	100
		Jin-sheng Zhu	-	100
		Li-chuan You	-	100
Shin Zu Shing Precision Electron (Fuqing) Co., Ltd.	Blossom Institutional director representative of Enterprise Inc.	Sheng-huan Chuo	-	100
		Jin-sheng Zhu	-	100
		Chao-Tsong Yuan	-	100
Above Average Limited.	Institutional representative of Shin Zu Shing Co., Ltd.	Chao-Tsong Yuan	100,000	100

(VI) Operating situation of affiliates

Unit: NT$1,000 (2022)

Enterprise name	Capital (original investment amount)	Assets Total value	Liabilities Total amount	Net worth	Operating revenue	Operating profit	Income (after tax) for the current period	EPS (NTD) (after-tax)
Magic Timing Technology Limited	1,581	171,317	-	171,317	-	(3,156)	(2,154)	(43.08)
Time Rise Corp.	1,223,666	2,982,266	-	2,982,266	384,951	384,948	384,948	10.38
Up Hill International Limited	33,278	58,817	4,013	54,804	-	(6,708)	(6,024)	(6.02)
Spring Vision Technology Corp.	3,220	12,011	-	12,011	-	(15,056)	(14,896)	(1,489,595.90)
Heng Shing Investment Co., Ltd	700,000	562,598	10	562,588	34,307	22,078	(14,178)	(0.20)
Ding Ying Investment Co., Ltd.	500,000	500,320	-	500,320	321	320	320	0.01
Hamstead Corp.	776,605	2,399,351	-	2,399,351	385,159	385,159	388,623	166.58
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	957,249	2,847,522	752,099	2,095,423	3,514,889	268,968	390,536	N/A
Shin Zu Shing Precision Electron (Chongqing) Co., Ltd.	64,350	71,845	13,684	58,161	270	(3,393)	(5,381)	N/A
Titan Speed Technology Limited	423,339	446,549	-	446,549	1,100	1,070	1,073	0.08
Zhiqun Precision Electron (Suzhou) Co., Ltd.	423,339	445,602	-	445,602	51,946	(23,569)	1,099	N/A
Shining Smart International Corp.	134,714	130,618	-	130,618	-	(4,945)	(4,496)	(9,903.15)
Prosperity Investment Holding Pte.Ltd.	111,007	423,968	1,187	422,781	-	(692)	(19,744)	(1.30)
CJC Holding Pte.Limited	13,720	3,429	1,340	2,089	-	(13,785)	(778)	(1.04)
Amazing Power Limited	472,555	1,121,412	-	1,121,412	203,341	203,341	203,341	25.58
Ace Technology Inc.	299,430	359,936	-	359,936	59,803	59,748	60,074	12.75
Elite Dragon Group Limited	151	449,213	-	449,213	128,380	128,380	128,381	25,676.16
Blossom Enterprise Inc.	34,927	313,552	-	313,552	17,148	17,094	17,195	12.74
Cherng Jyieh Computer Accessory (Kunshan) Co., Ltd.	239,344	488,533	141,093	347,440	869,759	31,881	59,390	N/A
Cheng Yueh Computer Accessory (Dongguan) Co., Ltd.	138,198	635,728	186,671	449,057	1,008,124	105,044	127,650	N/A

Shin Zu Shing Precision Electron (Fuqing) Co., Ltd.	18,903	406,131	102,792	303,339	487,489	15,028	15,716	N/A
Above Average Limited	3,172	34,377	-	34,377	-	(52)	471	4.71

Note 1: The relevant numbers of affiliated enterprises have been converted to NTD based on the exchange rate on the date reported-

Year-end exchange rate: USD=30.7100; RMB=4.4080；SGD=22.8800

Average exchange rate: USD=29.8045: RMB=4.4218；SGD=21.6167

II. **Status of private placement of securities in the most recent year and up to the publication date of this Annual Report:** N/A.

III. **State of subsidiaries' holdings or disposition of the company's shares in the most recent year and up to the publication date of this annual report:** N/A.

IV. **Other supplemental information:** N/A.

IX. Corporate events with material impact on shareholders' equity or stock prices set forth in Article 36, Paragraph 3, Subparagraph 2 of Securities and Exchange Act in the past year and up to the date of report: N/A.

SHIN ZU SHING CO., LTD.

Institutional Representative:
Sheng-Nan Lu

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