

Stock Code: 3376

SHIN ZU SHING Co.,LTD.

2024 Annual Report

Notice to readers

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

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SZS 2023 Annual Report is available at: <http://www.szs-group.com>

Printed on May 21, 2025

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- V. Name of any exchanges where the company's securities are traded offshore and the method by which to access information on said offshore securities: None.
- VI. Company website: <https://www.szs-group.com/>

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One. Report to Shareholders

Implementation achievements of the 2024 business plan

In 2024, with the continuous expansion of AI applications, the global commodity trade recovered; however, the recovery pace differs from industry to industry, and the global economy grew slowly. However, the rising demand for electronic products and the expanded demand for HPC, AI, and other emerging technology applications resulted in an increase in the sales of hinge products. In particular, earphones steadily occupy the leading position in the global wearable device market. In addition, despite international political and economic uncertainties and geopolitical risks, SZS constantly adjusts its business strategic directions in the face of various risk environments and grasps various potential opportunities while minimizing relevant risks. Due to the slowdown of inflation and the recovery of consumer power, the Company's revenue in 2024 was better than expected. However, the continued strengthening of process automation and the development and deployment of new products have resulted in a slight excess of relevant expenditures. Nonetheless, we recorded favorable profitability performance with the joint efforts of all employees. In the future, SZS will continue to focus on developing the hinge industry, developing new technologies and materials (low-carbon), strengthening process automation, and innovating and developing in different industrial fields. Adhering to the corporate core value of “sustainable management,” we will actively promote corporate social responsibility and actively disclose our efforts and achievements in terms of environment, society, and corporate governance (ESG). With the joint efforts of all employees, SZS further won the “Sustainability Report Silver Award” in 2024, after winning the “Sustainability Report Bronze Award” in 2023, verifying the determination of SZS in continuous progress in sustainable development.

(I) Operating income and expenditure, and budgets

Unit: NTD thousands

Item	Budget for 2024	Amount in 2024	Achievement rate %
Net operating income	12,125,069	13,327,345	109.92%
Operating cost	9,273,187	10,865,271	117.17%
Gross operating profit	2,851,882	2,462,074	86.33%
Operating expenses	1,059,511	1,208,723	114.08%
Operating net profit	1,792,371	1,253,351	69.93%
Net profit before tax	2,047,820	1,875,483	91.58%
Net profit for the period	1,601,847	1,359,332	84.86%

(II) Profitability Analysis

Item		2024(%)	2023(%)
Financial structure	Debt-to-assets ratio (%)	22.78	27.83
	Ratio of long-term capital to property, plant and equipment (%)	337.94	298.69
Solvency	Current ratio (%)	336.78	227.83
	Quick ratio (%)	283.67	194.90
	Times interest earned (time)	6,556.05	5,081.46
Profitability	Return on assets (%)	6.17	3.84
	Return on equity (%)	8.11	5.14
	Ratio of income before tax to paid-in capital (%)	95.81	61.95
	Net profit margin (%)	10.20	8.02
	Earnings per share (NTD)	7.15	4.30

Benefiting from the growth of the hinge industry, the Company's shipments of notebook pivots in 2024 were approximately 48,905 thousand pcs, an increase of approximately 24% compared to the previous year. The shipments of LCD pivots were approximately 6,055 thousand pcs, approximately 25% less than the previous year. In the main revenue ratio in 2024, the NB hinge was approximately 20%, the LCD hinge was approximately 13%, and the wearable and accessory hinge was approximately 53%. In 2024, the consolidated revenue of the Company was NT\$13.327 billion, representing an increase of approximately 32% from NT\$10.067 billion in the preceding year. The consolidated gross margin was 18%, and the net profit margin was 9%, the same as the preceding year. Net profit after tax was NT\$1.3579 billion, representing an increase of approximately 68% from NT\$807 million in the preceding year. Basic earnings per share after tax were NT\$7.15, representing an increase of approximately 66% from NT\$4.30 in the preceding year.

Summary of the 2025 business plan

Looking forward, global economic development is full of uncertainties. In addition, the policy content of the new U.S. government is to be observed. Although the Chinese government has released favorable policies, the new U.S. government may take a more stringent stance on China, which will suppress consumer confidence in China and result in weak domestic demand. The Russo-Ukrainian war has not yet stopped, and the effects of geopolitical risks on industries have not eased. Facing the risks of such uncertainties, the management team of SZS will adopt Taiwan as the base for innovation and development to expand its scale, improve R&D and product innovation capacity, accelerate the operations of the production base in Bac Giang (Vietnam) and Suzhou (China), and provide real-time services and manufacturing quality to customers. On the other hand, with the continuous investment in technology development, SZS recorded favorable development in the foldable products of different applications in 2025 while duly utilizing its working capital to set foot in new industries through technological integration or strategic cooperation (i.e., bicycles, AI-related, and (humanoid) robots) so as to constantly explore and grasp new market opportunities and initiate the next-stage development of the industry.

In a rapidly changing environment, talent is critical to value creation and enhancement for companies. Therefore, SZS is committed to establishing stable employee relations in order to provide an environment where the right person is placed in the right position. We also offer complete education and training to achieve talent retention and cultivation. At the same time, the Company is also recruiting a wide range of talent and hiring talent with great vision, creativity, and execution skills. We hope that our employees will gain insights into various industries with a forward-looking lens, give full play to their expertise, and grow together with SZS with technical skills and stable management capacity to achieve a win-win situation.

In terms of overall future development, in addition to the pursuit of operational excellence, to cope with the environmental impact brought about by climate change, SZS is determined to continuously develop more competitive products that are conducive to environmental development, introduce low-carbon production processes step by step, and restore the value of waste through recycling for sustainable development. With the vision of people orientation, environmental symbiosis, and social prosperity, we integrate the ultimate goal of various ESG promotion actions into our business operations, and we have also formed alliances with partners in the supply chain to strengthen supply chain management, achieving mutual benefits and sustainability.

In the end, I would like to express my sincere appreciation to all our shareholders, customers, and partners for their support of SZS. In the future, we will continue to commit to corporate innovation and growth, care for comprehensive corporate governance, and adhere to ethical corporate management in the hope of stepping toward a sustainable future at a stable pace.

Good wishes to you all
Good health and all the best

Shin Zu Shing Co., Ltd.
Chairman : Sheng-Nan Lu
CEO : Chao-Tsong Yuan
Head of accounting : Ya-Fen Fan

Two. Corporate Governance Report

I. Information on the Company's Directors, President, Vice President, Assistant Vice President, and supervisors of the Company's divisions and branch units

(I) Director

1. Information on Directors

April 12, 2025

Title/name	Nationality	Gender	Age	Date of election (appointment)	Term of office	Date of first election	Shareholding at the time of election		Current shareholding		Shares currently held by spouse and minor children		Shares held in the name of others		Principal work experience and academic qualifications	Position(s) held concurrently in the Company/in any other company	Other supervisors, directors or supervisors who are spouses, or relatives within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman Sheng-Nan Lu	Republic of China	Male	Over 70 years old	2022.06.16	3 years	1968.06.28	17,154,346	8.91	17,545,346	8.96	—	—	—	—	Taipei Municipal Songshan High School of Commerce; Founding Chairman, Taiwan Spring Association	None	Director	You-Qi Lu	Father and son	—
Director Chao-Tsong Yuan	Republic of China	Male	60-70 years old	2022.06.16	3 years	2010.06.17	419,244	0.22	447,642	0.23	4,740,000	2.42	—	—	Department of Industrial Management, National Taiwan Institute of Technology; Department of Entrepreneurship and Management, National Chengchi University; Branch Manager, Oriental Securities Co., Ltd.	CEO of the Company; Corporate Director, Heng Shing Investment Co., Ltd.; Corporate Director, Ding Ying Investment Co., Ltd.; Director, Jochu Technology Co., Ltd.; Chairman, Shin Zu Shing Precision Electron (Chongqing) Co., Ltd.; Corporate Director, Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.; Corporate Director, Kunshan Chengjie Computer Parts Co., Ltd.; Corporate Director, Prosperity Investment Holding Pte. Ltd.; Corporate Director, RSTC (Fuqing) Co., Ltd.; Chairman, Shin Zu Shing (Bác Giang) Company Limited	None	None	None	—

Title/name	Nationality	Gender	Age	Date of election (appointment)	Term of office	Date of first election	Shareholding at the time of election		Current shareholding		Shares currently held by spouse and minor children		Shares held in the name of others		Principal work experience and academic qualifications	Position(s) held concurrently in the Company/in any other company	Other supervisors, directors or supervisors who are spouses, or relatives within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director You-Qi Lu	Republic of China	Male	Under 60 years old	2022.06.16	3 years	2012.02.21	-	-	-	-	566,773	0.29	-	-	University of California, San Diego Master of Mechanical Engineering	Chairman, Ding Ying Investment Co., Ltd. Corporate Director, Heng Shing Investment Co., Ltd.; Corporate Director, Jochu Technology Co., Ltd.; Corporate Director, Teamphon Energy Co., Ltd.; Corporate Director, Truwin Technology Co., Ltd.; Corporate Director, Foresight Energy Technologies Co., Ltd.; Corporate Director, Travel To Buy Co., Ltd.; Corporate Director, ezfly International Travel Agent Co., Ltd.	Chairman	Sheng-Nan Lu	Father and son	-
Director Ying-Fu Mao	Republic of China	Male	60-70 years old	2022.06.16	3 years	2007.06.13	-	-	-	-	-	-	-	-	Bachelor of Laws, National Chung Hsing University; LLM, Fu Jen Catholic University; Attorney, Hong Rui Attorney-at-law; Arbitrator, Chinese Arbitration Association; Advisor, Complaint Review Board for Government Procurement, Public Construction Commission, Executive Yuan;	Attorney, Hong Rui Attorney-at-law; Supervisor, FU Shing Lumber Co. Ltd. Independent Director, An Cang Construction Corp Ltd.	None	None	None	-
Director Cheng-Han Hsieh	Republic of China	Male	Under 60 years old	2022.06.16	3 years	2019.09.18	-	-	-	-	-	-	-	-	Bachelor, Civil Engineering, National Cheng Kung University; Master, Carnegie Mellon University; Certified Financial Analyst (CFA); Engineer, Michael Baker Jr. Inc., Pittsburgh; Assistant manager, Venture Capital Department, Taiwan Life Insurance Co., Ltd.; Analyst and assistant manager, Huan Yu Investment Co., Ltd.; Executive vice president, Hua Chuan Asset Management Co., Ltd.;	President, Debao International Development Co., Ltd.	None	None	None	-

Title/name	Nationality	Gender	Age	Date of election (appointment)	Term of office	Date of first election	Shareholding at the time of election		Current shareholding		Shares currently held by spouse and minor children		Shares held in the name of others		Principal work experience and academic qualifications	Position(s) held concurrently in the Company/in any other company	Other supervisors, directors or supervisors who are spouses, or relatives within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director Bo-Ming Yang	Republic of China	Male	60-70 years old	2022.06.16	3 years	2019.09.18	-	-	-	-	-	-	-	MBA, Asia University; Manager, International Department, President Chain Store Co., Ltd.; Project Manager, President's Office, President Chain Store Co., Ltd.; Head of International Department, Fujimori Kogyo Co., Ltd.	Consultant, Taiwan New Chung Year Enterprise Co., Ltd.; Consultant, Micronclean (Kunshan) International Trading Co., Ltd.	None	None	None	-	
Independent Director Yuan-Long Chang	Republic of China	Male	60-70 years old	2022.06.16	3 years	2017.06.22	-	-	-	-	-	-	-	Department of Accounting, Tamkang University;; CPA, Qinzheng CPAs; Assistant Vice President, Arcoa Communication Co., Ltd.	CPA, Qinzheng CPAs; Independent Director, GSD Technologies Co., Ltd. Independent Director, CoreMax Corporation Independent Director, Johnson Fine Chemical Co., Ltd.	None	None	None	-	
Independent Director Chi-Fa Cheng	Republic of China	Male	60-70 years old	2022.06.16	3 years	2004.04.30	-	-	-	-	-	-	-	Department of Accounting, National Chung Hsing University; President, Jingxing CPAs;	CPA, Jingxing CPAs Chairman, Yuxing Management Consulting Co., Ltd.; Chairman, Golden Point Management Ltd.; Chairman, SBG Investment Co., Ltd.; Chairman, YFT Development Co., Ltd.; Director, CoreMax Corporation; Director, Hih Her Technologies Inc.; Director, GSD Technologies Co., LTD.; Representative of Corporate Director, ezfly International Travel Agent Co., Ltd.; Director, Uranus Chemicals Co., LTD.; Independent Director, Hong Yi Fiber Industry Co., Ltd.;	None	None	None	-	

Title/name	Nationality	Gender	Age	Date of election (appointment)	Term of office	Date of first election	Shareholding at the time of election		Current shareholding		Shares currently held by spouse and minor children		Shares held in the name of others		Principal work experience and academic qualifications	Position(s) held concurrently in the Company/in any other company	Other supervisors, directors or supervisors who are spouses, or relatives within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director Mei-Hui Li	Republic of China	Female	60-70 years old	2022.06.16	3 years	2022.06.16	—	—	5,159	—	—	—	—	—	Department of Entrepreneurship, National Chengchi University; EMBA, National Taipei University; CFO, Flytech Technology Co. Ltd.; Supervisor, Flytech Technology (Shanghai) Co., Ltd. Supervisor, Berry AI Inc. Director, Design For Taiwan / Flytech Foundation Independent director, Poindus Systems Corp. Supervisor, Iruggy Systems Co., Ltd.	Vice president, Adtek Electronics Co., Ltd.	None	None	None	—

2. Major shareholders of corporate shareholders: Not applicable.
3. Major shareholders who are major shareholders of a legal entity: Not applicable.
4. Information disclosure of professional qualification of Directors as well as the independence of Independent Directors

(1) Professional qualifications and experience of Directors

Criteria Name	Professional qualifications and experience
Sheng-Nan Lu	Chairman of the Company Chairman Sheng-Nan Lu was elected the first chairperson of the Taiwan Spring Industry Association and led the national spring industry. Not subject to the provisions of Article 30 of the Company Act.
Chao-Tsong Yuan	The President of the Company; Former Vice President of the Company's Business Unit 1, Business Group 5 and the Vice President of the Group-level General and Administration Division; has work experience in managing production businesses. Former Branch Manager at Oriental Securities Co., Ltd. Not subject to the provisions of Article 30 of the Company Act.
You-Qi Lu	Former President of Jun Shuo Plastic Co., Ltd.; has work experience in managing production businesses. Not subject to the provisions of Article 30 of the Company Act.
Ying-Fu Mao	Current attorney at Hong Rui Attorney-at-law. Former arbitrator at Chinese Arbitration Association. Not subject to the provisions of Article 30 of the Company Act.
Cheng-Han Hsieh	Current president of Debao International Development Co., Ltd.. He was the executive vice president of Hua Chuan Asset Management Co., Ltd., the analyst and assistant manager of Huan Yu Investment Co., Ltd., the assistant manager of the Venture Capital Department of Taiwan Life Insurance Co., Ltd., and the engineer of Michael Baker Jr. Inc. at Pittsburgh. Not subject to the provisions of Article 30 of the Company Act.
Bo-Ming Yang	Current Consultant at Taiwan New Chung Year Enterprise Co., Ltd. Former Manager of International Department at President Chain Store Co., Ltd.; Project Manager of President's Office at President Chain Store Co., Ltd.; Head of International Department at Fujimori Kogyo Co., Ltd. Not subject to the provisions of Article 30 of the Company Act.
Chi-Fa Cheng	Current CPA at Jingxing CPAs, with work experience in the accounting field. He used to be the director of Jing XING CPAs. Not subject to the provisions of Article 30 of the Company Act.
Yuan-Long Chang	Current CPA at Qinzheng CPAs, with work experience in the accounting field. Former CPA at Qinzheng CPAs; Assistant Vice President, at Arcoa Communication Co., Ltd. Not subject to the provisions of Article 30 of the Company Act.
Mei-Hui Li	Currently the vice president of Adtek Electronics Co., Ltd., possessing work experience in the professional accounting field. She was the CFO of Flytech Technology Co. Ltd., the supervisor of Flytech Technology (Shanghai) Co., Ltd., and the director of Design For Taiwan/Flytech Foundation, Not subject to the provisions of Article 30 of the Company Act.

(2) Independence of Independent Directors

Criteria Name	Status of independence	Number of other public companies in which the individual is concurrently serving as an independent director
Chi-Fa Cheng	<p>Independent directors who meet the following conditions during the two years prior to the elected date and during the term of office:</p> <ol style="list-style-type: none"> 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 of one percent or more of the total number of issued 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 an officer under 1. or any of the persons in 2. or 3. 	1
Yuan-Long Chang	<ol style="list-style-type: none"> 5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a Director or supervisor of the Company under paragraph 1 or 2, Article 27 of the Company Act. 6. Not a director, supervisor, or employee of another company of a majority of the Company's Director seats or voting shares and those of any other company are controlled by the same person. 	3
Mei-Hui Li	<ol style="list-style-type: none"> 7. Not a director, supervisor or employee of another company or institution in which the Chairman, President or personnel with equivalent position are the same person or have a spouse relationship. 8. Not a director, supervisor, officer or shareholder holding more than 5% of the shares of a specific company or institution in a business or financial relationship with the Company. 9. A professional individual or an owner, partner, director, supervisor, or officer 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 affiliates for which the provider in the most recent two fiscal years has received cumulative compensation exceeding NTD 500,000, or a spouse thereof; provided. However, 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 the Act or to the Business Mergers and Acquisitions Act or related laws or regulations. 10. Not a spouse or relative within the second degree of kinship of another Director. 11. Not subject to the provisions of Article 30 of the Company Act. 12. Not elected as a government, legal person or its representative in accordance with Article 27 of the Company Act. 	None

5. Diversity and independence of the Board:

(1) Diversity of the Board: The composition of the Board of the Company takes diversity into account, and an appropriate diversity policy is formulated based on the Company's operations, business model and development needs. Board members generally possess the knowledge, skills and literacy necessary to perform their duties. More than one-half of the independent directors in this term did not serve more than three consecutive terms, and at least one female independent director has extensive experience and expertise in the fields of finance, commerce, and business management.

Board members should generally possess the necessary knowledge, skills, and literacy to perform their duties. In order to achieve the ideal goal of corporate governance, the Board of Directors as a whole should have the following capabilities:

- I. Ability to make operational judgements.
- II. Ability to perform accounting and financial analysis.
- III. Ability to operate and manage.
- IV. Ability to manage crises.
- V. Industry knowledge.
- VI. Knowledge of international markets.
- VII. Ability to lead.
- VIII. Ability to make decisions.

The term of office for the 20th Board: June 16, 2022 to June 15, 2025

If the number of Directors of any gender fails to reach one-third of the Board, describe the reasons and the measures planned to be adopted to improve the gender diversity of Directors:

1. Reason description: The Company has a total of nine Directors (including six Directors and three Independent Directors) according to the Articles of Incorporation. The current Directors were elected at the shareholders' meeting on June 16, 2022; however, there is only one female Director, which complied with the laws and regulations at the time but failed to reach one-third of the Board; it is difficult to seek talents in a short period of time due to industry features.
2. Measures adopted: Before the re-election upon the expiry of the session of the Board, actively seek talent recommendations from the industry, schools, and other diverse channels.

Implementation of diversity among board members

Name of director	Nationality	Gender	With employee status	Age of director			Term of office of independent director			Ability to make operational judgements	Ability to perform accounting and financial	Ability to operate and manage	Ability to manage crises	Industry knowledge	Knowledge of international markets	Ability to lead	Ability to make decisions
				Under 60 years old	60 - 70 years old	Over 70 years old	One term	Two terms	More than 3 terms								
Sheng-Nan Lu	Republic of China	Male	-	-	-	<	-	-	-	<	-	<	<	<	<	<	<
Chao-Tsong Yuan	Republic of China	Male	<	-	<	-	-	-	-	<	-	<	<	<	<	<	<
You-Qi Lu	Republic of China	Male	-	<	-	-	-	-	-	<	-	<	<	<	<	<	<
Ying-Fu Mao	Republic of China	Male	-	-	<	-	-	-	-	<	-	<	<	<	<	<	<
Cheng-Han Hsieh	Republic of China	Male	-	<	-	-	-	-	-	<	<	<	<	<	<	<	<
Bo-Ming Yang	Republic of China	Male	-	-	<	-	-	-	-	<	-	<	<	<	<	<	<
Chi-Fa Cheng	Republic of China	Male	-	-	<	-	-	-	-	<	<	<	<	<	<	<	<
Yuan-Long Chang	Republic of China	Male	-	-	<	-	-	<	-	<	<	<	<	<	<	<	<
Mei-Hui Li	Republic of China	Female	-	-	<	-	<	-	-	<	<	<	<	<	<	<	<

Note: Independent Director candidate Chi-Fa Cheng has served as the Company's Independent Director for three terms in a row. After evaluating Cheng's participation in the Board of Directors and taking into account that CPA Cheng has extensive industry experience required for the Company's business, CPA Cheng's expertise should be used when exercising the duties of an Independent Director. This will have significant benefits for the Company.

- (2) Independence of the Board: There are nine Directors in the current Board (including three Independent Directors). The Directors are all in compliance with paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act; not more than half of the Directors are related to each other as spouses or second-degree relatives.

(II) President, Vice President, Assistant Vice President, and supervisors of the Company's divisions and branch units

April 12, 2025

Title	Nationality	Name	Gender	Date of appointment	Number of shares held		Shares held by spouse and minor children		Shares held in the name of others		Principal work experience and academic qualifications	Position(s) held concurrently in any other company	Managers who are a spouse or a relative within the second degree of kinship			Acquisition of employee stock options by managers	Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship		
CEO	Republic of China	Chao-Tsong Yuan	Male	2010.06.17	447,642	0.23	4,740,000	2.42	—	—	Graduated from the Department of Industrial Management of the National Taiwan Institute of Technology and the Department of Entrepreneurship and Management of the National Chengchi University, and was the branch manager of Oriental Securities Co., Ltd.	Corporate director of Heng Shing Investment Co., Ltd., corporate director of Ding Ying Investment Co., Ltd., director of Jochu Technology Co., Ltd., chairman of Shin Zu Shing Precision Electron (Chongqing) Co., Ltd., corporate director of Shin Zu Shing Precision Electron (Suzhou) Co., Ltd., corporate director of Kunshan Chengjie Computer Parts Co., Ltd., corporate director of Prosperity Investment Holding Pte. Ltd., corporate director of RSTC (Fuqing) Co., Ltd., and chairman of Shin Zu Shing (BAC GIANG) Company Limited	None	None	None	None	—
Vice President	Republic of China	Jin-Sheng Zhu	Male	2004.01.06	12,859	0.01	2,114	0.00	—	—	Department of Mechanical Engineering, Southern Taiwan University of Science and Technology	Chairman, Dongguan Chengyue Computer Parts Co., Ltd.; Corporate director of RSTC (Fuqing) Co., Ltd. and corporate director of Shin Zu Shing Precision Electron (Chongqing) Co., Ltd.	None	None	None	None	—
Vice President	Republic of China	Shi-Jin Weng	Male	2016.11.03	66,278	0.03	—	—	—	—	Master of Accounting, National Chengchi University; Manager of the Audit Department of KPMG Taiwan, Assistant Vice President of the Management Department and Head of Accounting of Shin Zu Shing Co., Ltd., and COO of Aml Materials Technology Co., Ltd.	Corporate director of Shin Zu Shing Precision Electron (Chongqing) Co., Ltd. and supervisor of Dongguan Chengyue Computer Parts Co., Ltd.	None	None	None	None	—

Title	Nationality	Name	Gender	Date of appointment	Number of shares held		Shares held by spouse and minor children		Shares held in the name of others		Principal work experience and academic qualifications	Position(s) held concurrently in any other company	Managers who are a spouse or a relative within the second degree of kinship			Acquisition of employee stock options by managers	Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship		
Vice President	Republic of China	Sheng-Huan Zhuo	Male	2018.08.03	3,000	0.00	-	-	-	-	Graduated from the Department of Industrial Management of the National Cheng Kung University and obtained the Master of Industrial Engineering from the University of New Mexico. Used to be the sales manager of Intel Taiwan Branch, assistant vice president for global marketing of Gigabyte Technology Co., Ltd., and president of Celxpert Energy Corporation	Corporate director of Kunshan Chengjie Computer Parts Co., Ltd. and chairman of RSTC (Fuqing) Co., Ltd.	None	None	None	None	-
Vice President	Republic of China	Chung-Yo u Li (Note 1)	Male	2024.08.02	100,300	0.05	-	-	-	-	Graduate Institute of Technology Management, Fu Jen Catholic University Assistant Vice President of Business Unit 1 and Head of the R&D Center of Shin Zu Shing Co., Ltd.	None	None	None	None	None	-
Vice President	Republic of China	Ming-Yu Hsiao (Note 2)	Male	2024.05.06	-	-	(Note 2)	(Note 2)	(Note 2)	(Note 2)	Graduated from the Department of Entrepreneurship and Management of National Chengchi University and the Department of Mechanics of Lughwa University of Science and Technology Vice president of Jochu Technology Co., Ltd. and assistant vice president of Yamaha Motor Taiwan Co., Ltd.	None	None	None	None	None	-
Vice President	Republic of China	Qin-Zhuan Chen (Note 3)	Male	2019.11.01	-	-	(Note 3)	(Note 3)	(Note 3)	(Note 3)	Institute of Information Science, National Chiao Tung University Passed the National College Entrance Examination for Electronic Engineering; Vice President and CIO, MiTAC Computing Technology MIS Assistant Vice President, Shin Zu Shing Co., Ltd.; Consultant, Jiebao Management Consulting Co., Ltd.; Senior Director of IT, MiTAC Inc. MIS Assistant Vice President, Mitac Precision Technology Corporation	None	None	None	None	None	-

Title	Nationality	Name	Gender	Date of appointment	Number of shares held		Shares held by spouse and minor children		Shares held in the name of others		Principal work experience and academic qualifications	Position(s) held concurrently in any other company	Managers who are a spouse or a relative within the second degree of kinship			Acquisition of employee stock options by managers	Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship		
Vice President	Republic of China	Li-Chuan Yu	Female	2023.06.30	365,967	0.19	—	—	—	—	National Taipei University of Business Accountant, Fu Sheng Industrial Co., Ltd. Production Controller and Accountant of Zhao Chu Enterprise Co., Ltd. Assistant Vice President, Shin Zu Shing Co., Ltd.	Corporate Director, Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.; Corporate Director, Dongguan Chengyue Computer Parts Co., Ltd.	None	None	None	None	—
Chief Financial Officer	Republic of China	Qian-Ting Xu	Female	2017.12.22	10,915	0.01	—	—	—	—	Department of Accounting, Chihlee University of Technology; Assistant finance manager, Shin Zu Shing Co., Ltd.	Supervisor, Heng Shing Investment Co., Ltd.; Supervisor, Ding Ying Investment Co., Ltd.	None	None	None	None	—
Corporate Governance Officer	Republic of China	Meng-Hui Tsai (Note 4)	Female	2016.08.03	14,000	0.01	(Note 4)	(Note 4)	(Note 4)	(Note 4)	Master of Business Studies, National Taiwan Normal University; Accounting Manager, Hih Her Technologies Inc.; Accounting Manager, Shin Zu Shing Co., Ltd.	None	None	None	None	None	—
Head of Accounting and Corporate Governance Officer	Republic of China	Ya-Fen Fan (Note 4)	Female	2023.06.30	12,063	0.01	—	—	—	—	Department of Accounting, Soochow University Assistant manager, Grant Thornton Assistant manager, PKF International Limited Section Manager, Jaeger Industrial Co., Ltd. Accounting Manager, Shin Zu Shing Co., Ltd.	None	None	None	None	None	—

Note 1: Vice President Chung-You Li assumed his position on August 2, 2024.

Note 2: Vice President Ming-Yu Hsiao assumed his position on May 6, 2024 and stepped down on September 15, 2024.

Note 3: Vice President Qin-Zhuan Chen was re-appointed as the special assistant of the Company on May 1, 2024.

Note 4: The initial Corporate Governance Officer Meng-Hui Tsai resigned on November 30, 2024, and manager Ya-Fen Fan is not concurrently the Corporate Governance Officer.

Range of remuneration table

Range of remuneration paid to each director	Name of director			
	Total remuneration (A+B+C+D)		Total remuneration (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial report	The Company	All companies included in the financial report
Below NTD 1,000,000	None	None	None	None
NTD 1,000,000 (inclusive) - NTD 2,000,000	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	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, Cheng-Han Hsieh, Bo-Ming Yang, Chi-Fa Cheng, Yuan-Long Chang, Mei-Hui Li	Ying-Fu Mao, Cheng-Han Hsieh, Bo-Ming Yang, Chi-Fa Cheng, Yuan-Long Chang, Mei-Hui Li
NTD 2,000,000 (inclusive) - NTD 3,500,000	None	None	You-Qi Lu	You-Qi Lu
NTD 3,500,000 (inclusive) - NTD 5,000,000	None	None	None	None
NTD 5,000,000 (inclusive) - NTD 10,000,000	None	None	Sheng-Nan Lu, Chao-Tsong Yuan	Sheng-Nan Lu, Chao-Tsong Yuan
NTD 10,000,000 (inclusive) - NTD 15,000,000	None	None	None	None
NTD 15,000,000 (inclusive) - NTD 30,000,000	None	None	None	None
NTD 30,000,000 (inclusive) - NTD 50,000,000	None	None	None	None
NTD 50,000,000 (inclusive) - NTD 100,000,000	None	None	None	None
Over NTD 100,000,000	None	None	None	None
Total	9 people	9 people	9 people	9 people

(II) Remuneration to President and Vice President

Unit: NTD thousands

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and special allowances (C) (Note 1)		Remuneration to employees (D) (Note 2)				Total sum of A, B, C and D and their proportion to net profit (loss) after tax (%)		
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company		All companies included in the financial report		The Company	All companies included in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
CEO	Chao-Tsong Yuan	13,155	13,758	—	—	12,550	12,550	13,100	—	13,100	—	38,805 2.85%	39,408 2.90%	—
Vice President	Jin-Sheng Zhu													
Vice President	Shi-Jin Weng													
Vice President	Sheng-Huan Zhuo													
Vice President	Chung-You Li													
Vice President	Ming-Yu Hsiao													
Vice President	Qin-Zhuan Chen													
Vice President	Li-Chuan Yu													

Note 1: Include the rental expenditures for company vehicles in 2024.

Note 2: Refers to the amount of distribution of remuneration to employees and Directors for 2024 approved by the Board before the shareholders' meeting.

Range of remuneration table

Range of remuneration paid to each CEO and vice president	Name of CEO and Vice President	
	The Company	All companies included in the financial report
Below NTD 1,000,000	None	None
NTD 1,000,000 (inclusive) - NTD 2,000,000	Ming-Yu Hsiao	Ming-Yu Hsiao
NTD 2,000,000 (inclusive) - NTD 3,500,000	Qin-Zhuan Chen	Qin-Zhuan Chen
NTD 3,500,000 (inclusive) - NTD 5,000,000	Jin-Sheng Zhu, Shi-Jin Weng, Chung-You Li, Li-Chuan YU, Sheng-Huan Zhuo	Jin-Sheng Zhu, Shi-Jin Weng, Chung-You Li, Li-Chuan YU, Sheng-Huan Zhuo
NTD 5,000,000 (inclusive) - NTD 10,000,000	Chao-Tsong Yuan	Chao-Tsong Yuan
NTD 10,000,000 (inclusive) - NTD 15,000,000	None	None
NTD 15,000,000 (inclusive) - NTD 30,000,000	None	None
NTD 30,000,000 (inclusive) - NTD 50,000,000	None	None
NTD 50,000,000 (inclusive) - NTD 100,000,000	None	None
Over NTD 100,000,000	None	None
Total	8 people	8 people

(III) Names of managers who received employee remuneration and the distribution situation

March 31, 2025
Unit: NTD thousands

Title	Name	Stock amount			Cash (Note 1)	Total	Total amount as a percentage of net income after tax (%)	
		Number of shares	Market price (NTD)	Amount	Amount			
Manager	CEO	Chao-Tsong Yuan	—	—	—	14,320	14,320	1.05%
	Vice President	Jin-Sheng Zhu						
	Vice President	Shi-Jin Weng						
	Vice President	Sheng-Huan Zhuo						
	Vice President	Chung-You Li						
	Vice President	Ming-Yu Hsiao						
	Vice President	Qin-Zhuan Chen						
	Vice President	Li-Chuan Yu						
	Chief Financial Officer	Qian-Ting Xu						
	Corporate Governance Officer	Meng-Hui Tsai						
	Head of Accounting and Corporate Governance Officer	Ya-Fen Fan						

Note 1: Refers to the amount of distribution of remuneration to employees and Directors for 2024 approved by the Board before the shareholders' meeting.

(IV) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by the Company and by each other company included in the consolidated financial statements during the most recent two fiscal years to Directors, President, and Vice Presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

1. Analysis of total remuneration, as a percentage of net income as paid by the Company and by each other company included in the consolidated financial statements during the most recent two fiscal years to Directors, President, and Vice Presidents:

Title	Total remunerations as a percentage of net income after tax (%)			
	2024		2023	
	The Company	All companies included in the financial report	The Company	All companies included in the financial report
Director	1.88	2.01	2.93	2.93
President/Vice President	2.85	2.90	3.18	3.18

2. Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

A. Remuneration policies, standards, and packages:

In accordance with Article 19 of the Articles of Incorporation, if the Company has profits (profits before tax) in the year, before deducting remuneration to employees and directors, the Company shall appropriate no more than 2% of the profits as remuneration to employees, and shall provide the directors with a reasonable amount of remuneration in accordance with the "Procedures for the Distribution of Remuneration to Directors", taking into account the Company's operating results and each director's contribution to the Company's performance.

B. Procedure for determining remuneration

The performance evaluation and reasonableness of the remuneration of the directors and managers of the Company are periodically evaluated and reviewed by the Remuneration Committee and the Board of Directors on an annual basis. In addition to individual performance achievement rates and contributions to the Company, the Company's overall operating performance, the industry future risks and development trends are also taken into account. At SZS, the remuneration system is reviewed from time to time depending on the actual business conditions and relevant laws and regulations. Moreover, we comprehensively consider the current corporate governance trends, and provide reasonable remuneration to strike a balance between the Company's sustainability and risk control. The actual amount of remuneration distributed to directors and managers for 2024 was reviewed by the Remuneration Committee and then submitted to the BOD for approval.

C. Linkage to operating performance and future risk exposure:

- (A) The review of the payment standards and system related to the Company's remuneration policy is mainly based on the overall operation of the Company, and the performance achievement rate and contribution are reviewed. In doing so, we improve the overall organizational efficiency of the Board and management departments. In addition, we also make reference to the industry's remuneration standards to ensure that the remuneration of the Company's management is competitive in the industry in order to retain outstanding management talent.

- (B) The performance targets of the Company's managers are combined with "risk control" to ensure that possible risks within the scope of their duties are managed and prevented. The evaluation results and rating based on the actual performance are linked to all relevant human resources and related remuneration policies. Important decisions of the Company's management are made after a balanced consideration of an assortment of risk factors. The performance of the relevant decisions is reflected in the Company's profitability, and management's remuneration is related to the performance of risk control.

III. Status of corporate governance:

(I) Status of operation of the Board

The Board met 5 times in the most recent fiscal year (2024), and the attendance of the Directors was as follows:

Title	Name	Number of actual attendances (in non-voting capacity)	Number of attendances by proxy	Percentage of actual attendance (in non-voting capacity)	Remarks
Chairman	Sheng-Nan Lu	5	—	100%	
Director	Chao-Tsong Yuan	5	—	100%	
Director	You-Qi Lu	5	—	100%	
Director	Ying-Fu Mao	5	—	100%	
Director	Cheng-Han Hsieh	5	—	100%	
Director	Bo-Ming Yang	5	—	100%	
Independent Director	Chi-Fa Cheng	5	—	100%	
Independent Director	Yuan-Long Chang	5	—	100%	
Independent Director	Mei-Hui Li	5	—	100%	

Any other matters that require reporting:

- For Board meetings that meet any of the following descriptions, it is necessary to state the date, session, the motion discussed, the Independent Directors' opinions and how the Company has responded to such opinions:
 - Matters listed in Article 14-3 of the Securities and Exchange Act:

The Company has established its Audit Committee, and Article 14-3 of the Securities and Exchange Act is not applicable. For the description of the matters listed in Article 14-3 of the Securities and Exchange Act, please refer to the status of operation of the Audit Committee.
 - Any other documented objections or qualified opinions raised by Independent Directors against Board resolutions in relation to matters other than those described above: None.
- Execution status of recusal of Directors due to conflicts of interest (name of Directors, proposal content, reasons of recusal and participation in voting shall be described):

Date of board meeting	Motion content	Name of director	Recusal due to conflict of interest and participation in voting
2024.05.06	Motion for distribution of remuneration to employees (managers) and directors for 2023	Director Chao-Tsong Yuan	Director Chao-Tsong Yuan recused himself as a stakeholder in the motion. After the chair consulted all attending directors, the motion was approved unanimously.
2024.12.12	Motion for 2024 year-end bonuses to the Company's managers and their 2025 salary and remuneration.	Director Chao-Tsong Yuan	Director Chao-Tsong Yuan recused himself as a stakeholder in the motion. After the chair consulted all attending directors, the motion was approved unanimously.

3. Implementation of the evaluation of the Board:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Annually	2024/1/1 - 2024/12/31	Performance evaluation of the Board of Directors	Internal self-evaluation of the Board of Directors	1. Participation level in the operation of the Company 2. Quality of decisions made by the Board. 3. Composition and structure of the Board. 4. Election and continuing education of Directors. 5. Internal control.
		Performance evaluation of individual board members	Self-evaluation of board members	1. Alignment of the goals and mission of the Company. 2. Awareness of the duties of a Director. 3. Participation level in the operation of the Company 4. Management of internal relationships and communication. 5. Director's professionalism and continuing education. 6. Internal control.
		Performance evaluation of functional committee members	Self-evaluation of functional committee members	1. Participation level in the operation of the Company 2. Awareness of the duties of the functional committee. 3. Quality of decisions made by the functional committee. 4. Composition of the functional committee and election of its members. 5. Internal control.

In the Board's report dated March 13, 2025, the Company discussed and proposed improvements to the operations of the Board, functional committees, and individual directors as a whole in the previous year. Board members rated their satisfaction at 90%, and the functional Committee members rated their satisfaction even higher at 100% as "excellent." In the future, the Company will continue to improve the operational efficiency of the Board and enhance the participation and communication of Directors in the Company's operations.

4. Evaluation of the goals and implementation for strengthening the functions of the Board during the most recent fiscal year:
 - (1) Starting in 2023, the Company has referred to the Audit Quality Indicators (AQIs) on a regular basis (at least once a year) to evaluate the independence and suitability of the appointed accountants. The evaluation results are reported to the Board of Directors.
 - (2) The Company formulated its intellectual property management plan, which was aligned with the operational objectives. The implementation status was reported to the Board on December 12, 2024.
 - (3) Starting in 2024, the ESG report is submitted to the Board for discussion and the resolution of approval each year.

(II) Status of operation of the Audit Committee

The Audit Committee met 5 times (A) in the most recent fiscal year (2024), and the attendance of Independent Directors was as follows:

Title	Name	Number of attendances in person (B)	Number of attendances by proxy	Actual attendance rate (B/A)	Remarks
Independent Director	Chi-Fa Cheng	5	0	100%	
Independent Director	Yuan-Long Chang	5	0	100%	
Independent Director	Mei-Hui Li	5	0	100%	

Any other matters that require reporting:

1. Where the operation of the Audit Committee is subject to one of the following, the board meeting date, session, proposal content, dissenting opinion of independent directors, reserved opinions or major recommendation item content, resolution result of the Audit Committee meeting and the Company's handling of the opinions of the Audit Committee.

(1) Matters listed in Article 14-5 of the Securities and Exchange Act:

Audit Committee	Motion content and follow-up	Resolution result	The Company's handling of the opinions of the Audit Committee
8th meeting of the 2nd term 2024.03.01	<ol style="list-style-type: none"> 1. Approved the motion for evaluation of the independence and suitability of the Company's CPAs. 2. Approved the motion for 2023 financial statements and business report. 3. Approved the motion for the amendment to the "internal control system - information management control cycle." 4. Approved the motion for issuance of the Statement of Internal Control System. 5. Approved the motion for fundraising and the issuance of the third unsecured domestic convertible corporate bonds. 6. Approved the motion for fundraising and the capital increase in cash through the issuance of ordinary shares. 	Approved unanimously by all attending members.	<ol style="list-style-type: none"> 1. Reported to the Board of Directors. 2. Proposed by the Board of Directors and approved unanimously by all attending directors.
9th meeting of the 2nd term 2024.05.06	<ol style="list-style-type: none"> 1. Approved the motion for the replacement of the Company's CPAs and the evaluation of their independence and suitability. 2. Approved the consolidated financial statements for Q1 2024. 3. Approved the motion for 2023 earnings distribution 	Approved unanimously by all attending members.	<ol style="list-style-type: none"> 1. Reported to the Board of Directors. 2. Proposed by the Board of Directors and approved unanimously by all attending directors.
10th meeting of the 2nd term 2024.08.02	<ol style="list-style-type: none"> 1. Approved the consolidated financial statements for Q2 2024. 2. Approved the motion for review of audit fees by CPAs. 3. Approved the motion for the increase in the investments in sub-subsidiary Shin Zu Shing Precision Electron (Suzhou) Co., Ltd. by appropriating a partial of its earnings (including the earned surplus) to capital. 	Approved unanimously by all attending members.	<ol style="list-style-type: none"> 1. Reported to the Board of Directors. 2. Proposed by the Board of Directors and approved unanimously by all attending directors.
11th meeting of the 2nd term 2024.11.01	<ol style="list-style-type: none"> 1. Approved the consolidated financial statements for Q3 2024. 2. Approved the motion for the 2025 audit plan. 3. Approved the motion for the establishment of the "Procedures for the Preparation and Assurance of ESG Reports." 4. Approved the establishment of the "Regulations for Sustainability Information Management." 	Approved unanimously by all attending members.	<ol style="list-style-type: none"> 1. Reported to the Board of Directors. 2. Proposed by the Board of Directors and approved unanimously by all attending directors.
12th meeting of the 2nd term 2024.12.12	<ol style="list-style-type: none"> 1. Approved the motion for capital increase in subsidiary Smart Point Ltd. and the reinvestment. 	Approved unanimously by all attending members.	<ol style="list-style-type: none"> 1. Reported to the Board of Directors. 2. Proposed by the Board of Directors and approved unanimously by all attending directors.

- (2) Except for the aforementioned matters, other resolutions not approved by the Audit Committee but had the consent of more than two-thirds of all Directors:
None.

2. For the execution status of recusal of Independent Directors due to conflicts of interest, the name of Independent Directors, proposal content, reasons of recusal and participation in voting shall be described: None.
3. Communications between the Independent Directors, the internal audit officer, and CPAs (shall include major events, methods and results communicated in relation to the Company's financial and business status):
 - (1) The Company's internal audit officer communicates the results of the audit report with the members of the Audit Committee on a quarterly basis and makes an internal audit report at the quarterly Audit Committee meeting. Any special circumstances are immediately reported to the members of the Audit Committee.
 - (2) The Company's CPAs report the results of the audit or review of the most recent financial statements and other communication matters required by relevant laws and regulations at each quarterly meeting of the Audit Committee. Any special circumstances are immediately reported to the members of the Audit Committee.

Communication between Independent Directors and the internal audit officer or CPAs in 2024

Date of meeting	Attendees	Communication matters	Communication results
2024.03.01 Audit Committee	Independent Director Yuan-Long Chang Independent Director Chi-Fa Cheng Independent Director Mei-Hui Li CPA Yu-Hsiu Su CPA Ming-Yu Chiu	<ol style="list-style-type: none"> 1. Explanation of the financial statement and profit and loss account for 2023 and the summary of the audit results of the financial statements. 2. Explanation of the Company's compliance with accounting policies. 3. Important regulations and their impact on the Company. 4. Other communication matters. 	Motion was approved as proposed
2024.03.01 Pre-meeting report	Independent Director Yuan-Long Chang Independent Director Chi-Fa Cheng Independent Director Mei-Hui Li Audit Officer Su-Ling Hsiao	<ol style="list-style-type: none"> 1. Review of internal audit reports. 2. Review of the "Statement of Internal Control System" for 2023. 	None
2024.05.06 Pre-meeting report	Independent Director Yuan-Long Chang Independent Director Chi-Fa Cheng Independent Director Mei-Hui Li Audit Officer Su-Ling Hsiao	<ol style="list-style-type: none"> 1. Review of internal audit reports. 2. Review and revision of policies and procedures related to internal control. 	None

Date of meeting	Attendees	Communication matters	Communication results
<p align="center">2024.08.02 Audit Committee</p>	<p>Independent Director Yuan-Long Chang Independent Director Chi-Fa Cheng Independent Director Mei-Hui Li CPA Ming-Chung Hsieh CPA Chin-Ming Hsu</p>	<ol style="list-style-type: none"> 1. Explanation of the financial statement and profit and loss account for Q2 2024 and the summary of the audit results of the financial statements. 2. Important regulations and their impact on the Company. 3. Other communication matters. 	<p align="center">Motion was approved as proposed</p>
<p align="center">2024.08.02 Pre-meeting report</p>	<p>Independent Director Yuan-Long Chang Independent Director Chi-Fa Cheng Independent Director Mei-Hui Li Audit Officer Su-Ling Hsiao</p>	<ol style="list-style-type: none"> 1. Review of internal audit reports. 2. Review and revision of policies and procedures related to internal control. 	<p align="center">None</p>
<p align="center">2024.11.01 Pre-meeting report</p>	<p>Independent Director Yuan-Long Chang Independent Director Chi-Fa Cheng Independent Director Mei-Hui Li Audit Officer Su-Ling Hsiao</p>	<ol style="list-style-type: none"> 1. Review of internal audit reports. 2. Review of the audit plan for 2025. 	<p align="center">None</p>
<p align="center">2024.12.12 Audit Committee</p>	<p>Independent Director Yuan-Long Chang Independent Director Chi-Fa Cheng Independent Director Mei-Hui Li CPA Ming-Chung Hsieh CPA Chin-Ming Hsu</p>	<ol style="list-style-type: none"> 1. The unit in charge of governance is responsible for improving the ability to prepare financial statements. (The Board and the Audit Committee) 2. Audit scope and method of financial statements. 3. The audit strategy of the Group and the compilation of the audit results of the entities. 4. Significant accounting policies, significant accounting estimates, and significant events or transactions. 5. Assessment of fraud. 6. Significant risks/key audit matters. 7. Other communication matters - The applicable timetable and disclosure time of corporate governance and sustainable development items. 	<p align="center">Motion was approved as proposed</p>

(III) The state of corporate governance implementation and variation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reason for such variation

Evaluation item	Implementation status			Variation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for such variation
	Yes	No	Summary	
I. Has the company established and disclosed its rules of corporate governance in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has formulated its "Corporate Governance Best Practice Principles" to regulate the establishment of an effective corporate governance structure, protection of shareholders' rights and interests, strengthening the functions of the Board of Directors, exerting the functions of the Audit Committee, respecting the rights and interests of stakeholders, and enhancing information transparency. For details of the Principles, please visit the Company's official website.	No significant difference
II. Equity structure and shareholders' equity (I) Has the company established internal procedures to handle shareholders' suggestions, doubts, disputes, and litigation matters, and have the procedures been implemented accordingly? (II) Does the company possess a list of the company's major shareholders and a list of the ultimate controllers of the major shareholders? (III) Has the company established and implemented risk control and firewall mechanisms with its affiliates? (IV) Has the company set up internal norms to prohibit insiders from using undisclosed information to trade securities?	✓ ✓ ✓ ✓		(I) As a means to protect the rights and interests of shareholders, the Company has a dedicated unit to properly handle shareholders' suggestions, questions and disputes. (II) The Company keeps track of the shareholdings of Directors, managers, and major shareholders with 10% or more ownership interest and discloses such information as required. (III) The Company has established a risk control mechanism with affiliates. (IV) According to the insider trading prevention management control operation of the Company's internal control management system, the Company conducts education and training on the "Management Procedures for Prevention of Insider Trading" and "Procedures for Handling Internal Material Information" as well as relevant laws and regulations to current Directors, managers and employees at least once a year. For new Directors and managers, education and promotion will be arranged within 3 months after assuming office.	No significant difference
III. Composition and duties of the Board (I) Has the Board of Directors established a diversity policy and specific management objectives and has such policy and objectives been implemented properly? (II) Aside from setting up the Salary and Remuneration Committee and Audit Committee as required by the law, has the company voluntarily set up other functional committees? (III) Has the company established Regulations Governing the Board Performance Evaluation and its evaluation methods, and does the company perform a regular performance evaluation each year and submit the results of performance evaluations to the Board of Directors and use them as a reference in determining salary and remuneration for each individual director, their nomination, and reappointment?	✓ ✓ ✓		(I) The composition of the Board of Directors of the Company takes diversity into account, and an appropriate diversity policy is formulated based on the Company's operations, business model and development needs. Board members generally possess the knowledge, skills and literacy necessary to perform their duties. In an effort to achieve the ideal goal of corporate governance, more than one-half of the independent directors in this term did not serve more than three consecutive terms, and at least one female independent director has extensive experience and expertise in the fields of finance, commerce, and business management. (II) The Company has formed an audit committee and remuneration committee. The Board of Directors approved the establishment of the Sustainable Development Committee on December 24, 2021. (III) The Company's Board of Directors passed the "Procedures for Performance Evaluation of the Board of Directors" on May 7, 2019. The Procedures explicitly stipulate that the performance evaluation of the Board of Directors, board members, and functional committees shall be conducted at least once a year, and the performance evaluation shall be completed before the end of the first quarter of each year. The results of the performance evaluations were reported to the Board of Directors on March 13, 2025. The weighted score of the performance evaluation of the Board of Directors was 99.88, and the weighted score of the self-evaluation of the performance of the board members was 99.22. The evaluation results were all excellent. In the future, the SZS will continue to improve the operation of the Board of Directors to enhance the board's participation in and communication with the Company's operations. The Company's performance evaluation of the Board of Directors covers the following five major aspects: I. Participation level in the operation of the Company II. Improvement of quality of decisions made by the Board of Directors. III. Composition and structure of the Board. IV. Election and continuing education of Directors. V. Internal control. The Company's self-evaluation of the board members covers the following six major aspects:	No significant difference

Evaluation item	Implementation status			Variation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for such variation
	Yes	No	Summary	
(IV) Does the company regularly assess the independence of CPAs?	✓		<p>I. Alignment of the goals and mission of the Company. II. Awareness of the duties of a Director. III. Participation level in the operation of the Company IV. Management of internal relationships and communication. V. Director's professionalism and continuing education. VI. Internal control.</p> <p>The Company's performance evaluation of the functional committees covers the following five major aspects: I. Participation level in the operation of the Company II. Awareness of the duties of the functional committee. III. Improvement of quality of decisions made by the functional committee. IV. Composition of the functional committee and election of its members. V. Internal control.</p> <p>The indicators for the performance evaluation of the Board of Directors should be based on the operation and needs of the Company and should be suitable for the Company to execute the performance evaluation. The indicators are regularly reviewed by the Remuneration Committee with recommendations made.</p> <p>The scoring standards are revised and adjusted according to the needs of the Company, and the scoring can also be weighted according to each aspect.</p> <p>(IV) The Company's Audit Committee evaluates the independence of the certified public accountants on an annual basis and then submits the evaluation results to the Board. The latest evaluation was approved by the Audit Committee on March 13, 2025, and then passed by the Board on March 13, 2025.</p> <p>The evaluation mechanism is as follows: 1. Confirm that the Company's CPAs are not related parties to the Company or its Directors. 2. The rotation of CPAs is required in accordance with the "Corporate Governance Best Practice Principles." 3. According to the Sarbanes-Oxley Act, a CPA firm is required to obtain prior approval from the Audit Committee before engaging a CPA firm for annual audits and other cases. 4. In accordance with the Sarbanes-Oxley Act, CPAs report to the Audit Committee on a quarterly basis on the compliance status of the review/audit conducted and independence. 5. Obtain the statement of independence issued by the CPAs on a regular basis. 6. In accordance with Article 29 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies," the independence and suitability of the appointed accountants are evaluated by referring to the Audit Quality Indicators (AQIs) at least once a year.</p>	
IV. Has the company designated an appropriate number of corporate governance personnel and designated a chief corporate governance officer that is responsible for corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, assist directors and supervisors in complying with laws and regulations, convening board meetings and shareholders' meetings in accordance with the law, preparation of board meeting and shareholders' meeting minutes)?	✓		<p>In order to strengthen the functions of the Board, the Company has appointed a competent and appropriate corporate governance officer - Manager Ya-Fen Fan. Manager Fan has more than three years of experience in accounting and corporate governance related work in listed companies. The Assistant Vice President is responsible for providing directors with the information needed to carry out their business, assisting directors in complying with laws and regulations, as well as taking office and continuing education. Moreover, the Assistant Vice President is also in charge of the matters related to meetings of the Board of Directors and shareholders' meetings in accordance with the law, preparing meeting minutes, and corporate governance implementation for the current year. These efforts are aimed to protect shareholders' interests and strengthen the functions of the Board.</p>	No significant difference
V. Has the company established communication channels for stakeholders (including but not limited to shareholders, employees, customers or suppliers)? Has the company set up a section dedicated to stakeholders on the company's website and appropriately responded to important corporate social responsibility issues that stakeholders are concerned about?	✓		<p>We have set up a stakeholder section on our website to provide a communication channel for stakeholders and to respond appropriately to corporate social responsibility issues of concern to stakeholders. https://www.szs-group.com/page/stakeholder-communication? Please refer to the "Stakeholder Engagement" chapter in the Company's ESG Report for details.</p>	No significant difference
VI. Has the company appointed a professional stockbroker to conduct shareholder meeting affairs?	✓		<p>The Company has appointed a professional stock service agent, "Shareholder Department of Taishin Securities", to handle shareholder meeting affairs.</p>	No significant difference
VII. Information disclosure (I) Has the company set up a website to disclose financial operations and corporate governance information?	✓		<p>(I) Information on annual financial performance and corporate governance can be found on the Company's website.</p>	No significant difference
(II) Has the company adopted other information disclosure methods (e.g., establishing an English	✓		<p>(II) The Company has an English-language website to disclose financial business and corporate governance-related information each year and</p>	No significant difference

Evaluation item	Implementation status			Variation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for such variation
	Yes	No	Summary	
<p>website, designating dedicated personnel for collecting and disclosing company information, implementing a spokesperson system, and uploading the process of the investor conference on its website)?</p> <p>(III) Does the company publish and report its annual financial report within two months after the end of each 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 prescribed deadlines?</p>	✓		<p>has also designated dedicated personnel to be responsible for the collection and disclosure of corporate information. The Company implements a spokesperson system and discloses legal-related information on the Company's Chinese and English websites.</p> <p>(III) The Company's operating status for each month, as well as each quarterly report and annual financial report, are announced before the prescribed deadlines required by laws and regulations.</p>	
<p>VIII. Does the company have any other important information that is helpful in understanding the corporate governance operation of the company (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, and the purchase of liability insurance for the Company's directors and supervisors)?</p>	✓		<p>(I) Protection of employees' rights and interests: A labor-management coordination meeting is held every three months to strengthen labor-management communication and protect labor rights and interests.</p> <p>(II) Employee care:</p> <ol style="list-style-type: none"> 1. An Employee Welfare Committee is in place to actively promote various employee benefits. 2. We have an on-site nurse and physician to ensure the safety of employees at work. 3. We have set up an Occupational Safety and Health Committee that meets at least once every three months to handle various labor safety and health matters according to laws and regulations. <p>(III) Investor relations: The Company has established a two-way communication channel for external investors and institutional investors.</p> <p>(IV) Supplier relations: The Company has established procedures for the management of third-party suppliers, which requires them to confirm that their management capabilities meet the requirements of the Company's standards for environmentally hazardous substances. All third-party suppliers must at least pass the third-party certification of the international quality management system. The procedures also state the supplier's responsibilities, such as providing "Environmentally Hazardous Substances Commitment Guarantee". We also have advocacy and management measures in place for the quality of incoming materials, and abnormalities and defective products will be subject to the annual evaluation of suppliers, with an evaluation report compiled. In the supplier evaluation form, the suppliers are scored in terms of regulations, management system, and environmental protection measures, such as: whether they are certified by an impartial third-party organization, whether they have green product production processes in place, and whether they have completed other environmental management and regulations-compliant operations in the annual evaluation. A score of 70 or higher is required for the suppliers to continue to maintain the status of qualified suppliers.</p> <p>(V) Stakeholder rights: The Company provides transparent and real-time information on its website and MOPS. In addition to financial and business-related information, the Company also provides information on corporate governance.</p> <p>(VI) Continuing education for Directors: The number of hours of continuing education completed by the Company in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" by the Taiwan Stock Exchange is shown in the table below.</p> <p>(VII) Implementation of risk management policies and risk measurement standards: We have established various internal procedures for various risk management and assessments pursuant to laws.</p> <p>(VIII) Implementation of customer policy: The Company maintains a stable and good relationship with customers to generate company profits.</p> <p>(IX) The Company's purchase of liability insurance for directors: The Company has taken out liability insurance for Directors.</p>	No significant difference
<p>IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by the TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified:</p> <p><u>Improvements in 2024:</u></p> <ol style="list-style-type: none"> 1. The English version of the ESG Report is uploaded on the MOPS and the Company's website. <p><u>Priority matters and improvement measures in 2025:</u></p> <ol style="list-style-type: none"> 1. The Chinese version of the interim financial report shall be disclosed within two months after the due date of the Chinese version of the interim financial report. 2. The external performance evaluation of the Board of Directors is carried out at least once every three years, and no such external evaluation was carried out in the past two years. 3. The internal regulations for the prohibition of insider trading and the annual implementation status are disclosed on the Company's website. 4. Disclose the frequency or date of the unit in charge of sustainable development reporting to the Board on the Company's website and in the annual 				

Evaluation item	Implementation status			Variation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for such variation
	Yes	No	Summary	
report and disclose the supervision of the Board in terms of sustainable development.				

1. Continuing education of Directors:

Title	Name	Date of continuing education	Organizer	Course name	Hours of continuing education
Director	Sheng-Nan Lu	2024.07.03	Taiwan Stock Exchange	2024 Cathay Pacific Sustainable Banking and Climate Change Summit	6
Director	Chao-Tsong Yuan	2024.04.10	Taiwan Academy of Banking and Finance	Workshop for Corporate Governance and Sustainable Corporate Management	3
		2024.07.16	Taiwan Corporate Governance Association	Integration Technology and Application Business Opportunities of Electronic Product Systems	3
Director	You-Qi Lu	2024.07.16	Taiwan Corporate Governance Association	Integration Technology and Application Business Opportunities of Electronic Product Systems	3
		2024.12.06	Taiwan Corporate Governance Association	Global Trend Analysis - Risks and Opportunities	3
Director	Ying-Fu Mao	2024.07.03	Taiwan Stock Exchange	2024 Cathay Pacific Sustainable Banking and Climate Change Summit	6
Director	Cheng-Han Hsieh	2024.07.03	Taiwan Stock Exchange	2024 Cathay Pacific Sustainable Banking and Climate Change Summit	6
Director	Bo-Ming Yang	2024.07.03	Taiwan Stock Exchange	2024 Cathay Pacific Sustainable Banking and Climate Change Summit	6
Independent Director	Chi-Fa Cheng	2024.04.10	Taiwan Academy of Banking and Finance	Workshop for Corporate Governance and Sustainable Corporate Management	3

Title	Name	Date of continuing education	Organizer	Course name	Hours of continuing education
		2024.05.10	Securities and Futures Institute	Risks of AI to Enterprises and Matters of Notice	3
		2024.05.10	Securities and Futures Institute	Economic Situations of New Southbound Countries and Market Business Opportunities	3
		2024.05.27	Taiwan Corporate Governance Association	Understanding of Senior Management of Listed Companies for the Supervision by the Competent Authority	3
Independent Director	Yuan-Long Chang	2024.05.10	Securities and Futures Institute	Risks of AI to Enterprises and Matters of Notice	3
		2024.05.10	Securities and Futures Institute	Economic Situations of New Southbound Countries and Market Business Opportunities	3
		2024.08.12	Taiwan Investor Relations Institute	Theory and Practices of Insider Trading and Short-Swing Trading	3
		2024.10.08	The National Federation of CPA Associations of the R.O.C.	10/08 (Taipei) CPAs' Guide to Money Laundering Pattern and Tax Crime Case Studies	3
Independent Director	Mei-Hui Li	2024.07.03	Taiwan Stock Exchange	2024 Cathay Pacific Sustainable Banking and Climate Change Summit	6

2. Continuing education of managers:

Title	Name	Date of continuing education	Organizer	Course name	Hours of continuing education
Corporate Governance Officer	Meng-Hui Tsai	2024.03.22	BCSD Taiwan	CDP Conference in Taiwan	3
		2024.06.06	BCSD Taiwan	Corporate Standards under the GHG Protocol and Scope 3 Standards Promotion Course	7
		2024.07.03	Taiwan Stock Exchange	2024 Cathay Pacific Sustainable Banking and Climate Change Summit	6
		2024.10.16 and 2024.10.18	Taiwan Institute for Sustainable Energy Research	Sustainability Elite Improvement Program: Establish Trust and Achieve Sustainability	12
Head of Accounting and Corporate Governance Officer	Ya-Fen Fan	2024.11.25 - 2024.11.26	Accounting Research and Development Foundation	Continuing Education Course for Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12
Deputy Accounting Officer	Li-Ying Nien	2024.11.21 - 2024.11.22	Accounting Research and Development Foundation	Continuing Education Course for Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12
Audit officer	Su-Ling Hsiao	2024.09.02	Internal Audit Association	Integration of Focuses on Audits of Operating Systems with Cross-Cycles and Operations	6
		2024.09.11	Internal Audit Association	Requirements for Loaning of Funds to Others, Endorsements and Guarantees, and Acquisitions or Disposals of Assets and Case Analysis	6
Deputy Audit Officer	Chun-Yi Tseng	2024.05.16	Internal Audit Association	"Analysis of Sustainability Information Disclosure Policy" and Discussion of Internal Control and Internal Audit Highlights	6
		2024.09.10	Internal Audit Association	Workshop for Auditing Practices of Information Business	6

(IV) Information on the operation of the Remuneration Committee
1. Information on Remuneration Committee members

March 31, 2025

Criteria		Professional qualifications and experience	Status of independence	Number of other public companies in which the individual is concurrently serving as a member of the Salary and Remuneration Committee
Status	Name			
Independent Director	Chi-Fa Cheng	Work experience in the accounting field. Former President at Moore Global; Director at Jingxing CPAs; Officer at Small and Medium Enterprise Credit Guarantee Foundation; Team leader at Deloitte Taiwan. Current CPA at Jingxing CPAs; Independent Director, Audit Committee member and Remuneration Committee member of the Company; Independent Director at Hong Yi Fiber Industry Co., Ltd.; Chairman at Yuxing Management Consulting Co., Ltd.; Chairman at Golden Point Management Ltd.; Chairman at SBG Investment Co., Ltd.; Chairman at YFT Development Co., Ltd.; Director at Hih Her Technologies Inc.; Director at GSD Technologies Co., Ltd.; Director at CoreMax Corporation; Representative of Corporate Director of ezfly International Travel Agent Co., Ltd.; Director at Uranus Chemicals Co., LTD.	Please refer to "Independence of Independent Directors" on page 8.	1
Independent Director	Yuan-Long Chang	Former CPA at Qinzheng CPAs; Assistant Vice President, at Arcoa Communication Co., Ltd. Current CPA at Qinzheng CPAs; Independent Director and Remuneration Committee member at GSD Technologies Co., Ltd.; Independent Director and Remuneration Committee member at CoreMax Corporation; Independent Director of Johnson Fine Chemical Co., Ltd. Independent Director, Audit Committee member, and Remuneration Committee member of the Company.	Please refer to "Independence of Independent Directors" on page 8.	3
Independent Director (convener)	Mei-Hui Li	Former CFO at Flytech Technology Co. Ltd. Currently the vice president of Adtek Electronics Co., Ltd., the Independent Director, and a member of the Audit Committee and Remuneration Committee of the Company.	Please refer to "Independence of Independent Directors" on page 8.	None

2. Information on the operation of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of 3 members.
- (2) The term of office of the current members: from June 28, 2022 to June 15, 2025. The Remuneration Committee met three times in the most recent year (2024), and the qualifications and attendance of the members are as follows:

Title	Name	Number of attendances in person	Number of attendances by proxy	Actual attendance rate (%)	Remarks
Committee member/Convener	Mei-Hui Li	3	0	100	None
Committee member	Chi-Fa Cheng	3	0	100	None
Committee member	Yuan-Long Chang	3	0	100	None

Any other matters that require reporting:

- I. If the Board of Directors declines to adopt or modify a recommendation of the Remuneration Committee, the date, session, motion discussed and the resolution of the Board meeting and the Company’s handling of the opinions of the Remuneration Committee shall be specified (if the remuneration package approved by the Board is better than the recommendation made by the committee, please specify the variation and the reason): None.
- II. As to the resolutions of the Salary and Remuneration Committee, if a member expresses any objection or reservation, either by recorded statement or in writing, the date, session and topic discussed of the committee meeting, all members’ opinions and handling of members’ opinions shall be specified: None.

3. Composition and duties of the Remuneration Committee:

- (1) All members of the Committee meet the professional qualifications and work experience specified in Article 5 of the Procedures for the Duties and Responsibilities of the Remuneration Committee and the requirements set forth in Article 6 of the same Procedures.
- (2) Duties and responsibilities:
 - 1. Formulate and regularly review the policies, systems, standards and structures for the performance evaluation and remuneration of Directors and managers.
 - 2. Regularly assess and determine the remuneration to Directors and managers.
 - 3. Review the Articles of Incorporation from time to time and propose amendments.

4. Date, session, motion discussed and the resolution results and the Company’s handling of the opinions of the Remuneration Committee:

Remuneration Committee	Motion content and follow-up	Resolution result	The Company's handling of the opinions of the Remuneration Committee
5th meeting of the 5th term 2024.04.23	<ol style="list-style-type: none"> 1. Review of the motion for distribution of remuneration to employees (managers) and Directors for 2023 2. Motion for the remuneration of newly recruited professional managers and the changes in the duties of important managers in 2024. 	Approved unanimously by all attending members.	Proposed by the Board of Directors and approved unanimously by all attending directors.
6th meeting of the 5th term 2024.07.24	<ol style="list-style-type: none"> 1. Establishment of the “Regulations for Capital Increases in Cash through Share Subscription by Employees.” 2. Motion for the capital increase in cash through the issuance of new shares for subscription by managers and employees in 2024. 3. Motion for reassignment of the Company's manager. 	Approved unanimously by all attending members.	Proposed by the Board of Directors and approved unanimously by all attending directors.
7th meeting of the 5th term 2024.12.03	<ol style="list-style-type: none"> 1. Review of the motion for 2024 year-end bonuses to the Company's managers and their 2025 salary and remuneration. 2. Motion for distribution of 2024 remuneration to directors and the estimation of 2025 total remuneration to Directors. 3. Motion for reassignment of the Company's manager. 	Approved unanimously by all attending members.	Proposed by the Board of Directors and approved unanimously by all attending directors.

(V) Execution status of promotion of sustainable development and discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for such variation

Implementation item	Status of implementation			Variation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for such variation
	Yes	No	Summary	
I. Has the company established the governance structure for the promotion of sustainable development and set up a unit specialized (or involved) in the promotion of sustainable development? Is such a unit run by senior management authorized by the Board of Directors and reports its supervision status to the Board of Directors?	✓		<p>To implement corporate social responsibility, facilitate progress in the economy, environment, and society, and achieve the targets of sustainable development, the Company in 2021 formulated its Sustainable Development Best Practice Principles in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.”</p> <p>According to paragraph 3, Article 27 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Article 9 of the Company’s Sustainable Development Best Practice Principles, the Company established its ESG Committee on December 24, 2021, and the Committee comprises three Directors (including two Independent Directors), and the President is appointed as the chairperson; responsible departments participate in the “Environmental Sustainability Team,” “Social Inclusion Team,” and “Corporate Governance Team,” and report to the President from time to time.</p> <p>Duties and responsibilities of the ESG Committee include:</p> <ol style="list-style-type: none"> 1. Establishment of sustainable development policies, goals, and management systems; 2. Planning, execution, and review of tasks related to sustainable development; 3. Tracking and review of the implementation of sustainable development projects to make revisions; 4. Preparation and distribution of ESG reports; and 5. Annual reporting on plan implementation and the goals and plans for the next year to the BOD. <p>Regularly report to the Board regarding the implementation achievements and future plans annually and report to the Board regarding the planning for the timetable of GHG inventory and verification quarterly. The ESG Committee meets at least once a year, and an ad hoc meeting may be held if necessary</p> <p>Supervision of the ESG Committee by the Board: In 2024, a total of five motions were reported to the Board in 2024, and the content includes (1) the annual organizational GHG emission progress; (2) action plans formulated in response to ESG issues concerning by stakeholders; (3) the preparation progress of the annual ESG Report and the identification of material issues; (4) budget discussion and approval for sustainable projects and the evaluation of the implementation status; (5) net zero emission strategy and the report on the progress for setting carbon reduction targets (SBTi).</p> <p>The implementation achievements of sustainable development in 2024 and the plan for 2025 were reported to the Board on December 12, 2024.</p>	No significant difference

Implementation item	Status of implementation			Variation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for such variation
	Yes	No	Summary	
II. In accordance with the materiality principle, has the company conducted risk assessments of environmental, social and corporate governance issues pertaining to company operations and established a relevant risk management policy or strategy?	✓		<p>1. The period of this disclosure is from January to December 2024. The boundary of risk assessment is mainly the Company, covering the existing business locations in Taiwan and China.</p> <p>2. In an effort to understand the views of various stakeholders on the Company's sustainable operation, through the material topic identification process, we identified issues that were of higher concern to stakeholders or had a higher impact on the Company's sustainability, which served as the main focus of ESG reporting. Please refer to the Company's 2024 ESG Report.</p>	No significant difference
III. Environmental issues (I) Has the company established an appropriate environmental management system in accordance with the nature of the industry it is in?	✓		<p>We are a leading manufacturer of precision electronic components and metal products. Processing at all stages is in compliance with domestic environmental protection laws and regulations (e.g. air pollution control, water pollution control, waste emission, climate change response, etc.) as the basic regulatory requirements. We continue to measure various environmental risks with the testing more frequently than prescribed by the law. Moreover, we are committed to green production, and gradually replace the high environmental risks according to the regulations on restricted substances in order to reduce environmental impacts and to meet the expectations of stakeholders. All of the Company's production sites have passed the ISO 14001 international certification standard, which is continuously being implemented. We also conduct annual GHG inventories in accordance with ISO 14064-1 to track the effectiveness of the reduction of carbon emissions. The GHG reduction results are disclosed in the ESG Report and on the Company's website.</p>	No significant difference
(II) Is the company committed to enhancing the utilization efficiency of energy and using renewable materials with low impact on the environment?	✓		<p>1. At SZS, we actively promote energy reduction measures and select equipment with high energy efficiency and energy-saving design to reduce corporate and product energy consumption. We establish an energy management indicator as a carbon reduction target covering the three major aspects: process improvement, energy conversion, and circular economy.</p> <p>2. The Company has included environmentally prohibited and restricted substances as the focus of design review at the early stage of R&D. Consequently, we strictly require the materials provided by the supply chain to comply with relevant international environmental protection laws and regulations as well as the environmental restricted substance standards set by SZS. The raw materials used by the Company are RoHS-, and REACH-compliant, and halogen-free. We have been certified IECQ QC 080000 (Hazardous Substance Free Management System for Products).</p>	No significant difference
(III) Has the company assessed the potential risks and opportunities for business operations now and in the future regarding climate change and adopted climate-related	✓		<p>The Company has evaluated the risks and opportunities of climate change to the Company initially based on the TCFD structure, and the complete evaluation is reinitiated every three years. The Company examines and updates the risks and opportunities that may affect</p>	No significant difference

Implementation item	Status of implementation			Variation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for such variation												
	Yes	No	Summary													
countermeasures?			SZS in the short, mid and long term annually - the physical risks are water shortage and high temperature; the transition risks will take into account the amendment of laws and regulations, stakeholders' requirements for sustainable development, and the development of low-carbon products. By doing this, we hope to reduce the potential impact of climate change on the Company, and we will be able to respond in advance to reduce the impact of risks. (Please refer to the chapter on Response to Climate Change of the Company's 2024 ESG Report for details)													
(IV) Has the company calculated the greenhouse gas (GHG) emissions, water consumption, and total weight of waste in the past two years and formulated policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption, or other waste management?	✓		<p>1. All plants and subsidiaries of the Company completed the GHG emission inventory and passed the ISO 14064-1 third-party verification in 2021.</p> <p>2. Data on GHG emissions of plants in Taiwan in 2023 and 2024</p> <p style="text-align: right;">(Unit: tCO₂e/year)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1</th> <th>Scope 2</th> <th>Scope 3</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>428</td> <td>21,305</td> <td>9,002</td> </tr> <tr> <td>2024</td> <td>367</td> <td>25,263</td> <td>12,237</td> </tr> </tbody> </table> <p>Based on the results of the GHG inventory, the Company identifies emission sources with high emission volumes. These are the power system, air compression system, and air conditioning system of each plant. The Company set up an EMS system to monitor relevant data online. We also conduct tracking and analysis and formulate various actionable carbon reduction plans in a timely manner based on the analysis results while regularly reviewing the carbon reduction results.</p> <p>Water resource management strategy: The types of water used by the Company can be divided into non-contact cooling water, water used by employees and water used in process. Separate water-saving strategies are formulated, including recycling non-contact cooling water, continuous replacement and installation of energy-saving faucets, improvement of drains, and provision of reclaimed water for toilet flushing. We are committed to continuing to improve the recycling efficiency, so that the recycled water can be used to clean the parts in the vibration polishing process; The Company's total water intake in the past two years (unit: thousand cubic meters) 2023: 186.69 2024: 216.23 Quantity of water recovered by the Company in the past 2 years (unit: thousand cubic meters) 2023: 5.13 2024: 4.35</p> <p>Waste management policy: Considering sustainable resource reuse, the Company</p>	Year	Scope 1	Scope 2	Scope 3	2023	428	21,305	9,002	2024	367	25,263	12,237	No significant difference
Year	Scope 1	Scope 2	Scope 3													
2023	428	21,305	9,002													
2024	367	25,263	12,237													

Implementation item	Status of implementation			Variation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for such variation						
	Yes	No	Summary							
			<p>upholds the spirit of the 4Rs for environmental protection and starts with source reduction management through process technology improvement. Moreover, waste reduction, resource recycling and reuse management measures have been established, including the autonomous use of in-factory resources and the screening of qualified waste treatment plants, and examine each link to maximize the efficiency of the waste reuse.</p> <p>Waste generated from the production process is disposed of in qualified processors in accordance with domestic regulations. In order to implement environmental management, the Company continues to review its disposal methods, with priority given to recycling, reuse, and incineration for power generation. Incineration being the target.</p> <p>Weight of hazardous waste in the past 2 years (unit: metric tons) 2023: 70.71 2024: 157.78</p> <p>Weight of non-hazardous waste of the Company in the last 2 years (unit: metric tons) 2023: 691.47 2024: 1,000.39</p> <p>Waste recycling is as follows: (Unit: metric tons)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Reclaimed volume</td> <td>609.41</td> <td>837.18</td> </tr> </tbody> </table>	Year	2023	2024	Reclaimed volume	609.41	837.18	
Year	2023	2024								
Reclaimed volume	609.41	837.18								
IV. Social issues (I) Has the company established management policies and procedures in accordance with related laws and regulations and the International Bill of Human Rights?	✓		<ol style="list-style-type: none"> The Company complies with labor laws and international conventions on human rights to protect the legitimate rights and interests of employees. The Company has also formulated related management policies and procedures. In addition to formulating policies that are in compliance with local laws and regulations in the CSR Management Procedures, the Company has also established human rights-related measures in accordance with the RBA and has obtained RBA Golden certification. The Company has established an unobstructed mechanism and channel for employees to make complaints and formulated the "Employee Grievance Procedures" and "Whistleblower Protection Procedures" for appropriate handling of grievances filed. In 2024, a total of 4,230 hours of training on human rights protection was provided for employees. In the future, we will continue to follow the "United Nations Guiding Principles on Business and Human Rights" and the "Responsible Business Alliance Code of Conduct" to implement the Company's Human Rights Policy. The Company's human rights management policies and specific plans are as follows: <table border="1"> <thead> <tr> <th>Human Rights Management Policy</th> <th>Specific plan</th> </tr> </thead> <tbody> <tr> <td>Provide a safe and</td> <td>1. Provide a safe and</td> </tr> </tbody> </table>	Human Rights Management Policy	Specific plan	Provide a safe and	1. Provide a safe and	No significant difference		
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(II) Has the company established and implemented reasonable measures for employee benefits (including remuneration, holidays and other benefits), and does the company appropriately reflect the business performance or achievements in the employee remuneration?	✓		<p>1. The Company's employee welfare measures comply with relevant laws and regulations. In accordance with Article 19 of the Company's Articles of Incorporation, if there is profit in the year, no less than 2% of the profit shall be allocated as remuneration to employees. As well as this, reasonable remunerations are offered to employees in accordance with the Company's "Procedures Remuneration Payment Management" and "Performance Evaluation Plan," taking into account the Company's operating results and each employee's contribution to the Company's performance.</p> <p>2. In response to Core Goal 5, "realizing gender equality and the empowering of all females," in the "Taiwan Sustainable Development Goals" and the policy to encourage listed companies to employ females as managers by stock exchanges, the ratio of female management accounted for 28.1% of all supervisors in 2024.</p>	No significant difference								
(III) Does the company provide employees with a safe and healthy work environment and provide regular safety and health education to employees?	✓		<p>1. The Company's work environment has been certified ISO 14001 - Environmental Management System, ISO 45001 - Occupational Safety and Health System, and CNS 45001 - Taiwan's Occupational Health and Safety Management System. The implementation of regular employee education has complied with these standards.</p> <p>2. Through the third-party certification organization - SGS, the annual audit system of ISO 45001</p>	No significant difference								

Implementation item	Status of implementation			Variation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for such variation
	Yes	No	Summary	
			<p>continues to be effective, and the certificate is valid from September 25, 2022 to September 25, 2025. The scope of certification covers various precision metal stamping parts, various springs, stamping parts, assembly products, pivot assembly of communication products, computer products, consumer products, and powder metallurgy assembly products. The Company was awarded the Healthy Workplace Award by the Occupational Safety and Health Administration in 2023.</p> <p>3. In 2024, there were 7 occupational hazard reports with 7 people injured, accounting for 0.29% of the total number of employees. There was no major occupational hazard. The basic cause of the each occupational disaster case is identified, and engineering improvement, management control, and personal protective equipment reviewed. Additionally, safety practices for the operation are revised or engineering improvements are made, and the risk assessment is re-identified as an acceptable risk.</p> <p>4. There was no fire incident of the Company in 2024.</p>	
(IV) Has the company established effective training programs for the career development of employees?	✓		<p>The Company has established the "Education and Training System Planning and Implementation Measures" to evaluate and establish employee education and training plans on a periodic basis.</p> <p>Succession plan The Company's vision is people-centered sustainability and continues to nurture key personnel. Through the establishment of a legacy talent development mechanism as a whole, key positions are defined. For each key position, 2-3 suitable candidates are submitted. Short, medium and long-term goals are set according to the training schedule to gradually cultivate talented employees.</p> <p>Supervisor training External lectures and trainings are arranged to improve supervisors' leadership and management ability and their ability to build consensus with the organization. Annual supervisor management and consensus camp courses are arranged for junior, mid-level, and high-level executives.</p> <p>Professional education Internal instructors are cultivated, external lecturers are invited to have in-house lectures, and various professional training and technology inheritance are organized. Including basic/technical competency courses, industry new knowledge topics and other training and education.</p> <p>Orientation training Employees are encouraged to continue to learn and grow through diverse learning methods, while introducing the development of the concept of corporate ethics.</p>	No significant difference

Implementation item	Status of implementation			Variation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for such variation
	Yes	No	Summary	
(V) Has the company complied with laws and international standards with respect to the issues of customer health, safety and privacy, marketing and labeling in all products and services offered, and implemented consumer or customer protection policies and complaint procedures?	✓		<p>We, at SZS, are fully aware of the importance of privacy and are committed to ensuring that customers' privacy and confidentiality are respected and protected. Unless specifically authorized or required by law, the Company will not disclose or use customers' privacy and confidentiality for any purpose. During the development stage of new models, non-disclosure agreements (NDAs) are signed with customers, and all relevant operating personnel are bound by the agreements to protect customers' intellectual property rights to the greatest extent.</p> <p>Customer suggestions are the driving force behind continuous improvement, and we consider customer complaints and opinions as opportunities to assist the Company in making continuous improvements. In this regard, we have established a comprehensive customer complaint mechanism to ensure that customer complaints and opinions can be effectively communicated, handled and responded to through a complete, systematic and standardized process to ensure customer rights.</p> <p>In terms of customer complaint email/letters, in addition to quickly notifying the quality assurance unit, customer service and production management, the in-factory system provide the material number mentioned in the customer complaint in the ERP system, obtaining the historical information of warehouse purchasing and quality abnormalities, and further produce quality abnormality reports.</p>	No significant difference
(VI) Has the company established supplier management policies demanding suppliers to comply with relevant regulations on issues concerning environmental protection, occupational safety and health or labor human rights? What is the implementation status?	✓		<ol style="list-style-type: none"> At present, the Company 100% complies with the guidelines and spirit of the RBA to ensure that suppliers and partners are in compliance with ethics and international standards in aspects such as labor rights, health and safety, and the environment. As well as this, the Company conducts annual and quarterly assessments of suppliers, which are carried out in writing or on-site by an evaluation team. In terms of quality risk control, all suppliers are required to comply with the requirements of EU RoHS, and their products do not contain substances of very high concern and conflict minerals regulated by REACH. The labor and human rights control prohibits suppliers from hiring child labor under the age of 16, forced labor and any improper employment discrimination. We follow international standards and relevant labor employment laws for where we operate. In 2024, there were no significant risks or incidents of child labor or forced labor for the Company and suppliers. The Company implements the concept of sustainability in the daily management of suppliers through supplier assessment, audit, training, and praise. 	No significant difference
V. Has the company referred to internationally accepted reporting standards or guidance when preparing sustainability reports to disclose non-financial information? Has the	✓		The Company prepared the 2024 ESG Report in accordance with the Core GRI Standards and the "Rules Governing the Preparation and Filing of ESG Reports by TWSE Listed Companies" issued by the Taiwan Stock Exchange while making reference to the	No significant difference

Implementation item	Status of implementation			Variation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for such variation
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company obtained assurance or guarantee from a third-party verification institution?			SASB and TCFD for disclosure reporting. The external assurance of the report was completed by Singapore-based contractor BSI (British Standards Institution) to ensure compliance with: * GRI Standards Core Option * AA 1000 AS v3	
<p>VI. If the Company has established its own sustainability development principles in accordance with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” please describe its current practices and any discrepancies from the Best Practice Principles: The Company has formulated its “Sustainable Development Best Practice Principles” and there is no variation from the Best Practice Principles.</p>				
<p>VII. Other important information to facilitate the understanding of the status of the promotion of sustainable development:</p> <ol style="list-style-type: none"> 1. GHG management: The Company has obtained ISO 14064-1 GHG inventory certification statement and continues to track the carbon reduction results through the GHG inventory results. 2. In response to the impact of climate change on its operating results, the Company voluntarily joined the SBTi to achieve the goal of net zero through a scientific method of carbon reduction. At the same time, relevant information was disclosed in the form of a CDP questionnaire, and a B-level grade was obtained for the climate questionnaire and water questionnaire in 2024. 3. The Company is a model enterprise that is committed to the electronic part and component industry. In 2023, it voluntarily applied for the RBA certification for overseas and domestic plants of the entire Group, and all plants obtained the RBA Silver Certification ultimately. In 2025, it continued to apply for the RBA certification for overseas and domestic plants of the entire Group, and plants in Taiwan further obtained the RBA Golden Certificate for their excellent performance ultimately. 4. Mutual prosperity of the supply chain: Supplier risk assessment is conducted every year to ensure that the supplier's qualification complies with laws and RBA guidelines. The assessment scope includes labor rights, environmental safety and health. Supplier conferences are organized regularly to strengthen supply chain management each year. <p>Please refer to the 2024 ESG Report in the CSR section on the Company's website. https://www.szs-group.com/page/esg-and-csr</p>				

Climate-related information for TWSE/TPEX-listed companies

1 Climate-related implementation

Item	Status of implementation
<p>1. Describe the Board and management's oversight and governance of climate-related risks and opportunities.</p>	<p>The Board is the highest management unit for climate issues of SZS and is responsible for supervising all economic, environmental and social risks; climate risks and opportunities are also included for consideration. SZS established the ESG Committee in 2022 to support the climate strategy development of the Company.</p> <p>The Environmental Sustainability Team of the ESG Committee and relevant risk management departments formed a cross-department Climate Change Risk Working Group to carry out corporate operational risk identification and management, including physical and transition risks under climate change, and lead the planning of countermeasures. The implementation status and the risk control results are reported to the Board at least once a year.</p> <p>Other functional committees of the Board are also responsible for the governance of some climate-related issues: The "Audit Committee" regularly receives reports from the internal audit department on the design of the internal control system for climate-related risks, as well as audit findings. The Remuneration Committee evaluates and reviews the compensation of managers in terms of the ESG and climate change response performance based on the KPIs of each manager to effectively promote sustainability projects by linking the reward system and the performance achievements. SZS assesses climate-related risks and opportunities based on the Task Force on Climate-related Financial Disclosures (TCFD) structure, with the headquarters of the Group as the scope of assessment, and the main consideration is the revenue of the headquarters. Through the discussions between the Climate Change Risk Working Group and senior supervisors of departments, SZS identified transition and physical risks and opportunities based on policies/regulations, markets, climate change, climate disasters, and internal business strategies.</p>
<p>2. Describe how the identified climate risks and opportunities affect the Company's business, strategy and finance (short-, medium-, and long-term).</p>	<p>According to the TCFD framework, SZS identified 8 climate risks and 4 climate opportunities and evaluated the level of impact on the Company's operations and timeline. (The definition of short-term and mid-to-long-term is within three years and above three years, respectively) based on such risks and opportunities, the Company performed an inventory of the existing countermeasures and adaptation measures and continued to optimize and strengthen relevant actions to improve the climate resilience of the Company. In addition, the Company actively plans for transition strategies to ensure that it maintains its competitiveness and stable operations during the course of the net zero transition. SZS not only reduced potential impacts brought by climate change but also effectively grasped opportunities brought by green transition through the optimization of the risk management system to lay a solid foundation for the sustainable development of the Company.</p> <p>Climate change risks</p>

Risk type	Risk items	Degree of Impact	Occurrence period	Scope of impact			Countermeasure	Financial impact	
				Upstream of the value chain	SZS	Downstream of the value chain			
Physical risk	Immediate risk	Drought (production)	Low	Mid-term	Work suspension due to water shortage	Increase in operating costs	Work suspension due to water shortage	1. Evaluate the establishment of a water reclamation system 2. Localize the supply chain and establish alternative suppliers	Short-term: The budget for the water reclamation system is approximately NTD 16,000 thousand. Medium and long-term risks: Scarcity of water resources will result in operational pressure and impact, and supplier chain breakage will occur, which will lead to increased operating costs.
	Long-term risk	Temperature rise	Medium	Mid-term Constant rises in average temperature	Impact of heat waves, work suspension, or an increase in costs	Increase in power consumption of operations	Impact of heat waves, work suspension, or an increase in costs	1. A/C equipment replacement 2. Establish a smart monitoring system for A/C, air pressure and power	Short-term: The EMS system for electricity has been completed, with a total cost of NTD 12,000 thousand. Mid-to-long-term: Electricity consumption by plant equipment and A/C increases (such as the increase in electricity consumption by cooling equipment), plus the trend of rising electricity prices; it is estimated that electricity fees will increase by 10%.
Transition risks	Policies and regulations	Carbon trading/carbon fee/carbon tax under the total carbon emission control	High	Mid-term	Increase in production cost	Increase in taxes and procurement costs	Increase in production cost	1. Energy conservation and the use of renewable energy	Short-term risk: Increased operating costs due to electricity tariff hikes Medium and long-term risks: Response to regulations and international initiatives, as well as increased the utilization rate of renewable energy, resulting in increased operating costs
	Legal requirements for the disclosure and verification of carbon emissions information	Low	Short-term goals	—	Annual monitoring and control	—	1. Carry out GHG inventory each year 2. Report the relevant information as required by the competent authority and record and publicly announce the data of the inventory.	SZS conducted GHG inventory each year, with the scope of inventory expanded to Scope 3, and has passed third-party verification.	

	Technology	Investment in low-carbon technology, equipment and management cost	High	Short-term goals	—	Increase in operating costs	—	<ol style="list-style-type: none"> 1. Increase in R&D expenses 2. Supply chain engagement 3. Energy conservation and the use of renewable energy 	<p>Short-term risk: Introduce recycled materials and increase the cost of product development materials.</p> <p>Medium and long-term risks: Make continuous investments in R&D technologies and increase the cost of R&D technology transformation; the estimated increase in R&D fees is NTD 115,575 thousand.</p>
	Market	Changes in customer behavior	Medium	Short-term goals	—	The sales volume of products is affected if customer requirements are not met	The sales volume of products is affected if customer requirements are not met	<ol style="list-style-type: none"> 1. Strengthen the one-stop services of R&D, design, and manufacturing and improve technical threshold and market competitiveness to respond to changes in customer requirements. 2. Actively develop low-carbon products and introduce environmental protection materials and green processes to ensure compliance with market trends and regulatory requirements. 3. Establish long-term partnerships with customers, grasp market demand changes in advance, and provide corresponding solutions. 	<p>Short-term risk: Capital liquidity may reduce due to losing customer orders and the effects on investors' trust if failing to adopt sustainability actions in a timely manner.</p> <p>Mid-to-long-term: To satisfy the requirements for ESG by customers and the market, the Company is required to increase the consumption rate of renewable energy and green manufacturing technologies, which may cause an increase in operating costs while improving the long-term competitive strength of the Company.</p>
		Increase in the price of raw materials and energy	High	Short-term goals	Increase in operating costs	The increase in operating costs may reduce the room for profit and affect the financial performance of enterprises.	The possible increase in product prices affects the level of acceptance and competitiveness in the market	<ol style="list-style-type: none"> 1. Optimize supply chain management, promote supply chain localization, and establish diversified alternative suppliers to reduce the impact of price fluctuations. 2. Enhance energy management efficiency, introduce energy-saving equipment and smart manufacturing technology, reduce energy consumption and reduce dependence on high-carbon energy. 3. Continue to develop low-carbon products, increase the green material 	<p>Short-term: If the energy and raw material prices continue to rise, the Company will face the pressure of increasing production costs, and it will be required to adjust pricing strategies or resort to a cost transfer system to maintain profitability.</p> <p>Mid-to-long-term: Through supply chain optimization and technology innovation, the Company can reduce reliance on high-priced raw materials and improve its corporate competitiveness and risk defense ability.</p>

									usage ratio, and introduce the circular economy model to reduce raw material demand and cost dependence.	
	Reputation	Impact on corporate reputation	Medium	Mid-term	—	If the Company fails to actively respond to climate change and carbon neutrality trends, it may face market and social suspicions, reducing brand values and investment attraction.	—	<p>1. Strengthen the supply chain engagement mechanism to ensure that suppliers comply with ESG standards and promote the joint implementation of sustainable development commitments with cooperating partners.</p> <p>2. Continue to invest in the R&D of low-carbon technology and improve the environmental protection benefits of products to meet market demand and improve the competitive advantages of the Company.</p> <p>3. Actively introduce energy conservation measures and renewable energy, reduce carbon emissions from operations and regularly disclose the sustainability performance of the Company to enhance the trust for the brand and market recognition.</p>	If the Company's carbon reduction targets are not active, it may result in a reduction in the ratings of the Company by investors, government agencies, customers, environmental protection groups, and other stakeholders and, in turn, affect financing opportunities, market competitiveness, and brand reputation. Over the long term, strengthening ESG strategies and sustainable actions can improve corporate image, attract more green investments, and reduce financial losses due to reputation risks.	

Climate change opportunities

Opportunity type	Risk items	Degree of Impact	Occurrence period	Scope of impact			Countermeasure	Financial impact
				Upstream of the value chain	SZS	Downstream of the value chain		
Resource efficiency	Smart low-carbon production	Medium	Short-term goals	Promote supply chain transition	Reduce energy consumption and production costs to improve competitiveness.	Acquire stable and high-quality products to meet the	1. Introduce smart, automated production processes to improve equipment efficiency and reduce energy	Except for improving the efficacy of procedure equipment, reduce the spatial requirements and

							market's demand for low-carbon products and green supply chain.	consumption and labor costs. 2. Continue to optimize production technology, improve digital and AI analysis capabilities, and further improve production capacity and product quality to expand advantages for market competition.	complexity of procedures through automation, standardized designs, and the optimization of production processes so as to improve resource efficiency. It is estimated that the revenue will increase by NTD 500,000 thousand, the production cost and energy expenditure will be reduced, and the overall operating performance will be improved.
	Products and services	Development of low-carbon products	High	Mid-term	—	Enhance the brand value and market acceptance.	Develop new markets and increase market share.	1. Strengthen product design is based on the life cycle consideration (LCA) and combined with 4R principles (Reduce, Reuse, Recycle, Recovery) to develop high-efficacy, low-carbon, and environmentally friendly products. 2. Optimize green manufacturing technology and increase the recycling and reuse rate of waste resources during the manufacturing process. 3. Connect to international standards, apply for relevant environmental protection certifications, and improve product competitiveness.	It is expected that the development of energy-saving low-carbon products and the application of recycled materials can create NTD 114,000 thousand of revenue and further enhance the competitive advantage of ESG.

	Market	Access to new markets	Medium	Short-term goals	—	With the existing precision manufacturing technology, the Company will enter the emerging market of electric carriers and energy storage equipment to diversify the risks.	—	<ol style="list-style-type: none"> 1. Actively advance into the new energy market (i.e., the electric bicycle industry), establish market foundation and brand recognition, and bring new sources of income. 2. Strengthen R&D of technology, optimize resource allocation and management, increase the added value of products, and increase market share and corporate profits. 	Reduce capital expenditures through smart manufacturing and technology transition to enter the electric bicycle and other low-carbon industries with the minimum cost, reduce market fluctuation brought by the concentration of traditional industries, and improve the long-term revenue stability of the Company.
		Investment in the energy/energy storage industry	Medium	Mid-term	—	Enhance energy autonomy and reduce power costs and carbon footprint.	—	<ol style="list-style-type: none"> 1. Assess the investment in energy storage systems (i.e., battery energy storage and micro-grid technology) to improve energy consumption efficiency. 2. Establish a green power supply system, increase the consumption proportion of renewable energy, reduce dependence on high-carbon energy, develop energy storage technology products and expand market applications. 	Reduce operational risks: The application of renewable energy and energy storage technology can reduce the impact of price volatility on the Company's finances and ensure the stability of energy supply. Creating new sources of revenue: Through the development of energy storage equipment and related technologies, explore business opportunities in the market and improve long-term income and sustainable competitiveness.
3. Describe the financial impact of extreme climate events and transformation actions.	<p>Financial impacts of extreme climate events After discussion by the environmental sustainability team and the risk management team, there are some entities that face operational pressures and impacts due to the scarcity of water resources as some of the supply chain processes are highly dependent on water resources. This may result in the physical risk of supplier chain disruptions, thereby increasing operating costs. In addition, the continuous rising of temperature will increase the energy consumption of air-conditioning and equipment in the factory, coupled with the continuous increase in electricity tariffs and GHG emissions will lead to an increase in operating costs and carbon reduction costs. The Company will continue to refine the physical risk analysis and strengthen the management and strategic planning of climate events.</p>								

	<p>Financial impact of transformation actions</p> <p>In order to cope with the impact of climate change, the Company evaluates its transformation risk, which will face a wide range of policies and regulations, technology and market changes. The rate, speed and duration of climate change have their different changes. The Company is evaluating changes in GHG cap control, carbon tax and renewable energy related laws and regulations that may cause the Company to increase its operating costs during its transformation process. At present, the Company is making efforts in developing low-carbon products, and by making good use of the design principles of low-carbon products, we have developed a diversified line of products to expand into different markets. As the Company is at the stage of product development, the research and development costs is bound to increase; however, combined with other operating strategies, the impact on the Company's sales volume is not significant. Given this, the Company focuses on the analysis of product costs and introduces energy conservation and carbon reduction projects, pursues the minimum cost for operations and the supply chain, while improving energy use efficiency, and properly using and managing water. With sound waste disposal procedures, the Company is committed to reducing the increase in operating costs arising from the impact of climate change.</p>
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	<p>The Board of Directors is the highest decision-making body for risk control within the Company and directly supervises the risk governance framework of the Group. In an effort to improve risk assessment and strengthen management functions, the ESG Team and a Risk Management Team have been set up under the "ESG Committee." These two teams are responsible for identifying various risks in corporate operations, including the physical and transformation risks that may be brought about by climate change, and leading the planning of relevant countermeasures.</p> <p>Based on the business scope of each department, this working group identifies and analyzes risks from five major aspects: operation, finance, legal compliance, information security, and sustainable operations, and provides the results of identification to the presidents of each business group for response strategies which are proposed at the month meeting for presidents. Risks that may affect operations and profitability are integrated and planned, along with corresponding plans, at the meeting. A risk control report is submitted to the Board of Directors at least once a year in order to strengthen the corporate structure.</p>
5. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described.	<p>The Company considers different climate-related scenarios with reference to the 1.5°C scenario announced by the International Energy Agency (IEA) to simulate and analyze the impact of future climate change. Based on this, the Science Based Targets initiative (SBTi) and the projected carbon reduction in the future are formulated, which serve as a reference for the adjustment of operating strategies.</p>
6. If there is a transformation plan in place to manage climate-related risks, specify the content of the plan and the indicators and targets used to identify and manage physical risks and transformation risks.	<p>To realize net zero emissions, SZS has formulated its low-carbon transition plan and reduced the direct emissions from operations (Scope 1), indirect emissions from the consumption of energy (Scope 2), and indirect emissions generated from the value chain (Scope 3) based on the TCFD structure to ensure environmental sustainability and operational resilience of the Company during the course of transition.</p> <p>Reduction targets and implementation strategies:</p> <ol style="list-style-type: none"> 1. Align carbon reduction pathways with the international standards: SZS promises to comply with the 1.5°C carbon reduction pathway based on the SBTi to ensure that the Scope 2 carbon emissions have a linear reduction of 4.2% each year. 2. Enhance energy efficiency and the application of renewable energy: Reduce carbon footprint and improve resource consumption benefits through improving energy conservation, introducing circular economy strategies, and accelerating the use of green energy and the introduction of recycled raw materials. The Company aims to achieve a green power consumption ratio of 50% by 2030 and further promote decarbonization in its operations.
7. If internal carbon pricing is used as a planning tool, the basis for setting the pricing shall be stated.	<p>The Company does not use internal carbon pricing.</p>
8. If climate-related goals have been set, specify the activities covered, the scope of GHG emissions, the planned schedule, and the progress made each year. If carbon credits or renewable energy certificates	<p>Please refer to 9.1-2 below for the planning schedule of the Company's GHG emission reduction and the progress of each year.</p> <p>The Company currently does not use carbon credits to be offset or RECs.</p>

(RECs) are used to achieve the relevant targets, the source and quantity of carbon credits to be offset or the quantity of renewable energy certificates (RECs) shall be specified.	
9. Greenhouse gas inventory and assurance status, as well as reduction goals, strategies, and concrete action plans. (to be filled in on 1-1 and 1-2 separately)	Please refer to the following description

1-1 The Company's GHG inventory and assurance status in the most recent two years

1-1-1 GHG inventory information

Describe the GHG emission volume (metric tons CO ₂ e), intensity (metric tons CO ₂ e/NTD million), and data coverage for the most recent two years.					
<p>The Group has established a GHG inventory mechanism based on the Greenhouse Gas Protocol issued by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI)/ISO 14064-1 Greenhouse Gas Inventory Standard issued by the International Standards Organization (ISO). (by specifying the applicable inventory standards). Starting in 2021, the Company has conducted a regular inventory of GHG emissions of the subsidiaries included in the Company's parent company only and consolidated financial statements on a yearly basis. By doing this, we are able to grasp a complete picture of the GHG emissions and verify the effectiveness of the reduction actions.</p> <p>In addition, the GHG inventory data of the most recent two years are summarized in accordance with the business control approach, including the GHG emissions of all subsidiaries included in the consolidated financial statements, as follows:</p>					
		2023		2024	
		Emission volume (tons/CO ₂ e)	Intensity (tons CO ₂ e/turnover NTD million)	Emission volume (tons/CO ₂ e)	Intensity (tons CO ₂ e/turnover NTD million)
The Company	Scope 1 Direct GHG emissions	483		367	
	Scope 2 Indirect GHG emissions	21,305		25,263	
	Subtotal	21,788		25,630	
All subsidiaries included in the consolidated financial statements	Scope 1 Direct GHG emissions	193		157	
	Scope 2 Indirect GHG emissions	2,594		3,134	

	Subtotal	2,787		3,291	
Total		24,575	2.44	28,921	2.17

1-1-2 GHG assurance information

A description of the assurance status for the most recent two years as of the publication date of the annual report, including the scope of assurance, institutions of assurance, criteria of assurance, and opinions of assurance.

Among the total GHG emissions disclosed by the consolidated company in 1-1-1, those considered to be generated by the Company based on the assurance scope in 2023 and 2024 accounted for 100% and 100% of the Company's total emissions in those years, respectively. In 2023, TÜV SÜD Asia Ltd., Taiwan Branch, conducted verification in accordance with the ISO 14604-3:2019 standard and verified that the assurance opinions were unqualified opinions providing reasonable assurance; in 2024, TÜV SÜD Taiwan conducted verification in accordance with the ISO 14604-3:2019 standard and verified that the assurance opinions were unqualified opinions providing reasonable assurance.

1-2 GHG reduction goals, strategies and concrete action plans

Describe the GHG reduction base year and its data, reduction targets, strategies, concrete action plans, and achievement of the reduction targets.

GHG reduction base year and reduction targets

In order to plan the GHG reduction strategy, the Company has completed the inventory using the boundary of the 2021 consolidated financial statements. It submitted its reduction commitment letter to be submitted to the SBTi in 2023, with the GHG reduction base year set in 2022 and submitted its validation of the reduction target to the SBTi in 2024, with Scope I and Scope II emissions being 676 tCO₂e and 23,890 tons of CO₂e, respectively. We hope that the following specific actions will further reduce by 4.2% from the base year in 2025 from the base year, and at least reduce the emissions by 4.2% per year since the base year.

GHG reduction strategies and concrete action plans

In response to the pathway to net zero emissions by 2050 and strategy, the Company has formulated GHG reduction strategies and plans based on three major aspects: process improvement, energy conversion, and circular economy.

- **Process improvement:** By accelerating equipment replacement and developing the application of waste heat recovery technology while introducing an intelligent energy-saving management system, we collect data on electricity, air pressure, water flow, and air conditioning to grasp energy consumption and load characteristics analysis in real-time. The data collected are used as a basis for evaluating the effects of energy-saving improvements, further optimizing energy-saving policies to achieve optimal energy utilization.
- **Energy conversion:** At SZS, we continue to strive for the goal of net zero emissions. In the future, we plan to install or purchase renewable energy and energy storage equipment to achieve sustainability.
- **Circular economy:** Due to the limited global resources, in order to meet changes in demand while reducing waste of resources, we continue to use recycled and low-carbon raw materials in the process to avoid increasing the burden on the environment. This approach ensures that the limited resources of the earth can be used in a recycled and sustainable manner.

(VI) The state of the performance in the area of ethical corporate management, any variation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for such variation:

The Company's corporate culture is based on "integrity", "innovation", "professionalism", and "harmony". Since 1965, we have been adhering to the concept of pragmatic management and steady growth. From the pioneering of a single industry to the current diversified management, the results we have delivered prompt us to strive to be upstream and learning through continuous improvement.

Evaluation item	Implementation status			Variation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for such variation
	Yes	No	Summary	
I. Formulation of ethical management policies and action plans				No significant difference
(I) Has the company established an ethical management policy that has been passed by its Board of Directors and clearly specified in its rules and external documents the ethical corporate management policies and the commitment by the Board of Directors and senior management to rigorous and thorough implementation of such policies and methods?	✓		The Company's "Ethical Corporate Management Best-Practice Principles" and "Code of Ethical Conduct" were approved by the shareholders' meeting on June 12, 2014. The content specifies the ethical corporate management policy and practice as well as the policy for senior management to implement ethical corporate management. The contract entered into with the counterparty clearly specifies the ethical corporate management clauses, and we sign integrity terms with suppliers in order to fulfill the commitments of the ethical corporate management policy.	
(II) Has the company established a risk assessment mechanism against unethical behavior, analyzed and assessed business activities within its business scope on a regular basis that have a higher risk of unethical behavior, and established prevention programs that at least cover the preventive measures specified in Article 7, Paragraph 2 of the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies"?	✓		At SZS, we have formulated the "Procedures for Ethical and Integrity Management" and analyze and evaluate business activities within our business scope that are at higher risk of unethical conducts in accordance with the Procedures. The content of the Procedures covers the preventive measures against conducts set forth in Paragraph 2, Article 7 of the Principles.	
(III) Has the company specified operational procedures, behavioral guidelines, disciplining of violations, and an appeal system in the program against unethical conduct, implemented such programs, and reviewed and revised the aforementioned programs on a regular basis?	✓		The Company has clearly stated in its "Ethical Corporate Management Best-Practice Principles" and "Procedures for Ethical and Integrity Management" its business activities and preventive measures to prevent the risk of unethical conduct. Moreover, we have established the "Employee Grievance Management Guidelines" and "Regulations Governing the Reporting System of Unethical Behavior". There is a grievance mechanism available on our website with a dedicated email and hotline provided. On May 7, 2019, the Board of Directors approved to amend the "Ethical Corporate Management Best-Practice Principles".	
II. Implementation of ethical management				No significant difference
(I) Has the company evaluated the integrity of all counterparties with whom it has business dealings? Are there any integrity terms in the agreements it enters into with business partners?	✓		The Company evaluates its suppliers on a regular basis, and specifies the terms of ethical conduct and the signing of an integrity commitment in the contracts with counterparties where necessary.	
(II) Has the company set up a dedicated, responsible unit to promote corporate ethical management under the Board of Directors, and has such unit reported its implementation of ethical management policy and preventive action plans against unethical conduct and the supervision status to the Board of Directors on a regular basis (at least once a year)?	✓		In order to improve the management of ethical corporate management, the head of the Management Division is responsible for the formulation of ethical corporate management policies and preventive plans, the implementation of which is supervised by the CEO's Office. The relevant implementation status was reported to the Board of Directors on December 12, 2024.	
(III) Does the company have a prevention policy for conflicts of interest and does it provide appropriate reporting channels and implement the policy?	✓		In order to prevent conflicts of interest and provide appropriate channels for disclosure, the Company established the "Ethical Corporate Management	

Evaluation item	Implementation status			Variation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for such variation
	Yes	No	Summary	
(IV) Has the company established an effective accounting system and internal control system in order to implement ethical management, and does the internal audit unit propose relevant audit plans according to the assessment results of the risks of unethical behaviors and review the compliance status of the prevention of unethical behavior, or entrust an accountant to carry out the review?	✓		Best-Practice Principles" and the "Procedures for Ethical and Integrity Management" in 2014 and 2016, respectively. They are announced on the Company's intranet. The Company has established an effective accounting system and internal control system to implement ethical management. Each year, the internal audit unit prepares an audit plan based on the risk assessment results. In addition to regularly auditing the prevention of unethical conduct according to the plan, a special audit project is also established and presented at the board meeting. As well as this, the Company also commissions external accountants to perform internal control and audit.	
(V) Does the company organize internal or external training on a regular basis on ethical management?	✓		To implement the legal, safety, and information security aspects of ethical corporate management, we put together regular courses on labor rights and ethics every year. In 2024 we held 73 training courses related to ethical management, with a total of 2,675 participants totaling 4,278 hours.	
III. The company's whistleblowing system (I) Has the company established a concrete whistleblowing and reward system, a convenient whistleblowing channel, and assigned dedicated staff responsible for handling whistleblowing matters?	✓		In order to establish a corporate culture of honesty and transparency, promote sound operations, and protect the rights and interests of whistleblowers, the Company's Board of Directors has approved the establishment of the "Procedures for Handling Whistleblowing Cases." We have also established and publicly announced the channels for whistleblowing, such as our hotline, email, or address on the Company's website an intranet for our staff or external personnel to report and accept cases of crime, fraud, or illegal conduct. The reported cases are accepted and investigated by the Company's Audit Office. The information on whistleblowing channels is as follows I. Whistleblowing Hotline: 02-2684-3592 II. Whistleblowing e-mail: szsappeal@szs.com.tw III. Unit dealing with whistleblowing cases: The Company's Audit Office.	No significant difference
(II) Has the company implemented any standard procedures and/or subsequent measures after carrying out an investigation or confidentiality measures for handling reported misconduct?	✓		We implement the Company's Code of Ethical Conduct and Ethical Corporate Management Best-Practice Principles, while ensuring the legality of the internal and external whistleblowing channels and management systems. For the relevant handling procedures, please see the Company's Employee Grievance Management Guidelines and Procedures for Whistleblower Protection.	
(III) Has the company taken appropriate measures to protect whistleblowers from suffering any improper treatment for reporting an incident?	✓		In addition to stipulating the standard operating procedures for the investigation of reported matters, we have set up the relevant confidentiality mechanisms and measures to protect the whistleblowers from being improperly treated as a result of whistleblowing. These procedures have been posted on the Company's official website.	
IV. Strengthening of information disclosure Has the company disclosed the contents of ethical corporate management and its implementation results on the website and MOPS?	✓		The Company has disclosed the content of the Ethical Corporate Management Best-Practice Principles, passed by the Board of Directors on August 9, 2013, and the effectiveness of its promotion on the official website and MOPS.	No significant difference
V. If the Company establishes its own ethical management best-practice principles according to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please describe the discrepancy between its operation and the Company's ethical management best-practice principles: None.				

Evaluation item	Implementation status		Summary	Variation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for such variation
	Yes	No		
<p>VI. Other important information that is helpful in understanding the corporate ethical management operation of the Company? (Such as, the Company has the corporate ethical management best practice principles amended, etc.):</p> <ol style="list-style-type: none"> 1. After the directors were asked to put forward their suggestions and views at the board meeting held on August 9, 2013, the Board of Directors adopted the Ethical Corporate Management Best-Practice Principles of the Company. The Principles have been announced on the intranet, official website and MOPS. On May 7, 2019, the amendments to the Company's "Ethical Corporate Management Best-Practice Principles" were approved. 2. The "Procedures for Ethical and Integrity Management" were adopted on May 12, 2016 and announced on the Company's intranet for all employees to follow. 3. In August 2018, a "Whistleblowing Hotline and Email for Violation of Ethical Corporate Management Best-Practice Principles" were added to the Company's official website and intranet for the Company's related parties. 4. On a monthly basis, we conduct "Procedures for Internal Material Information Handling" and advocate relevant laws and regulations for incumbent directors and managers. We also provide education and promotion for new directors within 3 months after their arrival. 				

(VII) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance: None.

(VIII) Implementation of the internal control system

1. Statement of Internal Control System:

For the Statement of Internal Control System, please refer to the “MOPS” for inquiries.
MOPS > Single company > Corporate governance > Company regulations/internal control > Announcement of internal control statement

Link: <https://mops.twse.com.tw/mops/#/web/t06sg20> (code 3376)

2. Auditors' Report on Internal Control : None.

(IX) Important resolutions adopted at the shareholders' meeting or Board meeting for the most recent fiscal year or during the current fiscal year up to the publication date of the annual report:**1. Important resolutions of the 2024 shareholders' meeting (2024.06.18) and implementation status:**

Important resolutions of the shareholders' meeting	Status of implementation
(1) Approved the ratification of the motion for 2023 financial statements and business report.	The relevant financial statements have been announced and reported to the competent authority in accordance with the Company Act and the Securities and Exchange Act.
(2) Approved the ratification of the motion for the 2023 earnings distribution (cash dividend of NTD 2.5 per share)	August 5, 2024, was set as the ex-dividend base date, and August 28, 2024 was the distribution date.
(3) Approved the motion for discussion about the distribution of cash dividends from the capital reserve (cash of NTD 1.5 per share)	August 5, 2024, was set as the ex-dividend base date, and August 28, 2024 was the distribution date.

2. Important resolutions of the Board meeting

Date	Important resolutions of the board meeting
12th meeting of the 20th term 2024.03.01	Motion 1 for discussion: Approved the motion for 2023 financial statements and business report. Motion 2 for discussion: Approved the motion for the amendment to the “internal control system - information management control cycle.” Motion 3 for discussion: Motion for the amendments to the “Audit Committee Charter” and “Rules of Procedure of Board Meetings.” Motion 4 for discussion: Approved the motion for fundraising and the issuance of the third unsecured domestic convertible corporate bonds. Motion 5 for discussion: Approved the motion for fundraising and the capital increase in cash through the issuance of ordinary shares. Motion 6 for discussion: Approved the motion for payment method of the Company's 2023 remuneration to employees and Directors. Motion 7 for discussion: Approved the motion for issuance of the statement of internal control system. Motion 8 for discussion: Approved the motion for the evaluation of the independence and competence of the Company's CPAs Motion 9 for discussion: Approved the motion for the Company to apply for credit facilities and renewal from financial institutions. Motion 10 for discussion: Approved the motion for matters related to the convening of the Company's 2024 AGM.
13th meeting of the 20th term 2024.05.06	Motion 1 for discussion: Approved the motion for the replacement of the Company's CPAs and the evaluation of their independence and suitability. Motion 2 for discussion: Approved the motion for Q1 2024 consolidated financial statements. Motion 3 for discussion: Approved the motion for distribution of remuneration to employees (managers) and Directors for 2023. Motion 4 for discussion: Approved the motion for 2023 earnings distribution. Motion 5 for discussion: Approved the motion for cash distribution from capital reserve.

Date	Important resolutions of the board meeting
	<p>Motion 6 for discussion: Approved the motion for the appointment and changes in duties of managers of the Company.</p> <p>Motion 7 for discussion: Approval of the motion for the addition of related agendas for the 2024 AGM.</p>
<p>14th meeting of the 20th term 2024.08.02</p>	<p>Motion 1 for discussion: Approved the motion for Q2 2024 consolidated financial statements.</p> <p>Motion 2 for discussion: Approved the motion for the amendment to the “Regulations for Handling Material Inside Information.”</p> <p>Motion 3 for discussion: Approved the motion for review of audit fees by CPAs.</p> <p>Motion 4 for discussion: Approved the motion for the Company to apply for credit facilities and renewal from financial institutions.</p> <p>Motion 5 for discussion: Approved the motion for the increase in the investments in sub-subsidiary Shin Zu Shing Precision Electron (Suzhou) Co., Ltd. by appropriating partial of its earnings (including the earned surplus) to capital.</p> <p>Motion 6 for discussion: Approved the motion for the establishment of the “Regulations for Capital Increases in Cash through Share Subscription by Employees.”</p> <p>Motion 7 for discussion: Approved the motion for the capital increase in cash through the issuance of new shares for subscription by managers and employees in 2024.</p> <p>Motion 8 for discussion: Approved the motion for the Company’s 2023 ESG Report.</p> <p>Motion 9 for discussion: Approved the motion for reassignment of the Company’s manager.</p>
<p>15th meeting of the 20th term 2024.11.01</p>	<p>Motion 1 for discussion: Approved the motion for Q3 2024 consolidated financial statements.</p> <p>Motion 2 for discussion: Approved the motion for 2025 audit plan.</p> <p>Motion 3 for discussion: Approved the motion for the establishment of the “Procedures for the Preparation and Assurance of ESG Reports.”</p> <p>Motion 4 for discussion: Approved the establishment of the “Regulations for Sustainability Information Management.”</p> <p>Motion 5 for discussion: Approved the motion for the Company to apply for credit facilities from financial institutions.</p>
<p>16th meeting of the 20th term 2024.12.12</p>	<p>Motion 1 for discussion: Approved the motion for the Company’s 2025 budget.</p> <p>Motion 2 for discussion: Approved the motion for the estimate of remuneration to employees.</p> <p>Motion 3 for discussion: Approved the motion for the distribution of remuneration to Directors for 2024 and the estimate of the total amount of remuneration to Directors for 2025.</p> <p>Motion 4 for discussion: Approved the motion for 2024 year-end bonuses to the Company's managers and their 2025 salary and remuneration.</p> <p>Motion 5 for discussion: Approved the motion for capital increase in subsidiary Smart Point Co., Ltd. and the reinvestment.</p> <p>Motion 6 for discussion: Approved the motion for reassignment of the Company's manager.</p> <p>Motion 7 for discussion: Approved the motion for the Company to apply for credit facilities from financial institutions.</p> <p>Motion 8 for discussion: Approved the motion for the Company's purchase and sale of goods from related parties.</p>

(X) Where, for the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, a director has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration: None.

IV. Information on CPA professional fees:

(I) Audit and non-audit remuneration paid to CPAs, their firms and affiliates:

Unit: NTD thousands

Name of CPA firm	Name of CPA	Audit period	Audit fees	Non-audit fees	Total	Remarks
Deloitte Taiwan	Ming-Chung Hsieh	2024.01.01-2024.12.31	3,710	1,573	5,283	
	Chin-Ming Hsu	2024.01.01-2024.12.31				

Note: Non-audit fees include tax-related consulting, provision of net zero strategy and CDP consulting services, and direct deduction of business tax verification and certification.

(II) Where the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amount, percentage, and reason for the reduction should be disclosed: None.

(III) Where the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the amount, percentage and reason for such reduction shall be disclosed: None.

V. Information on replacement of CPAs: According to the internal adjustment requirements of Deloitte Taiwan, the CPAs changed from CPAs Yu-Hsiu Su and Ming-Yu Chiu to CPAs Ming-Chung Hsieh and Chin-Ming Hsu for financial statements of the Company starting from Q1 2024.

VI. The Company's Chairman, President, or any managers in charge of finance or accounting matters has for the most recent year held a position at the accounting firm of its CPAs or at an affiliate of such accounting firm: None.

VII. Any transfer of equity interests and/or pledge of or change in equity interests by a Director, manager, or shareholder with a stake of more than 10 percent for the most recent fiscal year or during the current fiscal year up to the publication date of the annual report:

(I) Any transfer of equity interests and/or pledge of or change in equity interests by a director, manager or shareholder with a stake of more than 10 percent

Title	Name	2024		Current year up to April 12, 2025	
		Increase (decrease) in shareholding	Increase (decrease) in pledged shares	Increase (decrease) in shareholding	Increase (decrease) in pledged shares
Chairman	Sheng-Nan Lu	400,000	—	(9,000)	—
Director	Chao-Tsong Yuan	28,398	—	—	—
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	5,159	—	—	—
CEO	Chao-Tsong Yuan	28,398	—	—	—
Vice President	Jin-Sheng Zhu	(49,509)	—	(23,000)	—

Title	Name	2024		Current year up to April 12, 2025	
		Increase (decrease) in shareholding	Increase (decrease) in pledged shares	Increase (decrease) in shareholding	Increase (decrease) in pledged shares
Vice President	Shi-Jin Weng	26,278	—	—	—
Vice President	Sheng-Huan Zhuo	3,000	—	—	—
Vice President	Chung-You Li	28,300	—	—	—
Vice President	Ming-Yu Hsiao	—	—	Not applicable	Not applicable
Vice President	Qin-Zhuan Chen	—	—	Not applicable	Not applicable
Vice President	Li-Chuan Yu	(24,000)	—	(3,000)	—
Chief Financial Officer	Qian-Ting Xu	(8,910)	—	—	—
Corporate Governance Officer	Meng-Hui Tsai	(4,495)	—	Not applicable	Not applicable
Head of Accounting and Corporate Governance Officer	Ya-Fen Fan	8,063	—	—	—

(II) Counterparty in any transfer of shares is a related party: None.

(III) Counterparty in any pledge of shares is a related party: None.

VIII. Among the Company's top 10 shareholders, anyone is a related party, spouse or a relative within the second degree of kinship of another:

April 12, 2025

Name	Shares held by the person themselves		Shares held by spouse and minor children		Shares held in the name of others		Among the company's top 10 shareholders any one is a related party, spouse or a relative within the second degree of kinship of another, their titles or names and relationship.		Remarks
	Number of shares	Shareholding ratio	Number of shares (share)	Shareholding ratio	Number of shares	Shareholding ratio	Title (or name)	Relationship	
Sheng-Nan Lu	17,545,346	8.96%	—	—	—	—	Min-Wen Lu	Siblings	
New system of labor pension fund	7,314,938	3.74%	—	—	—	—	None	None	
Min-Wen Lu	6,177,546	3.16%	—	—	—	—	Sheng-Nan Lu Pei-Fang Lu	Siblings Father and daughter	
Yuanta Taiwan Value High Dividend ETF investment trust fund account in the custodianship of Hua Nan Commercial Bank	5,300,206	2.71%	—	—	—	—	None	None	
Pei-Fang Lu	4,740,000	2.42%	447,642	0.23%	—	—	Min-Wen Lu	Father and daughter	
JPMorgan Chase Bank N.A. Taipei Branch in custody for JPMorgan Securities Investment Account	4,603,370	2.35%	—	—	—	—	None	None	
Cathay Life Insurance Co., Ltd.	3,415,000	1.74%	—	—	—	—	None	None	
ABS investment account in the custodianship of HSBC (Taiwan) Commercial Bank	3,376,719	1.72%	—	—	—	—	None	None	
Norges Bank Investment Management investment account in the custodianship of Citibank (Taiwan)	3,310,962	1.69%	—	—	—	—	None	None	
Chuangjia Investment Co., Ltd.	3,191,783	1.63%	—	—	—	—	None	None	

IX. Total number of shares and total equity stake held in any single enterprise by the Company, its Directors, managers, and any companies controlled either directly or indirectly by the Company

Unit: shares; % March 31, 2025

Investment business	The Company's investment		Investment by directors, supervisors, managers and investment directly or indirectly controlled by the company		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
TIME RISE CORP.	24,080,000	100%	—	—	24,080,000	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%
SHINING SMART INTERNATIONAL CORP.	—	—	704	100%	704	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%
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%
Kunshan Chengjie Computer Parts Co., Ltd. (Note 1)	—	—	—	100%	—	100%
Dongguan Chengyue Computer Parts Co., Ltd. (Note 1)	—	—	—	100%	—	100%
RSTC (Fuqing) Co., Ltd. (Note 1)	—	—	—	100%	—	100%
ABOVE AVERAGE LIMITED	100,000	100%	—	—	100,000	100%
Ding Ying Investment Co., Ltd.	80,000,000	100%	—	—	80,000,000	100%
SMART POINT CO., LTD.	18,000,000	100%	—	—	18,000,000	100%
SHIN ZU SHING (BAC GIANG) COMPANY LIMITED (註 1)	—	—	—	100%	—	100%

Note 1: A limited company with no shares issued.

Three. Capital Raising Activities

I. Capital and shares

(I) Type of shares

April 12, 2025; unit: share

Type of shares	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common shares	195,763,822	54,236,178	250,000,000	Listed shares

(II) Course of share capital formation:

Unit: thousand shares; NTD thousand/March 31, 2025

Year/ month	Issue price (NTD)	Authorized capital		Paid-in capital		Source of share capital	Remarks	
		Number of shares	Amount	Number of shares	Amount		Offset by any property other than cash	Others
June 1968	1,000	1.2	1,200	1.2	1,200	Founding share capital of NTD 1,200 thousand	—	—
September 1974	1,000	3.6	3,600	3.6	3,600	Capital increase in cash by NTD 2,400 thousand	—	—
September 1981	1,000	6.0	6,000	6.0	6,000	Capital increase in cash by NTD 2,400 thousand	—	—
September 1982	1,000	12.0	12,000	12.0	12,000	Capital increase in cash by NTD 6,000 thousand	—	—
July 1986	1,000	22.0	22,000	22.0	22,000	Capital increase in cash by NTD 10,000 thousand	—	—
January 1990	1,000	37.5	37,500	37.5	37,500	Capital increase in cash by NTD 15,500 thousand	—	—
October 1994	1,000	75.0	75,000	75.0	75,000	Capital increase in cash by NTD 37,500 thousand	—	—
January 1997	1,000	150.0	150,000	150.0	150,000	Capital increase in cash by NTD 75,000 thousand	—	—
March 2002	10	25,056.0	250,560	25,056.0	250,560	Capital increase by NTD 100,560 thousand from earnings	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 09101040730.
December 2002	10	35,000.0	350,000	27,561.6	275,616	Capital increase by NTD 25,056 thousand from earnings	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 09101505390.
October 2003	10	35,000.0	350,000	34,452.0	344,520	Capital increase by NTD 68,904 thousand from earnings	—	Change of registration was approved by Letter Jing-Shou-Zhong-Zi No. 09232840760.
June 2004	10	60,000.0	600,000	49,576.0	495,760	Capital increase by NTD 68,904 thousand from earnings; capital increase by NTD 2,336 thousand from employee bonuses	—	Change of registration was approved by Letter Jing-Shou-Zhong-Zi No. 09332298700; and Tai-Cai-Zheng-Yi-Zi No. 0930120636 issued and became effective by SFC on May 13, 2004.
June 2004	20					Capital increase in cash by NTD 80,000 thousand		
June 2005	10	70,000.0	700,000	57,313.0	573,130	Capital increase by NTD 74,364 thousand from earnings; capital increase by NTD 3,006 thousand from employee bonuses	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 09401102450; and Jin-Guan-Zheng-Yi-Zi Letter No. 0940111293 issued and became effective by Securities and Futures Bureau on April 8, 2005.
January 2006	83	70,000.0	700,000	63,853.0	638,530	Capital increase in cash by NTD 65,400 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 09501004070; and Jin-Guan-Zheng-Yi-Zi Letter No. 0940153673 issued and became effective by Securities and Futures Bureau on November 22, 2005.
August 2006	10	120,000.0	1,200,000	88,610.0	886,100	Capital increase by NTD 127,706 thousand from earnings, capital increase by NTD 6,011 thousand from employee bonuses, and capital increase by NTD 63,853 thousand from additional paid-in capital.	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 09501188900; and Jin-Guan-Zheng-Yi-Zi Letter No. 095012293 issued and became effective by Securities and Futures Bureau on June 7, 2006.

Year/ month	Issue price (NTD)	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Offset by any property other than cash	Others
August 2006	120					Capital increase in cash by NTD 50,000 thousand		
August 2007	10	160,000.0	1,600,000	111,560.0	1,115,600	Capital increase by NTD 221,525 thousand from earnings; capital increase by NTD 7,975 thousand from employee bonuses	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 09601191000; and Jin-Guan-Zheng-Yi-Zi Letter No. 09600322263 issued and became effective by Securities and Futures Bureau on June 26, 2007.
August 2008	10	160,000.0	1,600,000.0	123,530.0	1,235,300.0	Capital increase by NTD 111,560 thousand from earnings; capital increase by NTD 8,140 thousand from employee bonuses	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 09701201380; and Jin-Guan-Zheng-Yi-Zi Letter No. 0970031475 issued and became effective by the Securities and Futures Bureau on June 24, 2008.
October 2008	10	160,000.0	1,600,000.0	124,179.9	1,241,799.1	Convertible corporate bonds of NTD 6,499.1 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 09701251640.
August 2009	10	200,000.0	2,000,000.0	144,953.1	1,449,531.2	Capital increase by earnings by NTD 124,179.9 thousand, Capital increase by NTD 7,382.8 thousand from employee bonuses; conversion of convertible bonds of NTD 76,169.4 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 09801181670; and Jin-Guan-Zheng-Fa-Zi Letter No. 0980032560 issued and became effective by Financial Supervisory Commission, Executive Yuan.
November 2009	10	200,000.0	2,000,000.0	149,338.8	1,493,388.3	Convertible corporate bonds of NTD 43,857 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 09801253000.
March 2010	10	200,000.0	2,000,000.0	149,741.1	1,497,411.5	Convertible corporate bonds of NTD 4,023.2 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 09901041710.
May 2010	10	200,000.0	2,000,000.0	149,863.6	1,498,635.9	Convertible corporate bonds of NTD 1,224.4 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 09901089900.
August 2010	10	200,000.0	2,000,000.0	158,428.6	1,584,286.2	Capital increase by earnings by NTD 74,880.3 thousand, Capital increase by NTD 10,770.1 thousand from employee bonuses	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 09901193500; and Jin-Guan-Zheng-Fa-Zi Letter No. 0990035188 issued and became effective by the Securities and Futures Bureau on July 7, 2010.
November 2010	10	200,000.0	2,000,000.0	158,430.8	1,584,307.9	Convertible corporate bonds of NTD 21.7 thousand	—	Letter Jing-Shou-Shang-Zi No. 09901244350.
May 2012	10	200,000.0	2,000,000.0	158,432.1	1,584,321.1	Convertible corporate bonds of NTD 13.1 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 10101077520.
October 2012	10	200,000.0	2,000,000.0	172,535.0	1,725,349.7	Convertible corporate bonds of NTD 141,028.6 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 10101226370.
March 2013	10	200,000.0	2,000,000.0	173,845.5	1,738,455.1	Convertible corporate bonds of NTD 13,105.5 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 10201040230.
May 2013	10	200,000.0	2,000,000.0	174,879.0	1,748,789.6	Convertible corporate bonds of NTD 10,334.5 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 10201083940.
August 2013	10	200,000.0	2,000,000.0	174,911.1	1,749,110.8	Convertible corporate bonds of NTD 321.3 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 10201172420.
November 2013	10	200,000.0	2,000,000.0	175,269.6	1,752,696.6	Convertible corporate bonds of NTD 3,585.7 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 10201233470.
February 2014	10	200,000.0	2,000,000.0	178,725.3	1,787,253.5	Convertible corporate bonds of NTD 34,556.9 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 10301033520.
May 2019	10	200,000.0	2,000,000.0	178,988.3	1,789,883.5	Conversion of employee stock options of NTD 2,630 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 10801057400.

Year/ month	Issue price (NTD)	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Offset by any property other than cash	Others
September 2019	10	250,000.0	2,500,000.0	179,230.3	1,792,303.5	Conversion of employee stock options of NTD 2,420 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 10801118480.
November 2019	10	250,000.0	2,500,000.0	180,469.3	1,804,693.5	Conversion of employee stock options of NTD 12,390 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 10801168820.
April 2020	10	250,000.0	2,500,000.0	181,580.3	1,815,803.5	Conversion of employee stock options of NTD 11,110 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 10901050590.
May 2020	10	250,000.0	2,500,000.0	181,754.3	1,817,543.5	Conversion of employee stock options of NTD 1,740 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 10901083130.
August 2020	10	250,000.0	2,500,000.0	181,779.3	1,817,793.5	Conversion of employee stock options of NTD 250 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 10901164920.
September 2020	110	250,000.0	2,500,000.0	191,779.3	1,917,793.5	Capital increase in cash by NTD 100,000 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 10901177130; and Jin-Guan-Zheng-Fa-Zi Letter No. 1090346283 became effective on June 17, 2020.
November 2020	10	250,000.0	2,500,000.0	191,920.3	1,919,203.5	Conversion of employee stock options of NTD 1,410 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 10901222270.
March 2021	10	250,000.0	2,500,000.0	192,026.3	1,920,263.5	Conversion of employee stock options of NTD 1,060 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 11001049080.
May 2021	10	250,000.0	2,500,000.0	192,405.3	1,924,053.5	Conversion of employee stock options of NTD 3,790 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 11001090820.
September 2021	10	250,000.0	2,500,000.0	192,485.3	1,924,853.5	Conversion of employee stock options of NTD 800 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 11001157910.
December 2022	10	250,000.0	2,500,000.0	187,748.3	1,877,483.5	Cancellation of treasury stock and capital reduction by NTD 47,370 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 11101222510.
October 2024	10	250,000.0	2,500,000.0	195,748.3	1,957,483.5	Capital increase in cash by NTD 80,000 thousand	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No. 11330178630.
March 2025	10	250,000.0	2,500,000.0	195,763.8	1,957,638.2	Convertible corporate bonds of NTD 154.7 thousand	—	The alteration registration is not yet completed

Information on the general reporting system: None.

(III) List of major shareholders:

Shareholders holding 5% or more of the shares or names, numbers of shareholding and ratio of the top 10 shareholders

April 12, 2025; unit: share

Name of major shareholders	Shares	Number of shares held	Shareholding ratio
Sheng-Nan Lu		17,545,346	8.96%
New system of labor pension fund		7,314,938	3.74%
Min-Wen Lu		6,177,546	3.16%
Yuanta Taiwan Value High Dividend ETF investment trust fund account in the custodianship of Hua Nan Commercial Bank		5,300,206	2.71%
Pei-Fang Lu		4,740,000	2.42%
JPMorgan Chase Bank N.A. Taipei Branch in custody for JPMorgan Securities Investment Account		4,603,370	2.35%
Cathay Life Insurance Co., Ltd.		3,415,000	1.74%
ABS investment account in the custodianship of HSBC (Taiwan) Commercial Bank		3,376,719	1.72%
Norges Bank Investment Management investment account in the custodianship of Citibank (Taiwan)		3,310,962	1.69%

Chuangjia Investment Co., Ltd.	3,191,783	1.63%
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(IV) Company's dividend policy and implementation

1. Dividend policy stipulated in the Articles of Incorporation:

The Company is currently in the growth stage and must use the retained earnings to meet the operational growth and investment needs. Currently, the Company adopts a residual dividend policy.

In order to meet the needs of business expansion and industrial growth, the Company's future dividend policy is subject to the measurement of the needs for the Company's future capital expenditure budget. Earnings can be distributed in the form of cash dividends or stock dividends, provided that cash dividends shall not be less than 10% of the total amount of dividends.

2. Distribution of dividends proposed at the shareholders' meeting:

Cash dividends were distributed to shareholders at NTD 6 per share (i.e., NTD 3 for earnings per share and NTD 3 for capital reserve). The total cash dividends distributed to shareholders totaled NTD 1,174,582,932. Once the resolution is passed at the AGM, the base date of dividend distribution will be set by the Chairman.

3. Expected material changes in dividend policy: None.

(V) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: Not applicable.

(VI) Remuneration to employees, Directors, and supervisors:

1. The percentages or ranges with respect to employee, Director, and supervisor remuneration, as set forth in the Company's Articles of Incorporation:

If there is profit before the remuneration to employees and to directors, no less than 2% of the profit (referred to as profit before tax) shall be appropriated as remuneration to employees, and no more than 2% shall be appropriated as remuneration to directors. However, the Company still has accumulated losses (including the amount of adjusted undistributed earnings), the amount to make up for the accumulated losses shall be retained before calculating and appropriating the remaining balance.

2. The basis for estimating the amount of employee, Director, and supervisor remuneration, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: No difference.

3. Information on any approval by the Board of distribution of remuneration:

(1) The motion for distribution of remuneration to employees (managers) and Directors for 2024 was passed by the Board of Directors on March 13, 2025. The remuneration distribution approved by the Board is as follows:

Unit: NTD

Item	Remuneration of employees and remuneration of Directors intended to be distributed for 2024 (not yet approved by the annual shareholders' meeting)
Remuneration to employees (cash)	100,000,000
Remuneration to directors (cash)	9,000,000

(2) There is no difference between the proposed amount of remuneration to employees and Directors for 2024 and the amount recognized as an expense for 2024.

(3) Proposed amount of employee stock appropriation and its ratio to the total after-tax net profit and total remuneration to employees: No appropriation of employee stocks was proposed this time, so both the amount and the ratio were 0.

4. The actual distribution of remuneration to employees, Directors, and supervisors for the previous fiscal year (with an indication of the number of shares, monetary amount, and

stock price of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized remuneration to employees, directors, and supervisors, the reason for the discrepancy, cause, and how it is treated:

The actual distribution of remuneration to employees for 2023 was NTD 68,012,297, and the actual distribution of remuneration to Directors was NTD 9,000,000; they are not different from the recognized figures.

(VII) Status of the Company repurchasing its own shares:

March 31, 2025

Repurchase period	1st time
Purpose of repurchase	Safeguarding the Company's credit and shareholders' equity
Repurchase period	August 8, 2022 - October 4, 2022
Repurchase range price	NTD 70 - 100
Type and quantity of shares repurchased	4,737,000 shares of common stock
Amount of shares repurchased	NTD 420,456,557
Percentage of repurchased shares to expected repurchased shares	94.74%
Quantity of shares canceled and transferred	4,737,000 shares of common stock
Accumulated quantity of the Company's shares held	0 share
Percentage of accumulated quantity of the Company's shares held to total issued shares	0%

II. Issuance of corporate bonds:

The Board resolved to issue the third unsecured domestic convertible corporate bonds on March 1, 2024; the issuance was approved and archived under Letter Jin-Guan-Zheng-Fa-Zi No. 11303416551 of the FSC dated May 15, 2024, and was approved for the listing and trading on the TPEX on August 23, 2024 under Letter Zheng-Guei-Zai-Zi No. 11300084972 of the Taipei Stock Exchange.

Types of corporate bond	Third unsecured domestic corporate bonds
Date of issuance (processing)	August 23, 2024
Par value	NTD 100 thousand per unit
Place of issuance and trading	Non-overseas corporate bonds
Issuance price (NTD)	120.85% of the par value (assurance at a premium through a competitive bid)
Total	NTD 800,000 thousand
Interest rate	Interest rate of 0% per annum
Period	5 years, with a maturity date of 2029.08.23
Guarantee institution	Not applicable
Trustee	The Shanghai Commercial & Savings Bank, Ltd.
Underwriting institution	KGI Securities Co., Ltd.
Certified attorney	Attorney Ya-Wen Chiu, Handsome Attorneys-at-Law

CPA	Deloitte Taiwan Yu-Hsiu Su, Ming-Yu Chiu	
Types of corporate bond	Third unsecured domestic corporate bonds	
Method of repayment	Except for conversion or repurchase by bondholders according to the conversion regulations or early redemption by the Company according to the conversion regulations, cash is repaid in a lump sum based on the par value of bonds upon the expiry.	
Unpaid principal	NTD 796,900 thousand	
Redemption or early settlement terms	For details, please refer to Article 18 of the issuance and conversion regulations	
Restrictive clauses	None	
Name of credit rating institution, date of rating, and outcome of rating of corporate bonds	Not applicable	
With other rights	Amount of converted (exchanged or subscribed) ordinary shares, overseas depository receipts or other securities as of the publication date of the annual report	As of March 31, 2025, the number of conversions proposed by bondholders was 31 units, and they converted into 15,476 ordinary shares with a par value of NTD 10 per share, totaling NTD 154,760.
	Issuance and conversion (exchange or subscription) regulations	For details, please refer to the issuance and conversion regulations for the third unsecured domestic convertible corporate bonds.
Possible dilutive effects on equity and effects on the rights and interests of existing shareholders of the issuance and conversion, exchange or subscription regulations, and issuance conditions	Convertible bondholders generally convert bonds into ordinary shares progressively, and the dilutive effects on equity are not immediate; therefore, the issuance of convertible corporate shares does not have a material effect on shareholders' rights and interests.	
Name of the entrusted custodian for the underlying subject matter of exchange	Taiwan Depository and Clearing Corporation	

Information on convertible corporate bonds

Types of corporate bond		Third unsecured domestic convertible corporate bonds		
Year		2023	2024	Current year up to April 24, 2025
Item				
Market value of convertible corporate bonds	Highest		134.10	151.00
	Lowest		112.80	110.00
	Average		128.93	131.27
Conversion price			200.30	200.30
Date of issuance (processing) and conversion price at the time of issuance		Issued on August 23, 2024/NTD 202		
Method of fulfilling the conversion obligation		Issuance of new shares		

III. Preferred shares: None.

IV. Global depository receipts: None.

V. Employee stock options: None.

VI. Restricted stock awards: None.

VII. Acquisition or receipt of new shares issued by other companies: None.

VIII. Implementation of the capital utilization plans:

1. The Company organized the capital increase in cash through the issuance of new shares and the issuance of the third unsecured domestic convertible corporate bonds in 2024 Q3, and the total amount raised was NTD 2,326,829 thousand.
2. For the relevant project items, expected progress and implementation status, please visit the "MOPS" for inquiries.

MOPS > Single company > Equity change/securities issuance > Fundraising > Fundraising plan implementation

Link: https://mopsov.twse.com.tw/mops/web/bfhtm_q2 (code 3376)

Four. Business overview

I. Business contents

(I) Scope of business

1. Main business activities

- (1) Manufacturing and sales of various wires and leaf springs.
- (2) Manufacturing and sale of various precision steel molds, hardware and machinery, electronic parts, computer parts, and automobile parts.
- (3) Assembling, manufacturing and sales of various precision parts and components.
- (4) Manufacturing, processing and trading of various screws (metal).
- (5) Manufacturing, processing and trading of various anti-loosening and anti-leakage adhesives and thread lockers (metal and screws).
- (6) Brazing, R&D, manufacturing, and trading of aerospace and motorcycle parts and components.
- (7) Brazing, manufacturing, and trading of A/Cs, refrigerating machines and their parts and components.
- (8) Manufacturing and trading of plate heat exchangers.
- (9) Manufacturing and trading of catalytic converters.
- (10) Vacuum brazing, manufacturing, and trading of thermal insulation products (thermos mugs, thermos bottles, thermos plates, thermos pots, and insulation cabinets).
- (11) Heat treatment business.
- (12) Import and export business of the aforementioned products.
- (13) All businesses that are not prohibited or restricted by law, except those that are subject to special approval.

2. Proportion of business

Unit: NTD thousands

Products (commodities)	Year	2023		2024	
		Amount	%	Amount	%
Hinge products		9,522,192	95%	12,845,711	96%
Turning and milling products		101,941	1%	112,829	1%
MIM (metal injection molding)		353,062	3%	178,218	1%
Others		90,552	1%	190,587	2%
Total		10,067,747	100%	13,327,345	100%

3. Main products and services:

The main business of the Group is R&D, design, production and sales of various hinge parts, MIM parts, turning and milling parts, and stamped spring parts. The current product categories and their important uses are Indicated in the following table:

Main product categories	Important purposes and functions
Hinge parts	Mainly used as the hinge of a variety of notebooks, keyboards of tablets, arms for LCD monitors, foldable mobile phones, digital cameras, 3C products and other electronic information products and audio accessories.
MIM products (metal injection)	Combining powder metallurgy and injection molding technologies, it is suitable for manufacturing various products with high strength and high complexity in product

molding)	shapes. It can be applied to various electronic products and medical and automotive products.
Turning and milling products	The Company manufactures turning and milling products with a diameter of 3mm to 32mm, which are mainly used as the parts of various computers, electronic products, and E-bikes.
Stamped spring products	All types of precision-processed stamping parts and spring parts mainly used in switch connectors for computer, electronic, optical, home appliance, information, communication, instrument, and other products.
Other customized products of precision processing	Design and manufacture of molds and inspection tools; design and sales of customized automation equipment.

4. New products planned to be developed

- (1) Develop core parts, components, accessories and assembly parts for ultra-thin computers and LCD monitors.
- (2) Cooperate with customers to develop the hinges and related components of digital products and wearable devices.
- (3) Cooperate with customers to develop hinge and MIM products for folder mobile phones and tablets.
- (4) Develop hinge technology for foldable mobile phones.
- (5) Develop parts and hinges for AR/VR equipment.

(II) Industry overview

1. Current status and development of the industry:

The Company and its subsidiaries focus on the R&D, manufacturing and sales of hinges for notebooks, LCD monitors, mobile phones and 3C electronic products, and trading of precision metal stamping parts and spring-loaded products. The ratio of manufacturing and sale of hinge products account for the highest proportion and account for approximately 96% of the total operating revenue. In particular, hinges for wearable devices accounted for approximately 53%, hinges for LCD monitors (including LCD monitors and AIOs) accounted for 13%, hinges for laptops accounted for 20%, hinges for other 3C products accounted for 10%, MIM products accounted for approximately 1%, and the remaining products accounted for 3%.

(1) Notebooks

According to the development history of notebooks, consumers tend to purchase notebooks to replace PCs with constantly improved computing abilities and the launch of operating systems and the ARM platform. After the stage of fierce competition, large-scale notebook companies worldwide have adopted the global operational model to include partners in the value chain for reducing the inventory of parts, components, and finished goods, creating operating entities virtually integrated, and further improving their competitive strength. As the price of electronic products gradually decreases, PC companies are seeking a balance between quality and cost and securing professional foundry partners with premium technology and crafts. Enterprises in Taiwan have become material foundry partners for global brand companies due to their powerful R&D capabilities, flexible procedures, and premium product quality. Internationally renowned brands (i.e., Dell, HP, Lenovo, and Apple) have been increasing the ratio of foundries in Taiwan on a yearly basis, making Taiwan play a crucial role in the global notebook supply chain.

In the future, notebook manufacturers will continue to focus on light, thin, short, and small designs to improve the requirements of consumers for the efficacy and functions of IT products. Apart from the basic computing ability, consumers have constantly increasing requirements for entertainment multiple functions, wireless connection,

security, and electricity management. Regardless of the perspective of technological development or market demand, functions of notebooks in the future will focus on the core of multi-media entertainment, wireless technology, and security. As hinge parts and components have extensive applications in various electronic products, the hinge parts and components produced by the Company and its subsidiaries are indispensable core parts and components regardless of the changes in the trends of notebook products (i.e., thin, multi-section, transforming, or 360-degree flipping designs)

In addition, facing the shifting trends of the business emphasis of laptop companies, the Company actively engages in diversified development in the fields of consumer electronic products and precision part processing to respond to the changes in the industry in advance.

In terms of production sites, despite the fact that China remains the main production site at present, shipping status has been affected for laptop foundries due to the zero-COVID policy and power rationing measures in China for 2022. In addition, due to the intense US-China relationship and the increase in wages in China, brands and foundries have been seeking substitute production locations. Driven by major brands, it is estimated that Vietnam will become a complete laptop industry cluster and will progressively replace the position of China in terms of production in certain fields.

(2) Wearable equipment

According to IDC's report in 2024, the total shipment is expected to increase from 537.9 million units to 612.5 million units from 2024 to 2028, with an overall CAGR reaching 3.3%. Among them, ear-worn devices and smart watches will remain the main drivers in the market. The shipment of ear-worn devices in 2024 reached 342.2 million units, accounting for more than 60% of the market. The shipment is estimated to reach 399 million units by 2028, with a CAGR of 3.9%. The market for smartwatches will grow from 156.5 million units in 2024 to 175.2 million units in 2028. Despite the annual decrease of -3.0% in 2024, the market still shows a moderate upward trend, with a CAGR of 2.9%. The performance of these two product lines shows that the integration of functions and the health monitoring function have become increasingly important to consumers.

In contrast, the development of wristband-type devices shows a shrinking trend. Despite the annual growth of 7.8% in 2024, it is expected that the market will drop to 32.1 million, with a CAGR of -2.3% by 2028. This reflects the gradual replacement of simple wearable products with devices with more complete functions. On the other hand, although the market share of smart rings, smart glasses, and other emerging products remains low, their high growth potential is worth noting. The shipment of smart rings in 2024 was 1.7 million units, with an annual growth rate of 88.4%. It is estimated that the shipment will reach 3.1 million units by 2028, with an annual growth rate of 17.0%. The shipment of smart glasses is also on the rise. The shipment in 2024 was 1.8 million units, and it is expected to reach 2.30 million units in 2028, with a CAGR of 7.6%. The rapid development of such products shows that the market has an increasing demand for mini, high-sensitivity and new interactive methods.

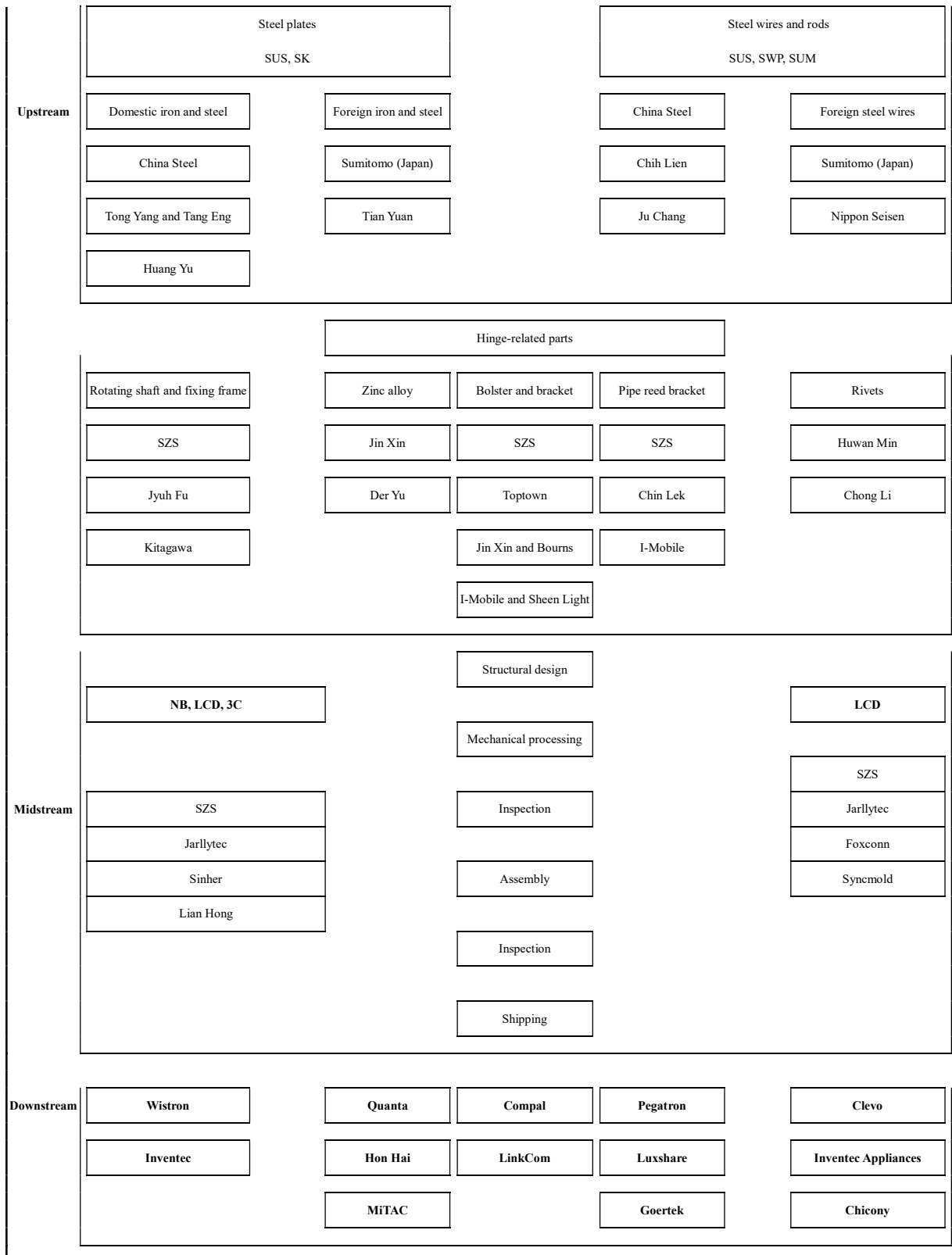
Overall, the focus of competition in the wearable device market from 2024 to 2028 will be on the technical level (i.e., the precision of health monitoring, improvement of battery life, and integration of AR/VR applications) and the development of product designs will turn to lightweight and diverse scenario development.

Unit: million Source: IDC, Sep 26, 2024

Product	2024 Shipments	2024 Growth	2024 Market share	2028 Shipments	2028 Growth	2024-2028 CAGR
Earwear	342.2	10.2%	63.6%	399	2.5%	3.9%
Smartwatch	156.5	-3.0%	29.1%	175.2	1.5%	2.9%
Wrist Band	35.2	7.8%	6.5%	32.1	-2.0%	-2.3%
Rings	1.7	88.4%	0.3%	3.1	5.8%	17.0%
Glasses	1.8	73.1%	0.3%	2.3	6.3%	7.6%
Others	0.6	0.1%	0.1%	0.7	1.1%	3.1%
Total	537.9	6.10%	100%	612.5	2.0%	3.3%

2. The correlation between the upstream, midstream and downstream of the industry

The hinge industry combines multiple institutional components to form complete hinge products through precise machinery structural designs and ensures compliance with the requirements of customers for size tolerance, torque, and durability. In the industry chain, manufacturers of hinge parts and components (i.e., rotating shafts, fixed shafts, zinc alloy, brackets, bolsters, pipe reed brackets, and rivets) are in the upstream. The Company is responsible for jointly developing structural designs with downstream customers and completing the assembly of hinge products that fall within the midstream. The downstream includes manufacturers of laptops, LCD monitors, wearable devices, and other system products.



3. Product development trends

In 2024, the notebook market was affected by the uncertainties of the macroeconomy, together with the specification optimization of U.S. brands. There was no launch of significantly modified models, resulting in sluggish shipping dynamics in general, and the supply chain continued to stay in the destocking stage. However, as the support for Windows 10 will be terminated soon, corporate users initiated a new round of replacement plans in 2025 to introduce laptops together with AI functions step by step. It is expected to bring about a laptop replacement trend, facilitating the mild recovery of shipping in the market. After the low demand period from 2022 to 2023, the wearable device market began to stabilize in 2024. In 2025, the main brands actively launched new products that combine health monitoring and AI integration functions. The market's recovery trend became clear. The growth momentum of the LCD monitor market is mainly from the demand for e-sports in the consumer market and the procurement demand for monitor arms in the commercial market. However, the growth of LCD monitor shipments in 2025 will slow down. This is mainly due to the lack of new stimulus materials in the market, coupled with the low profitability of 165Hz models, resulting in a more conservative shipping strategy adopted by most panel manufacturers. In the field of foldable mobile phones (flexible devices), core materials - flexible boards are still dominated by Samsung Display. Although Samsung is still the main promoter of the foldable cell phone market, as the production capacity of flexible boards in China continues to expand, the orders of flexible boards from mainstream Chinese brands have gradually shifted from Samsung to local manufacturers. It is expected that the launch of Apple's first foldable device in 2026 will be a turning point for the market that injects new growth momentum for the overall industry.

The following is a description of the development trend of the main terminal application market of the relevant products:

(1) Product development trends

(A) Notebooks:

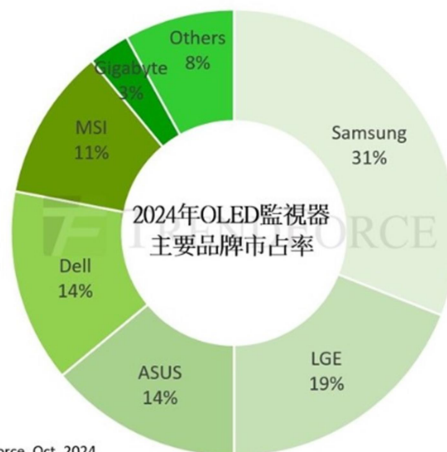
According to the latest data from Canalys, the global PC market has shown a stable rise trend in 2024 and is on the way to recovery. It is expected that the business equipment renewal cycle will come in 2025. The market has achieved annual growth for five consecutive quarters in 2024 Q4, with an annual growth of 5% of the total shipping for desktop computers, notebooks, and workstations, reaching 67.9 million units. Among them, the shipment of notebook computers (including mobile workstations) grew by 6.8% to 54.2 million units, and the shipment of desktop computers (including desktop workstations) declined slightly by 1.5% to 13.6 million units. Throughout the year, the total shipment of PCs grew by 3.9% in 2024, indicating that the market was recovering gradually. According to Ishan Dutt, the chief analyst of Canalys, with the termination of the support to Windows 10 in October 2025, a wave of equipment replacements will be triggered among enterprises to promote the growth of the overall market. In addition, according to the technology progress exhibited at the CES 2025, AI will become the core selling point for the new generation PCs. It is expected that PCs with AI functions will account for 35% of global shipping in 2025.



Source: Canals, Apr. 2025

(B) LCD Monitor:

Main brand customers in the LCD monitor market gradually turned to the price-oriented strategy. To improve the advantages in market price, many brands have started to cooperate with system foundries in China (i.e., HKC, MOKA, and CUMEC PDK), which brought immense competitive pressure for the monitor hinge industry. The growth potential of the LCD monitor market is mainly from the e-sports requirements in the consumer market and the requirements for monitor arms in the commercial market. According to the research of TrendForce, the OLED monitor market grew rapidly in 2024, and the shipping reached 1.44 million units, with an annual growth rate of 181%. Samsung secured the top ranking in market share with the launch of its 49-inch products that reached 31%, followed by the market share of 19% of LGE, ASUS and Dell competed for the third place, and MSI was the fifth in market share at 11%. Due to the launch of new models, Gigabyte is likely to become the sixth major brand. In terms of technology, with the expansion in production of Samsung Display and the promotion by brands, the shipping ratio of QD-OLED will increase from 53.5% to 73%, becoming mainstream. WOLED will decrease to 26%, and RGB LED will account for 1%.



Source: TrendForce, Oct. 2024

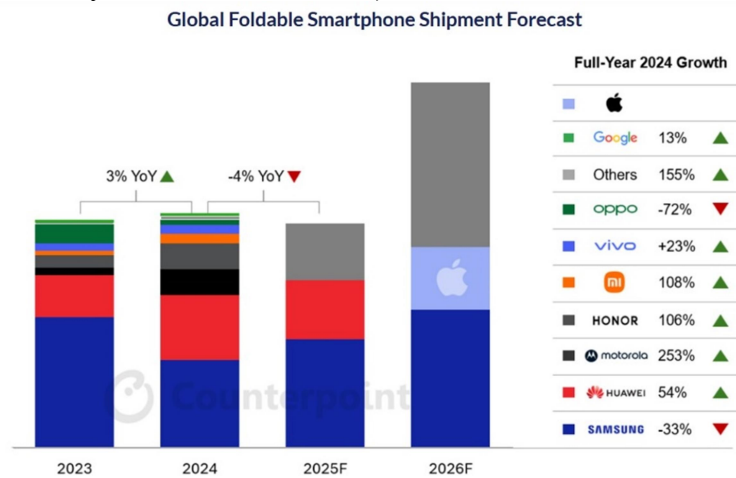
Source: TrendForce, Oct. 2024

(C) Digital camera:

With the rapid advances in the filming technology of smartphones, many mobile phone brands set camera functions as one of the core competitive advantages for product competition and launched smartphones with image processing abilities with high resolution and high performance and multi-camera systems to further improve the quality and functions of filming by using mobile phones, which made many consumers select mobile phones as the main filming tools. Therefore, the requirements for professional digital cameras continued to decrease. Only a few filming enthusiasts and professionals rely on professional cameras to satisfy specific requirements.

(D) Flexible device:

According to the latest report published by Counterpoint Research, the global market growth rate of foldable phones in 2024 was only 2.9%, indicating that the growth momentum of the product line slowed down significantly. Although the brands, including Huawei, Samsung, Honor and Xiaomi, performed well, the overall market was still dragged by the weak performance of the two major manufacturers in Q4. The sales of Samsung were sluggish due to political instability, and the reduction in the production volume of the entry-level foldable phones of OPPO caused poor shipping performance. The report further forecasted that 2025 will be the first year for the foldable phone market to record negative growth from the beginning (approximately between -3% to -5%).



Source: Counterpoint Research Global Foldable Smartphone Forecast

Source: Counterpoint Reserch, Mar 2025

Counterpoint also indicated that the key turning point will be in 2026, according to the “Foldable and Flexible Screen Technology and Supply Chain Report” that it published concurrently. In 2026, the global procurement of foldable screen panels is expected to increase by more than 18% per year, reflecting the high confidence of brands in future demand. Among them, the greatest momentum will come from Apple's expected formal launch of the first foldable device model in 2026. In the long run, the shipping of foldable phones is likely to break through 20 million units in

2026, representing a growth of nearly 40% from 1.45 million units in 2024. With the multiple advantages of mature technology, price structure adjustment and the entrance of new brands, foldable phones will rejoin the high-speed development track and will have in-depth effects on the global high-end smartphone market.

(E) Wearable device:

Smart wearable devices (i.e., earphones, watches, bracelets, and glasses) have main functions that cover the provision of real-time health monitoring, exercise tracking, notification reminders, positioning and navigation, entertainment, and work efficiency, and high-end products extend to advanced applications. Most devices can exchange data with smartphones, computers and other equipment to provide comprehensive smart life experiences.

According to IDC's forecast, the market of wearable devices will continue to grow from 2024 to 2028, with a CAGR for the total shipment reaching 3.3%. Among them, ear-worn devices and smartwatches are the main growth drivers. As consumers have increased attention to health monitoring and multi-function integration, emerging products (i.e., smart rings and smart glasses) have shown strong potential, with an annual growth rate of 17% and 7.6%, respectively. In contrast, the development of wristband-type devices with a single function shows a shrinking trend. The focus of future market competition will be on the precision of health monitoring, improvement of battery life, and integration of AR/VR applications, and the development of product designs will turn to lightweight and diverse scenario development, urging wearable devices to enter a new era of high sensitivity, high intelligence, and personalized experience.

4. Product competition

With the constant progress of companies in Taiwan in terms of cost control, global business management, and product quality, orders from large-scale international companies contributed to the stable international market share of information hardware products from Taiwan. The main scope of business of the Company covers the R&D, manufacturing, and sales of hinge products, MIM, precision part processing, springs and stamping parts, and hinge products are the main products that account for 95% of the Company's operating revenue or above. In the field of hinge products, the Company's products are widely used in electronic products (i.e., notebooks, LCD monitors, and wearable devices) with its series of high-precision product lines. Despite the fierce competition in the market after the financial tsunami and the low-price strategy of the competitors to secure the market, the Company has maintained its market position steadily with its advanced process capability and complete product lines.

For large-scale notebook manufacturers, grasping the complete supply chain of parts and components and expanding the production scale may realize larger cost reduction spaces in general. However, when facing customers' requirements for a significant decrease in the foundry price, the Company is required to choose either "orders" or "gross profit." To secure orders and maintain long-term cooperation, the Company may choose to reduce gross profit in a strategic manner under certain circumstances. As the electronics industry enters the micro-margin era, the effect of "size does matter" is no

longer effective in opposing the pressure of gross profit. Simply relying on the mild profit brought by the growth in operating revenue cannot ensure the continuous profit of enterprises. How to enhance the added value of products through technological innovation and avoid the pure foundry model has become a key challenge to be solved by enterprises.

To deal with the challenges, the Company continues to upgrade the automated production lines, which not only requires the integration experience of related systems but also requires a deep understanding of the procedures. The successful creation of automated production lines and the achievement of production targets with high efficiency require the combination of professional knowledge and advanced machinery and equipment. In addition, the Company has top-notch R&D and design capabilities and stable product quality, and is highly praised by customers. It also maintains close cooperation with leading global companies to move towards global development.

(III) Technology and R&D overview

1. R&D expenses in the most recent year and up to the publication date of the annual report

Unit: NTD thousands

Item	2024	As of March 31, 2025
R&D expenses	516,960	123,953
Net operating income	13,327,345	2,805,533
As a percentage of net operating income (%)	4 %	4%

2. Technologies or products successfully developed in the most recent year and up to the publication date of the annual report

- (1) Self-regulation torque tester
- (2) One piece flow automatic assembly machine
- (3) Fold-out foldable pivot
- (4) Fatigue life forecast

(IV) Long-term and short-term business development plans

1. Short-term development plan

- (1) Market strategy
 - (A) Maintain the market share of the existing products while continuously developing new products with market niche.
 - (B) Actively expand overseas markets and increase the global market coverage.
- (2) Business strategies
 - (A) Improve production process automation and optimize logistics systems to achieve the target of cost control.
 - (B) Increase the added value of products to facilitate the growth in the overall gross margin.
 - (C) Strengthen the development of human resources and cultivate an international management team with international viewpoints.
- (3) R&D strategy

- (A) Cooperate with domestic and foreign academic institutions and research departments to jointly promote the R&D of innovative technologies.
- (B) Focus on the development of leading-edge technologies and accelerate the timetable of products from R&D to mass production.
- (C) Develop low-carbon product designs to improve product efficiency and value of recycling.
- (D) Strengthen the quality control system to ensure that the product quality reaches the market and customer expectations.

2. Long-term development plan

- (1) Market strategy
 - (A) Set up customer service locations and production facilities around the target market to provide real-time collaborative designs and local manufacturing and delivery services
 - (B) Develop new market application fields with technical capabilities to reduce risks of product concentration.
- (2) Business strategies
 - (A) Enhance the brand value and image and improve the overall market competitiveness.
 - (B) Adopt cross-border division of labor to exert competitive advantages of global deployment.
 - (C) Optimize the supply chain system and strengthen operational efficiency and product stability.
- (3) R&D
 - (A) Continue to increase investment in R&D and launch new technologies and products with potential for business opportunities.
 - (B) Grasp high-end manufacturing technologies and further improve product performance and production capacity efficiency.
 - (C) Strengthen the deployment and management of intellectual property rights and consolidate the patent technology and licensing system.
 - (D) Introduce reasonable procedures during the initial period for product development to shorten the introduction period.
 - (E) Build a flexible manufacturing system to flexibly respond to market changes.
 - (F) Promote green production concepts and reduce environmental burden and energy consumption.

II. Overview of the market, production and marketing

(I) Market analysis

1. Sales (supply) regions of the Company's main products (services)

Unit: NT\$ thousands; %

Region	2023		2024	
	Sales	Ratio	Sales	Ratio
Taiwan	236,992	3%	271,176	2%
Asia	9,676,813	96%	12,934,172	97%
America	139,333	1%	109,401	1%
Europe	14,609	-	12,596	-
	10,067,747	100%	13,327,345	100%

2. Market share

The Company is still in a leading position and occupies a certain market share regarding hinges for global commercial and consumer electronic products. The Company will continue to uphold the spirit of positivity, innovation, and professionalism and cooperate with major partners around the world to constantly launch new models that conform to the market trend. Therefore, it is expected that the market share of the Company will continue to increase in the fields of NBs, monitors for PCs, wearable devices, Bluetooth devices, AR/VR, mobile phones, and various precision parts and components.

3. Future market supply/demand and growth

Taiwan is the area with the highest concentration of production design for notebooks and consumer electronic products worldwide and has global logistics capabilities, rapid response and economic scale. Despite the rise of companies in Mainland China, the design capacity of notebooks and consumer electronic products remains at the top worldwide. The brand-new CPU and AI chips have driven the machine replacement trend and the remote working and education. Under the continuous development of remote medication, hinges, and other electronic parts and accessories of the Company still have development spaces in the market in the future.

4. Competitive niche

The technical team of the Company specializes in the field of R&D and design and has a strong technical background and innovative ability for various models from structural connection, precision molds, continuous module design and precision springs. Possessing unrivaled R&D capabilities and flexible production processes are important competitive niches of the Company, described as follows:

- (1) Possess planned and scalable reasonable equipment for machinery expansion in the hope of improving the production capacity and quality to achieve the ideal of globalization following the development of large-scale international companies.
- (2) The R&D and design capabilities are world-leading standards, and the quality is stable and highly recognized by customers. Increase profit margins with new R&D and patented products.
- (3) The Company is financially sound and stable, featuring sustainable operations, has good credit standing, flexible capital allocation, and the ability and flexibility to withstand drastic changes in the market.

- (4) A strong management team: The Company adopts a professional manager system with full authorization; therefore, it is sensitive to the market, and the decision-making process is fast. In addition, the senior management has strategic visions and is of high literacy and full of active ambitions. Through the employee bonus policy to strengthen cohesion within the Company, the management team cooperated with the support of production, marketing and management, and an excellent tacit understanding has been cultivated.
- (5) Abundant management technologies and loading procedure technologies: Management technologies at the manufacturing sites are the most direct factors for quality, delivery term, and costs. The Company's on-site management team has extensive on-site management experience and continues to improve efficiency to meet customer requirements. The production machines used by the Company are the most advanced among different countries, leading the small -sized machines in the domestic industry. With extensive management skills, we can improve our efficiency to the optimal state.
- (6) Comprehensive product portfolio: The Company's product line for hinges of NBs and foldable phones includes traditional, double-wrap, zinc alloy, autolock, ultra-thin, 360° flipping, and flexible models. The product portfolio of domestic and foreign partners is not as comprehensive as the Company's, and the development of our products is consistent with the integrated trend of information, communication and consumer electronics.
- (7) Complete marketing and international labor division system: To achieve the purpose of real-time supply, the establishment of an international marketing system and a comprehensive product series can give full play to the advantages of marketing.
- (8) Development and production of high-precision parts in Taiwan: Currently, all high-niche products are produced domestically to support the government's roots in Taiwan policy and to prevent the leakage of technologies.
- (9) Improve self-manufacturing capability and introduce automated part production.
- (10) The Company possesses a team with extensive experience in joint development with world-renowned large-scale companies. From design, retooling, and quality certification to mass production approval, there is a comprehensive system to take charge and respond so as to satisfy the reports and data required for communication with customers. It also has a highly automated quality traceability system that allows comprehensive control from the yield to production operators.

5. Favorable and unfavorable factors of development prospects and countermeasures

- (1) favorable factors:
 - (A) The electronics industry and foldable phones still have great room for growth: In response to the structural changes in the global electronic information industry and under the trend of information appliances, the demand of a wide range of consumers for electronics products derived from electronic information, communications, optoelectronics and the cloud for various hinges will increase, which

has positive benefits for the performance and profits of the Company.

- (B) Stable product quality: due to the Company's long-term commitment to automated production, optimized management of production efficiency, control of defective rates, and implementation of corrective actions, the Company has mastered the production technology of electronic components. The Company cooperates and communicates with customers in technology to promote the establishment of a comprehensive quality management system, which is further implemented in production and logistics operations. Therefore, the Company's orders are stable and continue to increase.
- (C) Possess a management team with professional skills and high cohesion: The Company's management team has extensive professional and technical experience and constantly develops the optimal production conditions to maximize production efficiency and reduce manufacturing costs. Moreover, the management team and junior employees have a high level of cohesion towards the Company. Therefore, with the joint efforts of the management team and junior employees, the Company's performance and profits have constantly hit record highs.
- (D) Long-term favorable partnerships with large-scale international NB, LCD and foldable product foundries: The Company's main customers are mostly large-scale international NB and LCD foundries (Pegatron, Compal, Quanta, Wistron, LinkCom, Inventec, Hon Hai, Qisda, Luxshare, Huawei, and Goertek) that it has been cooperating with for years and has favorable tacit understanding in product R&D or production, which has been recognized by customers. NB, LCD and Bluetooth equipment industries attach great importance to the close cooperation between upstream and downstream. Under a favorable partnership, it will be helpful to conduct technical exchanges with customers in all aspects and secure more opportunities to cooperate with customers to grasp the opportunities for new product development.
- (E) Strong R&D and design capabilities: The Company has recognized the importance of technology development and rooting since its inception and has, therefore, cultivated senior personnel within the industry to participate in customers' R&D projects throughout the process to establish a professional technical foundation. In addition, a full range of training is provided to existing employees, including internal technology inheritance, organizing internal education and training courses, and participation in external education and training courses to improve the technical capabilities of employees so as to allow talents to constantly grow along with the development of the Company in terms of quality and quantity. Such talents are widely distributed in the fields of product development and design, process improvement, quality improvement and equipment rationalization, allowing the Company to possess strong R&D and design capabilities. In addition, participation in industry-academy and cooperative education stimulates employees' innovations and cultivates a solid R&D bedrock.

(2) Unfavorable factors :

(A) The increase in labor costs due to the lack of labor: Taiwan's economy has developed rapidly in recent years, and the industrial structure has been changing. Various service industries are emerging, and the manufacturing industry has transformed from a traditional labor-intensive to a capital-intensive and technology-intensive industry. As a result, the number of employees in the manufacturing industry has decreased, and there are difficulties in recruiting basic laborers.

Countermeasures:

- (a) Ever since the investments in the production of precision parts and components, the Company has been committed to rationalized production and process improvement to improve the level of rationalization of plants through the increase in rationalized machinery and equipment to reduce the reliance on human labor in the hope of improving the unit output efficiency of junior employees.
 - (b) Introduce foreign workers for production in Taiwan and set up production locations in Mainland China to solve the problems of labor shortage and personnel turnover, which will help to improve product quality and reduce production costs in the long run.
 - (c) Strengthen on-boarding and in-service training for employees, improve personnel literacy and productivity, commit to human resource planning, and enhance employee welfare to effectively reduce personnel turnover and improve the Company's profitability.
- (B) Increasingly fierce price competition: Due to the impact of the rapid upgrade of tablets and NBs, the prices of NB products have been on a downward trend. As a result, the prices of NB parts and components have been reduced, and different NB parts and component companies strive to become the partners of NB manufacturers. In addition to meeting customers' requirements in terms of price, the price competition between such companies is becoming increasingly fierce.

Countermeasures:

- (a) Expand plants to increase vertical integration capabilities to achieve the one-stop production model and enhance the ability to respond to price competition through economies of scale and cost control.
 - (b) Strengthen the cooperation with customers, continue to work with customers to develop niche models, and obtain higher profits through the higher selling price of niche model products.
 - (c) Develop new structures to meet customers' requirements for innovation and enhance product competitiveness through technological upgrades.
- (C) Significant impacts arising from exchange rate fluctuations: As the

Company's export sales ratio has been increasing on a yearly basis, excessive exchange rate fluctuations may erode the Company's profits.

Countermeasures:

- (a) The exchange rate information is provided by the correspondent bank so that the Company can fully grasp the trend of the exchange rate and reduce the impact of exchange rate fluctuation on the Company's operating income and profit.
- (b) When the exchange rate fluctuates significantly, the Company adopts other instruments (i.e., trading forward exchange) to avoid the exchange rate fluctuation and adopts natural hedging to reduce the net position of USD assets.

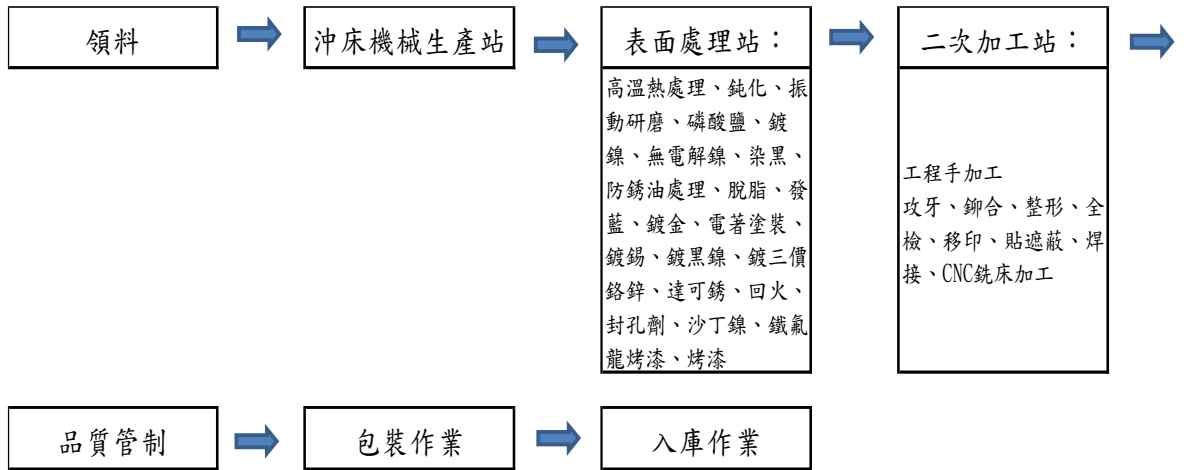
(II) Important uses of the main products and production processes:

1. Important uses of the main products:

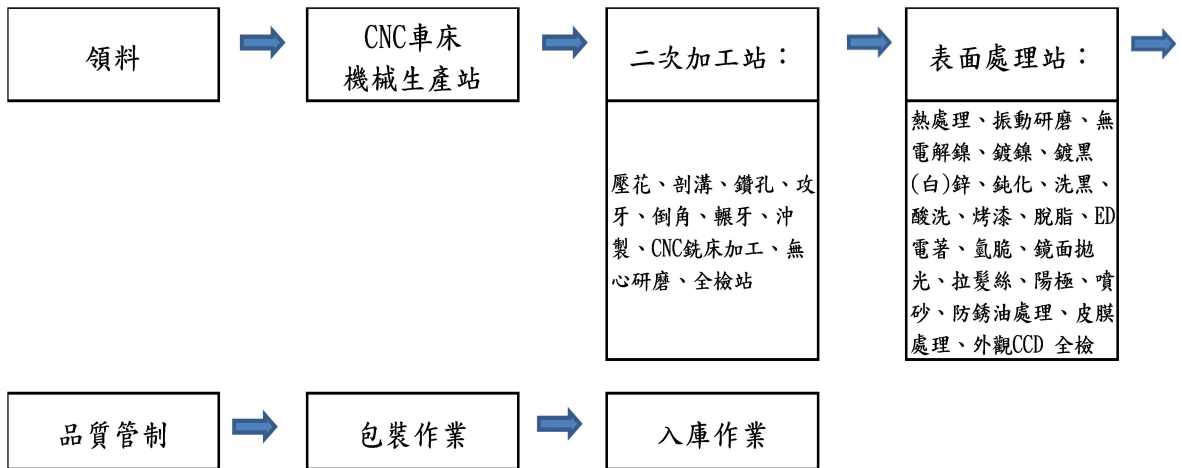
Main product categories	Important purposes and functions
Hinge parts	Mainly used as the hinge of a variety of notebooks, keyboards of tablets, arms for LCD monitors, foldable mobile phones, digital cameras, 3C products and other electronic information products and audio accessories.
MIM products (metal injection molding)	Combining powder metallurgy and injection molding technologies, it is suitable for manufacturing various products with high strength and high complexity in product shapes. It can be applied to various electronic products and medical and automotive products.
Turning and milling products	The Company manufactures turning and milling products with a diameter of 2mm to 32mm, which are mainly used as the parts of various computers, electronic products, and E-bikes.
Stamped spring products	All types of precision-processed stamping parts and spring parts mainly used in switch connectors for computer, electronic, optical, home appliance, information, communication, instrument, and other products.
Other customized products of precision processing	Design and manufacture of molds and inspection tools; design and sales of customized automation equipment.

2. Production process of products:

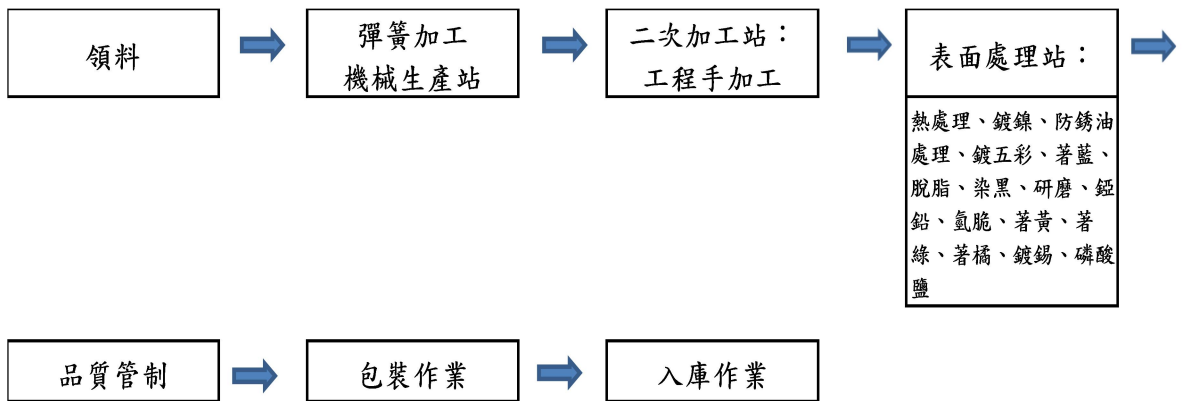
- (1) Production process of stamped products



(2) Production process of turning and milling products

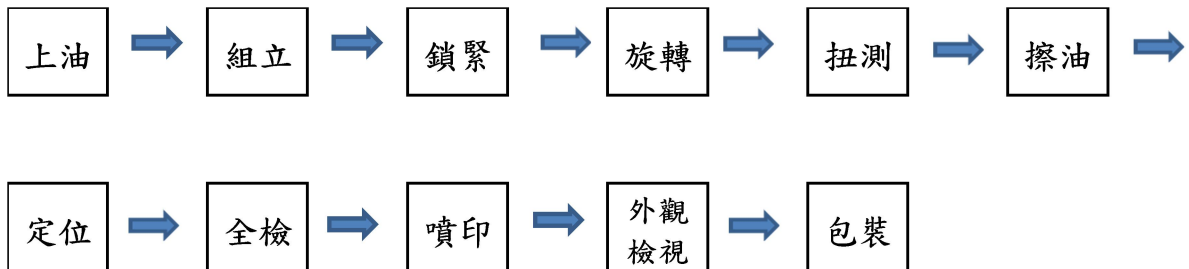


(3) Production process of spring processing products

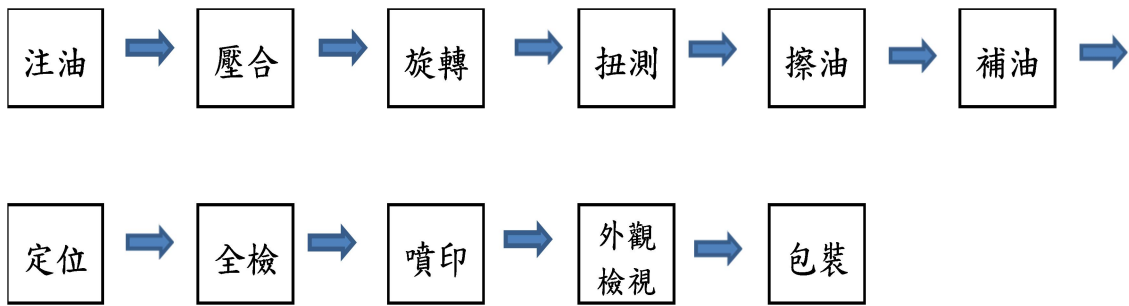


(4) Hinge assembly process

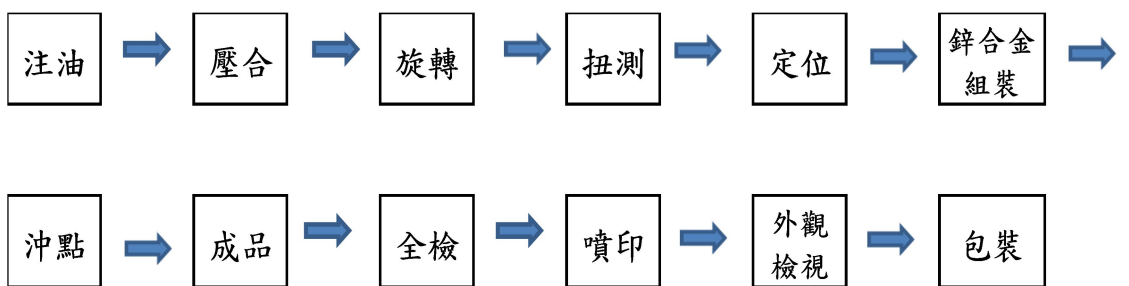
① Traditional



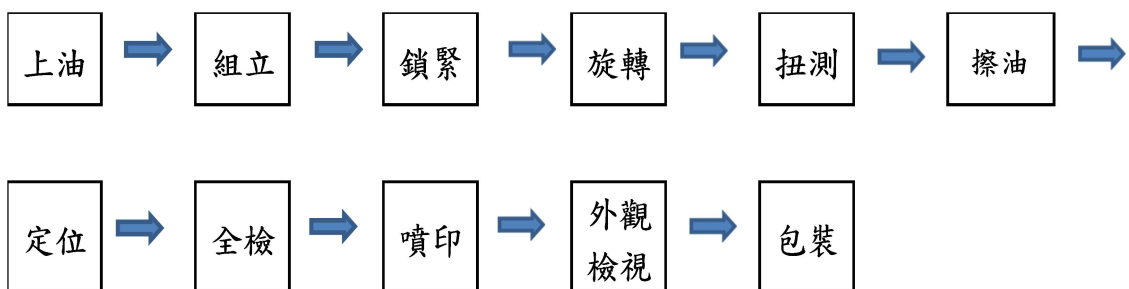
② Double-wrap



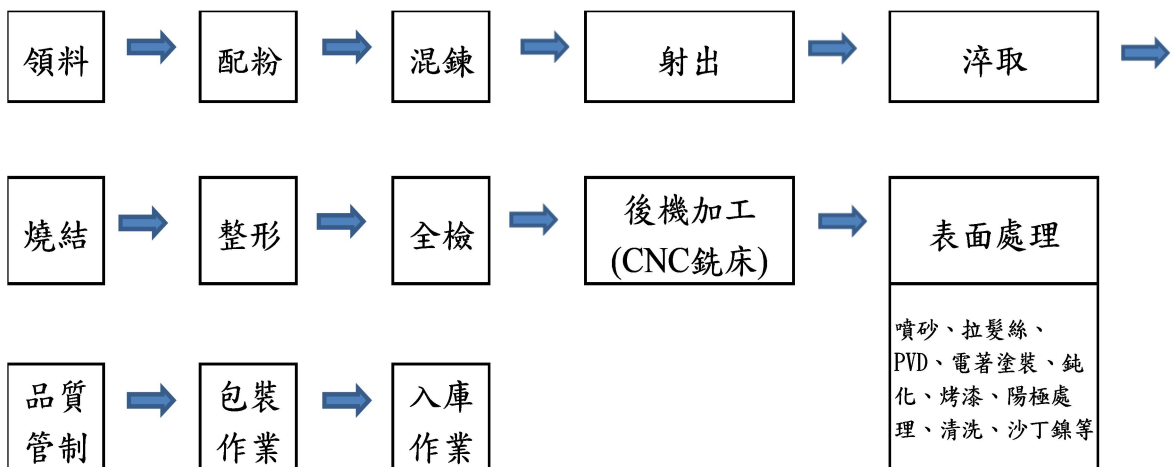
③ Zinc alloy



④ Autolock



(5) Production process of metal injection molding products



噴砂、拉髮絲、
PVD、電著塗裝、鈍
化、烤漆、陽極處
理、清洗、沙丁鏢等

(III) Supply of main raw materials

Main raw materials	Main sources of supply	Status of supply
Bolster/fixing bracket/bracket	Co-wealth, Der Yu, Sheen Light, and others	Favorable
Rotating shaft/shaft core/shaft sleeve	Fu Chia, Sen Hai Xin, Chen Jei, Protek, and others	Favorable
Stamped parts	New Quant, I-Mobile, Yiter,, Foxconn Kunshan, and others	Favorable
Plate materials/rod materials	South Hetton and Jia Gwan	Favorable
Spring plate/spring	Chain Young, Jinyi, and Yi Jin	Favorable
Cables and wires	Hsiang Hung, Daiichi, Manho, and others	Favorable
Screws/nuts/rivets and others	Minebea, Goking, Hama Naka, Guangdong Quansheng, and others	Favorable
Steel plates/copper plates	Tian Yuan, Huang Yu, and others	Favorable
Iron parts/turning and milling parts	Xiangxinwang, Mia, Hama Naka, and others	Favorable
Plastic parts	Jabil, Jin Shun Fa, I Cheng, Pioneer, Dongguan Bonteck, and others	Favorable
Powder raw materials/iron powder	BASF, Gredmann, and others	Favorable
Die castings	Buyang Okazaki, Xin Lien Yi, Risun, Platform, and others	Favorable
Aluminum extrusion CAP	EBEST, Xi'enbi, Tai Shan City Kam Kiu, and others	Favorable

(IV) List of major suppliers and customers in the most recent two years:

- The names of suppliers account for over 10% of the total purchases in any of the most recent two years, the amount of purchases and the percentage, and the reasons for the changes: None.

Unit: NTD thousands

Item	2023				2024				2025 Q1			
	Title	Amount	Percentage to net sales throughout the year (%)	Relationship with the issuer	Title	Amount	Percentage to net sales throughout the year (%)	Relationship with the issuer	Title	Amount	Percentage to net sales throughout the year (%)	Relationship with the issuer
1	None	—	—	—	None	—	—	—	Company X	292,575	14	Substantial related party

Reason for the changes: Mainly due to the growth in the purchase proportion from Company X arising from the increase in product requirements.

2. The names of customers account for over 10% of the total sales in any of the most recent two years, the amount of sales and the percentage and the reasons for the changes:

Unit: NTD thousands

Item	2023				2024				2025 Q1			
	Title	Amount	Percentage to net sales throughout the year (%)	Relationship with the issuer	Title	Amount	Percentage to net sales throughout the year (%)	Relationship with the issuer	Title	Amount	Percentage to net sales throughout the year (%)	Relationship with the issuer
1	Company H	3,013,840	30	None	Company H	4,528,682	34	None	Company H	747,160	27	None
2	None	—	—	—	None	—	—	—	Company I	368,895	13	None
	Others	7,053,907	70	—	Others	8,798,663	66	—	Others	1,689,478	60	—
	Net sales	10,067,747	100	—	Net sales	13,327,345	100	—	Net sales	2,805,533	100	—

Reason for the changes: Primarily due to the continuous growth in the sales proportion to Company H and Company I resulting from the increase in wearable and accessory hinge product requirements.

III. Number of employees, average years of service, average age, and education background of employees for the most recent two fiscal years up to the date of publication of the annual report

Unit: person; years old; year

Year		2023	2024	March 31, 2025
Number of employees	Direct personnel	2,306	2,192	2,259
	Indirect personnel	1,255	1,362	1,343
	Total number of persons	3,561	3,554	3,602
Average age		35.8	36.6	36.2
Average years of service		4.5	4.9	4.8
Education distribution ratio	Doctoral Degree	0.06%	0.06%	0.06%
	Master's Degree	3.34%	3.52%	3.19%
	University (junior college)	29.65%	32.30%	31.54%
	Senior (vocational) high school	33.22%	33.60%	32.84%
	Below senior high school	33.73%	30.52%	32.37%

IV. Information on disbursements for environmental protection

(I) The description of the collection of pollution facility installation permit or pollution discharge permit, the payment of pollution control expenses, or the establishment of a dedicated environmental protection department/personnel according to the laws and regulations:

The Company has obtained the ISO14001 Environmental Management System and QC080000 Environmental Restricted Substance Management certifications. In the spirit of cherishing natural resources, efforts are made towards pollution prevention and continuous improvement. In the future, the Company will strive towards environmental performance policies of green R&D and design, product environmental label and certification, and product life cycle assessment.

1. The collection of pollution facility installation permits or pollution discharge permits or the establishment of a dedicated environmental protection department/personnel

Plant	Type of permit	Permit No.	Review/issuance agency
Shin Zu Shing Co., Ltd.	Waste clearance plan	F09305190015	Environmental Protection Department, New Taipei City Government
Shulin Plant, Shin Zu Shing Co., Ltd.	Fixed pollution source operation permit	Xin-Bei-Shi-Huan-Cao-Zi No. F1853-06	Environmental Protection Department, New Taipei City Government
Shulin Plant, Shin Zu Shing Co., Ltd.	Water pollution control permit	Xin-Bei-Shi-Huan-Shui-Xu-Zi No. 02565-09	Environmental Protection Department, New Taipei City Government
Shulin Plant, Shin Zu Shing Co., Ltd.	Waste clearance plan	F09604280001	Environmental Protection Department, New Taipei City Government
Junying Plant, Shin Zu Shing Co., Ltd.	Waste clearance plan	F10312220010	Environmental Protection Department, New Taipei City Government
Sanjun Plant, Shin Zu Shing Co., Ltd.	Water pollution control permit	Xin-Bei-Shi-Huan-Shui-Xu-Zi No. 05740-02	Environmental Protection Department, New Taipei City Government
Sanjun Plant, Shin Zu Shing Co., Ltd.	Waste clearance plan	F10711020004	Environmental Protection Department, New Taipei City Government
Xinshu Plant, Shin Zu Shing Co., Ltd.	Waste clearance plan	F10510050005	Environmental Protection Department, New Taipei City Government
Junxing Plant I, Shin Zu Shing Co., Ltd.	Waste clearance plan	F10402250006	Environmental Protection Department, New Taipei City Government
Guishan Plant, Shin Zu Shing Co., Ltd.	Waste clearance plan	H11008200002	Environmental Protection Department, New Taipei City Government

2. Payment of pollution control expenses

Unit: NTD thousands

Category	2023		2024	
	Pollution control expenses, energy conservation and consumption expenses, waste processing expenses, environmental protection management and maintenance expenses, and environmental protection cleaning expenses	The Company	12,392	The Company

(II) The Company's investment in major environmental pollution control facilities, their uses, and possible benefits shall be specified:

Unit: NTD thousands

No.	Attribution of disbursements for environmental protection	Investment projects	Uses and benefits	Amount of expenditure
1	Water pollution control	Operation and maintenance of wastewater treatment facilities	Wastewater treatment to meet the Effluent Standards in compliance with regulations	6,059
2	Water pollution control	Operation and maintenance of waste water recycling and treatment facilities	Wastewater recycling and reuse	132
3	Water pollution control	Effluent testing	Quarterly reporting and compliance with the discharge standards of laws and regulations	344
4	Air pollution control	Reporting of air pollution fees	Quarterly reporting and regular payments	539
No.	Attribution of disbursements for environmental protection	Investment projects	Uses and benefits	Expenditure Amount
5	Air pollution control	Air pollution control testing	Quarterly reporting and compliance with the discharge standards of laws and regulations	378
6	Air pollution control	Operation and maintenance of air pollution facilities	Air pollution processing meets the regulatory standards	6,246
7	Waste clearance	Waste testing	General business waste (sludge testing)	278
			Hazardous business waste (waste liquid testing)	
8	Waste clearance	Outsourced waste clearing	General and hazardous business waste generated can be properly processed	10,769
9	Soil and groundwater remediation	Reporting of soil and groundwater remediation expenses	Quarterly reporting and regular payments	38
10	Noise pollution control	Peripheral boundary noise testing	Regular annual testing	266
Total				25,049

(III) Any losses suffered due to environmental pollution in the most recent year and up to the publication date of the annual report (including compensation and the violations of environmental protection regulations found in environmental protection audit results; the date of disposal, disposal document No., article violated, the content of the violation of regulations, and the content of disposal shall be specified); disclose the estimated amount that may occur at present and in the future and the countermeasures. If the amount cannot be reasonably estimated, the reason why it cannot be estimated shall be stated:

Date of disposal	Disposal document No.	Article violated and the content of the violation of regulations	Content of disposal	Estimated amount that may occur at present and in the future	Countermeasures
2024/01/25	Xin-Bei-Huan-Ji-Zi No. 1130170987 No. of the punishment notification 32-113-010001	The Company's Xinshu Plant II is a business specified under paragraph 1, Article 9 of the Soil and Groundwater Pollution Remediation Act. The Company failed to enclose soil pollution assessment survey and testing data of the land before reporting it to the Environmental Protection Bureau for review.	A fine of NTD\$150,000	NTD\$150,000	It is an administrative procedure recognition problem. Subsequently, please engage a technician or scrivener for relevant applications to describe whether there is any document application sequence and set out the quotations before applying based on the sequence.

2024/02/27	Xin-Bei-Huan-Ji-Zi No. 1130350478 No. of the punishment notification 32-113-020001	The Company's Junying Plant II is a business specified under paragraph 1, Article 9 of the Soil and Groundwater Pollution Remediation Act. The Company failed to enclose soil pollution assessment survey and testing data of the land before reporting it to the Environmental Protection Bureau for review.	A fine of NT\$150,000	NT\$150,000	It is an administrative procedure recognition problem. Subsequently, please engage a technician or scrivener for relevant applications to describe whether there is any document application sequence and set out the quotations before applying based on the sequence.
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Date of disposal	Disposal document No.	Article violated and the content of the violation of regulations	Content of disposal	Estimated amount that may occur at present and in the future	Countermeasures
2024/03/11	Xin-Bei-Huan-Ji-Zi No. 1130445604 No. of the punishment notification 32-113-030001	The Company's Sanjun Plant I is a business specified under paragraph 1, Article 9 of the Soil and Groundwater Pollution Remediation Act. The Company failed to enclose soil pollution assessment survey and testing data of the land before reporting it to the Environmental Protection Bureau for review.	A fine of NT\$150,000	NT\$150,000	It is an administrative procedure recognition problem. Subsequently, please engage a technician or scrivener for relevant applications to describe whether there is any document application sequence and set out the quotations before applying based on the sequence.
2024/07/15	Xin-Bei-Huan-Ji-Zi No. 1131371022 No. of the punishment notification 30-113-070015	The Company engages in electroplating, which is the electroplating industry under the business classification and definition of the Water Pollution Control Act, and the Company has a license for wastewater (sewage) discharge to surface water (license No.: Xin-Bei-Shi-Huan-Shui-Xu-Zi No. 02565-08). During the audit, the wastewater treatment facility 5 was in operation. A water sample was taken from the discharge port (D01) for testing. According to the testing results, nickel reached 0.783 mg/L (limit: 0.7 mg/L), failing to comply with the effluent standards. In addition, the site has two pools of mixing basins (T01-12); however, the registration of the permission document was one pool. There was a belt filter dewatering machine; however, the registration of the permission document was two (T01-22 and T01-24). A belt dewatering machine was added; however, the permission document has no record. Such circumstances failed to operate according to the permitted registrations.	A fine of NT\$169,300	NT\$169,300	This case is a subsequent punishment for a former case in 2022 where the sampling of wastewater exceeded the standards due to the gap in communications with the competent authority for the improvement in the construction timetable. For this part, the Environmental Protection Department had made a review and confirmed that there is no problem. Furthermore, to avoid the occurrence of this problem, the Company also enhanced the self-testing frequency and changed the agents, and so far, there has been no recurrence.
2024/12/30	No. of the punishment notification 41-113-121318	The waste generated by the Company failed to be cleared or disposed of by public or private waste clearance and treatment institutions for general waste according to the requirements of the competent authority.	A fine of NT\$1,200	NT\$1,200	The Company has entered into a contract for future reference based on the resolution of the competent authority, and the review was completed. The control over the entrance of vehicles for work was improved to prevent the recurrence.

As set out in the table above, the Company completed the improvements for circumstances punished by the competent authority due to the violation of environmental protection regulations, and the fines paid accounted for an insignificant ratio of the operating revenue of the Company or shareholders' equity; therefore, there is no material effect on the Company's finances and business.

V. Labor-capital relations

(I) The Company's employee welfare measures, continuing education, training, and retirement systems and their implementation, as well as the labor-capital agreements and measures to protect the rights and interests of employees

1. Employee welfare measures :

The Company attaches great importance to employee welfare; in compliance with labor laws and regulations, the Company appropriates monthly pension reserve and has established and registered its "Employee Welfare Committee" to actively promote the following welfare:

- (1) The Company enrolls for employees' labor insurance and National Health Insurance and provides group insurance for employees.
- (2) Provide in-service training to enhance employees' professional capacity based on their work requirements and their expertise.
- (3) Bonuses are paid at the end of the year, and the bonuses are approved and distributed at the end of the year based on individual work performance, seniority, and other items.
- (4) Wedding, bereavement, hospitalization and medical care subsidies.
- (5) Bonuses for three major Chinese festivals and birthday gift money.
- (6) Health inspections and dedicated nursing practitioners.
- (7) Provide dormitories for employees from remote regions.
- (8) Employee cafeteria and the provision of company uniforms
- (9) Subsidies for in-service continuing education.
- (10) Children's education subsidy.
- (11) Company trip subsidies.

The Company has established "Procedures for Education and Training" for employees' continuing education and training to achieve the goal of labor optimization by improving individual literacy through education and training. The Company also stated that all employees shall complete one hour of education and training courses for labor human rights and occupational safety and health regulations, respectively, each year.

2. Employees' continuing education and training:

The implementation and results of the Company's education and training in 2024 are as follows:

Training category	Training items	Training content	No. of females	No. of males	Training Total hours
Internal training	Orientation training	Allow new employees to understand the Company's history and future development, and introduce employees' rights and obligations, as well as provide basic general education on occupational safety, information safety, quality, etc., to help new employees fit into the organization faster.	469	535	4,998
	Quality training	Establish quality systems such as ISO, ITAF 16949, and GP, as well as laboratory quality regulations and systems.	295	541	2,531
	Information education	Strengthen the awareness of information security for all employees in plants and arrange social engineering drills from time to time.	326	603	1,759
	Professional training and technology promotion	The training requirements shall be proposed based on the annual planning of each department. Internal lecturers are cultivated, external lecturers are invited to have in-house lectures, and various professional training and technology inheritance are organized. including internal application and process guidance, basic/technical competency courses, and new knowledge and issues in the industry.	2,289	2,854	4,762

Training category	Training items	Training content	No. of females	No. of males	Training Total hours
	Management training and sustainability seeds	Strengthen the management functions of supervisors, build up the awareness of corporate social responsibility of supervisors, and carry out exploration and actions on ESG issues. Convey sustainability knowledge on ESG, net-zero carbon emissions, GHG inventory, SDGs, corporate governance, etc. conveyed to the sustainability seeds of all departments.	41	31	591
	Occupational safety and health, labor human rights and moral education	Arrange one-hour labor safety and health and labor health and human rights courses for all employees in plants each year to improve personnel safety and the establishment of awareness of human rights.	2,027	1,986	4,230
External training	Professional external training, certified operations	Arrange various external licenses training and retraining courses on the operation of equipment requiring licenses, dangerous (hazardous) operations, and first-aid operations to ensure the work arrangements of personnel and comply with various regulatory requirements. For example, forklift operators, occupational accident first aiders, fire management personnel, specific chemical operations supervisors, and crane operators.	8	56	363
Self-development	Self-learning, in-service continuing education, and general knowledge education	We encourage employees to improve work-related professional functions, develop their second expertise, and actively apply for the application of internal and external seminars and lectures, and we provide training subsidies. We also offer knowledge and skill improvement and the latest information updates for business management, auditing, taxation, finance and accounting personnel.	21	16	375
			5,476	6,622	19,609

3. Retirement system and its implementation:

- (1) The "Labor Pension Act" came into effect on July 1, 2005. Laborers may choose to continue to apply the pension provisions of the "Labor Standards Act" or apply the pension system of the Act and retain their work seniority before the application of the Act. The Company's Regulations for the Retirement of Employees established according to the "Labor Pension Act" offers a defined pension appropriation plan, and it appropriates 6% of employees' salaries each month to the individual pension accounts starting from July 1, 2005. (In accordance with the Labor Pension Act, the monthly contribution rate of the employer to the labor pension shall not be less than 6% of the laborer's monthly wages.)
- (2) The Company's Regulations for the Retirement of Employees established according to the "Labor Standards Act" offer a defined retirement payment plan. Based on the seniority of employees, if the seniority is less than 15 years (inclusive), two base points are granted for every year of service; if the seniority is over 15 years, one base point is granted for every additional year, and the total is up to 45 base points. The payment of employee pension is based on seniority and the average wages (base points) six months prior to the approval of the retirement. The calculation of the average wages is subject to the relevant provisions of the Labor Standards Act. The Company contributes to the employee pension fund in accordance with the provisions of the Labor Standards Act, and the special account is deposited with the Central Trust of China.

(3) The Company's arrangements for pension is subject to IAS 18.

4. Labor-capital agreements and measures to protect the rights and interests of employees

Since the establishment of the Company and its subsidiaries, the labor-capital relationship has been harmonious to jointly contribute to the development of the scope of business. In the most recent year and up to the publication date of the annual report, there were no disputes or losses, and the businesses and work of the company were promoted smoothly.

(II) (II) Any losses suffered due to labor-capital disputes in the most recent year and up to the publication date of the annual report (including labor inspection results and violations of the Labor Standards Act; the date of disposal, disposal document No., article violated, the content of the violation of regulations, and the content of disposal shall be specified); disclose the estimated amount that may occur at present and in the future and the countermeasures. If the amount cannot be reasonably estimated, the reason why it cannot be estimated shall be stated: None. Subsequently, we will continue to improve labor-capital communications to eliminate possible disputes. We wish that a labor-capital consensus may be achieved through the efforts made by the Company and its subsidiary. Therefore, it is estimated that there shall be no such losses in the future.

(III) Code of conduct or ethics of Employees

The Company has formulated relevant regulations and requirements for all employees to observe, and employees can access relevant specifications on the intranet. The relevant regulations are summarized as follows:

1. Approval authority: The Company has established an approval authority table to clarify the authorities and responsibilities of employees at different levels in accordance with the principle of decentralization of responsibility.
2. Powers and responsibilities of organizational departments: Formulate the duties and communication procedures of the organizational departments of the Company and establish the procedures and communication channels conducive to the integrated operation of the systems.
3. Employee Handbook: The Company has established employee management work rules for all employees, and there are relevant specifications of relevant rights and obligations for attendance, reward/punishment, leaves, and performance evaluations.

(IV) Work environment and employees' personal safety protection measures

The Company's labor safety and health comply with the requirements of the competent authority, and it has obtained ISO14001 Environmental Management System, QC080000 Environmental Restricted Substance Management, OHSAS 18001: Occupational Safety and Health System, and CNC15506 Taiwan Occupational Safety and Health Management System certifications; the Company has established the safety and health work rules for all employees to observe.

1. Safety and health management department and personnel: The Company has established labor safety personnel and first-aid personnel as the safety and health implementation department.
2. Facility safety: There are equipment maintenance and inspection specifications and various equipment maintenance procedures in place. All special machines and tools are maintained according to the regulations with operations by

- qualified personnel.
3. Environmental health: Regular inspections are conducted in accordance with the competent authority's requirements. Regular health inspections are also implemented for employees based on the nature of work. The Company has dedicated nursing practitioners and physicians residing in plants.

VI. Cybersecurity management

(I) Strengthen the cybersecurity governance structure

Information security has become an important issue for the Company's sustainable operation. When deciding the applicable scope of the information security management system, the Company has considered the following:

1. Internal and external issues related to the operation of the information security management system. Internal issues include the combination of the strategic goals of the organization, organizational culture, responsibilities, forms of contractual relationships, operating procedures, resources, and knowledge and internal stakeholders' awareness and values. External issues include international trends, social culture, laws and regulations, competitive environment, climate change, and external stakeholders' goals and concerns.
2. Requirements of information security by stakeholders, including legal requirements and contractual obligations.
3. The relevance between the organization's operating activities and the activities performed by other organizations

In response to material issues for information securities with resources invested, the management review committees for the "Information Security Promotion Organization" include the implementation team, the technology team, and the audit team. They are responsible for formulating information security policies, reviewing the Group's information security policy, and supervising the operation of information security and technology management. Through the management, planning, supervising, and implementation promotion of the professional information security department, we hope to build a comprehensive information security protection mechanism and improve employees' awareness of information security in the hope of minimizing information security risks that we may face in the future.

The information security policy statement of the Company is to "realize the information security statement, strengthen information security education and training, and ensure the business continuity" and to ensure the confidentiality, integrity, and availability of information assets and compliance with laws and regulations. The "Information Security Implementation Group" regularly convenes meetings to examine the implementation of the information security policy and cooperates with the Information Security Technology Group to strengthen information security protection and management systems. The Company convenes the management review committee meetings each year and reports to the review committee members regarding the implementation achievements of the monitoring and risk control measures for information security, information security risk management, plans and implementation achievements, and the latest global information security risk trends.

The Company passed the information security-related audits in 2024 with no major deficiencies, and it received no proven complaints about invasion of customer privacy or loss of customer information. In addition, there was no complaint received by the Company from a third party or the competent authority due to the

violation of personal data protection of customers or the loss of customer data by SZS.

(II) Information Security Management and Implementation Results

The Company continues to advance its information security. It has passed the information security requirements of customers and third parties over the years and continued to obtain the ISO 27001 international information security management certification to establish the confidentiality, completeness and availability of its ISMS. To strengthen the security protection of the application system, the Company regularly carries out vulnerability screening for mainframes and fixes mid-to-high-risk vulnerabilities each year to ensure the normal operations of the information system, equipment, and network. The Company makes arrangements for the log management system collection and the analysis of log records, monitors the flow management, and analyzes the abnormal behaviors of users to minimize potential information security threats. We strengthened password management through the computer asset management system, e-mail filtering, DLP system, and MFA and reduced the risks of falsification or theft of system accounts and passwords. We also introduced the privilege management system (to ensure that resources and data are accessible and protected) to prevent unauthorized users from contacting sensitive data, solving the security risks caused by non-management identities.

SZS Cybersecurity and Network Framework

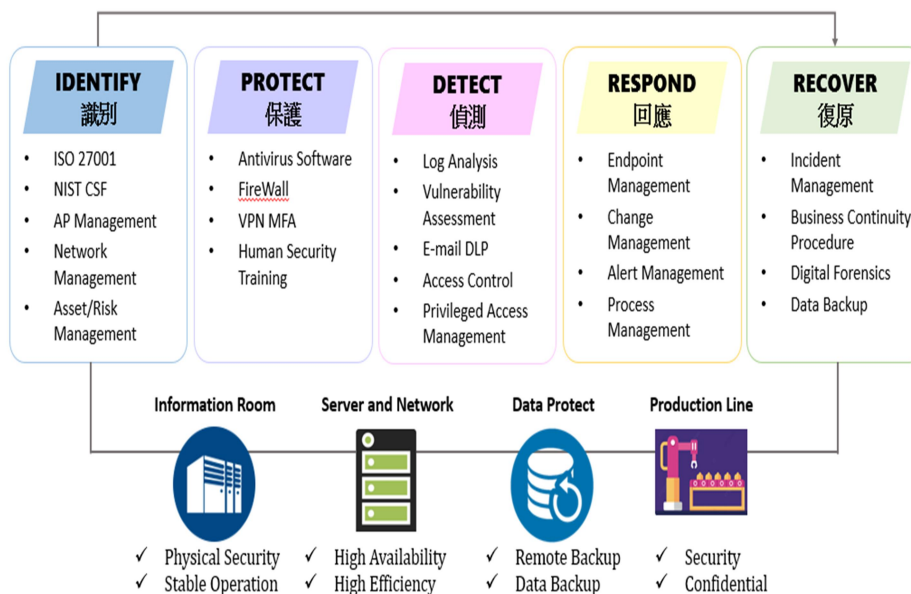


Figure - Information Security Management and Corresponding Measures

1. In-depth information security defense

To ensure the normal services of the information system and safe and stable operations, the Company implements the risk assessment and assesses the MTPD of the crucial systems, the RTO of the crucial systems and the RPO of data. It also organized information security incident emergency response and recovery exercises each year to ensure the response abilities upon critical moments.

2. Information security education and training and social engineering drills

The Company carries out information security education and training for all new employees. At least two hours of information security education and training are

offered for in-service employees. The “Information Security Implementation Group” carries out information security promotions based on the information security news at the moment from time to time, improves the awareness of employees in terms of social engineering attacks, and regularly implements the annual social engineering exercise. In 2024, all employees have participated in information security education and training (including social engineering phishing website and fraud alert, ransomware attack prevention and emergency management principles, and prevention of malicious software) and promotion to enhance employees’ overall information security awareness and improve the favorable information security awareness of employees.

3. Improve information security protection and shape an information security culture
Apart from joining the TWCERT/CC joint information security defense mechanism, information security and cyber threat intelligence are obtained from time to time. It also keeps abreast of the intelligence sharing for loopholes by domestic and foreign equipment companies and timely gives internal information security warnings. We also review our internal equipment and system updates to improve the Company's overall information security defense breadth and capability. The Company has completed the ISO 27001 over the years: The third-party audit verification in 2013 was performed, and the recommendation and certificate were issued; the ISO 27001 will be conducted in 2025: A version conversion was performed in 2022 in order to maintain the validity of the certificate. Through implementing the management system based on the international information security standards, the Company carries out effective information security management for information security risks to optimize its information security management system.

(III) Any losses suffered by the Company in the most recent year and up to the publication date of the annual report due to significant cybersecurity incidents, the possible impacts therefrom, and countermeasures. If the amount cannot be reasonably estimated, the reason why it cannot be estimated shall be stated: None.

VII. Important contracts

Company name	Nature of the contract	Party involved	Starting/ending date of the contract	Main content	Restrictive clauses
Shin Zu Shing Co., Ltd.	Lease	Qiu [*] et al.	2020/11/01 - 2025/10/31	Lease of Shulin Plant	None
RSTC (Fuqing) Co., Ltd.	Lease	Fujian Star Technology Co., Ltd.	2022/08/01 - 2025/07/31	Plant lease in Fuqing City in China	None
Dongguan Chengyue Computer Parts Co., Ltd.	Lease	Chang [*]	2024/01/01 - 2025/12/31	Plant lease in Dongguan City in China	None
Shin Zu Shing (Bac Giang) Co., Ltd.	Construction	Delta Construction Group Co., Ltd.	2024/03/12 - 2025/04/10	Construction of the Bac Giang Plant of SZS in Bac Giang Province of Vietnam,	None
SHIN ZU SHING PRECISION ELECTRON (SUZHOU) CO.,LTD.	Construction	Zhong Yifeng Construction Group Co.,Ltd.	2025/02/10 - 2026/01/27	Construction of the plant on Yingbin W. Rd., Yingji Township, Wuzhong Dist.	None

Five. Review and Analysis of Financial Position and Financial Performance, and Assessment of Risks

I. Financial position

Unit: NTD thousands

Item	Year	2024/12/31	2023/12/31	Difference	
				Amount	%
Current assets		13,784,294	12,600,302	1,183,992	9.40
Property, plant and equipment		5,674,161	5,363,886	310,275	5.78
Investment property		2,403,465	2,422,671	(19,206)	(0.79)
Intangible assets		-	-	-	-
Other non-current assets		1,406,365	1,165,209	241,156	20.70
Total assets		23,268,285	21,552,068	1,716,217	7.96
Current liabilities		4,093,026	5,530,459	(1,437,433)	(25.99)
Non-current liabilities		1,206,718	468,351	738,367	157.65
Total liabilities		5,299,744	5,998,810	(699,066)	(11.65)
Equity attributable to owners of the parent company		17,968,541	15,553,258	2,415,283	15.53
Share capital		1,957,483	1,877,483	80,000	4.26
Capital reserve		3,078,250	1,807,450	1,270,800	70.31
Retained earnings		13,116,334	12,214,655	901,679	7.38
Other equity		(183,526)	(346,330)	162,804	(47.01)
Treasury stock		-	-	-	-
Non-controlling interests		-	-	-	-
Total equity		17,968,541	15,553,258	2,415,283	15.53

Main reasons for the changes of 20% or more and the amount reaches NTD 10 million between the two most recent fiscal years and the effects are analyzed as follows:

1. Increase in other non-current assets: Mainly due to the increase in the payments for the land-use-right and acquisition of the Vietnam Plant or the self-development of equipment.
2. Decrease in current liabilities: Mainly due to the repayment of borrowings in the current period.
3. Increase in non-current liabilities: Mainly due to the issuance of the third unsecured domestic convertible corporate bonds in the current period.
4. Increase in capital reserve: Mainly due to the capital increase in cash through the issuance of new shares at a premium during the current period.
5. Increase in other equity: Mainly due to the increase in exchange differences arising from the translation of financial statements of foreign operations during the current period.

II. Financial performance

(I) Comparison and analysis of operating results

Unit: NTD thousands

Item \ Year	2024	2023	Increase (decrease) amount	Percentage of change (%)
Net operating income	13,327,345	10,067,747	3,259,598	32.38
Operating cost	10,865,271	8,262,923	2,602,348	31.49
Gross operating profit	2,462,074	1,804,824	657,250	36.42
Operating expenses	1,208,723	895,940	312,783	34.91
Operating profit	1,253,351	908,884	344,467	37.90
Non-operating income and expenses	622,132	254,286	367,846	144.66
Income before tax from continuing operations	1,875,483	1,163,170	712,313	61.24
Income tax expense	516,151	355,766	160,385	45.08
Net income from continuing operations	1,359,332	807,404	551,928	68.36

Main reasons for the changes of 20% or more and the amount reaches NTD 10 million between the two most recent fiscal years and the effects are analyzed as follows:

1. Increase in operating revenue: Mainly due to the increase in customer demand in the current period.
2. Increase in operating costs: Mainly due to the increase in operating revenue in the current period.
3. Increase in gross operating profit: Mainly due to the significant increase in operating revenue in the current period.
4. Increase in operating expenses: Mainly due to the increase in profit in the current period, the increase in the estimated employee bonuses, and the increase in the R&D expenses invested during the development period of new products.
5. Increase in operating profit: Mainly due to the increase in operating revenue and gross profit in the current period.
6. Increase in non-operating income and expenses: Mainly due to the increase in net foreign currency exchange gain and the increase in gains on the disposal of property, plant and equipment during the current period.
7. Increase income before tax from continuing operations: Mainly due to the increase in gross operating profit alongside the increase in operating revenue and the increase in foreign currency exchange gain and gains on the disposal of property, plant and equipment during the current period.
8. Increase in income tax expense: Mainly due to the increase in net profit before tax in the current period.
9. Increase income after tax from continuing operations: Mainly due to the increase in gross operating profit alongside the increase in operating revenue and the increase in foreign currency exchange gain and gains on the disposal of property, plant and equipment during the current period.

- (II) **Expected sales volume and basis, possible impact on the Company's future finance and business, and response plan:** Not applicable as the Company did not prepare financial forecast.

III. Cash flow

(I) Analysis of changes in cash flow in the most recent fiscal year (2024)

Unit: NTD thousands

Cash balance at the beginning of period	Annual net cash flow from operating activities	Net cash flow from other activities for the year	Effect of exchange rate changes	Remaining (insufficient) cash	Remedies for insufficient cash	
					Investment plans	Financial plans
2,619,354	641,630	(1,399,467)	245,871	2,107,388	—	—

1. Decrease in net cash inflow from operating activities: The decrease in net cash inflow was mainly due to the increase in accounts receivable in 2024 from 2023, as the collection conditions were not fulfilled.
2. Decrease in net cash outflow from investing activities: The decrease in net cash outflow was mainly due to the decrease in financial assets measured at amortized cost in 2024 from 2023 and the increase in the consideration from the disposal of property, plant and equipment.
3. Decrease in net cash outflow from financing activities: The decrease in net cash outflow was mainly due to the capital increase and the issuance of the third unsecured domestic convertible corporate bonds in 2024.

(II) Improvement plan for insufficient liquidity: None.

(III) Cash flow analysis for the coming year (2025):

Unit: NTD thousands

Cash balance at the beginning of period (1)	Projected net cash flow from operating activities for the year (2)	Projected net cash flow from other activities for the year (3)	Projected cash surplus (deficit) (1) + (2) + (3)	Projected remedies for insufficient cash	
				Investment plans	Financial plans
2,107,388	2,000,000	(2,600,000)	1,507,388	—	—
1. Analysis of changes in cash flows in the coming year: <ol style="list-style-type: none"> (1) Annual cash inflow: Mainly due to the expected cash inflow from the Company's operating activities. (2) Cash outflow throughout the year: Mainly used in operating expenditures, tax payments, payments for the acquisition of property, plant and equipment, and payments for cash dividends. 					
2. Projected remedies for insufficient cash and liquidity analysis: None.					

IV. Effect upon financial operations of any major capital expenditures during the most recent fiscal year

Material expenditures of the Company and its subsidiaries in the most recent year were due to the cooperation with the transfer of the supply chain. The subsidiary rented land and built a plant in Vietnam. The payments for the construction of the plant in the most recent year that occurred were approximately NTD 257,000 thousand. The Company and its subsidiaries have carefully assessed the needs for each capital expenditure and properly planned the use of working capital. Therefore, there was no significant adverse impact on the financial and business conditions of the Company and its subsidiaries in the most recent year.

V. Reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year:

The Company's main reinvestment policy is mainly to support its in-depth cultivation of various hinge products (including stamping and ammunition products), MIM (metal injection molding) and other system integration technology. We will take a proactive approach and continue to serve Taiwanese companies that have relocated their manufacturing base to China. At the same time, we are committed to expanding the market of the Company's products and increasing service and manufacturing bases as the main focus for investment, supplemented by increasing investment income to enhance shareholders' equity .

Unit: NTD/Thousands of foreign currency

Investee	Main business items	Amount of investment income recognized in 2024	Main reason for profit or loss	Improvement plan	Investment plan for the coming year
TIME RISE CORP.	Serving Taiwanese companies that have relocated their manufacturing base to China and expanding the market for the Company's products	220,091	Stable and profitable operation	-	-
MAGIC TIMING TECHNOLOGY LIMITED	International trade	7,784	Business operation is sound	-	-
UP HILL INTERNATIONAL LIMITED	International trade	2,657	Business operation is sound	-	-
SPRING VISION TECHNOLOGY CORP.	International trade	(296)	Mainly gains and losses recognized as daily operating expenses	Continue to strengthen control over expenses	-
Heng Shing Investment Co., Ltd.	General investment business	(7,588)	Mainly due to fluctuation in the fair value assessment of reinvested securities	-	-
Ding Ying Investment Co., Ltd.	General investment business	(14,900)	Mainly due to fluctuation in the fair value assessment of reinvested securities	-	-
AMAZING POWER LIMITED	Serving Taiwanese companies that have relocated their manufacturing base to China and expanding the market for the LCD hinge products.	34,904	Stable and profitable operation	-	-
CJC HOLDING PTE LIMITED	LCD monitor base bracket, pivot and accessories	(1,420)	Primarily serving customers nearby	Cancelation completed	The company ceased operations in Q4 2024
ABOVE AVERAGE LIMITED	International trade	1,966	Business operation is sound	-	-
SMART POINT CO., LTD.	Long-term investment to continue to serve Taiwanese companies who have relocated their manufacturing base to Vietnam, and expand the market for the Company's products	5,980	Business operation is sound	-	-
HAMSTEAD CORPORATION	Holdings or reinvestment	USD 7,232	Mainly due to the profit of the subsidiary in Mainland China, resulting in the recognition of gain of its holding investment company	-	-

Investee	Main business items	Amount of investment income recognized in 2024	Main reason for profit or loss	Improvement plan	Investment plan for the coming year
SHINING SMART INTERNATIONAL CORP.	Holdings or reinvestment	USD (379)	Mainly due to that the reinvestment company is still in the initial stage of operation, resulting in an investment loss recognized	After the operation of the reinvestment company improves, the profits can be poured into the reinvestment company.	-
ACE TECHNOLOGY INC.	Holdings or reinvestment	USD (38)	Mainly due to the poor operation of the subsidiary in Mainland China, resulting in the recognition of the loss of its holding investment company	Continue to strengthen control over expenses	-
BLOSSOM ENTERPRISE INC.	Holdings or reinvestment	USD 801	Mainly due to the profit of the subsidiary in Mainland China, resulting in the recognition of gain of its holding investment company	-	-
ELITE DRAGON GROUP LIMITED	Holdings or reinvestment	USD 336	Mainly due to the profit of the subsidiary in Mainland China, resulting in the recognition of gain of its holding investment company	-	-
SHIN ZU SHING (BAC GIANG) COMPANY LIMITED	Production and sales of precision bearings and precision electronic components	USD (3)	Mainly due to that the reinvestment company is still in the initial stage of preparation, resulting in an investment loss recognized	After the operation of the reinvestment company improves, the profits can be poured into the reinvestment company.	-
Prosperity Investment Holding Pte. Ltd.	Holdings or reinvestment	USD (426)	Mainly due to that the reinvestment company is still in the initial stage of operation, resulting in an investment loss recognized	After the operation of the reinvestment company improves, the profits can be poured into the reinvestment company.	-
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Production, assembly, manufacturing, and trading of precision hinge components	USD 8,583	Stable and profitable operation	-	-
Kunshan Cheng Jie Computer Parts Co., Ltd.	Development and production of LCD components and key laptop components	USD (61)	Loss generated from poor operations	Continue to strengthen control over expenses	-
Dongguan Chengyue Computer Parts Co., Ltd.	Production and sales of computer peripherals	USD 336	Stable and profitable operation	-	-
Dongguan Jinkun Hardware Co., Ltd.	Production and sales of bearings and hardware products	-	The cancellation registration was completed in August 2012, but the change registration with the Investment Commission was not yet completed.	-	-
RSTC (Fuqing) Co., Ltd.	Production of various precision bearings such as shafts, precision molds, LCD components, new electronic components such as key laptop components, and sales of self-produced products	USD 791	Stable and profitable operation	-	-
Shin Zu Shing Precision Electron (Chongqing) Co., Ltd.	Production and sales of computer peripherals	USD	The main reason is that the operation has not yet reached the scale of operation, resulting in a loss.	Continue to expand revenue and exercise expense control.	-

VI. Risks

(I) Risk management policy and organizational structure

The Company's risk management is based on the recognition, identification, analysis, and measurement of potential risks in each unit. The Company selects appropriate treatment methods to control, handle, supervise and improve the risk management plan, while centralizing and executing the plan according to the characteristics of the risks and the level of influence. By doing so, all risks can be effectively controlled at any time.

The Company's main risk management organizations and various risk management implementation and responsible units are as follows:

1. Financial risk, liquidity risk, credit risk and legal risk:

The finance, accounting center and management center formulate and execute various strategies, and analyze and evaluate various response measures in accordance with laws, policies and changes in the market.

2. Market risk:

The Company's BUs and the centers of the General Management Office formulate various strategies and implement them according to their business responsibilities. They also take various countermeasures in accordance with the laws and regulations, policies, and the analysis and evaluation of market changes. Furthermore, the senior executives have formed an Operations and Management Committee for crisis handling in order to control and deal with possible market risks and crises.

3. Strategy and operational risk:

The Operations and Management Committee composed of senior executives conducts pre-strategic risk assessment and post-performance tracking. This ensures that the Company's strategy is in line with its vision and achieves its operational goals.

(II) In the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the effect of interest and exchange rate fluctuations and changes in the inflation rate upon the Company's profit or loss, and response measures to be taken in the future:

Risk items	Effect upon the company's profit or loss	Measures to be taken in the future
Interest rate	<p>1. Financing: There was no balance of loans at the end of 2024; therefore, changes in interest rates have no significant effect on profit or loss.</p> <p>2. Investment: Investments are mainly focused on short-term investments. Although the decline in interest rates in recent years has been unfavorable to investment income, as the Company focuses on short-term working capital investments, the effect on profit or loss is not significant. This is attributable to the fact that the Company evaluates its capital position and investment profit or loss which are disposed of in a timely manner.</p>	<p>We keep abreast of interest rate changes, maintain robust interaction with banks to obtain preferential interest rates. At the same time, we are committed to reducing the Company's overall financing costs in line with long-term and short-term capital planning. There is currently no effect of interest rate changes on the Group's operating results.</p>
Exchange rate	<p>The Company mainly engages in export sales, with most of the sales being denominated in US dollars. Due to this, the Company holds large foreign currency positions in US dollars. In 2024, the value of NTD against the US dollar or other currencies and RMB against</p>	<p>1. The Group manages its foreign exchange position by opening foreign currency deposit accounts and timely trading foreign currency deposits or directly using foreign currency generated from sales to repay foreign currency generated from foreign currency purchases from overseas. By doing this, we aim to minimize the impact of exchange</p>

Risk items	Effect upon the company's profit or loss	Measures to be taken in the future
	the US dollar depreciated compared to 2023, resulting in exchange gains in foreign currency positions. The net exchange gain for 2024 amounted to NTD 184,010 thousand, representing 13.54% of net income.	<p>rate fluctuations on profit or loss and achieve the effect of natural hedge.</p> <p>2. The Company will continue to keep a close eye on the movements of USD and RMB to fully grasp the market information and forecast the trend of long-term and short-term exchange rates. Additionally, in case of significant exchange rate changes, the Company will appropriately renegotiate the transaction prices with its current customers or suppliers to mitigate the impact of exchange rate fluctuations on the Company's revenue and profit.</p> <p>3. Depending on the changes in the foreign exchange market and the demand for foreign exchange funds, the Company will adopt a hedging strategy for derivative financial instruments, such as undertaking Cross Currency Swap (CCS) transactions, to avoid relevant exchange rate risks and to mitigate exchange rate fluctuations, minimizing the impact on profit and loss.</p>
Inflation	Despite the recent increase in procurement of raw materials from overseas, it is not expected that inflation in Taiwan and China will not be too high in the coming year, so it will not have a significant impact on profit and loss.	Pay attention to inflation and adjust product selling prices and raw material inventories appropriately. Due to the slow recovery of the world economy, major economies around the world have turned from the prevailing deflation in the past few years to inflation. So far, inflation has not caused significant impact on the Company's operations. The possible impact is under close observation.

(III) In the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions, the main reasons for the profits or losses generated thereby, and response measures to be taken in the future:

Risk items	Status of implementation	Policy and response measures
High-risk investments, highly leveraged investments	<p>1. Short-term investments: Investments made in stocks of TWSE/TPEX listed companies primarily due to the need to hold cash in the short-term. These investments are highly liquid and safe and are not highly leveraged or risky.</p> <p>2. Long-term investment: It is mainly the investment in the establishment of overseas production bases, most of which are 100% owned, and the reinvestment benefits are good; the recent increase in investment in domestic unlisted stocks is mainly for medium- and long-term strategic investment, and is expected to make profits through long-term holding.</p>	Concentrate on the management of the Company and refrain from high-risk and high-leverage investments.
Loans to others	There was no loan of funds to others in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report,	In the future, if there is a need for capital financing due to business needs, it will be processed in accordance with the "Procedures for Lending Funds to Others" adopted, and the information on loaning of funds to others will be announced in a timely and accurate manner as required by laws and regulations.
Providing endorsements/guarantees for others	There was no provision of endorsements/guarantees for others in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.	In the future, any endorsements/guarantees for others due to business needs will be handled in accordance with the "Procedures for Endorsements/Guarantees for Others", and all provisions will be disclosed in a timely and accurate manner as required by laws and regulations.
Derivative trading	The Company sells foreign exchange contracts on a regular basis in order to hedge against exchange rate changes for its foreign currency holdings to effectively prevent exchange losses to the Company due to drastic exchange rate fluctuations. Therefore,	In the future, provided that there is no significant change in the export pattern and sales customers, the Company will continue to sell forward exchange contracts to hedge foreign currency positions. For other derivative transactions due to business

Risk items	Status of implementation	Policy and response measures
	the sale of foreign exchange forwards is for hedging purposes and not based on profit. Given this, exchange rate fluctuations may still cause losses in the transaction.	development in the future, the Company will follow its "Procedure for Acquisition or Disposal of Assets", and various transaction information will be disclosed in a timely and accurate manner as required by laws and regulations.

(IV) Research and development work to be carried out in the future, and further expenditures expected for research and development work in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

R&D plan		Progress	Estimated time of mass production completion	Main factors affecting the success of R&D	Projected R&D expenses to be invested
2025	Multi-joint synchronized pivot	In progress	2025/12	Mechanism, materials, molds, process technology	7 million
	Fold-in foldable pivot	In progress	2025/12	Mechanism, materials, molds, process technology	7 million
	Development of technology with high wear resistance and long lifetime	In progress	2025/12	Mechanism, materials, molds, process technology	7 million
	Full line automatic assembly machine	In progress	2025/12	Electromechanical integration, process technology	38 million
	Continuous line angle and resistance measurement automated testing equipment	In progress	2025/12	Electromechanical integration, process technology	8.5 million

(V) Effect of important policies adopted and changes in the legal environment at home and abroad on the company's financial operations, and measures to be taken in response in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: The Company's finance and business operations were not affected by changes in domestic and foreign policies and laws in the most recent year.

(VI) Effect of developments in science and technology as well as industrial change on the company's financial operations, and measures to be taken in response in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

In order to strengthen the cybersecurity management, we ensure the confidentiality, integrity and availability of our information assets, provide an information environment for the continuous operation of the Company's business, and comply with relevant government regulations and the requirements of internal and external stakeholders. In doing so, we are able to avoid any intentional or accidental threats from internal or external sources and achieve the purpose of cybersecurity. The Company's cybersecurity management system is applicable to the management of the information computer room and network infrastructure, as well as the development and maintenance of the enterprise resource planning system. The Company has fully grasped the information operation and management process, and met various security requirements and expectations. For the Company's cybersecurity risk management, please refer to the description of information cybersecurity management in VI. Cybersecurity management under Four. Business Overview of this annual report.

(VII) Effect of changes in the company's corporate image on the company's crisis management, and measures to be taken in response in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: The Company is a professional key product supplier, and since its inception, the Company has focused on its core business, and its operating results and

reputation. There has not been any reports adverse to the Company's corporate image in the market, and there has been no issue of corporate image change.

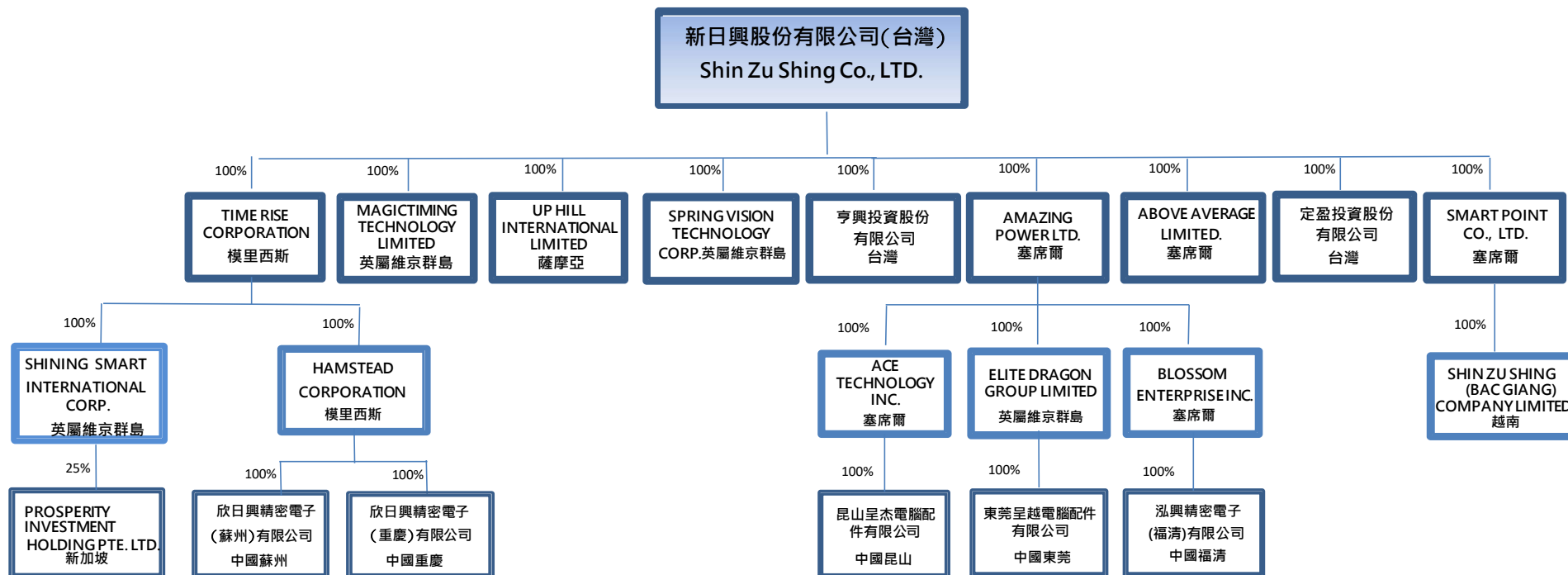
- (VIII) Expected benefits and possible risks associated with any mergers and acquisitions, and measures to be taken in response in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:** None.
- (IX) Expected benefits and possible risks associated with any plant expansion in the most recent year and up to the publication date of the annual report, and countermeasures:** The Company rented land and built a plant in Vietnam through a subsidiary to cooperate with the transfer of the supply chain of customers. As of the publication date of the annual report, the payments for the construction of the plant were approximately NTD 277,000 thousand, and the construction is ongoing. The management team continues to implement the evaluation for the expected benefits and possible risks based on relevant procedures.
- (X) Risks associated with any consolidation of sales or procurement operations, and measures to be taken in response in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:** None.
- (XI) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding more than a 10 percent stake in the company is transferred or otherwise changes hands, and measures to be taken in response in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:** None.
- (XII) Effect upon and risk to company due to changes in management rights, and measures to be taken in response in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:** None.
- (XIII) Litigious and non-litigious matters in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:**
1. List major litigious, non-litigious or administrative disputes that have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.
 2. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, supervisor, CEO, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.
- (XIV) Other significant risks and measures to be taken in response:** In 2024 and 2025, and up to the date of publication of the annual report, the Company did not have other material risks.

VII. Any other important matters: None.

Six. Special Items to Be Included

I. Information on affiliates

(I) Organizational chart of affiliates (December 31, 2024)



(II) Information on affiliates

Name of enterprise	Date of establishment	Region	Paid-in Capital	Main business or production items
Magic Timing Technology Limited	2005.01.13	British Virgin Islands	USD 50 thousand	International trade
Up Hill International Limited	2006.05.12	Samoa	USD 1,000 thousand	International trade
Spring Vision Technology Corp.	2007.11.08	British Virgin Islands	USD 100 thousand	International trade
Heng Shing Investment Co., Ltd.	2009.08.18	New Taipei City	NTD 700,000 thousand	General investment business
Ding Ying Investment Co., Ltd.	2022.11.04	New Taipei City	NTD 800,000 thousand	General investment business
Time Rise Corp.	2004.02.17	Mauritius	USD 24,080 thousand	Investment holding
Hamstead Corp.	2001.11.30	Mauritius	USD 23,330 thousand	Investment holding
SHIN ZU SHING PRECISION ELECTRON (SUZHOU) CO.,LTD.	2002.03.05	Suzhou City	USD 48,500 thousand	Production and sales of precision hardware, precision electronics, precision molds, and plastic
Shin Zu Shing Precision Electron (Chongqing) Co., Ltd.	2022.09.26	Chongqing City	USD 4,000 thousand	Production and sales of computer peripherals
Shining Smart International Corp.	2007.11.13	British Virgin Islands	USD 7,038 thousand	Investment holding
Prosperity Investment Holding Pte. Ltd.	2019.10.02	Singapore	USD 15,150 thousand	Investment holding
Amazing Power Limited	2009.01	Republic of Seychelles	USD 7,950 thousand	Investment holding
Ace Technology Inc.	2009.01.05	Republic of Seychelles	USD 4,710 thousand	Investment holding
Elite Dragon Group Limited	2017.07.19	British Virgin Islands	USD 5 thousand	Investment holding
Blossom Enterprise Inc.	2008.11.13	Republic of Seychelles	USD 1,350 thousand	Investment holding
Kunshan Cheng Jie Computer Parts Co., Ltd.	2001.09.26	Kunshan City	USD 5,000 thousand	Development and production of LCD components and key laptop components
Dongguan Chengyue Computer Parts Co., Ltd.	2008.04.23	Dongguan City	USD 1,200 thousand	Production and sales of computer peripherals
RSTC (Fuqing) Co., Ltd.	2011.08.23	Fuqing City	USD 650 thousand	Production and sales of various precision bearings, precision molds, LCD components, and key laptop components
Above Average Limited	2016.06.30	Republic of Seychelles	USD 100 thousand	International trade
Smart Point Co., Ltd.	2023.01.10	Republic of Seychelles	USD 15,000 thousand	Investment holding
Shin Zu Shing (BAC GIANG) Company Limited	2023.09.19	Vietnam	USD 15,000 thousand	Production and sales of precision bearings and precision electronic components

(III) Matters to be disclosed for the presumption of a relationship of control or subordination: None.

(IV) Industries covered by the businesses of the overall affiliates:

Name of enterprise	Main business and production items	Division of work
Magic Timing Technology Limited	International trade	Other businesses
Up Hill International Limited	International trade	Other businesses
Spring Vision Technology Corp.	International trade	Other businesses
Heng Shing Investment Co., Ltd.;	Investment holding	Investment holding
Ding Ying Investment Co., Ltd.	Investment holding	Investment holding
Time Rise Corp.	Investment holding	Investment holding
Hamstead Corp.	Investment holding	Investment holding
SHIN ZU SHING PRECISION ELECTRON (SUZHOU) CO.,LTD.	Production and sales of precision hardware, precision electronics, precision molds, and plastic	Production base in China and the provision of services to customers in the vicinity
Shin Zu Shing Precision Electron (Chongqing) Co., Ltd.	Production and sales of computer peripherals	Production base in China and the provision of services to customers in the vicinity
Shining Smart International Corp.	Investment holding	Investment holding
Prosperity Investment Holding Pte. Ltd.	Investment holding	Investment holding
Amazing Power Limited	Investment holding	Investment holding
Ace Technology Inc.	Investment holding	Investment holding
Elite Dragon Group Limited	Investment holding	Investment holding
Blossom Enterprise Inc.	Investment holding	Investment holding
Kunshan Cheng Jie Computer Parts Co., Ltd.	Development and production of LCD components and key laptop components	Production base in China and the provision of services to customers in the vicinity
Dongguan Chengyue Computer Parts Co., Ltd.	Production and sales of computer peripherals	Production base in China and the provision of services to customers in the vicinity
RSTC (Fuqing) Co., Ltd.	Production and sales of various precision bearings, precision molds, LCD components, and key laptop components	Production base in China and the provision of services to customers in the vicinity
Above Average Limited.	International trade	Other businesses
Smart Point Co., Ltd.	Investment holding	Investment holding
Shin Zu Shing (BAC GIANG) Company Limited	Production and sales of precision bearings and precision electronic components	Production base in Vietnam and the provision of services to customers in the vicinity

(V) The names of directors, supervisors and CEO of the affiliates and their shareholding or capital contribution to the enterprises:

Unit: Share

Name of enterprise	Title	Name or representative	Number of shares held	
			Number of shares	Shareholding ratio %
Magic Timing Technology Limited	Corporate representative, Shin Zu Shing Co., Ltd.	Sheng-Nan Lu	50,000	100
Up Hill International Limited	Corporate representative, Shin Zu Shing Co., Ltd.	Pei-Fang Lu	1,000,000	100
Spring Vision Technology Corp.	Corporate representative, Shin Zu Shing Co., Ltd.	Sheng-Nan Lu	10	100
Heng Shing Investment Co., Ltd.	Corporate representative, Shin Zu Shing Co., Ltd.	Pei-Fang Lu	70,000,000	100
Ding Ying Investment Co., Ltd.	Corporate representative, Shin Zu Shing Co., Ltd.	You-Qi Lu	80,000,000	100
Time Rise Corp.	Corporate representative, Shin Zu Shing Co., Ltd.	Pei-Fang Lu	24,080,000	100
Hamstead Corp.	Corporate representative, Time Rise Corp.	Pei-Fang Lu	2,333,000	100
SHIN ZU SHING PRECISION ELECTRON (SUZHOU) CO.,LTD.	Representative of corporate director, Hamstead Corp.	Chun-Hung Lu	—	100
		Chao-Tsong Yuan	—	100
		Li-Chuan Yu	—	100
Shin Zu Shing Precision Electron (Chongqing) Co., Ltd.	Representative of corporate director, Hamstead Corp.	Chao-Tsong Yuan	—	100
		Jin-Sheng Zhu	—	100
		Shi-Jin Weng	—	100
Shining Smart International Corp.	Corporate representative, Time Rise Corp.	Sheng-Nan Lu	704	100
Prosperity Investment Holding Pte. Ltd.	Representative of corporate director, Shining Smart International Corp.	Chao-Tsong Yuan	6,287,500	25
Amazing Power Limited	Corporate representative, Shin Zu Shing Co., Ltd.	Sheng-Nan Lu	7,950,000	100
Ace Technology Inc.	Corporate representative, Amazing Power Limited	Pei-Fang Lu	4,710,000	100
Elite Dragon Group Limited	Corporate representative, Amazing Power Limited	Chao-Tsong Yuan	5,000	100
Blossom Enterprise Inc.	Corporate representative, Amazing Power Limited	Chao-Tsong Yuan	1,350,000	100
Kunshan Cheng Jie	ACE Technology Inc.	You-Qi Lu	—	100

Name of enterprise	Title	Name or representative	Number of shares held	
			Number of shares	Shareholding ratio %
Computer Parts Co., Ltd.	Representative of corporate director	Sheng-Huan Zhuo	—	100
		Chao-Tsong Yuan	—	100
Dongguan Chengyue Computer Parts Co., Ltd.	Elite Dragon Group Limited Representative of corporate director	Jin-Sheng Zhu	—	100
		Yong-Ho Lu	—	100
		Li-Chuan Yu	—	100
RSTC (Fuqing) Co., Ltd.	Representative of corporate director, Blossom Enterprise Inc.	Sheng-Huan Zhuo	—	100
		Chao-Tsong Yuan	—	100
		Jin-Sheng Zhu	—	100
Above Average Limited.	Corporate representative, Shin Zu Shing Co., Ltd.	Chao-Tsong Yuan	100,000	100
Smart Point Co., Ltd.	Corporate representative, Shin Zu Shing Co., Ltd.	Chao-Tsong Yuan	15,00,000	100
Shin Zu Shing (BAC GIANG) Company Limited	Representative of corporate director, Smart Point Co., Ltd.	Chao-Tsong Yuan	—	100

(VI) Business overview of affiliates

Unit: NTD thousand (2024)

Name of enterprise	Capital (initial investment)	Total asset value	Total liabilities	Net value	Operating revenue	Operating profit	Profit or loss of the current period (after tax)	Earnings per share (NTD) (after tax)
Magic Timing Technology Limited	1,581	195,253	—	195,253	—	(2,730)	7,784	155.68
Time Rise Corp.	827,881	2,502,534	—	2,502,534	220,091	220,091	220,091	9.14
Up Hill International Limited	33,278	57,201	—	57,201	—	2,657	2,657	2.66
Spring Vision Technology Corp.	3,220	5,662	—	5,662	—	(296)	(296)	(29,609.10)
Heng Shing Investment Co., Ltd.	700,000	663,450	604	662,846	20,177	(6,375)	(7,588)	(0.11)
Ding Ying Investment Co., Ltd.	800,000	806,896	718	806,178	3,834	(13,157)	(14,900)	(0.19)
Hamstead Corp.	776,605	2,297,438	—	2,297,438	227,297	227,297	232,597	99.70
SHIN ZU SHING PRECISION ELECTRON (SUZHOU) CO.,LTD.	957,249	3,808,623	1,687,638	2,120,985	3,924,153	220,911	276,120	Not applicable
Shin Zu Shing Precision Electron (Chongqing) Co., Ltd.	126,820	102,019	64,422	37,597	141,719	(50,361)	(48,794)	Not applicable
Shining Smart International Corp.	214,989	194,677	—	194,677	—	(13,707)	(12,211)	(17,344.48)
Prosperity Investment Holding Pte. Ltd.	191,282	662,182	1,268	660,914	—	(553)	(54,715)	(2.18)
Amazing Power Limited	472,555	728,237	—	728,237	34,898	34,898	34,904	4.39
Ace Technology Inc.	299,430	277,382	—	277,382	—	(1,954)	(1,213)	(0.26)
Elite Dragon Group Limited	151	274,143	—	274,143	10,797	10,797	10,803	2,160.62
Blossom Enterprise Inc.	34,927	177,409	—	177,409	25,403	25,403	25,711	19.04
Kunshan Cheng Jie Computer Parts Co., Ltd.	239,344	403,153	140,531	262,622	356,737	(7,906)	(1,941)	Not applicable
Dongguan Chengyue Computer Parts Co., Ltd.	138,198	375,719	101,759	273,960	332,005	565	10,859	Not applicable
RSTC (Fuqing) Co., Ltd.	18,903	345,115	179,166	165,949	410,738	23,206	25,421	Not applicable
Above Average Limited	3,172	40,493	—	40,493	—	(45)	1,966	19.67
Smart Point Co., Ltd.	460,890	497,654	—	497,654	—	(246)	5,980	0.40
Shin Zu Shing (BAC GIANG) Company Limited	477,819	470,121	10,379	459,742	—	(9,076)	(134)	Not applicable

Note 1: Figures related to affiliates are converted into NTD at the exchange rate on the reporting date -
The exchange rate at the end of the year was USD = 32.7850 and RMB = 4.4780.
The average exchange rate was USD = 32.1121: RMB = 4.4542

II. Private placement of securities in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

None.

III. Other matters that require additional description: None.

Seven. Any of the Situations Listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities, Occurred in the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report:

None.

Shin Zu Shing Co., Ltd.

Responsible person: Sheng-Nan Lu