

Stock Code: 3376

# SHIN ZU SHING Co.,LTD.

2023 Annual Report

Notice to readers

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

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

Printed on May 27, 2024

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IV. Names of the CPAs who duly audited the annual financial report for the most recent fiscal year, and the name, address and telephone number of the accounting firm to which they belong:

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Name of firm: Deloitte Taiwan  
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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

## Business Plan Implementation Outcomes

Farewell to the haze of Covid-19 in 2023, all parts of the world are poised for the new normal. Many countries have proposed various economic stimulus policies, but the consumer electronics industry has been affected by demand and supply shocks. The supply side mainly comes from the United States and China Trade tensions, trade sanctions and restrictions, and the pressure on the supply chain are still unstable ; on the demand side, economic growth slowed down in 2023, and many consumers also cut spending Consumer electronics are growing. The sluggish end market demand and China's economic recovery are not as good as expected, resulting in low demand for electronic consumer products, which affects the sales volume of the HINGE industry ; in the supply chain, the inventory adjustment and inflation pressure continue to intensify, and the prices of various raw materials are climbing , SHIN ZU SHING is faced with many downside risks and continues to adjust the direction of its operating strategies to minimize related risks. Although the revenue in 2023 fell short of expectations, the profitability was stable in response to the cost savings and with the efforts of all employees. The management team of SHIN ZU SHING has also adjusted its future layout in response to the impact of the global economic environment. We continue to focus on the development of the HINGE industry , develop new technologies and new materials, and strengthen process automation. At the same time, we apply exquisite precision processing technology in many aspects to innovate and develop different industrial areas to open up the next stage of operational growth and promote environmental sustainability to maximize economic performance, develop more competitive and environmentally-friendly products, and maximize profits for all shareholders.

### (I) Operating budget

Unit: NTD thousands

Item	2023 Budgeted amount	2023 Actual amount	Achievement rate %
Net operating revenue	13,000,551	10,067,747	77.44%
Operating cost	9,942,817	8,262,923	83.10%
Gross operating profit	3,057,734	1,804,824	59.02%
Operating expenses	986,187	895,940	90.85%
Net operating profit	2,071,547	908,884	43.87%
Net profit before tax	2,204,142	1,163,170	52.77%
Net income for the period	1,554,774	807,404	51.93%

### (II) Profitability analysis

Item		2023 (%)	2022 (%)
Financial structure	Liabilities to assets ratio (%)	27.83	25.93
	Long-term capital to property, plant and equipment (%)	298.69	286.05
Solvency	Current ratio (%)	227.83	254.39
	Quick ratio (%)	194.90	218.97
	Times interest earned (times)	5,081.46	20,352.84
Profitability	Return on assets (%)	3.84	7.80
	Return on equity (%)	5.14	10.57
	Ratio of Pre-Tax Net Profit to Paid-in Capital (%)	61.95	120.81
	Net profit margin (%)	8.02	14.03
	Earnings per share (NTD)	4.30	8.68

In 2023, the Company shipped 39,440 thousand pcs of notebook PCs, a decrease of 24.23% from the previous year. In addition, the shipment of the LCD dropped by 34.82% to 8,090 thousand pcs. In 2023, the proportion of main revenue in the NB Hinge was about 21%; that of the LCD was about 22%; and that of the wearables and accessories was about 45%. The Company's consolidated operating revenue was NTD 10.067 billion in 2023, a decrease of approximately 15% from the previous year's NTD 11.824 billion, and the consolidated gross margin was 18%, a decrease of 3% from the previous year. Net income was 9%, a decrease of 4% from the previous year. The net profit after tax was NTD 870 million, a decrease of approximately 51% from the previous year's NTD 1.659 billion. Basic earnings per share was NTD 4.30 which decreased by approximately 50% from the NTD 8.68 in the previous year.

### Summary of 2024 Business Plan

Looking to the future, there are still many uncertainties in the global economic development. In addition, the continued confrontation between the U.S. and China, the Ukraine-Russian War with no sign of armistice, and the Israel-Palestine conflict ensues, the impact of geopolitical risks on the industry continues to increase. In response to these challenges, the management team of SHIN ZU SHING used Taiwan as a base for innovation and development, enhanced R&D and business innovation capabilities, and accelerated the construction and operation of production sites in Southeast Asia - Vietnam, to provide customers with more timely service and manufacturing quality. On the other hand, following the in-depth relationship and technology development of previous customers, SHIN ZU SHING has been more active in the development of foldable products for various applications in 2024, while accelerating cross-industry development, and enter into new industries, such as the green industry connotation of the electric auxiliary bicycle industry and the energy storage product system technology.

In the face of rapid changes, talents are even more critical to the creation and enhancement of the Company's value. Sunrise is committed to establishing stable employee relations, in order to provide the right environment for the right people, and comprehensive education and training, in order to achieve the benefits of talent retention and cultivation . At the same time, we also recruit talents with vision, innovation, and execution capabilities. It is hoped that the employees of SHIN ZU SHING will keep their eyes on various industries, give full play to their creativity, execution and technology capabilities, and use professional technology and stable management capabilities. Grow together with SHIN ZU SHING to achieve a win-win situation.

For the overall development in the future, apart from pursuing the performance of operating results, SHIN ZU SHING will focus on the determination of the environmental impact brought about by climate change, develop more competitive and Low-carbon production process, while activating the value of waste recycling and reuse, with people-oriented, environmental symbiosis, and social co-prosperity as our vision, integrating the ultimate goal of various ESG promotion into business operations, and forming alliances with various supply chains. Strengthen supply chain management functions to achieve the goal of mutual benefit and sustainability.

We would like to thank all shareholders, customers and partners for your support. We will continue to devote ourselves to corporate innovation and growth, improve corporate governance, and adhere to ethical management. We look forward to working with you toward a sustainable future.

Best wishes to all shareholders

Good health and all the best

Shin Zu Shing Co., Ltd.

Chairman	:	Sheng-Nan Lu
CEO	:	Chao-Tsong Yuan
Accounting Officer	:	Ya-Fen Fan

## Two. Company Profile

### I. Date of establishment: June 28, 1968

### II. Organization and operations

Year	Major events
May 1965	The Lu brothers co-founded Shin Shing Springs Factory in Sanchung City, New Taipei City
June 1968	The Company was renamed Shin Zu Shing Spring and Mechanical Co., Ltd. when it entered into a technical cooperation agreement with Riken Co., Japan., and was established with a capital of NTD 1,200,000. The Company built a 300-ping factory in Luzhou Township, New Taipei City and brought in a variety of automatic spring forming machines.
March 1973	The Company purchased a 600-ping land and built a 500-ping factory in Shulin Township, New Taipei City.
September 1974	Capital increase to NTD 3,600,000 by cash from original shareholders and purchased precision automatic spring forming machines from Europe, the U.S., and Japan.
September 1981	Capital increase to NTD 6,000,000 by cash from original shareholders, and built a 300-ping factory with precision progressive die and mold manufacturing and tooling for stamping.
September 1982	Capital increase to NTD 12,000,000 by cash from original shareholders.
July 1986	Capital increase to NTD 22,000,000 by cash from original shareholders, purchased high precision tooling equipment and press machine, and brought in digital mini computers for the Company's digitalized management system.
October 1988	Expanded factories to a total area of 1,700 ping.
January 1990	Capital increase to NTD 37,500,000 by cash from original shareholders, established an R&D department that designed a hinge for notebooks; applied for the first international patent, and established a production line for the patented hinge used in notebooks.
July 1991	Began using 3D AutoCAD in coordination with the business direction for new product development.
March 1993	The only company to receive an "AA" rating from Matsushita Company, Taiwan (SQS 100) for the year.
November 1993	President Sheng-Nan Lu was elected the first chairperson of Taiwan Spring Industry Association and led the national spring industry.
October 1994	Capital increase to NTD 75,000,000.
June 1995	Obtained the ISO 9002 quality assurance certification from BSMI.
November 1996	President Sheng-Nan Lu was re-elected as the chairperson of Taiwan Spring Industry Association.
January 1997	Capital increase to NTD 150,000,000.
June 1997	The Company was the only company to receive an "AA" rating from Matsushita Company, Taiwan (SQS 100) for five consecutive years.
November 1997	The company was renamed Shin Zu Shing Co., Ltd. for business diversification.
1999 onward	Became the largest supplier of hinges for notebooks in Taiwan.
December 2000	Capitalized profits and increased capital to NTD 197,800,000.
October 2001	Obtained the ISO 9001 (2000 version) quality assurance certification from BSMI.
January 2002	Capitalized profits and increased capital to NTD 250,560,000.
December 2002	Capitalized profits and increased capital to NTD 275,616,000.

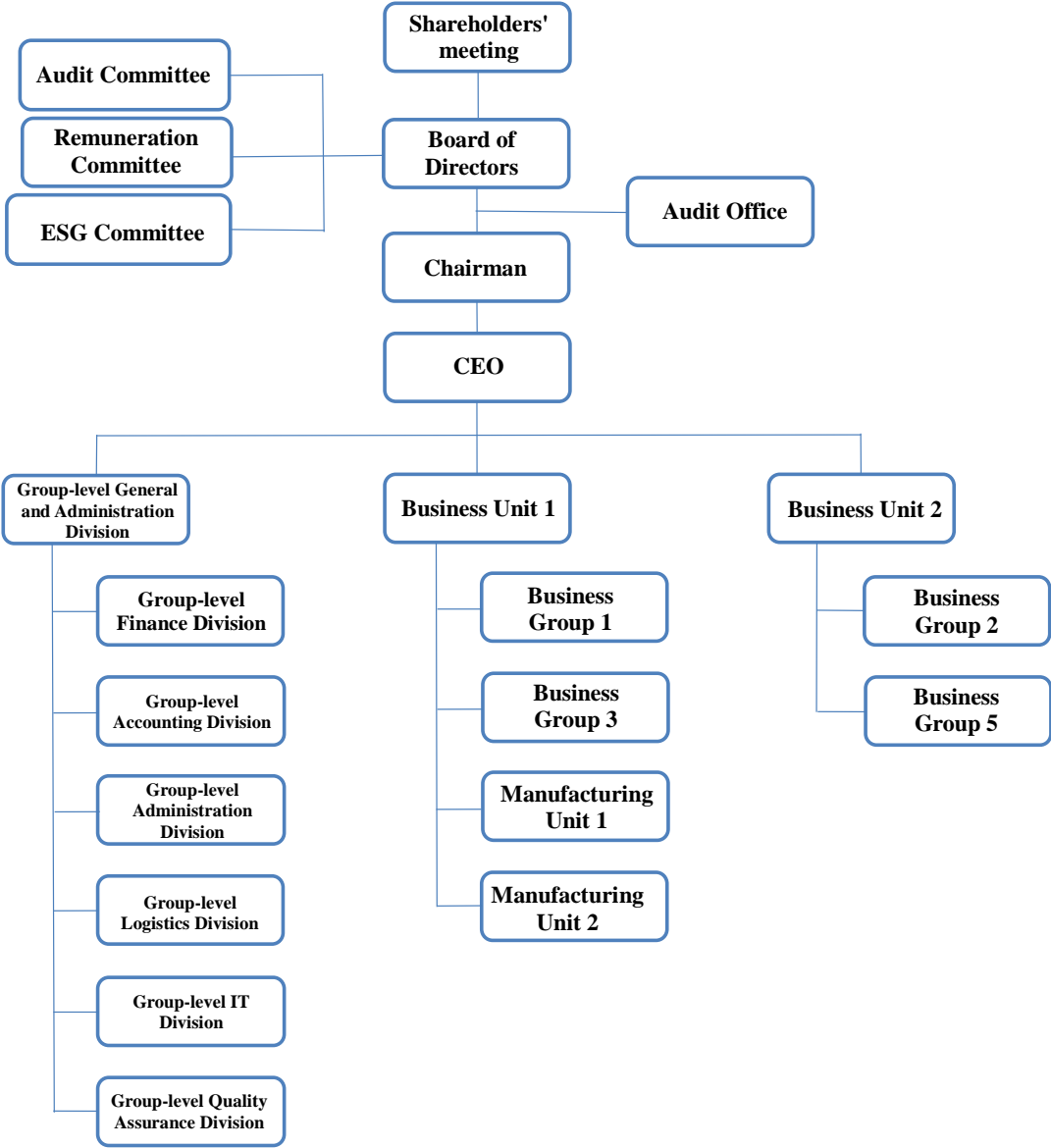
Year	Major events
October 2003	Capitalized profits and increased capital to NTD 344,520,000.
January 2004	Public listing approved by the Securities and Future Institute.
March 2004	Investment of USD 2,520,000 in Shin Zu Shing Precision Electron (Suzhou) Co., Ltd. through a third place was approved by the Investment Commission.
June 2004	Increased capital to NTD 495,760,000 by cash, capitalization of profits, and capitalization of employee bonuses.
August 2004	Approved to be registered as an emerging stock.
September 2004	Established subsidiary Winway Technology Limited.
November 2004	Additional investment of USD 3,000,000 in Shin Zu Shing Precision Electron (Suzhou) Co., Ltd. through a third place was approved by the Investment Commission.
December 2004	Obtained the ISO 14001 certification for environmental management systems from BSMI.
April 2005	Established subsidiary Magic Timing Technology Limited.
May 2005	Increased capital to NTD 573,130,000 by capitalization of profits, and capitalization of employee bonuses.
October 2005	Investment of USD 800,000 in Chang Shing Precision Electron (Ningbo) Co., Ltd. through a third place was approved by the Investment Commission.
December 2005	Increased capital to NTD 638,530,000 by cash.
December 2005	Approved by the Taipei Exchange and Securities and Futures Institute for listing on TPEX.
January 2006	New factory of Shin Zu Shing Precision Electron (Suzhou) Co., Ltd. was completed.
March 2006	Completed contract signing and began construction of Taiwan Shulin Factory 2, with total factory area expected to reach 3,518.6 ping.
June 2006	Capitalized profits and increased capital to NTD 836,100,000.
August 2006	Increased capital by cash to NTD 886,100,000.
September 2006	Established subsidiary Up Hill International Limited.
January 2007	Investment of USD 700,000 in Jun Shing Precision Electronics (Shenzhen) Co., Ltd. through a third place was approved by the Investment Commission.
March 2007	R&D Center was completed and formally began operations.
July 2007	Additional investment of USD 3,010,000 in Zhiqun Precision Electron (Suzhou) Co., Ltd. through a third place was approved by the Investment Commission.
July 2007	Increased capital to NTD 1,115,600,000 by capitalization of profits, and capitalization of employee bonuses.
October 2007	Planned to establish a holdings company in a third place to invest in Vietnam.
December 2007	Approved to be registered as listed stock.
March 2008	Established subsidiary Shining Smart International Corporation.
April 2008	Issued NTD 1.5 billion in convertible corporate bonds and obtained approval for listing on TPEX.
June 2008	President Sheng-Nan Lu was promoted to the CEO of SZS Group and Executive Vice President Ching-Cheng Lin was promoted to President, in order to better implement corporate governance principles and execute the Company's internal rotation mechanism.
August 2008	Increased capital to NTD 1,235,300,000 by capitalization of profits and capitalization of employee bonuses.

Year	Major events
September 2008	Established subsidiary Spring Vision Technology Corporation.
March 2009	Established subsidiary Shin Zu Shing (Vietnam) Co., Ltd.
July 2009	Established subsidiary Heng Shing Investment Co., Ltd.
August 2009	Increased capital to NTD 1,449,530,000 by capitalization of profits and capitalization of employee bonuses.
March 2010	The Board of Directors approved the acquisition of 100% shares of Cherng Jyieh Corp. (CJC).
July 2010	Established subsidiaries Spring Magic Limited, Zhong Shan Guan Shin Precision Electron Co., Ltd., and Jian Fu Biotechnology Co., Ltd.
August 2010	Increased capital to NTD 1,584,200,000 by capitalization of profits and capitalization of employee bonuses.
January 2011	Issued NTD 1.5 billion in convertible corporate bonds for the second time and obtained approval for listing on TPEX..
September 2011	Established subsidiaries Shin Hong Shing (Chongqing) Technology Co., Ltd. and RSTC (Fuqing) Co., Ltd.
September 2012	Established subsidiary Wen Shing Technology Co., Ltd.
April 2013	Completed contract signing and began construction of Taiwan Shulin Factory 3 with total factory area expected to reach 3,664.89 ping.
July 2013	Established subsidiary Lucent Opto Inc.
October 2014	Taiwan Shulin Factory 3 was completed and formally began operations.
November 2015	Purchased Taiwan Xinshu Factory.
March 2016	Completed contract signing and began construction of Taiwan Sanjyun Factory with total factory area expected to reach 6,892 ping.
November 2017	Taiwan Sanjyun Factory was completed and formally began operations.
November 2018	Passed the compliance verification for IATF 16949 automotive industry quality management systems.
December 2021	Purchased land and plant in Hukou.
August 2022	The Board of Directors approved the establishment of an investment company in Taiwan.
December 2022	The Board of Directors approved the plan for Vietnam company investment .
March 2023	Certificate for ISO27001 information security management.
March 2023	Obtained the Responsible Business Alliance (RBA) VAP silver-level certificate.
November 2023	Awarded the Outstanding Enterprise by the Occupational Safety and Health Administration, Ministry of Labor in 2023 "Active Assessment of Occupational Health and Safety Indicators" in the electronics industry.
March 2024	Groundbreaking ceremony for SZS' new plant in Bắc Giang, Vietnam. The Bắc Giang Plant was designed and constructed in accordance with LEED (Leadership in Energy and Environmental Design) green building standards.

# Three. Corporate Governance Report

## I. Organizational system

### (I) Organizational structure



## (II) Tasks of principal divisions

Division	Scope of operations
Audit Office	Responsible for auditing the implementation of the Company's internal rules and systems, and proposing improvements.
Audit Committee	Review on the appropriate presentation of the Company's financial statements, the selection (dismissal) and the independence and performance of the CPAs, the effective implementation of the Company's internal control, the Company's compliance with relevant laws and regulations, and the management and control of the Company's existing or potential risks.
Remuneration Committee	Formulate and regularly review the policies, systems, standards and structures for the performance evaluation and remuneration of directors and managers.
ESG Committee	Ensure the implementation of sustainable development policies, strengthen the company's operating system, commit to environmental conservation practices and fulfill corporate social responsibility, and formulate sustainable development policies, systems or related management guidelines and concrete promotion plans.
Business Unit 1	Develop business related to hinge products with hinge as the main axis. Responsible for its planning and operation and the achievement of the Group's goals, including R&D of new products, sales, process planning and manufacturing.
Business Unit 2	<ul style="list-style-type: none"> <li>● The planning and operation related to hinge products for LCD TVs and monitors and the achievement of the Group's goals, including R&amp;D of new products, sales, process planning and manufacturing.</li> <li>● The planning and management of MIM (metal injection molding) business and the achievement of the Group's goals, including R&amp;D of new products, sales, process planning and manufacturing.</li> </ul>
Group-level General and Administration Division	<ul style="list-style-type: none"> <li>● Assist each business group in completing relevant system planning and resource integration in accordance with the strategic goals of the Group and each business group.</li> <li>● The Group-level Finance Division is responsible for the financial planning and capital allocation of each business group of the Group.</li> <li>● The Group-level Accounting Division is responsible for the budget creation and review, account processing and efficiency analysis of each business group of the Group.</li> <li>● The Group-level Administration Division is responsible for the establishment of management systems, human resources, factory environmental safety and legal affairs of each business group of the Group.</li> <li>● The Group-level IT Division is responsible for the planning, integration and implementation of the information systems of each business group of the Group.</li> <li>● The Group-level Quality Assurance Division is responsible for the establishment of quality policies for products and the planning and promotion of quality goals and quality management of each business group of the Group.</li> <li>● The Group-level Logistics Division is responsible for the procurement of materials, production scheduling and integration of each business group of the Group.</li> </ul>

## II. Information on the company's directors, CEO, vice president, assistant vice president, and supervisors of the company's divisions and branch units

### (I) Director

#### 1. Information on directors

April 20, 2024

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	17,154,346	9.14	—	—	—	—	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	419,244	0.22	4,695,664	2.50	—	—	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 (Bac 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	—	—	—	—	500,770	0.27	—	—	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, Truewin Technology 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	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 of Computer-Aided Engineering, Carnegie Mellon University, Pittsburgh; Vice President of Asia Fortune Co. Ltd. Taiwan Branch; Analyst Assistant Manager, Huan Yu Investment Co., Ltd. Professional Investment Assistant Manager, Venture Capital Department, Taiwan Life Insurance Co., Ltd.	Executive Vice President, Hua Chuan Asset Management 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	—	—	—	—	—	—	—	—	Department of Business Administration, Asia University 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, Qinzhen CPAs; Assistant Vice President, Arcoa Communication Co., Ltd.	CPA, Qinzhen CPAs; Independent Director, GSD Technologies Co., Ltd. Independent Director, CoreMax Corporation	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, Moore Global; CPA, Jingxing CPAs; Officer, Small and Medium Enterprise Credit Guarantee Foundation; Team leader, Deloitte Taiwan	Independent Director, Hong Yi Fiber Industry Co., Ltd.; Chairman, Yuxing Management Consulting Co., Ltd.; Chairman, Golden Point Management Ltd.; Chairman, SBG Investment Co., Ltd.; Chairman, YFT Development Co., Ltd.; Director, Hih Her Technologies Inc.; Director, GSD Technologies Co., LTD.; Director, CoreMax Corporation; Representative of Corporate Director, ezfly International Travel Agent Co., Ltd.; Director, Uranus Chemicals Co., LTD.; CPA, Jingxing CPAs	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	Under 60 years old	2022.06.16	3 years	2022.06.16	—	—	5,000	—	—	—	—	—	Department of Entrepreneurship, National Chengchi University; EMBA, National Taipei University; CFO, Flytech Technology Co. Ltd.	Supervisor, Flytech Technology (Shanghai) Co., Ltd. Director, Design For Taiwan / Flytech Foundation	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 and supervisors 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 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 executive Vice President at Hua Chuan Asset Management Co., Ltd. Former Vice President at Asia Fortune Co. Ltd., Taiwan Branch; Analyst Assistant Manager, Huan Yu Investment Co., Ltd.; Professional Investment Assistant Manager, Venture Capital Department, Taiwan Life Insurance Co., Ltd. Engineer, Michael Baker Jr. Inc., 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. Former President at Moore Global; Director at Jingxing CPAs; Officer at Small and Medium Enterprise Credit Guarantee Foundation; Team leader at Deloitte Taiwan. 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	Current Supervisor at Flytech Technology (Shanghai) Co., Ltd.; Director at Design For Taiwan / Flytech Foundation. Former CFO at Flytech Technology Co. Ltd., with work experience in the accounting field. 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"> <li>1. Not an employee of the company or any of its affiliates.</li> <li>2. Not a director or supervisor of the company or any of its affiliates.</li> <li>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.</li> <li>4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of an officers under (1) or any of the persons in (2) or (3).</li> </ol>	1
Yuan-Long Chang	<ol style="list-style-type: none"> <li>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 Article 27, paragraph 1 or 2 of the Company Act.</li> <li>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.</li> <li>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 spouse relationship.</li> </ol>	2
Mei-Hui Li	<ol style="list-style-type: none"> <li>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.</li> <li>9. A professional individual, or an owner, partner, director, supervisor, or officers of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the 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.</li> <li>10. Not a spouse or relative within the second degree of kinship of another director.</li> <li>11. Not subject to the provisions of Article 30 of the Company Act.</li> <li>12. Not elected as a government, legal person or its representative in accordance with Article 27 of the Company Act.</li> </ol>	None

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

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

### 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 analysis	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 to the Company.

- (2) Independence of the Board of Directors: There are nine directors in the current Board (including three independent directors). The directors are all in compliance with Article 26-3, Paragraph 3 and Paragraph 4 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) CEO, vice president, assistant vice president, and supervisors of the company’s divisions and branch units**

April 20, 2024

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	419,244	0.22	4,695,664	2.50	—	—	Department of Industrial Management, National Taiwan Institute of Technology; Department of Entrepreneurship and Management, National Chengchi University; Branch Manager, Oriental Securities Co., Ltd.	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 (Bắc Giang) Company Limited	None	None	None	None	—
Vice President	Republic of China	Jin-Sheng Zhu	Male	2004.01.06	45,368	0.02	2,049	0.00	—	—	Department of Mechanical Engineering, Southern Taiwan University of Science and Technology	Chairman, Dongguan Chengyue Computer Parts Co., Ltd.; Corporate Director, RSTC (Fuqing) Co., Ltd.; Corporate Director, Shin Zu Shing Precision Electron (Chongqing) Co., Ltd.	None	None	None	None	—
Vice President	Republic of China	Shi-Jin Weng	Male	2016.11.03	40,000	0.02	—	—	—	—	Master of Accounting, National Chengchi University; Manager, Audit Department, KPMG Taiwan Assistant Vice President of Management Department and Accounting Officer, Shin Zu Shing Co., Ltd.; COO, Amli Materials Technology Co., Ltd.	Supervisor, Heng Shing Investment Co., Ltd.; Corporate Director, Shin Zu Shing Precision Electron (Chongqing) Co., Ltd.; Supervisor, Dongguan Chengyue Computer Parts Co., Ltd.	None	None	None	None	—
Vice President	Republic of China	Sheng-Huan Zhuo	Male	2018.08.03	—	—	—	—	—	—	Department of Industrial Management, National Cheng Kung University; Master of Industrial Engineering, University of New Mexico; Sales Manager of Intel Taiwan Branch; Assistant Vice President, Global Marketing, Gigabyte Technology Co., Ltd.; President, Celxpert Energy Corporation	Corporate Director, Kunshan Chengjie Computer Parts Co., Ltd.; Chairman, RSTC (Fuqing) 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	Qin-Zhuan Chen	Male	2019.11.01	—	—	—	—	—	—	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	—	
Vice President	Republic of China	Li-Chuan Yu	Female	2023.06.30	375,967	0.20	—	—	—	—	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	8,825	0.00	—	—	—	—	Department of Accounting, Chihlee University of Technology; Assistant finance manager, Shin Zu Shing Co., Ltd.	Supervisor, Ding Ying Investment Co., Ltd.	None	None	None	None	—
Corporate Governance Officer	Republic of China	Meng-Hui Tsai	Female	2016.08.03	23,000	0.01	—	—	—	—	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	—	
Accounting Officer	Republic of China	Ya-Fen Fan	Female	2023.06.30	2,000	0.00	—	—	—	—	Department of Accounting, Soochow University Section Manager, Jaeger Industrial Co., Ltd. Accounting Manager, Shin Zu Shing Co., Ltd.	None	None	None	None	—	

Note 1: Vice President Li-Chuan YU and Accounting Officer Ya-Fen Fan took office on June 30, 2023.

Note 2: Due to job adjustment, former Accounting Officer was appointed as Corporate Governance Officer on June 30, 2023.

### III. Remuneration to directors, CEO, and vice president for the most recent year

#### (I) Remuneration of general directors and independent directors

Unit: NTD thousands

Title	Name	Remuneration to directors								Total sum of A, B, C and D and their proportion to net profit (loss) after tax		Remuneration received as company employee								Total sum of A, B, C, D, E, F and G, and their proportion to net profit (loss) after tax		Remuneration received from investees other than subsidiaries or from the parent company				
		Remuneration (A)		Severance pay and pension (B)		Remuneration to directors (C)		Expenses for services rendered (D) (Note 1)				Salaries, bonuses and special allowances (E) (Note 2)		Severance pay and pension (F)		Remuneration to employees (G) (Note 3)										
		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	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					
Chairman	Sheng-Nan Lu																									
General Director	Chao-Tsong Yuan																									
General Director	You-Qi Lu																									
General Director	Ying-Fu Mao	—	—	—	—	6,000	6,000	120	120	6,120	6,120	0.76%	0.76%	12,478	12,478	—	—	2,000	—	2,000	—	20,598	20,598	2.55%	2.55%	—
General Director	Cheng-Han Hsieh																									
General Director	Bo-Ming Yang																									
Independent Director	Chi-Fa Cheng																									
Independent Director	Yuan-Long Chang	—	—	—	—	3,000	3,000	84	84	3,084	3,084	0.38%	0.38%	0	0	—	—	0	—	0	—	3,084	3,084	0.38%	0.38%	—
Independent Director	Mei-Hui Li																									

1. Please explain the policy, system, standards and structure by which remuneration to independent directors is paid, and association between the amount paid and independent directors' responsibilities, risks and time committed: The remuneration to independent directors of the Company is paid based on the same policy as remuneration paid to general directors. In accordance with the Articles of Incorporation and the Procedures for the Distribution of Remuneration to Directors. Reasonable remuneration is paid by taking into account the Company's operating results and each directors contribution to the Company's performance.

2. In addition to the disclosure in the table above, in the most recent fiscal year, remuneration received by directors (such as serving as a consultant who is not an employee): None.

Note 1: Transportation allowance for company meetings in 2023.

Note 2: Including the 2023 undiscounted balance of automobiles and the rental expense of business vehicles.

Note 3: Represents the amount of distribution of remuneration to employees and directors for 2023 approved by the Board of Directors before the shareholders' meeting.

### 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, You-Qi Lu, Cheng-Han Hsieh, Bo-Ming Yang, Chi-Fa Cheng, Yuan-Long Chang, Mei-Hui Li	Ying-Fu Mao, You-Qi Lu, Cheng-Han Hsieh, Bo-Ming Yang, Chi-Fa Cheng, Yuan-Long Chang, Mei-Hui Li
NTD 2,000,000 (inclusive) - NTD 3,500,000	None	None	None	None
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 CEO 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 (%)		Remuneration received from investees other than subsidiaries or from the parent company
		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	11,368	11,368	—	—	5,878	5,878	8,450	—	8,450	—	25,696 3.18%	25,696 3.18%	—
Vice President	Jin-Sheng Zhu													
Vice President	Shi-Jin Weng													
Vice President	Sheng-Huan Zhuo													
Vice President	Qin-Zhuan Chen													
Vice President	Li-Chuan Yu (Note 1)													

Note 1: Vice President Li-Chuan Yu assumed the position of CEO on June 30, 2023.

Note 2: Including the 2023 undiscounted balance of automobiles and the rental expense of business vehicles.

Note 3: Refers to the amount of distribution of remuneration to employees and directors for 2023 approved by the Board of Directors 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	None	None
NTD 2,000,000 (inclusive) - NTD 3,500,000	None	None
NTD 3,500,000 (inclusive) - NTD 5,000,000	Jin-Sheng Zhu, Shi-Jin Weng, Qin-Zhuan Chen, Li-Chuan YU, Sheng-Huan Zhuo	Jin-Sheng Zhu, Shi-Jin Weng, Qin-Zhuan Chen, 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	6 people	6 people

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

March 31, 2024

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						
	Vice President	Jin-Sheng Zhu						
	Vice President	Shi-Jin Weng						
	Vice President	Sheng-Huan Zhuo						
	Vice President	Qin-Zhuan Chen	—	—	—	10,070	10,070	1.25
	Vice President	Li-Chuan Yu (Note 2)						
	Corporate Governance Officer	Meng-Hui Tsai						
	Chief Financial Officer	Qian-Ting Xu						
	Accounting Officer	Ya-Fen Fan (Note 2)						

Note 1: Refers to the amount of distribution of remuneration to employees and directors for 2023 approved by the Board of Directors before the shareholders' meeting.

Note 2: Vice President Li-Chuan YU and Accounting Officer Ya-Fen Fan took office on June 30, 2023.

**(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, CEO, and Vice President, 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, CEO, and Vice President:

Title	Total remunerations as a percentage of net income after tax (%)			
	2023		2022	
	The Company	All companies included in the financial report	The Company	All companies included in the financial report
Director	2.93	2.93	1.69	1.69
CEO/ Vice President	3.18	3.18	1.92	1.92

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 to directors and managers paid in 2023 was reviewed by the Remuneration Committee and then submitted to the Board of Directors 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 of Directors 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 duties are managed and prevented. The results of the evaluation 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.

#### IV. Status of corporate governance:

##### (I) Status of operation of the Board of Directors

The Board of Directors met 6 times in the most recent fiscal year (2023), and the attendance of 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	6	—	100%	—
Director	Chao-Tsong Yuan	6	—	100%	—
Director	You-Qi Lu	5	—	83.3%	—
Director	Ying-Fu Mao	6	—	100%	—
Director	Cheng-Han Hsieh	6	—	100%	—
Director	Bo-Ming Yang	6	—	100%	—
Independent Director	Chi-Fa Cheng	6	—	100%	—
Independent Director	Yuan-Long Chang	6	—	100%	—
Independent Director	Mei-Hui Li	6	—	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, independent directors' opinions and how the Company has responded to such opinions:

(1) Matters listed in Article 14-3 of the Securities and Exchange Act: See the table below.

Board of Directors	Resolutions and follow-up	Matters listed in Article 14-3 of the Securities and Exchange Act	Dissenting or qualified opinion of independent director
20th term 6th meeting 2023.03.08	Approved the motion for evaluation of the independence and suitability of the Company's CPAs.	V	—
	Opinions of the independent directors: None. The Company's handling of the opinions of the independent directors: None. Resolution: Passed by all attending directors.		
20th term 7th meeting 2023.04.25	Approved the motion for capital increase in subsidiary Smart Point Ltd. and the reinvestment.	V	—
	Opinions of the independent directors: None. The Company's handling of the opinions of the independent directors: None. Resolution: Passed by all attending directors.		
20th term 8th meeting 2023.06.21	Approved the motion for reassignment of the Company's manager (Accounting Officer).	V	—
	Opinions of the independent directors: None. The Company's handling of the opinions of the independent directors: None. Resolution: Passed by all attending directors.		

Board of Directors	Resolutions and follow-up	Matters listed in Article 14-3 of the Securities and Exchange Act	Dissenting or qualified opinion of independent director
20th term 9th meeting 2023.08.02	Approved the motion for review of audit fees by CPAs.	V	—
	Opinions of the independent directors: None. The Company's handling of the opinions of the independent directors: None. Resolution: Passed by all attending directors.		
20th term 10th meeting 2023.11.08	Approved the motion for capital increase in subsidiary Smart Point Ltd. and the reinvestment.	V	—
	Opinions of the independent directors: None. The Company's handling of the opinions of the independent directors: None. Resolution: Passed by all attending directors.		
20th term 11th meeting 2023.12.20	Approved the motion for 2023 year-end bonuses to the Company's managers and their 2024 salary and remuneration.	V	—
	Opinions of the independent directors: None. The Company's handling of the opinions of the independent directors: None. Resolution: Passed by all attending directors.		

(2) Any other documented objections or qualified opinions raised by independent directors against Board resolutions in relation to matters other than those described above: None.

2. Execution status of recusal of directors due to conflicts of interest (name of independent 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
2023.04.25	Motion for distribution of remuneration to employees (managers) and directors for 2022	Director Chao-Tsong Yuan	Director Chao-Tsong Yuan recused himself as a stakeholder to the motion. After the chair consulted all attending directors, the motion was approved unanimously.
2023.12.20	Motion for 2023 year-end bonuses to the Company's managers and their 2024 salary and remuneration.	Director Chao-Tsong Yuan	Director Chao-Tsong Yuan recused himself as a stakeholder to the motion. After the chair consulted all attending directors, the motion was approved unanimously.

### 3. Implementation of the evaluation of the Board of Directors:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Annually	2023/1/1 - 2023/12/31	Performance evaluation of the Board of Directors	Internal self-evaluation of the Board of Directors	<ol style="list-style-type: none"> <li>1. Participation level in the operation of the company</li> <li>2. Quality of decisions made by the Board of Directors.</li> <li>3. Composition and structure of the Board of Directors</li> <li>4. Election and continuing education of directors</li> <li>5. Internal control</li> </ol>
		Performance evaluation of individual board members	Self-evaluation of board members	<ol style="list-style-type: none"> <li>1. Alignment of the goals and mission of the company</li> <li>2. Awareness of the duties of a director</li> <li>3. Participation level in the operation of the company</li> <li>4. Management of internal relationship and communication</li> <li>5. Director's professionalism and continuing education</li> <li>6. Internal control</li> </ol>
		Performance evaluation of functional committee members	Self-evaluation of functional committee members	<ol style="list-style-type: none"> <li>1. Participation level in the operation of the company</li> <li>2. Awareness of the duties of the functional committee</li> <li>3. Quality of decisions made by the functional committee.</li> <li>4. Composition of the functional committee and election of its members</li> <li>5. Internal control</li> </ol>

In the Board's report dated March 1, 2024, the Company discussed and proposed improvements to the operations of the Board of Directors, 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 of Directors 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 of Directors during the most recent fiscal year:
  - (1) Starting 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 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 Company formulated its intellectual property management plan which was aligned with the operational objectives. The implementation status was reported to the Board of Directors on December 20, 2023.

#### (II) Status of operation of the Audit Committee

The Audit Committee met 5 times (A) in the most recent fiscal year (2023), 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
2nd term 3rd meeting 2023.03.08	<ol style="list-style-type: none"> <li>1. Approved the motion for evaluation of the independence and suitability of the Company's CPAs.</li> <li>2. Approved the motion for 2022 financial statements and business report.</li> <li>3. Approved the motion for issuance of the Statement of Internal Control System.</li> </ol>	Approved unanimously by all attending members.	<ol style="list-style-type: none"> <li>1. Reported to the Board of Directors.</li> <li>2. Proposed by the Board of Directors and approved unanimously by all attending directors.</li> </ol>
2nd term 4th meeting 2023.04.25	<ol style="list-style-type: none"> <li>1. Approved the motion for capital increase in subsidiary Smart Point Ltd. and the reinvestment.</li> </ol>	Approved unanimously by all attending members.	<ol style="list-style-type: none"> <li>1. Reported to the Board of Directors.</li> <li>2. Proposed by the Board of Directors and approved unanimously by all attending directors.</li> </ol>
2nd term 5th meeting 2023.06.21	<ol style="list-style-type: none"> <li>1. Approved the motion for reassignment of the Company's manager (Accounting Officer).</li> </ol>	Approved unanimously by all attending members.	<ol style="list-style-type: none"> <li>1. Reported to the Board of Directors.</li> <li>2. Proposed by the Board of Directors and approved unanimously by all attending directors.</li> </ol>
2nd term 6th meeting 2023.08.02	<ol style="list-style-type: none"> <li>1. Approved the consolidated financial statements for Q2 2023.</li> <li>2. Approved the motion for review of audit fees by CPAs.</li> </ol>	Approved unanimously by all attending members.	<ol style="list-style-type: none"> <li>1. Reported to the Board of Directors.</li> <li>2. Proposed by the Board of Directors and approved unanimously by all attending directors.</li> </ol>
2nd term 7th meeting 2023.11.08	<ol style="list-style-type: none"> <li>1. Approved the motion for capital increase in subsidiary Smart Point Ltd. and the reinvestment.</li> </ol>	Approved unanimously by all attending members.	<ol style="list-style-type: none"> <li>1. Reported to the Board of Directors.</li> <li>2. Proposed by the Board of Directors and approved unanimously by all attending directors.</li> </ol>

(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 auditors, and the independent auditors (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 quarterly 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 internal audit officer or CPAs in 2023**

Date of meeting	Attendees	Communication matters	Communication results
2023.03.08 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"> <li>1. Explanation on the financial statement and profit and loss account for 2022, and the summary of the audit results of the financial statements.</li> <li>2. Explanation on the Company's compliance with accounting policies.</li> <li>3. Important regulations and their impact on the Company.</li> <li>4. Other communication matters.</li> </ol>	Motion was approved as proposed
2023.03.08 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"> <li>1. Review of internal audit reports.</li> <li>2. Review of the "Statement of Internal Control System" for 2023.</li> </ol>	None
2023.04.25 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"> <li>1. Review of internal audit reports.</li> <li>2. Review and revision of policies and procedures related to internal control.</li> </ol>	None
2023.08.02 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"> <li>1. Explanation on the financial statement and profit and loss account for Q2 2023, and the summary of the audit results of the financial statements.</li> <li>2. Important regulations and their impact on the Company.</li> <li>3. Other communication matters.</li> </ol>	Motion was approved as proposed
2023.08.02 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"> <li>1. Review of internal audit reports.</li> </ol>	None
2023.11.08 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"> <li>1. Review of internal audit reports.</li> <li>2. Review of the audit plan for 2024.</li> </ol>	None
2023.12.20 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"> <li>1. The unit in charge of governance is responsible for improving the ability to prepare financial statements. (Board of Directors and Audit Committee)</li> <li>2. Audit scope and method of financial statements.</li> <li>3. Group audit.</li> <li>4. Significant accounting policies, significant accounting estimates, and significant events or transactions.</li> <li>5. Assessment of fraud.</li> <li>6. Significant risks/key audit matters.</li> <li>7. Other communication matters.</li> </ol>	Motion was approved as proposed

**(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		Summary	Variation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for such variation
	Yes	No		
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 of Directors (I) Has the Board of Directors established a diversity policy, specific management objectives and has such policy and objectives been implemented properly?  (II) Aside from setting up the Salary	✓		(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	No significant difference

Evaluation item	Implementation status		Summary	Variation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for such variation
	Yes	No		
<p>and Remuneration Committee and Audit Committee as required by the law, has the company voluntarily set up other functional committees?</p> <p>(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 reference in determining salary and remuneration for each individual director, their nomination, and reappointment?</p>			<p>remuneration committee. The Board of Directors approved the establishment of the Sustainable Development Committee on December 24, 2021.</p> <p>(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 1, 2024. The weighted score of the performance evaluation of the Board of Directors was 98.85, and the weighted score of the self-evaluation of the performance of the board members was 99.30. 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.</p> <p>The Company's performance evaluation of the Board of Directors covers the following five major aspects:</p> <ol style="list-style-type: none"> <li>I. Participation level in the operation of the company</li> <li>II. Improvement of quality of decisions made by the Board of Directors.</li> <li>III. Composition and structure of the Board of Directors</li> <li>IV. Election and continuing education of directors</li> <li>V. Internal control</li> </ol> <p>The Company's self-evaluation of the board members covers the following six major aspects:</p> <ol style="list-style-type: none"> <li>I. Alignment of the goals and mission of the company</li> <li>II. Awareness of the duties of a director</li> <li>III. Participation level in the operation of the company</li> <li>IV. Management of internal relationship and communication</li> <li>V. Director's professionalism and continuing education</li> <li>VI. Internal control</li> </ol> <p>The Company's performance evaluation of the functional committees covers the following five major aspects:</p> <ol style="list-style-type: none"> <li>I. Participation level in the operation of the company</li> <li>II. Awareness of the duties of the functional committee</li> <li>III. Improvement of quality of decisions made by the functional committee.</li> <li>IV. Composition of the functional committee and election of its members</li> <li>V. Internal control</li> </ol> <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>	

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>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 of Directors. The latest evaluation was approved by the Audit Committee on March 1, 2024, and then passed by the Board of Directors on March 1, 2024.</p> <p>The evaluation mechanism is as follows:</p> <ol style="list-style-type: none"> <li>1. Confirm that the Company's CPAs are not related parties to the Company or its directors.</li> <li>2. The rotation of CPAs is required in accordance with the "Corporate Governance Best Practice Principles".</li> <li>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.</li> <li>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.</li> <li>5. Obtain the statement of independence issued by the CPAs on a regular basis.</li> <li>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.</li> </ol>	
IV. Has the company designated an appropriate number of corporate governance personnel and designated a chief corporate governance officer that are 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 of Directors, the Company has appointed a competent and appropriate corporate governance officer - Assistant Vice President Meng-Hui Tsai. Assistant Vice President Tsai 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 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 meetings minutes, and corporate governance implementation for the current year. These efforts are aimed to protect shareholders' interests and strengthen the functions of the Board of Directors.</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	
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 respond to important corporate social responsibility issues that stakeholders are concerned about?	✓		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. <a href="https://www.szs-group.com/page/stakeholder-communication?">https://www.szs-group.com/page/stakeholder-communication?</a> Please refer to the "Stakeholder Engagement" chapter in the Company's ESG Report for details.	No significant difference
VI. Has the company appointed a professional stockbroker to conduct shareholder meeting affairs?	✓		The Company has appointed a professional stock service agent, "Shareholder Department of Taishin Securities", to handle shareholder meeting affairs.	No significant difference
VII. Information disclosure (I) Has the company set up a website to disclose financial operations and corporate governance information? (II) Has the company adopted other information disclosure methods (e.g., establishing an English 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)? (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?	✓ ✓ ✓		(I) Information on annual financial performance and corporate governance can be found on the Company's website. (II) The Company has an English-language website to disclose financial business and corporate governance-related information each year, and 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. (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.	No significant difference
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)?	✓		(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. (II) Employee care: 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. (III) Investor relations: The Company has established a two-way communication channel for external investors and institutional investors.	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>(IV) Supplier relations: The Company has established the 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>	
<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: Improvements in 2023:</p> <ol style="list-style-type: none"> <li>1. The English version of the annual report prepared was uploaded 7 days prior to the AGM.</li> <li>2. The interim financial reports were approved by the Audit Committee and submitted to the Board of Directors for discussion and resolution.</li> </ol>				

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>3. A Corporate Governance Officer was established to be responsible for corporate governance-related affairs; the scope of power and continuing education was explained on the Company's website and annual report.</p> <p>4. The risk management unit reported its operation to the Board of Directors at least once a year.</p> <p>5. The English version of the annual financial report was disclosed 7 days prior to the AGM.</p> <p>Priority matters and improvement measures in 2024:</p> <p>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.</p> <p>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.</p> <p>3. The English version of the ESG Report is uploaded on Market Observation Post System and the Company's website.</p>				

### 1. Continuing education of directors:

Title	Name	Date of continuing education	Organizer	Course name	Hours of continuing education
Director	Sheng-Nan Lu	2023.06.09	Securities and Futures Institute	2023 Insider Trading Prevention Conference	3
		2023.07.04	Taiwan Stock Exchange	2023 Cathay Pacific Sustainable Banking and Climate Change Summit	3
Director	Chao-Tsong Yuan	2023.04.17	Taiwan Corporate Governance Association	Practice of Corporate Risk Management in the Medical Industry	3
		2023.07.04	Taiwan Stock Exchange	2023 Cathay Pacific Sustainable Banking and Climate Change Summit	3
Director	You-Qi Lu	2023.04.17	Taiwan Corporate Governance Association	Practice of Corporate Risk Management in the Medical Industry	3
		2023.11.28	Accounting Research and Development Foundation	Supervision of the Company's ESG Implementation by Directors, Supervisors and Senior Executives	3
Director	Ying-Fu Mao	2023.06.09	Securities and Futures Institute	2023 Insider Trading Prevention Conference	3
		2023.11.15	Securities and Futures Institute	2023 Insider Equity Transaction Legal Compliance Education Seminar	3
Director	Cheng-Han Hsieh	2023.07.04	Taiwan Stock Exchange	2023 Cathay Pacific Sustainable Banking and Climate Change Summit	6
Director	Bo-Ming Yang	2023.06.02	Securities and Futures Institute	2023 Insider Trading Prevention Conference	3
		2023.07.04	Taiwan Stock Exchange	2023 Cathay Pacific Sustainable Banking and Climate Change Summit	6
Independent Director	Chi-Fa Cheng	2023.08.22	Securities and Futures Institute	Talent Development and Corporate Sustainability	3
		2023.08.22	Securities and Futures Institute	SDG Impact Measurement and Management	3

Title	Name	Date of continuing education	Organizer	Course name	Hours of continuing education
Independent Director	Yuan-Long Chang	2023.04.27	Taiwan Stock Exchange	Sustainable Development Action Plan Promotion Conference for TWSE/TPEX-listed Companies	3
		2023.07.04	Taiwan Stock Exchange	2023 Cathay Pacific Sustainable Banking and Climate Change Summit	6
		2023.08.22	Securities and Futures Institute	Talent Development and Corporate Sustainability	3
		2023.08.22	Securities and Futures Institute	SDG Impact Measurement and Management	3
Independent Director	Mei-Hui Li	2023.04.27	Taiwan Stock Exchange	Sustainable Development Action Plan Promotion Conference for TWSE/TPEX-listed Companies	3
		2023.06.09	Securities and Futures Institute	2023 Insider Trading Prevention Conference	3

## 2. Continuing education of managers:

Title	Name	Date of continuing education	Organizer	Course name	Hours of continuing education
Corporate Governance Officer	Meng-Hui Tsai	2023.08.17-2023.08.18	Taiwan Corporate Governance Association	Net-Zero Sustainability Talent Development Class "North Region" - Strategies for Low-Carbon Transformation of Enterprises	9
		2023.11.14	Taiwan Institute for Sustainable Energy Research	6th Global Corporate Sustainability Forum 1-2	3
		2023.11.15	Taiwan Institute for Sustainable Energy Research	6th Global Corporate Sustainability Forum 2-1	3
		2023.12.08	Securities and Futures Institute	2023 Insider Equity Transaction Legal Compliance Education Seminar	3
Accounting Officer	Ya-Fen Fan	2023.10.02-2023.10.13	Accounting Research and Development Foundation	Initial Training Course for Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	30
Deputy Accounting Officer	Tsai-Yun Liu	2023.09.18-2023.09.19	Accounting Research and Development Foundation	Continuing Education Course for Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12
Audit officer	Su-Ling Hsiao	2023.09.19	Internal Audit Association	Production Cycles Practices and Audit Focus	6
		2023.09.21	Internal Audit Association	Practical Self-Assessments	6
Deputy Audit Officer	Chun-Yi Tseng	2023.10.19	Internal Audit Association	Practical Audit on Materials System of the Manufacturing Industry	6
		2023.10.24	Internal Audit Association	How to Use Big Data to Strengthen Audit Operations	6

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

March 31, 2024

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 13.	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, Audit Committee member, and Remuneration Committee member of the Company.	Please refer to "Independence of Independent Directors" on page 13.	2
Independent Director	Mei-Hui Li	Former CFO at Flytech Technology Co. Ltd. Current Supervisor, at Flytech Technology (Shanghai) Co., Ltd.; Director, Design For Taiwan / Flytech Foundation; Independent Director member of the Audit Committee and member of the Remuneration Committee of the Company.	Please refer to "Independence of Independent Directors" on page 13.	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 (2023), 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:
  - a. Formulate and regularly review the policies, systems, standards and structures for the performance evaluation and remuneration of directors, supervisors and managers.
  - b. Regularly assess and determine the remuneration to directors, supervisors, and managers.
  - c. 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 term 2nd meeting 2023.03.30	1. Review of the motion for distribution of remuneration to employees (managers) and directors for 2022	Approved unanimously by all attending members.	Proposed by the Board of Directors and approved unanimously by all attending directors.
5th term 3rd meeting 2023.06.15	1. Motion for appointment of the Company's Corporate Governance Officer. 2. 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.
5th term 4th meeting 2023.12.04	1. Review of the motion for 2023 year-end bonuses to the Company's managers and their 2024 salary and remuneration. 2. Motion for distribution of 2023 remuneration to directors and the estimation of 2024 total remuneration to directors.	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 promotion of sustainable development, and set up a unit specialized (or involved) in the promotion of sustainable development? Is such unit run by senior management authorized by the Board of Directors and reports its supervision status to the Board of Directors?	✓		<p>The Company established the ESG Committee on December 24, 2021, which consists of three directors (including two independent directors), and its duties include:</p> <ol style="list-style-type: none"> <li>1. Establishment of sustainable development policies, goals, and management systems.</li> <li>2. Planning, execution and review of work related to sustainable development.</li> <li>3. Tracking, reviewing and revision of the effectiveness of sustainable development projects.</li> <li>4. Preparation and distribution of the ESG Report.</li> <li>5. Reporting of the Committee's implementation results and the new year's goals and plans to the Board of Directors on a yearly basis.</li> </ol> <p>The "SZS ESG Committee" reports the results of sustainable development and future work plans to the Board of Directors on a quarterly basis.</p> <p>A total of 2 meetings were held in 2023. The motions included:</p> <ol style="list-style-type: none"> <li>1. Formulation of action plans in response to sustainability issues of concern to stakeholders.</li> <li>2. Progress of the preparation of the annual ESG Report and identification of material issues.</li> <li>3. Progress of the organization's annual GHG emission target.</li> <li>4. Approval of the budgets for sustainability projects and evaluation of their implementation.</li> </ol>	No significant difference
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?	✓		<ol style="list-style-type: none"> <li>1. The period of this disclosure is from January to December 2023. The boundary of risk assessment is mainly the Company, covering the existing business locations in Taiwan and China.</li> <li>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 2023 ESG Report.</li> </ol>	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</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									
			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.									
(II) Is the company committed to enhancing the utilization efficiency energy and use renewable materials with low impact on the environment?	✓		<ol style="list-style-type: none"> <li>At SZS, we actively promote energy reduction measures, 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.</li> <li>The Company has included environmentally prohibited and restricted substances as the focus of design review at the early stage of R&amp;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).</li> </ol>	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 countermeasures?	✓		The Company has preliminarily evaluated the risks and opportunities of climate changes to the Company in accordance with the TCFD framework, and will reinstate a complete evaluation every three years and updated annually. The risks and opportunities that may affect SZS in the short, medium and long term - 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 2023 ESG Report for details)	No significant difference								
(IV) Has the company calculated the greenhouse gas (GHG) emissions, water consumption, and total weight of waste in the past 2 years, and formulated policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption, or other waste management?	✓		<ol style="list-style-type: none"> <li>All of the Company's plants and subsidiaries completed ISO 14064-1 Scope 1, 2, and 3 inventory and third-party verification in 2021. GHG emissions in the past two years Scope 1, 2 and 3 refer to Taiwan factories</li> </ol> <p style="text-align: right;">(Unit: Co2e metric tons/year)</p> <table border="1" style="width: 100%; margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>Scope 1</th> <th>Scope 2</th> <th>Scope 3</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Year	Scope 1	Scope 2	Scope 3					No significant difference
Year	Scope 1	Scope 2	Scope 3									

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									
			<table border="1"> <tr> <td>2022</td> <td>926</td> <td>25,701</td> <td>8,539</td> </tr> <tr> <td>2023</td> <td>428</td> <td>21,305</td> <td>9,002</td> </tr> </table> <p>Based on the results of GHG inventory, the Company has established an EMS system for the data of main activities with high carbon emissions. These are the power system, air compression system, and air conditioning system of each factory, so that the data can be monitored online. We also conduct tracking and analysis, and formulate various actionable carbon reduction plans on a timely manner based on the analysis results, while regularly reviewing the carbon reduction results.</p> <p><b>Water resource management strategy:</b>  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)  2022: 204.51  2023: 186.69  Quantity of water recovered by the Company in the past 2 years (unit: thousand cubic meters)  2022: 4.28  2023: 5.13</p> <p><b>Waste management policy:</b>  Considering sustainable resource reuse, the Company 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.  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.  Weight of hazardous waste in the past 2 years (unit: metric tons)  2022: 50.90</p>	2022	926	25,701	8,539	2023	428	21,305	9,002	
2022	926	25,701	8,539									
2023	428	21,305	9,002									

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									
			2023: 65.65 Weight of non-hazardous waste of the Company in the last 2 years (unit: metric tons) 2022: 678.20 2023: 542.75 Waste recycling is as follows: (Unit: metric tons) <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">729</td> <td style="text-align: center;">574</td> </tr> </tbody> </table>	2022	2023	729	574					
2022	2023											
729	574											
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?	✓		1. 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 Promotion Management Procedures, the Company has also established human rights-related measures in accordance with the RBA, and has obtained RBA Silver certification. 2. 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. 3. In 2023, a total of 3,539 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 further implement the Company's "Human Rights Policy". 4. The Company's human rights management policies and specific plans are as follows: <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Human Rights Management Policy</th> <th>Specific plan</th> </tr> </thead> <tbody> <tr> <td>Provide a safe and healthy work environment</td> <td>           1. Provide a safe and healthy working environment and necessary health and first aid measures.            2. Take the initiative in the care for and manage the abnormal workload of colleagues, avoid overtime, and regularly implement relevant education and training on labor safety.         </td> </tr> <tr> <td>Eliminate illegal discrimination</td> <td>There are no fields irrelevant to the work on the resume.</td> </tr> <tr> <td>Prohibit forced labor</td> <td>The Company does not employ forced,</td> </tr> </tbody> </table>	Human Rights Management Policy	Specific plan	Provide a safe and healthy work environment	1. Provide a safe and healthy working environment and necessary health and first aid measures. 2. Take the initiative in the care for and manage the abnormal workload of colleagues, avoid overtime, and regularly implement relevant education and training on labor safety.	Eliminate illegal discrimination	There are no fields irrelevant to the work on the resume.	Prohibit forced labor	The Company does not employ forced,	No significant difference
Human Rights Management Policy	Specific plan											
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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					
			<table border="1"> <tr> <td></td> <td>bonded, contractually bound, prison, slave or trafficked laborers; nor does it restrict the basic rights of employees to freedom of movement.</td> </tr> <tr> <td>Help employees maintain physical and mental health and work balance</td> <td>The Company cares for the physical and mental health of employees, and provides employees with free health checkups on a regular basis.</td> </tr> </table>		bonded, contractually bound, prison, slave or trafficked laborers; nor does it restrict the basic rights of employees to freedom of movement.	Help employees maintain physical and mental health and work balance	The Company cares for the physical and mental health of employees, and provides employees with free health checkups on a regular basis.	
	bonded, contractually bound, prison, slave or trafficked laborers; nor does it restrict the basic rights of employees to freedom of movement.							
Help employees maintain physical and mental health and work balance	The Company cares for the physical and mental health of employees, and provides employees with free health checkups on a regular basis.							
(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?	✓		<ol style="list-style-type: none"> <li>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.</li> <li>In response to core goal 5 "Achieve Gender Equality and Empowerment of All Women" of the "Taiwan Sustainable Development Goals" and corporate social responsibility-related promotional activities of the TWSE encouraging companies listed on the TWSE and TPEX to appoint women as managers. In recent years, the Company has continued to pay attention to this issue and promotes and implements talent development. In 2023, female managers accounted for 29.3% of all executives, an increase of 0.7% over the previous year.</li> </ol>	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?	✓		<ol style="list-style-type: none"> <li>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.</li> <li>Through the third-party certification organization - SGS, the annual audit system of ISO 45001 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, and assembly products. Pivot assembly for communication products, computer products and consumer products, and powder metallurgy components. The Company was awarded the Healthy Workplace Award by the Occupational Safety and Health Administration in 2023.</li> </ol>	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>3. In 2023, there were 9 occupational hazard reports with 9 people injured, accounting for 0.34% 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. The frequency of disabling injuries in 2023 was 4.49; there were 37 occupational injuries. After an internal review, improvement measures were immediately formulated to ensure the safety of employees during their work hours.</p> <p>4. There was no fire incident of the Company in 2023.</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><b>Succession plan</b> 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><b>Supervisor training</b> 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><b>Professional education</b> 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><b>Training for new recruits</b> 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
(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</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>the agreements to protect customers' intellectual property rights to the greatest extent. 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>	
(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"> <li>1. At present, the Company 100% complies with the guidelines and spirit of the RBA initiative 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 on suppliers. , which are carried out in writing or on-site by an evaluation team.</li> <li>2. In terms of quality risk control, all suppliers are required to comply with the requirements of EU RoHS, and their products do not contain substance 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 2023, there were no significant risks or incidents of child labor or forced labor for the Company and suppliers.</li> <li>3. The Company implements the concept of sustainability in the daily management of suppliers through supplier assessment, audit, training, and praise.</li> </ol>	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 company obtained assurance or guarantee from a third-party verification institution?	✓		<p>The Company prepared the 2023 ESG Report in accordance with the Core GRI Standards and the "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" issued by the Taiwan Stock Exchange, while making reference to the UN's Sustainable Development Goals (SDGs) and the key points of the Sustainability Accounting Standards Board's (SASB) for disclosure reporting.</p> <p>The external assurance of the report was completed by Singapore-based contractor BSI (British Standards Institution) to ensure compliance with:</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	
			<ul style="list-style-type: none"> <li>* GRI Standards Core Option</li> <li>* AA 1000 AS v3</li> </ul>	
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.			
VII.	<p>Other important information to facilitate the understanding of the status of promotion of sustainable development:</p> <ol style="list-style-type: none"> <li>1. GHG management: The Company has obtained ISO 14064 GHG inventory certification, and continues to track the carbon reduction results through the GHG inventory results.</li> <li>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, which resulted in the awarding of a B-level management grade in 2023.</li> <li>3. We are committed to becoming a model enterprise in the electronic component industry. In 2023, we voluntarily applied for RBA accreditation for the Group's domestic and overseas factories, and all factories obtained RBA Silver certification.</li> <li>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. The Company also holds supplier meetings every year to strengthen supply chain management.</li> </ol> <p>Please refer to the 2023 ESG Report in the CSR section on the Company's website  <a href="https://www.szs.com.tw/page/esg-and-csr">https://www.szs.com.tw/page/esg-and-csr</a></p>			

Climate-related information for TWSE/TPEX-listed companies

1 Implementation of climate-related information

Item	Status of implementation
<p>1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and management.</p>	<p>The Company formulated the "SZS ESG Committee Charter" in December 2021 and elected the first Sustainability Committee in August 2022. The ESG Committee is under the authority of the Board of Directors and its members include one director and two independent directors, and CEO has been appointed as the chairman. In addition, The corporate governance officer, along with the ESG Team and risk management-related departments have been appointed to form the cross-departmental climate change risk working group. By following the TCFD (Task Force on Climate-related Financial Disclosures), the working group identifies the risks and opportunities caused by climate change, assesses and responds to climate impacts within the scope of each area of responsibility. The working group also includes the implementation results and plans as KPIs for the management team and reports to the Board of Directors at least once a year.</p> <p>In addition, the other functional committees 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.</p> <p>The "Remuneration Committee" evaluates and reviews remuneration (including climate change-related issue management) to managers for ESG-related performance based on each manager's KPI goals. Through linking the remuneration system with the results of climate change management, management is encouraged to strive for personal performance while enabling the Company to make a profit. This also enable the Company to achieve the goal of sustainability, while bringing more benefits to investors and stakeholders.</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>The Company has preliminarily listed the impacts related to climate risks in business, strategy and financial planning based on the types of risks and opportunities of TCFD. Aside from this, the Company is actively developing solutions, hoping to minimize the operational and financial impacts caused by climate change and improve organizational climate resilience. We have defined the short-term as less than 3 years, and medium-term and long-term as more than 3 years and assess the related climate risks and opportunities and the potential operational and financial impacts on the Company while proactively planning various countermeasures. The related impacts are summarized as follows:</p>				
<p>Type</p>	<p>Risks/Opportunities</p>	<p>Short-term impact (within 3 years)</p>	<p>Mid-term and long-term impact (more than 3 years)</p>	<p>Countermeasure</p>	
<p>Physical risk</p>	<p>Water shortage affecting factory operations</p>	<p>The area where the Company is located has not entered the third stage of water restrictions, and there is no possibility of affecting operations for the time being.</p>	<p>The scarcity of water resources will result in operational pressures and impacts, as well as disconnected suppliers, which in turn will increase operational costs.</p>	<p>To reduce the impact of drought events, relevant plants have gradually strengthened the recycling of water resources, and formulated emergency response plans to reduce operational losses caused by disaster risks. Please refer to the Company's 2023 ESG Report - Water Resource Management</p>	
<p>Physical risk</p>	<p>Average temperature rise</p>	<p>The high temperature increases the usage of air-conditioning and the electricity bill rises, resulting in an increase in electricity expenditures.</p>	<p>The increase in energy consumption of plant equipment (such as the increase in power consumption of cooling equipment) will increase GHG emissions, resulting in an increase in operating costs.</p>	<p>The Company promotes the replacement of old air-conditioning equipment and plans smart monitoring of air-conditioning, air compressor, and electricity, among other energy-saving plans and management measures. Please refer to the Company's 2023 ESG Report - Energy Management</p>	
<p>Transformation risks</p>	<p>Focus on the risks arising from the transition to a low-carbon economy. Transformation</p>	<p>GHG emission caps, the increase in carbon tax, carbon fees and other expenses will result in an increase in operating costs. Failure</p>	<p>In response to regulations and customer requirements, the usage rate of renewable energy is increased, resulting in an increase in operating costs. At the same</p>	<p>In order to respond to the risk of changes in relevant legal compliance and green standards, the Company not only actively responds to relevant international regulations, but also devotes</p>	

		risks include policy, legal, technical, market and goodwill risks	to actively take sustainability actions risks losing the trust of customers and investors.	time, we respond to international initiatives to actively reduce carbon from the production process, introduce alternative recyclable raw materials, continue to invest in R&D technology, introduce low-carbon products, and increase the cost of R&D technology transformation.	itself to reducing the risk of renewable energy costs. The Company will invest in the research and development of low-energy consumption products in an effort to reduce product carbon footprint, meeting customer expectations and strengthening customers' trust in us. Please refer to the Company's 2023 ESG Report - GHG Management & Innovative R&D
	Opportunity	Based on the results of risk assessment, we utilize the advantages of the Company to obtain opportunities in resource efficiency, product and service, and market.	The Company possesses leading precision processing technology. By making good use of its technology, the Company has introduced automated processes to improve production efficiency, in order to have the opportunity to gain and meet the trust and expectations of customers, thereby reducing operating costs.	With our second-to-none R&D team, we develop low-carbon products, reduce product production costs, raise the threshold for competitors to enter the original market, and By entering new markets with low-carbon production processes, we will have an opportunity to increase investors' long-term investment willingness and support of new customers, thereby increasing operating revenues and profitability.	In addition to improving the efficiency of process equipment, the Company improves production efficiency, resource efficiency, and reduces costs through the innovation of various design techniques and the research and development of low-carbon products using recycled materials. The Company also maintains a close cooperative relationship with customers and invests in research and development according to the market demand, Therefore, when the wave of sustainability rises, there will be an opportunity to meet customer needs, enter new markets, increase revenues, and gain support from investors. Please refer to the Company's 2023 ESG Report - Energy Management & Innovative R&D
3. Describe the	<b>Financial impacts of extreme climate events</b>				

<p>financial impact of extreme climate events and transformation actions.</p>	<p>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, as 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><b>Financial impact of transformation actions</b></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>
<p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p>	<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 along. A risk control report is submitted to the Board of Directors at least</p>

	once a year in order to strengthen the corporate structure.
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.	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.
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.	In order to achieve net zero, we have formulated low-carbon transformation plans, which will focus on direct emissions from operating activities (Scope 1), indirect emissions from energy use (Scope 2), and indirect emissions from the value chain (Scope 3), respectively. The implementation includes: <ol style="list-style-type: none"> <li>1. Planning and formulation of SBT goals and expected to pass international audits.</li> <li>2. The reduction route of 1.5°C of SBTi is followed and the annual linear reduction of Scope 2 is 4.2%.</li> <li>3. We aim to achieve the combination of economic, social and environmental benefits through the use of green power, expand the use of renewable raw materials, and strengthening of the energy transformation and circular economy. It is planned that the proportion of green power consumption will account for <math>\geq 50\%</math> by 2030 .</li> </ol>
7. If internal carbon pricing is used as a planning tool, the basis for setting the pricing shall be stated.	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 in each year. If carbon credits or renewable energy certificates (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.</p>	<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. The Company currently does not use carbon credits to be offset or RECs.</p>
<p>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)</p>	<p>Please refer to the following</p>

1-1 GHG inventory and assurance for the most recent two years.

### 1-1-1 GHG inventory information

Describe the GHG emission volume (metric tons CO<sub>2</sub>e), intensity (metric tons CO<sub>2</sub>e/NTD million), and data coverage for the most recent two years.

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.

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:

		2022		2023	
		Emission volume (tons/CO <sub>2</sub> e)	Intensity (tons CO <sub>2</sub> e/turnover NTD million)	Emission volume (tons/CO <sub>2</sub> e)	Intensity (tons CO <sub>2</sub> e/turnover NTD million)
The Company	Scope 1 Direct GHG emissions	926		483	
	Scope 2 Indirect GHG emissions	25,702		21,305	
	Subtotal	26,628		21,788	
All subsidiaries included in the consolidated financial statements	Scope 1 Direct GHG emissions	482		193	
	Scope 2 Indirect GHG emissions	2,729		2,594	
	Subtotal	3,211		2,787	
Total		29,839	2.52	24,575	2.44

### 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.

The total GHG emissions disclosed by the Group in 1-1-1 for the Company's entities within the scope of assurance in 2022 and 2023 accounted for 100% and 100%, respectively, of the total emissions of the Company in those years. Assurance was performed by AFnor Asia according to the ISO 14604-3:2019 standard, with unqualified opinions issued. Assurance in 2023 was performed by TUV SUD (Taiwan) according to the ISO 14604-3:2019 standard, with unqualified opinions issued.

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

Describe the GHG reduction base year and its data, reduction targets, strategies, and 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 is expected that a reduction commitment is to be submitted to the SBTI in 2023, with the GHG reduction base year set in 2022. The Company also expects to submit its validation of the reduction target to the SBTI in 2024, with Scope I and Scope II emissions being 676 tons of CO<sub>2</sub>e and 23,890 tons of CO<sub>2</sub>e, respectively. We hope that the following specific actions will further reduce by 4.2% from the base year in 2024 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 on 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 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 which 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, and 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	

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	
			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 Center is responsible for the formulation of ethical corporate management policies and preventive plans, and the implementation of which is supervised by the CEO's Office. The relevant implementation status was reported to the Board of Directors on December 20, 2023.	
(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 Best-Practice Principles" and the "Procedures for Ethical and Integrity Management" in 2014 and 2016, respectively. They are announced them on the Company's intranet.	
(IV) Has the company established an effective accounting system and internal control system in order to implement ethical management, and does the internet 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	✓		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	

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	
<p>out the review?</p> <p>(V) Does the company organize internal or external training on a regular basis on ethical management?</p>			<p>external accountants to perform internal control and audit.</p> <p>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 2023, we held 105 training courses related to ethical management, with a total of 3,014 participants totaling 5,997 hours.</p>	
<p>III. The company's whistle-blowing system</p> <p>(I) Has the company established a concrete whistle-blowing and reward system, a convenient whistle-blowing channel, and assigned dedicated staff responsible for handling whistleblowing matters?</p>	✓		<p>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.</p> <p>The reported cases are accepted and investigated by the Company's Audit Office.</p> <p>The information on whistleblowing channels is as follows</p> <p>I. Whistleblowing Hotline: 02-2684-3592</p> <p>II. Whistleblowing Email: szsappeal@szs.com.tw</p> <p>III. Unit dealing with whistleblowing cases: The Company's Audit Office.</p>	No significant difference
<p>(II) Has the company implemented any standard procedures and/or subsequent measures after carrying out an investigation or confidentiality measures for handling reported misconduct?</p>	✓		<p>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.</p>	
<p>(III) Has the company taken</p>	✓		<p>In addition to stipulating the standard</p>	

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	
appropriate measures to protect whistleblowers from suffering any improper treatment for reporting an incident?			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 Company's ethical management best-practice principles: None.				
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.): 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 on the Company's official website and intranet for 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) Inquiry method for the corporate governance best practice principles or related regulations established by the company:**

The Company has adopted the "Corporate Governance Best Practice Principles", "Measures for the Promotion and Management of Corporate Social Responsibility", "Code of Ethical Conduct" and "Ethical Corporate Management Best-Practice Principles" which are available on MOPS and the Company's website.

<https://www.szs-group.com/investor/company-policies>

**(VIII) A summary of resignations and departures, in the most recent fiscal year or during the current fiscal year up to the date of publication of the prospectus, of the company's chairman, president, chief accounting officer, chief financial officer, audit officer, corporate governance officer, and R&D officer**

Title	Name	Date of assumption	Date of departure	Reason for resignation or departure
Accounting Officer	Meng-Hui Tsai	2016.08.03	2023.06.30	Duty adjustment
Accounting Officer	Ya-Fen Fan	2023.06.30	—	Newly appointed
Corporate Governance Officer	Meng-Hui Tsai	2023.06.30	—	Newly appointed

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

**(X) Implementation of the internal control system**

**1. Statement of Internal Control System:**

Shin Zu Shing Co., Ltd.  
Statement of Internal Control System

Date: March 1, 2024

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year 2023:

- I. The Company understands it is the responsibility of the Company's Board of Directors and management to establish, enforce, and maintain an internal control system. Its purpose is to provide reasonable assurance on the achievement of operating effectiveness and efficiency (including profits, performance, and assets safeguarding), reporting matters with reliability, timeliness, and transparency, and compliance with relevant laws and regulations.
- II. Internal control systems are prone to limitations. No matter how robustly designed, an effective internal control system merely provides reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of the internal control system. Nevertheless, the internal control system of the Company contains self-monitoring mechanisms, and corrective action is taken whenever a deficiency is identified.
- III. The Company determines the effectiveness of the design and implementation of the internal control system on the basis of the criteria for the effectiveness of internal control systems stipulated in the "Regulations Governing the Establishment of Internal Control System by Public Companies" (hereinafter referred to as the "Regulations"). The criteria introduced by the "Regulations" consist of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, and 5. Supervision. Each element further contains several items. Please refer to the "Regulations" for the details of the said items.
- IV. The Company has adopted the above criteria of internal control systems to assess the effectiveness of the design and implementation of the internal control system.
- V. Based on the findings of the evaluation, the Company believes that, as of December 31, 2023, its internal control system (including the supervision and management of subsidiaries), including the monitoring of the achievement of its objectives concerning operational effectiveness and efficiency, the reliability, and timeliness and transparency of the reporting and compliance with applicable laws and regulations, is effective in design and implementation, and can reasonably assure the achievement of the above-mentioned objectives.
- VI. This Statement of Internal Control is the content of our annual report and prospectus for the information of the public. For any forgery and concealment of the aforementioned information to the public, we will be held responsible by law in accordance with Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
- VII. The Statement of Internal Control was passed by the Board meeting held on March 1, 2024, with all nine attending directors affirming and zero directors opposing the content of the Statement.

Shin Zu Shing Co., Ltd.

Chairman : Sheng-Nan Lu Signature and seal

President : Chao-Tsong Yuan Signature and seal

**2. Auditors' Report on Internal Control : None.**

- (XI) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and status of improvements: None.**

**(XII) 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 date of publication of the annual report:**

**1. Important resolutions of the 2023 shareholders' meeting (2023.06.07) and implementation status:**

Important resolutions of the shareholders' meeting	Status of implementation
(1) Approved the ratification for the motion for 2022 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 for the motion for 2022 earnings distribution (cash dividend of NTD 3 per share)	August 4, 2023, was set as the ex-dividend base date, and August 31, 2023 was the distribution date.
(3) Approved the motion for discussion about distribution of cash dividends from capital reserve (cash of NTD 3 per share)	August 4, 2023, was set as the ex-dividend base date, and August 31, 2023 was the distribution date.

**2. Important resolutions of the board meeting**

Date	Important resolutions of the board meeting
20th term 6th meeting 2023.03.08	Motion 1 for ratification and discussion: Approval of the motion for 2022 financial statements and business report. Motion 2 for ratification and discussion: Approval of the motion for payment method of the Company's 2022 remuneration to employees and directors. Motion 3 for ratification and discussion: Approval of the motion for issuance of statement of internal control system. Motion 4 for ratification and discussion: Approval of the motion for independence and competence of the Company's CPAs Motion 5 for ratification and discussion: Approval of the motion for the Company to apply for credit facilities from financial institutions. Motion 6 for ratification and discussion: Approval of the motion for matters related to the convening of the Company's 2023 AGM.
20th term 7th meeting 2023.04.25	Motion 1 for ratification and discussion: Approval of the motion for Q1 2023 consolidated financial statements. Motion 2 for ratification and discussion: Approval of the motion for distribution of remuneration to employees (managers) and directors for 2022. Motion 3 for ratification and discussion: Approval of the motion for 2022 earnings distribution. Motion 4 for ratification and discussion: Approval of the motion for cash distribution from capital reserve. Motion 5 for ratification and discussion: Approval of the motion for establishment of the measures for pre-approval of non-assurance services provided by the Company's certified public accountants. Motion 6 for ratification and discussion: Approval of the motion for capital increase in subsidiary Smart Point Ltd. and the reinvestment. Motion 7 for ratification and discussion: Approval of the motion for addition of related agendas for the 2023 AGM.
20th term 8th meeting 2023.06.21	Motion 1 for ratification and discussion: Approval of the motion for appointment of the Company's Corporate Governance Officer. Motion 2 for ratification and discussion: Approval of the motion for reassignment of the Company's manager. Motion 3 for ratification and discussion: Approval of the motion for amendments to the Company's "Corporate Governance Best Practice Principles". Motion 4 for ratification and discussion: Approval of the motion for the Company's net zero strategy and setting of SBTi.
20th term 9th meeting 2023.08.02	Motion 1 for ratification and discussion: Approval of the motion for Q2 2023 consolidated financial statements. Motion 2 for ratification and discussion: Approval of the motion for review of audit fees by CPAs. Motion 3 for ratification and discussion: Approval of the motion for the Company's application for financing facilities from financial institutions and renewal of contracts upon expiration.

Date	Important resolutions of the board meeting
20th term 10th meeting 2023.11.08	<p>Motion 1 for ratification and discussion: Approval of the motion for Q3 2023 consolidated financial statements.</p> <p>Motion 2 for ratification and discussion: Approval of the motion for 2024 audit plan.</p> <p>Motion 3 for ratification and discussion: Approval of the motion for capital increase in subsidiary Smart Point Ltd. and the reinvestment.</p>
20th term 11th meeting 2023.12.20	<p>Motion 1 for ratification and discussion: Approval of the motion for the Company's 2024 budget.</p> <p>Motion 2 for ratification and discussion: Approval of the motion for the estimate of remuneration to employees.</p> <p>Motion 3 for ratification and discussion: Approval of the motion for the distribution of remuneration to directors for 2023 and the estimate of the total amount of remuneration to directors for 2024.</p> <p>Motion 4 for ratification and discussion: Approval of the motion for 2023 year-end bonuses to the Company's managers and their 2024 salary and remuneration.</p> <p>Motion 5 for ratification and discussion: Approval of the motion for the Company to apply for credit facilities from financial institutions.</p> <p>Motion 6 for ratification and discussion: Approval of the motion for adopting the Company's "Rules for Financial and Business Matters Between the Company and its Related Parties".</p> <p>Motion 7 for ratification and discussion: Approval of the motion for the Company's purchase and sale of goods from related parties.</p>

**(XIII) Where, for the most recent fiscal year or during the current fiscal year up to the date of publication 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.**

**(XIV) A summary of resignations and departures, in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairman, president, chief accounting officer, chief financial officer, audit officer, corporate governance officer, and R&D officer: None.**

## V. 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	Yu-Hsiu Su	2023.01.01-2023.12.31	3,600	1,332	4,932	
	Ming-Yu Chiu	2023.01.01-2023.12.31				

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 of such reduction shall be disclosed: None.

VI. Replacement of CPA: No such situation.

VII. The company's chairman, CEO 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 affiliated enterprise of such accounting firm: None.

VIII. Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managers, 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 date of publication 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	2023		Current year up to April 20, 2024	
		Increase (decrease) in shareholding	Increase (decrease) in pledged shares	Increase (decrease) in shareholding	Increase (decrease) in pledged shares
Chairman	Sheng-Nan Lu	—	—	—	—
Director	Chao-Tsong Yuan	—	—	—	—
Director	You-Qi Lu	—	—	—	—
Director	Ying-Fu Mao	—	—	—	—
Director	Cheng-Han Hsieh	—	—	—	—
Director	Bo-Ming Yang	—	—	—	—
Independent Director	Chi-Fa Cheng	—	—	—	—
Independent Director	Yuan-Long Chang	—	—	—	—

Title	Name	2023		Current year up to April 20, 2024	
		Increase (decrease) in shareholding	Increase (decrease) in pledged shares	Increase (decrease) in shareholding	Increase (decrease) in pledged shares
Independent Director	Mei-Hui Li	—	—	5,000	—
CEO	Chao-Tsong Yuan	—	—	—	—
Vice President	Jin-Sheng Zhu	(13,000)	—	(40,000)	—
Vice President	Sheng-Huan Zhuo	—	—	—	—
Vice President	Qin-Zhuan Chen	—	—	—	—
Vice President	Shi-Jin Weng	—	—	—	—
Vice President	Li-Chuan Yu	—	—	(17,000)	—
Chief Financial Officer	Qian-Ting Xu	—	—	(11,000)	—
Corporate Governance Officer	Meng-Hui Tsai	—	—	(2,495)	—
Accounting Officer	Ya-Fen Fan	—	—	(2,000)	—

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

**(III) Counterparty in any transfer of pledged shares is a related party:** None.

**IX. 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:**

April 20, 2024

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	Shareholding ratio	Number of shares	Shareholding ratio	Title (or name)	Relation ship	
Sheng-Nan Lu	17,154,346	9.14%	—	—	—	—	Min-Wen Lu	Siblings	
Min-Wen Lu	8,791,084	4.68%	—	—	—	—	Sheng-Nan Lu Wen-Ying Lu , Yu-Cheng Lu Pei-Fang Lu	Siblings Father and daughter /Father and son Father and daughter	
Fubon Life Insurance Co., Ltd.	5,775,000	3.08%	—	—	—	—	None	None	
Pei-Fang Lu	4,695,664	2.50%	419,244	0.22%	—	—	Min-Wen Lu Wen-Ying Lu , Yu-Cheng Lu	Father and daughter Siblings	
HSBC (Taiwan) Commercial Bank in custody for Morgan Stanley Investment Account	4,522,976	2.41%	—	—	—	—	None	None	
Yu-Cheng Lu	3,651,554	1.94%	—	—	—	—	Min-Wen Lu Wen-Ying Lu Pei-Fang Lu	Father and son Siblings Siblings	
Chuangjia Investment Co., Ltd.	3,501,832	1.87%	—	—	—	—	None	None	
Citibank (Taiwan) in custody for UBS Europe SE Investment Account	3,057,348	1.63%	—	—	—	—	None	None	
JPMorgan Chase Bank N.A. Taipei Branch in custody for JPMorgan Securities Investment Account	2,778,398	1.48%	—	—	—	—	None	None	
Wen-Ying Lu	2,666,099	1.42%	—	—	—	—	Min-Wen Lu, Yu-Cheng Lu Pei-Fang Lu	Father and daughter Siblings Sisters	

**X. Total number of shares and total equity stake held in any single enterprise by the company, its directors, supervisors, managers , and any companies controlled either directly or indirectly by the company:**

Unit: shares; % March 31, 2024

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%
SHING 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%
CJC HOLDING PTE LTD.	750,000	100%	—	—	750,000	100%
ACE TECHNOLOGY INC.	—	—	4,710,000	100%	4,710,000	100%
ELITE DRAGON GROUP LIMITED	—	—	5,000	100%	5,000	100%
BLOSSOM ENTERPRISE INC.	—	—	1,350,000	100%	1,350,000	100%
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.	15,000,000	100%	—	—	15,000,000	100%
Shin Zu Shing (Bắc Giang) Company Limited (Note 1)	—	—	—	100%	—	100%

Note 1: A limited company with no shares issued.

## Four. Capital Raising Activities

### I. Company capital and shares

#### (I) Source of share capital

Unit: thousand shares; NTD thousand/ March 31, 2024

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.
May 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.
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 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-Yi-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,	—	Change of registration was approved by Letter Jing-Shou-Shang-Zi No.

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
						Capital increase by NTD 10,770.1 thousand from employee bonuses		09901193500; and Jin-Guan-Zheng-Fa-Zi Letter No. 0990035188 issued and became effective by 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.
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. 1080118480.
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.

April 20, 2024; unit: shares

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

Information on the general reporting system: None.

(II) Shareholder structure

April 20, 2024; unit: shares

Shareholder structure Quantity	Government agencies	Financial institutions	Other corporate entities	Individuals	Foreign institutions and foreigners	Total
Number of people	5	45	201	27,966	196	28,413
Number of shares held	1,572,030	16,812,679	11,745,022	109,050,007	48,568,608	187,748,346
Shareholding ratio	0.84%	8.95%	6.26%	58.08%	25.87%	100.00%

(III) Shareholding diversification

1. Common shares

Common shares/NTD 10 par value  
April 20, 2024; unit: shares

Shareholding classification	Number of shareholders	Number of shares held	Shareholding ratio
1 To 999	14,300	889,961	0.47%
1,000 To 5,000	12,149	21,128,780	11.25%
5,001 To 10,000	950	7,369,738	3.92%
10,001 To 15,000	286	3,614,414	1.92%
15,001 To 20,000	174	3,222,095	1.72%
20,001 To 30,000	155	3,864,281	2.06%
30,001 To 40,000	63	2,288,991	1.22%
40,001 To 50,000	51	2,369,251	1.26%
50,001 To 100,000	105	7,526,013	4.01%
100,001 To 200,000	52	7,661,689	4.08%
200,001 To 400,000	54	15,038,178	8.01%
400,001 To 600,000	28	13,680,698	7.29%
600,001 To 800,000	8	5,703,978	3.04%
800,001 To 1,000,000	9	7,860,199	4.19%
Over 1,000,001	29	85,530,080	45.56%
Total	28,413	187,748,346	100.00%

2. Preferred stock : None.

(IV) 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 20, 2024; unit: shares

Name of major shareholders	Shares	Number of shares held	Shareholding ratio
Sheng-Nan Lu		17,154,346	9.14%

Min-Wen Lu	8,791,084	4.68%
Fubon Life Insurance Co., Ltd.	5,775,000	3.08%
Pei-Fang Lu	4,695,664	2.50%
HSBC (Taiwan) Commercial Bank in custody for Morgan Stanley Investment Account	4,522,976	2.41%
Yu-Cheng Lu	3,651,554	1.94%
Chuangjia Investment Co., Ltd.	3,501,832	1.87%
Citibank (Taiwan) in custody for UBS Europe SE Investment Account	3,057,348	1.63%
JPMorgan Chase Bank N.A. Taipei Branch in custody for JPMorgan Securities Investment Account	2,778,398	1.48%
Wen-Ying Lu	2,666,099	1.42%

(V) Share prices, net worth per share, earnings per share, dividends per share, and related information for the most 2 recent fiscal years

Unit: NTD; thousand shares

Item		Year			
		2022	2023	As of March 31, 2024	
Market price per share (Note 1)	Highest	98.00	139.50	236.00	
	Lowest	72.60	79.00	119.00	
	Average	85.20	92.65	175.65	
Net value per share	Before distribution	84.58	82.84	85.07	
	After distribution	78.58	78.26 (Note 5)	—	
Earnings per share	Weighted average number of shares	187,748	187,748	187,748	
	Earnings per share	8.68	4.30	1.68	
Dividends per share	Cash dividends		6.00	4.00 (Note 5)	—
	Bonus stock dividend	Stock dividend from retained earnings	—	—	—
		Stock dividend from capital reserve	—	—	—
	Accumulated unpaid dividends		—	—	—
Analysis of investment return	P/E ratio (Note 1)		9.82	21.55	—
	P/D ratio (Note 2)		14.20	23.16 (Note 5)	—
	Cash dividend yield (Note 3)		7.04	4.32 (Note 5)	—

Note 1: Source of data: Taiwan Stock Exchange website.

Note 2: P/E ratio = Average closing price for the year / earnings per share.

Note 3: P/D ratio = Average closing price for the year / cash dividends per share.

Note 4: Cash dividend yield = Cash dividends per share / average closing price for the year.

Note 5: To be finalized upon the resolution of the shareholders' meeting.

(VI) 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 4 per share (i.e., NTD 2.5 for earnings per share and NTD 1.5 for capital reserve). The total cash dividends distributed

to shareholders totaled NTD 750,993,384. 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.

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

(VIII) 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 Directors of distribution of remuneration:
  - (1) The motion for distribution of remuneration to employees (managers) and directors for 2023 was passed by the Board of Directors on March 1, 2024. The remuneration distribution approved by the Board of Directors is as follows:

Unit: NTD	
Item	Proposal of distribution of remuneration to employees and directors for 2023(yet to be approved by the annual general meeting)
Remuneration to employees (cash)	68,012,297
Remuneration to directors (cash)	9,000,000

- (2) There is no difference between the proposed amount of remuneration to employees and directors for 2023 and the amount recognized as an expense for 2023.
- (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 2022 was NTD 132,543,858, and the actual distribution of remuneration to directors was NTD 9,000,000; they are not different from the recognized figures.

(IX) Status of the company repurchasing its own shares:

March 31, 2024

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:** None.

**III. Preferred shares:** None.

**IV. Global depository receipts:** None.

**V. Employee stock options:** None.

**VI. New restricted employee shares:** None.

**VII. New shares issued upon merger or acquisition or acquisition of another company's shares:** None.

**VIII. Implementation of the company's capital allocation plans:** None.

## Five. An Overview of Operations

### 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

Year	2022		2023	
	Amount	%	Amount	%
Products (commodities)				
Hinge products	10,873,046	92%	9,624,133	95%
Lathes products	78,852	1%	101,941	1%
MIM (metal injection molding)	826,949	7%	353,062	3%
Others	45,851	-	90,552	1%
Total	11,824,698	100%	10,067,747	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, tablets, LCD monitors, digital cameras, 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 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) Development of spare parts, accessories, and assemblies of hinges for ultra-thin computers and LCD monitor products.
- (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) Development of hinges for foldable mobile phones.
- (5) Development of AR/VR parts and hinges.

### (II) Industry overview

#### 1. Current status and development of the industry:

The Company and its subsidiaries are mainly engaged in the R&D, manufacturing and sales of hinges for notebooks, LCD monitors, mobile phones, and 3C electronics, the trading of precision metal stamping parts, and the trading of precision spring products. The manufacturing and trading of hinge products account for the highest proportion (approximately 95%) of the business of the Company and its subsidiaries, of which the application to hinges for wearable devices account for approximately 45%, hinges for LCD monitors and AIO account for approximately 22%, hinges for notebooks account for approximately 21%, hinges for other 3C products account for approximately 7%, MIM account for approximately 4%, and other products account for approximately 1%.

##### (1) Notebooks

As far as the development history of notebooks is concerned, due to the computing functions of notebooks and the shrinking in size of PCs, the launches of the new operating system software and the ARM platform, and the continual improvement in the battery life of notebooks, consumers are willingly to purchase notebooks in place of PCs.

The notebook computer industry is experiencing fierce competition. To reduce the inventory of parts and components and finished systems, large-scale international companies have adopted a global logistics production and marketing cooperation model and included partners in the corporate value chain in order to build a virtually integrated operating entity and, in turn, continue to create competitive advantages. With the

prevalence of low-price electronic products, large-scale international PC companies are in urgent need to find professional foundry partners with favorable quality technology considering the quality and cost. Companies in Taiwan have strong R&D capabilities, flexible processes, and favorable production quality, and combined with the low manufacturing cost for the proximity to Mainland China and the increasingly comprehensive supply chain of parts and components; therefore, they have become the ideal foundry partners for large-scale international companies. The ratio of large-scale international companies (i.e., Dell, HP, LENOVO, and APPLE) engaging companies in Taiwan for foundry has been increasing on a yearly basis; therefore, Taiwan plays an important part in the global NB supply chain.

Looking to the future, notebook system companies continue to focus their design and development toward the development of slim, light, short, and small products, while consumers' requirements for the performance and functions of IT products are constantly increasing, with attention attached to the basic computing ability, entertainment, wireless, security, power saving, and multiple functions. Therefore, regardless of technology development or demand, multimedia entertainment, wireless, and security will still be the core for the development of NB products' functions in the future. Due to the wide range of applications for hinge components, regardless of the changes in the trend of notebook products (including thin, multi-segment, form-changing, and 360-degree flipping functions), various hinge components produced by the Company and its subsidiaries are indispensable. In addition, the Company and its subsidiaries have been actively turning to the diverse development of consumer electronic products and precision part processing in response to the shifting focus of NB companies to respond to the changes in the industry in advance.

In terms of production locations, China is still the main production base. However, starting in 2022, the shipping of notebook foundries has been affected by China's zero-tolerance policy and power rationing measures. As the intense US-China relationships continued in 2023 and the wages in China are relatively higher than in other countries in Southeast Asia, brand companies and foundries have been seeking new foundry locations. Leading by major brand companies, it is expected that a comprehensive NB industrial cluster will be formed in Vietnam.

- (2) According to data from IDC, a market survey company, the global shipping volume of wearable equipment in 2Q23 resumed its growth and turned around the decreasing trend for the past two quarters. With the recovery of growth in 2Q23, IDC forecasts that the shipping volume of wearable devices will reach 520 million units in 2023, representing a growth of 5.6% from 2022.

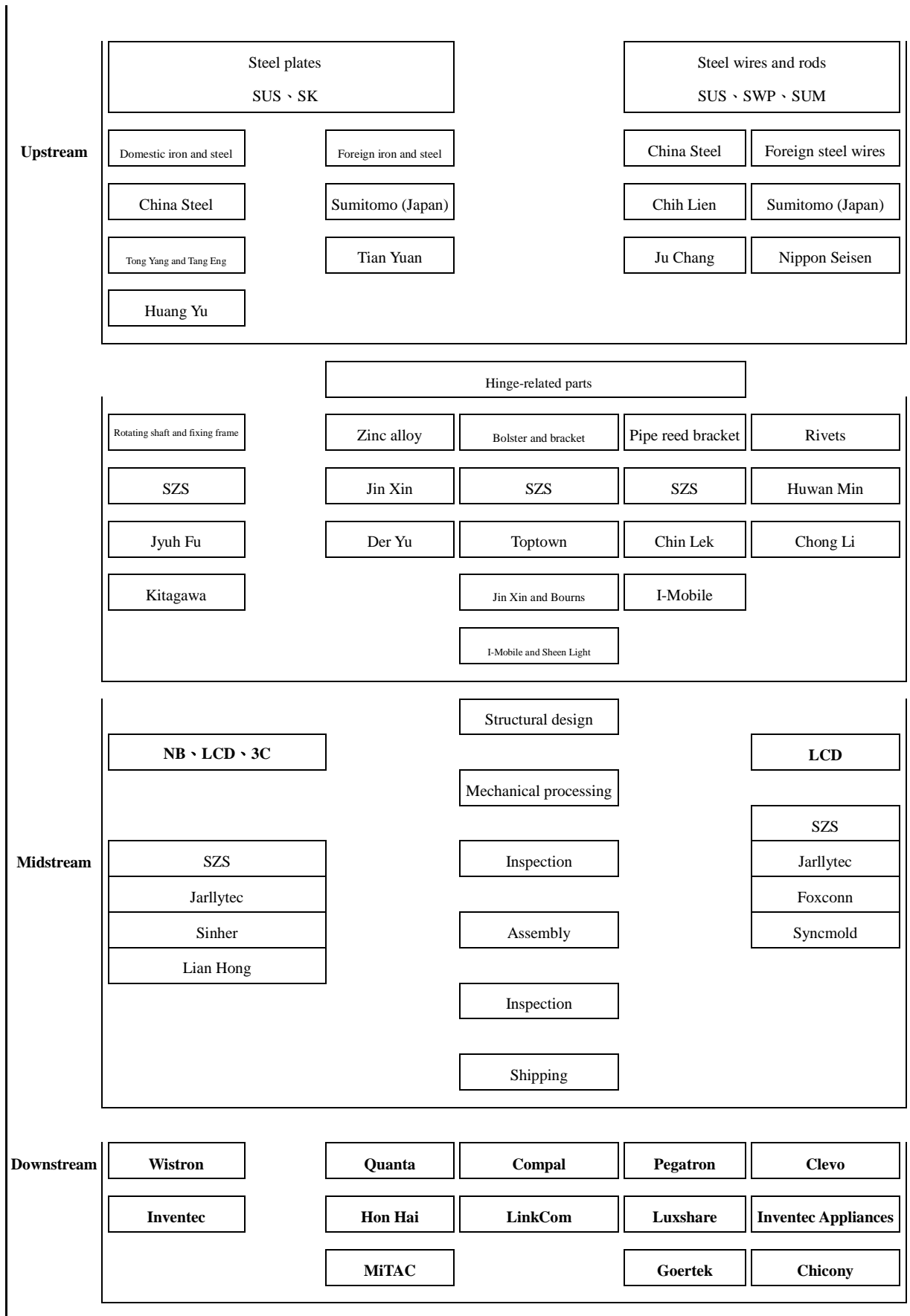
Ear-mounted devices will become the largest category, accounting for nearly 62% of the shipping volume of wearable devices during the year, followed by smart watches, accounting for nearly 32% of the shipping volume. Looking to the future, by the end of 2027, the market is expected to grow to 625.4 million, with a compound annual growth rate (CAGR) of 4.7%.

Product	2023 Shipments	2023 Market Share	2023/2022 Growth	2027 Shipments	2022-2027 CAGR
Earwear	320.7	61.7%	4.5%	381.9	4.5%
Smartwatch	165.4	31.8%	11.3%	211.4	6.3%
Wristband	32.0	6.2%	-8.8%	29.3	-2.2%
Others	1.8	0.3%	6.8%	2.8	11.9%
<b>Total</b>	<b>519.8</b>	<b>100%</b>	<b>5.6%</b>	<b>625.4</b>	<b>4.7%</b>

Unit: million Source: IDC, Sep 20, 2023

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

For the hinge industry, multiple mechanical components are assembled into the finished hinge product through the mechanical structure design that complies with the tolerance, torque and life durability requirements of customers. For the industry, the relevant hinge parts manufacturers (i.e., rotating shaft, fixed shaft, zinc alloy, bolster, bracket, pipe reed bracket, and rivets) are the upstream. The Company is responsible for working with downstream customers to develop the structural design and carry out the assembly of finished hinge products and belongs to the midstream and downstream of the industry. The downstream includes relevant system companies that manufacture NBs, LCD monitors, and CDs. The structure of the upstream, midstream and downstream of the hinge industry is shown in the figure below



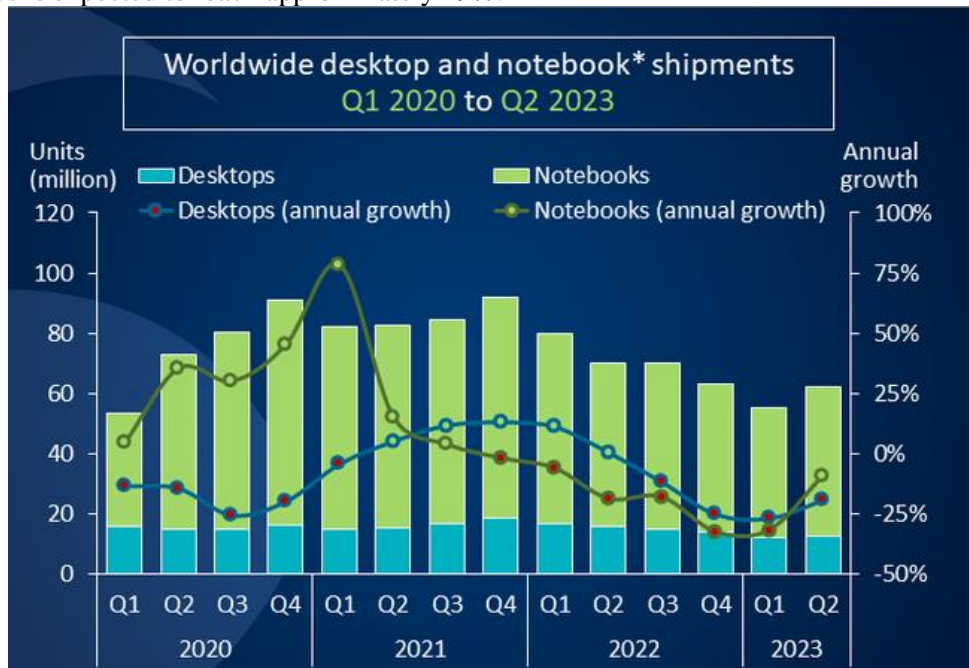
### 3. Product development trends

Affected by the poor macroeconomic and the specification adjustments and improvement of the US branded companies without significant changes in models, the overall supply chain of NB is during the stage of inventory adjustment; however, it is likely to experience the notebook replacement wave during the year; therefore, the sales of NBs are likely to show a mild growth. For LCD monitors, after the inventory adjustments, the Paris Olympics, European Cup, Copa América, and large-scale sports games in 2024 are expected to facilitate the sales of TVs, beneficial for consuming more panel production capacity. The demand for wearable devices declined in 2022 and 2023. Benefiting from users seeking substitutes and the launching of new models of main suppliers in the second half of 2024, it is expected that the shipping volume will rebound. Flexible panels, the crucial materials of foldable mobile phones (flexible devices), are controlled by Samsung, and Samsung is the competitor of other mobile phone companies. It is estimated that the major promotor of foldable phones will be Samsung before the maturity of other flexible panel suppliers. However, it is estimated that active actions will not be made. The development trends of the major end application markets of relevant products are described as follows:

#### (1) Product development trends

##### (A) NB:

The PC's shipping volume is about the recover after the decline for seven consecutive quarters. Due to the strong demand during the Christmas holidays and improvements in the macroeconomic environment, it is estimated that the market will return to a 5% growth in 4Q23. Looking to the future, benefiting from the update development cycle of Windows, the emergence of AI-compatible ARM structure equipment, and other favorable factors, it is estimated that the shipping volume throughout 2024 will reach 267 million units, representing an increase of 8% from 2023. The leading OEMs, processor manufacturers and operating system suppliers will focus on launching new models that support AI in 2024. Such measures will boost the demand for upgrades, especially in the commercial field. By 2024, the total shipping volume of AI-enabled PCs is expected to reach approximately 19%.



Source : Canalys, Nov 2023

##### (B) LCD Monitor:

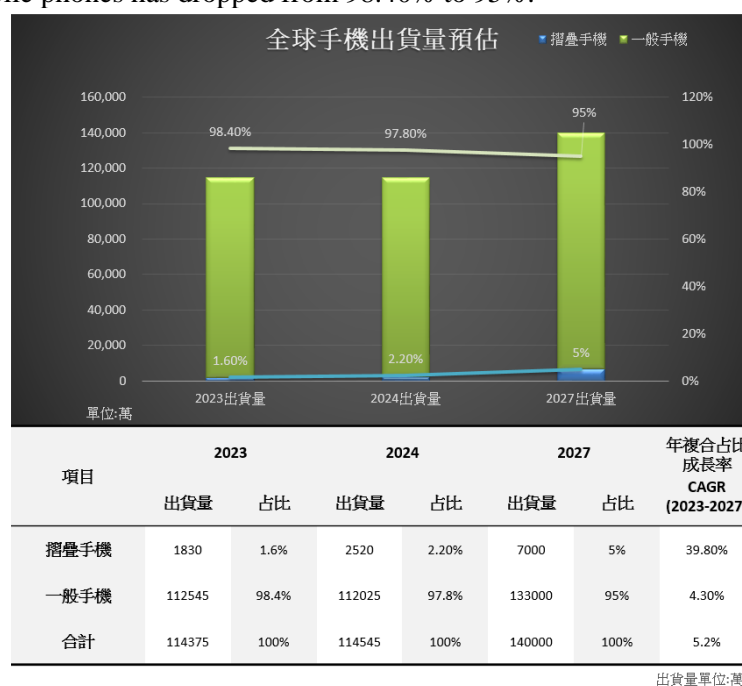
LCD Monitor has entered the Red Sea era, and all branded customers are price-oriented. Therefore, they have begun to cooperate with system foundries in China (i.e., HKC and MOKA) for joint innovative cooperation to enhance the market price advantage of their own brand, which, in turn, imposes tremendous competitive pressure on the monitor hinge industry. For LCD monitors, apart from the initial cooperating customers, the potential for growth lies in the gaming development requirements in the consumer market and the monitor arm requirements in the commercial market. Procurement strategies shall be changed, and R&D directions shall be improved to provide diverse products and services with competitive advantages.

(C) Digital camera:

The built-in camera in smartphones provides quality images with increasingly high solutions, while the market for dedicated digital cameras continues to shrink and is only used in niche markets.

(D) Flexible device:

According to Trend Force's research on the foldable mobile phone market in September 2023 (the figure below), the shipping volume will increase from 18.3 million to 70 million from 2023 to 2027, and the ratio will increase from 1.60% to 5%. This reflects the increasing consumer demand for foldable mobile phones, which may continue to grow rapidly in the next few years. Compared to the market of foldable mobile phones, the growth of the general mobile phone market has slowed down. Although the shipping volume has increased, the ratio of general mobile phones has dropped from 98.40% to 95%.



Source : DSCC, Mar 2023

However, there is a discrepancy between the forecast and the actual value in 2023 (the table below). The forecasted shipping volume of in foldable phone market is 18.3 million, but the actual data is only 15.9 million, with a YoY difference of 21%. The reason for the difference may be arising from the lack of confidence of consumers in the use of foldable mobile phones and the unachieved expectations for the price.

For 2024, Trend Force forecasts that the shipping volume of foldable mobile phones will be 17.7 million, with a YoY growth rate of 25%. IDC forecasts that the YoY growth rate of the foldable phone market in 2024 will be 37%. These forecasts indicate a slowdown in market growth.

研究機構	年份	出貨量 (millions)	YoY	Forecast Or Real
Trend Force	2023	18.3	43%	Forecast
		15.9	22%	Real
	2024	17.7	25%	Forecast
IDC	2024	25.0	37%	Forecast

Source : DSCC, Mar 2023

According to the above information, foldable mobile phones have great potential in the overall mobile phone market, but they still face the challenges of insufficient consumer confidence and unsatisfactory prices. With the advancement of technology and the investments of major brands in the market in the future, the foldable mobile phone market is likely to continue to be the main driving force for the growth of the mobile phone market.

(E) Wearable device:

Smart earphones, watches, bracelets, and glasses are designed to provide users with real-time health monitoring, exercise tracking, notification reminders, positioning and navigation, entertainment, and work efficiency enhancement. Further advance applications can be extended from high-end smart wearable devices. Most smart wearable devices can exchange data with smart phones, computers and other equipment. In particular, earwear products account for the highest shipping volume in the global market, and it is expected that it will grow slightly by 4.9% from 2023 to 2027. The application of AR/VR head-mounted devices has evolved from entertainment to more diversified daily applications and experiences. As the product further matures in the next few years, its growth is expectable.

#### 4. Product competition

With the cost advantages, global logistics management, continuous improvement of product quality of Taiwanese manufacturers, and the orders placed by large-scale international companies, the global market share of information hardware products in Taiwan can maintain a certain ratio. The Company's main business items are processing of hinge products, MIM, precision parts, R&D, manufacturing and sales of spring products and stamping part products. Among them, hinge products are the main products, accounting for approximately 95% of the Company's operating income. In terms of hinge products, as the Company has a full series of high-precision hinge structure product lines, the products are widely used in notebook s, LCD monitors, CDs and other electronic products. After the financial crisis, with the significant impacts of product profits resulting from the low-price competition with competitors in the market, the Company's process capacity and the advantages of product lines remained unshaken.

For large-scale companies in the notebook industry, as they fully grasp the advantages of the part and component supply chain system and expand the scale of production, they have relatively greater room for cost reduction. However, to maintain a healthy relationship with customers, they often have to choose between "orders" or "gross profit" when facing a significant reduction of customers in foundry prices. If they want to secure orders or even continue to maintain healthy relationships with customers, they may have to strategically sacrifice a partial profit margin. The electronics industry is facing an era of meager profits. It was originally expected that the effect of "large-scale remains" would mitigate the impact on profit margin. However, with the substantial growth in operating income, the accumulated "meager profits" can maintain a certain degree of profitability. This shows that the electronics industry is facing an unprecedentedly difficult environment when "large-scale remains" are no longer the guarantee for profitability. The way to improve products' added value through R&D, retreat from the pure foundry model, and avoiding notebooks from becoming a traditional industry have become imminent topics to be solved for companies. The Company continues to strengthen automated production lines. In addition to the

experience in the integration of relevant systems, an understanding of the manufacturing process is also very important. It is necessary to apply professional knowledge, together with machinery and equipment, to form an automated production line, perfectly introduce projects, and complete production targets. In addition, the Company's R&D and design capabilities have reached world-class standards, and the stable quality has won strong recognition from customers. It is pulsed with the footsteps of the world's leading manufacturers to achieve the ideal of globalization.

### **(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	2023	As of March 31, 2024
R&D expenses	313,902	100,356
Net operating income	10,067,747	2,889,394
As a percentage of net operating income (%)	3 %	4 %

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

- ①AOI automatic detector
- ②Full course automated torque testing machine
- ③Application pivot for foldable devices
- ④Connecting pivot
- ⑤Flexible hinge inward folding structure

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

#### **1. Short-term development plan**

- (1) Market strategy
  - (A) Maintain the market share of the original products while developing products with market niche.
  - (B) Explore the international market and increase the coverage.
- (2) Business strategies
  - (A) Increase automation rate and optimize logistics management to reduce costs.
  - (B) Increase the added value of products and increase the profit margin
  - (C) Strengthen human resources and cultivate an international management team.
- (3) R&D strategy
  - (A) Cooperate with domestic and foreign universities and research departments to jointly develop new technologies.
  - (B) Commit to the R&D of forward-looking technologies and shorten the timetable for R&D and mass production.
  - (C) Produce low-carbon products and increase product utilization value and use circulation.
  - (D) Strengthen the quality control to ensure that the product quality meets the market demand.

## **2. Long-term development plan**

### (1) Market strategy

- (A) Set out customer service locations and production plants in proximity to markets and provide synchronous collaborative design services, local manufacturing and fast delivery.
- (B) Explore new markets and fields with technical capabilities to separate the risk of product concentration.

### (2) Business strategies

- (A) Strengthen the brand image and increase market competitiveness.
- (B) Adopt cross-border division of labor to strengthen competitive advantages.
- (C) Strengthen supply chain management to improve efficiency and quality stability.

### (3) R&D

- (A) Continue to invest in R&D to develop new products and new technologies with market potential.
- (B) Master advanced manufacturing technologies to improve product quality and production efficiency.
- (C) Strengthen the protection of intellectual property rights and strengthen the management of patents and technology licensing.
- (D) Rationalization of processes in the early stage of development.
- (E) Construction of flexible manufacturing systems.
- (F) Promote green manufacturing to reduce environmental pollution and the waste of energy.

## 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	2022		2023	
	Sales	Ratio	Sales	Ratio
Taiwan	228,299	2%	236,992	3%
Asia	11,403,112	97%	9,676,813	96%
America	158,282	1%	139,333	1%
Europe	35,005	-	14,609	-
	11,824,698	100%	10,067,747	100%

#### 2. Market share

The Company is still in a leading position and occupies a certain market share regarding hinges in global commercial 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, 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 related 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 related electronic equipment in Taiwan is still the highest in the world. With the notebook replacement wave driven by brand-new chips, the continual development of remote working and teaching, and even remote medication, hinges and other electronic parts and auxiliaries of the Company have room for development 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) Extensive management skills and leading process technology: Management skills

at the manufacturing site determine quality. Delivery time and cost are the most direct factors. 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 NB hinges 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 still has 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 Bluetooth equipment 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 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.

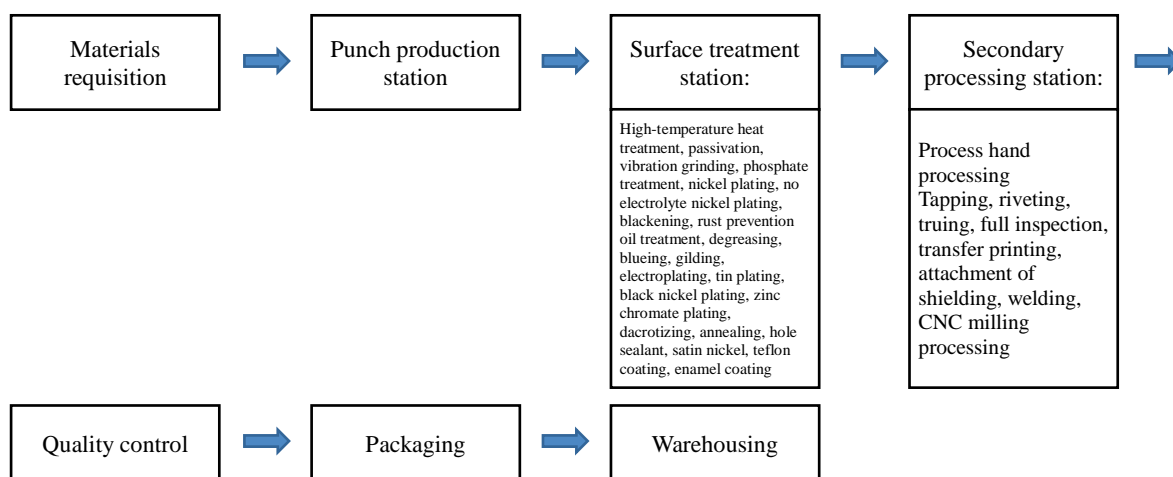
**(II) Important uses of the main products and production processes:**

**1. Important uses of the main products:**

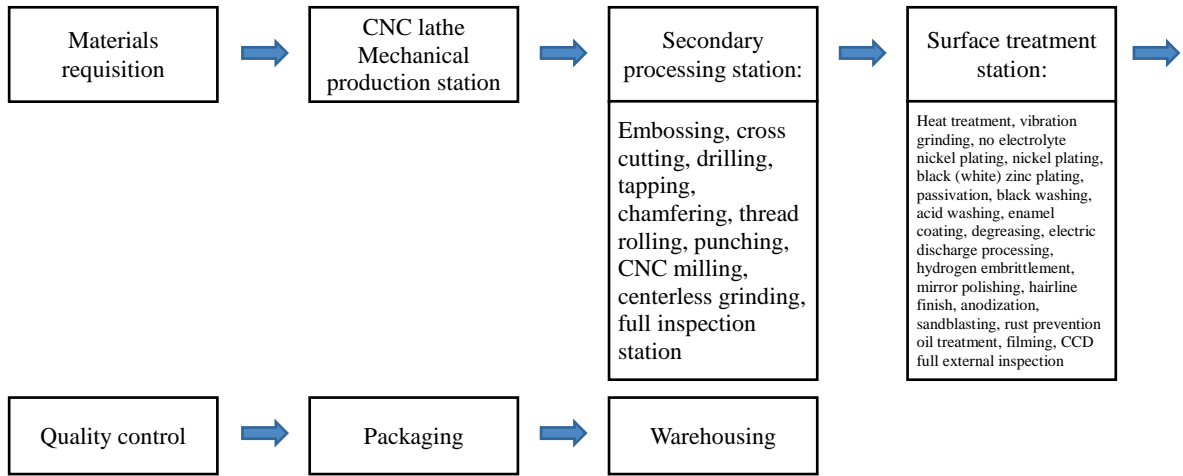
Main product categories	Important purposes and functions
Hinge parts	Mainly used as the hinge of a variety of notebooks, tablets, LCD monitors, digital cameras, digital cameras, 3C products and other electronic information products and audio accessories.
MIM products (metal injection molding)	Combining 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 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.

**2. Production process of products:**

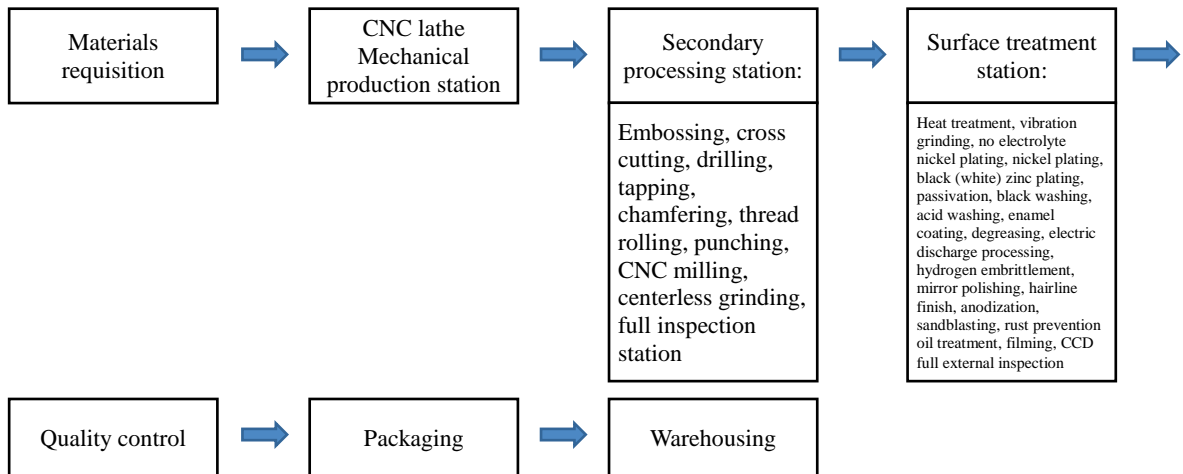
(1) Production process of stamped products



(2) Production process of turning and milling products

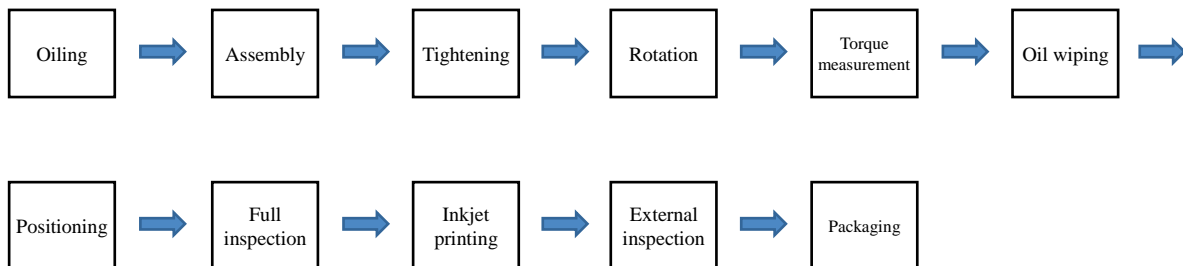


(3) Production process of spring processing products

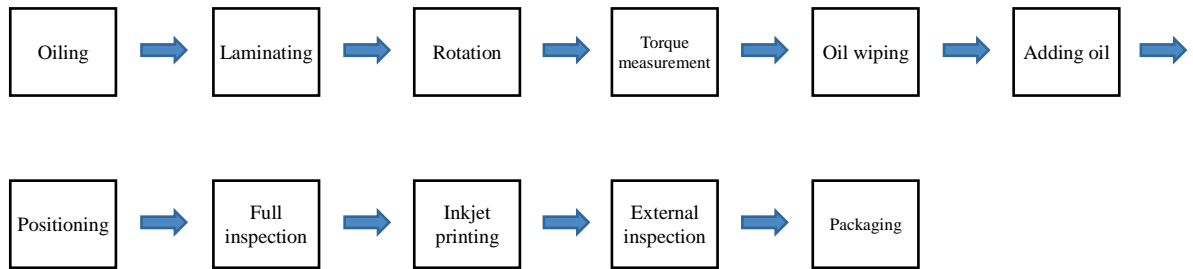


(4) Hinge assembly process

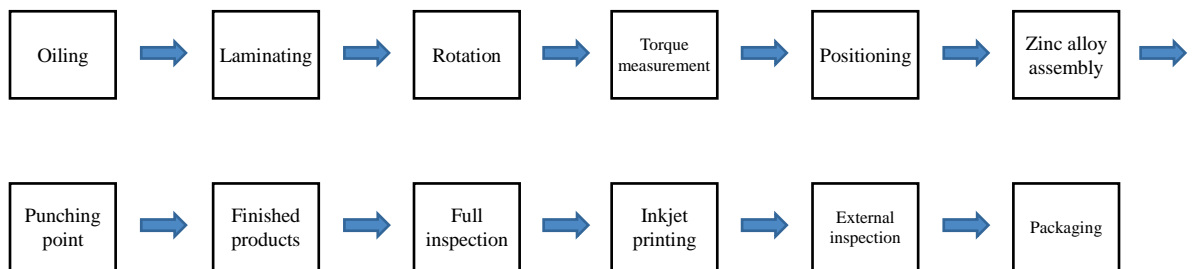
① Traditional



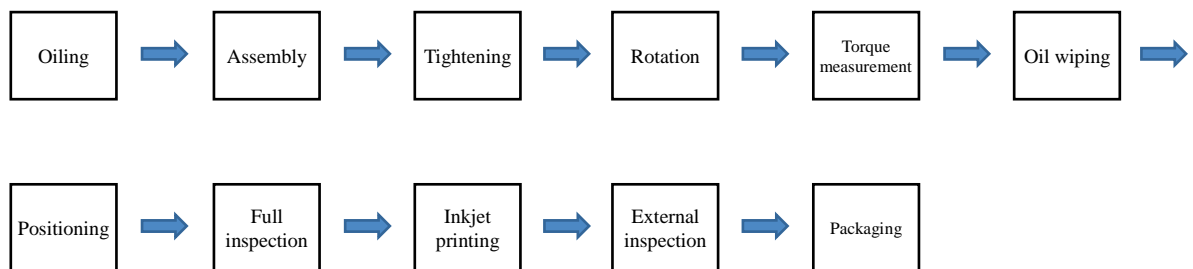
②Twin-coil type



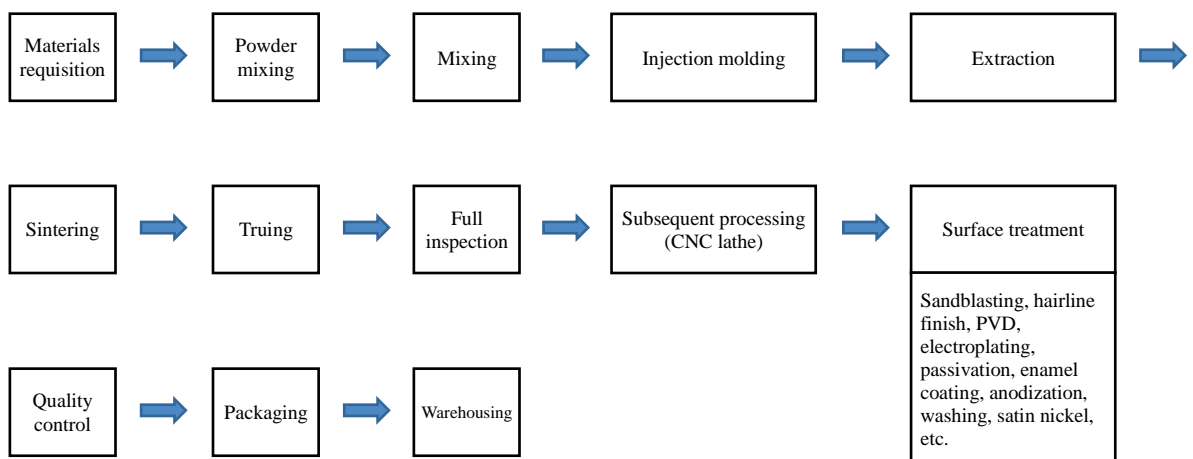
③Zinc alloy type



④AUTOLOCK



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



### (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, Guo Chao, Wu Da, and others	Favorable
Stamped parts	I-Mobile, Yong Zhi Pin Fu, Bo Wei, Ernico, and others	Favorable
Plate materials/rod materials	John Lin, Ju Chi Yuan, J-Crown, Ju Chang, and others	Favorable
Spring plate/spring	Jin Yi, Yi Jin, Li Fu De, and others	Favorable
Cables and wires	Ikuta, Daiichi, Manho, and others	Favorable
Screws/nuts/rivets and others	Minebea, Goking, Hama Naka, Homg Yu, and others	Favorable
Steel plates/copper plates	Tian Yuan, Huang Yu, and others	Favorable
Iron parts/turning and milling parts	Guangheng Hardware, Yong De Mao, Mi Ya, Zhong Guei, Zhenghe, and others	Favorable
Plastic parts	Blue Ocean, Carson, Jin Shun Fa, I Cheng, Pioneer, and others	Favorable
Powder raw materials/iron powder	BASF, Gredmann, and others	Favorable
Die castings	AMJ, Xin Lien Yi, Transcom, Risun, Platform, and others	Favorable
Cartons, stickers, elevators, and others	Chii Hang, Chu Du, Green Excel, Xing Hong Chuan, and others	Favorable
Aluminum extrusion CAP	Ebest, Xi'enbi, Zhuchang, 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.**
- 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	2022				2023				2024 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
I	Company H	1,684,291	14	None	Company H	3,013,840	30	None	Company H	1,028,589	36	None
	Others	10,140,407	86	—	Others	7,053,907	70	—	Others	1,860,805	64	—
	Net sales	11,824,698	100	—	Net turnover	10,067,747	100	—	Net turnover	2,889,394	100	—

Reason for the changes: The sales to Company H increased as compared to 2022, primarily due to the increase in the demand for hinge products for wearables and auxiliaries.

### (V) Production volume and value in the most recent two years

Unit: thousand pcs/NT\$ thousand

Main products	Year	2022			2023		
	Production volume and value	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Hinge products		700,000	418,241	12,118,968	700,000	446,745	10,504,581
MIM		160,000	107,229	1,677,750	160,000	56,936	1,051,720
Total		860,000	525,470	13,796,718	860,000	503,681	11,556,301

Note: Other products are mainly made of molds; therefore, the statistics on production capacity are not applicable.

Analysis of changes: The overall production volume decreased primarily due to the demand for products in 2023 decreased from 2022.

### (VI) Sales volume and value in the most recent two years

Unit: thousand pcs/NT\$ thousand

Main products	Year	2022				2023			
	Sales volume and value	Domestic sales		Export sales		Domestic sales		Export sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Hinge products		28,148	198,724	219,373	10,753,174	26,295	207,799	231,548	9,416,334
MIM		865	14,073	18,881	812,876	669	14,698	9,080	338,365
Others		802	15,502	408	30,349	82	14,495	339	76,056
Total		29,815	228,299	238,662	11,596,399	27,046	236,992	240,967	9,830,755

Analysis of changes: As MIM products are sold and applied to the models of wearable products, customers' demand decreases on a yearly basis along with product upgrades.

### 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		2022	2023	March 31, 2024
Number of employees	Direct personnel	1,722	2,306	2,117
	Indirect personnel	1,306	1,255	1,310
	Total number of persons	3,028	3,561	3,427
Average age		37.2	35.8	36.2
Average years of service		4.7	4.5	4.7
Education distribution ratio	Doctoral Degree	0.07%	0.06%	0.06%
	Master's Degree	3.86%	3.34%	3.56%
	University (junior college)	29.66%	29.65%	30.58%
	Senior (vocational) high school	21.23%	33.22%	33.15%
	Below senior high school	45.18%	33.73%	32.65%

#### 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	2022		2023	
Pollution control expenses, energy conservation and consumption expenses, waste processing expenses, environmental protection management and maintenance expenses, and environmental protection cleaning expenses	The Company	22,830	The Company	12,392

**(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	Investment projects	Uses and benefits	Amount of expenditure
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	protection			
1	Water pollution control	Operation and maintenance of wastewater treatment facilities	Wastewater treatment to meet the Effluent Standards in compliance with regulations	4,403
2	Water pollution control	Operation and maintenance of waste water recycling and treatment facilities	Wastewater recycling and reuse	614
3	Water pollution control	Effluent testing	Quarterly reporting and compliance with the discharge standards of laws and regulations	270
4	Air pollution control	Reporting of air pollution fees	Quarterly reporting and regular payments	474
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	535
7	Waste clearance	Waste testing	General business waste (sludge testing)	150
			Hazardous business waste (waste liquid testing)	
8	Waste clearance	Outsourced waste clearing	General and hazardous business waste generated can be properly processed	5,457
9	Soil and groundwater remediation	Reporting of soil and groundwater remediation expenses	Quarterly reporting and regular payments	26
10	Noise pollution control	Peripheral boundary noise testing	Regular annual testing	84
Total				12,392

**(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
2022/01/06	Xin-Bei-Huan-Ji-Zi No. 1102525466 No. of the punishment notification 30-111-010006	The suspended solids value of the drainage from the Company's Shulin Plant did not meet the effluent standards, which violated paragraph 1, Article 7 of the Water Pollution Control Act and Article 2 of the Effluent Standards.	A fine of NT\$252,000	NT\$252,000	The Company has contracted a company to cut off external drainage, and the improvement has been completed.
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 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.

2024/02/27	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.
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.

As indicated in the above table, all penalties against the Company for violations of environmental protection regulations have been corrected. Furthermore, the fines paid accounted for an insignificant part of the Company's operating income or shareholders' equity; therefore, there is no material effect on the Company's finance or 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 course for labor human rights and 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 2023 are as follows:

Training category	Training items	Training content	No. of females	No. of males	Total training hours
Internal training	Training for new recruits	The training enables new employees to understand the Company's history and future development and introduces employees' rights and obligations, as well as basic general knowledge education on occupational safety, information safety, and quality, in order to accelerate the integration of new employees into the organization.	309	233	2,261
	Quality training	Establish ISO, ITAF16949, GP, and other quality systems and laboratory quality specifications and systems.	300	449	2,084
	Information education	Strengthen the awareness of information security for all employees in plants and arrange social engineering drills from time to time.	342	622	1,811
	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. The lectures include guidelines for internal operating processes, basic/technical occupational function courses, new industrial knowledge and topics, and other training and education. Trainees can extensively apply the learning outcomes to internal workflows; rewards are granted to innovative improvement proposals to improve work satisfaction.	1,655	2,437	5,042

Training category	Training items	Training content	No. of females	No. of males	Total training hours
	Supervisor training	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.	81	127	475
	Occupational safety and health, labor human rights and moral education	Arrange one-hour labor safety and health and labor human rights courses for all employees in plants each year to improve personnel safety and the establishment of awareness of human rights.	1,747	1,723	3,539
External training	Supervisor improvement 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.	13	34	376
	Professional external training, certified operations	Arrange external training courses for license acquisition and refresher training courses for various equipment operations that require licenses, dangerous (hazardous) operations, and first-aid operations to protect the operational arrangements of personnel and comply with regulations. For example, stacker operators, occupational disaster first-aid personnel, fire control managers, special chemical operation supervisors, and crane operators.	11	87	796
Self-development	Continuous learning and in-service training	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.	102	82	846
Total			4,560	5,794	17,230

### 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) 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 physicians and nursing practitioners residing in plants .

## **VI. Cybersecurity management**

### **(I) Cybersecurity risk management framework**

To reinforce the safety management systems of public companies, the Financial Supervisory Committee (the "FSC") has amended the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and published relevant orders and interpretations to classify TWSE (TPEX) listed companies into three levels, and the Company is in level 2. According to the information safety management system

required by the FSC, listed companies shall allocate adequate information safety personnel. The Company has established a “dedicated information safety department” to be exclusively responsible for information safety affairs in 2023.

The "Information Security Department" is responsible for formulating information security policies, formulating and reviewing information security goals and information security control mechanisms, supervising the implementation of information security policies, reviewing the Group's information security governance policy, and supervising the operation of information security 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.

On February 1, 2023, the Company officially changed the name of the "Information Security Management Committee" to the "Information Security Management and Review Committee." The Company follows the "Cybersecurity Management and Control Guidelines for TWSE/TPEX Listed Companies" to plan for its information security management system step by step, establish its cybersecurity policy, and promote the importance of the organization and the assessments of crucial systems. It assesses its maximum tolerable period of disruption (MTPD), recovery time objectives (RTO) of crucial systems, and data recovery point objective (RPO), implements risk management and information security management operations and deploys cybersecurity and control measures.

## **(II) Cybersecurity policy and statement**

The Company's information security policy statement is: "Implement the information security declaration, strengthen information security education and training, and ensure business continuity." To ensure the normal, safe and stable operation of information system services, the Company has formulated the highest guidelines for the information security management system of the Company to ensure the confidentiality, integrity, and availability of information assets and compliance with laws and regulations. The Company regularly implements information security business continuity drills and conducts information security education and training to strengthen employees' awareness and alert in information security so as to reduce information security risks and, in turn, protect the rights and interests of information system service users. The Company passed the information security-related audits in 2023 with no major deficiencies, and it received no proven complaints about invasion of customer privacy or loss of customer information.

## **(III) The specific management plan and the resources invested in the cybersecurity management**

### **1. Deployment of vertical and in-depth information security defense**

To continuously improve the Company's information security and protect customers' privacy and confidential information, the Company introduced the ISO 27001:2013 Information Security Management System in July 2022, established the information security policy and four stages of Information Security Management System (ISMS) management documents, and established the confidentiality, completeness, and availability of ISMS. To strengthen the security protection of the application system, the Company regularly carries out vulnerability screening for mainframes and fixes the mid-to-high risk vulnerabilities each year to avoid hacker and virus attacks and ensure the normal operations of the information system, equipment, and network. We introduced the computer asset management system, e-mail filtering, the data loss protection (DLP) system for e-mails, and multi-factor authentication (MFA) to enhance the account and password management and minimize the risks of account and password falsification or theft related to the system, introduced the log management system to monitor the flow management and analyze the abnormal behaviors of users, and collected and analyzed log records to minimize the potential information security threats.

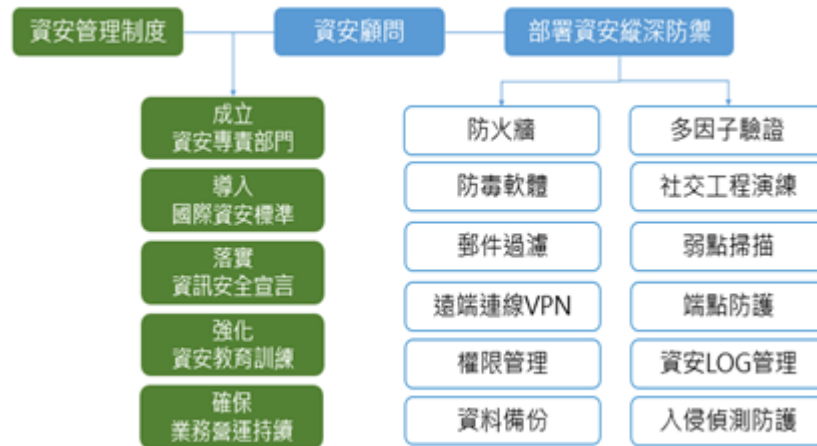


Figure - Information Security Management System and Corresponding Measures

## 2. Information security education and training and social engineering drills

The Company attaches great importance to the information security education and training of employees. All new employees have completed information security education and training courses. In-service employees shall receive at least two hours of information security education and training a year and information security promotion from time to time. To improve the awareness of employees regarding social engineering attacks, we regularly implement annual social engineering drills. In 2023, a total of 1,004 persons participated in the 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.

## 3. Enhancement of information security framework progressively

Based on the five major directions of identification, protection, detection, response, and recovery under the Cybersecurity Framework (CSF) established by the National Institute of Standards and Technology in the US, the Company established its information security protection plan with practical and substantial implementation of prevention in advance, monitoring during the occurrence, post-event management, and other different aspects. Based on our audits from time to time, we established a measurable "information security performance evaluation and effectiveness measurement table" based on the Plan-Do-Check-Act (PDCA) cycle of information security and regularly examined and evaluated the achievement rates of targets.



Figure - Five Major Directions of NIST CSF

#### 4. Business continuity management policy

The Company has implemented the business continuity management policy and formulated the business continuity plan. In addition to the daily operation management of information security to ensure the ability to respond to changes at critical moments, the Company has also established an "Incident Reporting and Management Team" in the information security promotion organization." The "business continuity exercise plan and drill" is organized each year for the crucial systems to verify whether the Company and achieve the RTO, RPO, and MPTD of the crucial systems based on the simulated information security event in the script so as to detect and exert the management ability through drills and grasp potential risk conditions.

#### 5. Continue to improve information security protection

To strengthen the active defense strategy, the Company joined the TWCERT/CC in October 2022. Through the joint defense mechanism of TWCERT/CC, the Company obtains information security and hacking intelligence from time to time and carries out threat intelligence sharing to grasp the industrial experience and raise internal information security alerts in due course. It also examines the internal equipment and system upgrades to strengthen the width and capacity of the overall information security defense of the Company.

#### 6. Introduce international information security standards and implement the management system

The Company passed the ISO 27001 by SGS, a third-party verification company, in March 2023: The recommended issuance of the certification was obtained from the external audit in 2013. The Company will arrange regular follow-ups and reviews each year to continue to maintain the validity of the certificate (passed the regular review by SGS in March 2024). Through implementing the management system based on the international information security standards, Shin Zu Shing carries out effective information security management for information security risks to optimize its information security management system.

**(IV) 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 Precision Electron (Chongqing) Co., Ltd.	Lease	Chongqing Datai Electronics Technology Co., Ltd.	2022/09/01~2026/09/01	Plant lease in Chongqing City in China	None

## Six. An Overview of the company's Financial Status

### I. Condensed balance sheets for the most recent five fiscal years

#### (I) Condensed balance sheet and comprehensive income statement

##### 1. Condensed balance sheet (consolidated)

Unit: NTD thousands

Item	Year	Financial information for the most recent five fiscal years					Financial information for the current year as of March 31, 2024
		2019	2020	2021	2022	2023	
Current assets		13,130,134	15,891,609	14,444,636	12,636,037	12,600,302	13,012,229
Property, plant and equipment		6,072,150	5,944,010	6,093,702	5,758,801	5,363,886	5,290,092
Investment property		—	—	—	2,441,877	2,422,671	2,417,869
Intangible assets		—	—	—	—	—	—
Other assets		325,043	574,901	818,224	603,725	1,165,209	1,164,395
Total assets		19,527,327	22,410,520	21,356,562	21,440,440	21,552,068	21,884,585
Current liabilities	Before distribution	5,559,879	5,987,071	4,527,246	4,967,258	5,530,459	5,422,799
	After distribution	6,286,897	7,331,255	5,489,672	6,093,748	6,281,452	6,173,792
Non-current liabilities		521,847	703,406	1,302,535	592,766	468,351	489,487
Total liabilities	Before distribution	6,081,726	6,690,477	5,829,781	5,560,024	5,998,810	5,912,286
	After distribution	6,808,744	8,034,661	6,792,207	6,686,514	6,749,803	6,663,279
Equity attributable to owners of the parent company		13,445,601	15,720,043	15,526,781	15,880,416	15,553,258	15,972,299
Share capital		1,812,543	1,920,263	1,924,853	1,877,483	1,877,483	1,877,483
Capital reserve	Before distribution	2,677,784	3,449,185	2,911,722	2,370,695	1,807,450	1,807,450
	After distribution	2,314,275	2,873,106	2,430,509	1,807,450	1,525,828	1,525,828
Retained earnings	Before distribution	9,371,635	10,679,695	11,083,217	11,952,637	12,214,655	12,536,741
	After distribution	9,008,126	9,911,590	10,602,004	11,389,392	11,745,284	12,067,370
Other equity		(416,361)	(329,100)	(393,011)	(320,399)	(346,330)	(249,375)
Treasury stock		—	—	—	—	—	—
Non-controlling interests		—	—	—	—	—	—
Total equity	Before distribution	13,445,601	15,720,043	15,526,781	15,880,416	15,553,258	15,972,299
	After distribution	12,718,583	14,375,859	14,564,355	14,753,926	14,802,265	15,221,306

Note 1: Information as of March 31, 2024 was audited by CPAs.

Note 2: The amount after distribution for 2023 and March 31, 2024 is calculated based on the proposal for the distribution of earnings for 2023 that was approved by the Board of Directors and yet to be approved by the annual general meeting .

## 2. Condensed comprehensive income statement (consolidated)

Unit: NTD thousands

Item \ Year	Financial information for the most recent five fiscal years					Financial information for the current year as of March 31, 2024
	2019	2020	2021	2022	2023	
Operating revenue	11,818,610	15,232,783	12,140,949	11,824,698	10,067,747	2,889,394
Gross operating profit	2,788,966	3,654,877	2,438,607	2,501,716	1,804,824	514,481
Operating income	1,928,026	2,697,065	1,576,750	1,559,293	908,884	260,110
Non-operating income and expenses	83,351	(251,890)	55,961	708,822	254,286	140,131
Net profit before tax	2,011,377	2,445,175	1,632,711	2,268,115	1,163,170	400,241
Net profit from continuing operations	1,297,956	1,672,971	1,169,603	1,659,184	807,404	314,861
Losses from discontinued operations	—	—	—	—	—	—
Net profit for the period	1,297,956	1,672,971	1,169,603	1,659,184	807,404	314,861
Other comprehensive income for the period (net amount after tax)	(114,989)	85,859	(63,728)	76,965	(8,072)	104,180
Total comprehensive income for the period	1,182,967	1,758,830	1,105,875	1,736,149	799,332	419,041
Net profit attributable to the owners of the parent company	1,297,956	1,672,971	1,169,603	1,659,184	807,404	314,861
Net profit attributable to non-controlling interests	—	—	—	—	—	—
Total comprehensive income attributable to owners of the parent company	1,182,967	1,758,830	1,105,875	1,736,149	799,332	419,041
Total comprehensive income attributable to non-controlling interests	—	—	—	—	—	—
Earnings per share (NTD)	7.25	9.05	6.08	8.68	4.30	1.68

### 3. Condensed balance sheet (parent company only)

Unit: NTD thousands

Item	Year	Financial information for the most recent five fiscal years				
		2019	2020	2021	2022	2023
Current assets		8,036,012	9,258,041	9,131,957	7,395,987	7,669,231
Property, plant and equipment		5,719,872	5,584,937	5,656,102	5,354,656	5,039,765
Investment property		—	—	—	2,441,877	2,422,671
Intangible assets		—	—	—	—	—
Other assets		4,960,458	5,855,388	5,482,056	5,644,997	5,495,132
Total assets		18,716,342	20,698,366	20,270,115	20,837,517	20,626,799
Current liabilities	Before distribution	4,756,239	4,293,496	3,459,543	4,411,232	4,635,673
	After distribution	5,483,257	5,637,680	4,421,969	5,537,722	5,386,666
Non-current liabilities		514,502	684,827	1,283,791	545,869	437,868
Total liabilities	Before distribution	5,270,741	4,978,323	4,743,334	4,957,101	5,073,541
	After distribution	5,997,759	6,322,507	5,705,760	6,083,591	5,824,534
Equity attributable to owners of the parent company		13,445,601	15,720,043	15,526,781	15,880,416	15,553,258
Share capital		1,812,543	1,920,263	1,924,853	1,877,483	1,877,483
Capital reserve	Before distribution	2,677,784	3,449,185	2,911,722	2,370,695	1,807,450
	After distribution	2,314,275	2,873,106	2,430,509	1,807,450	1,525,828
Retained earnings	Before distribution	9,371,635	10,679,695	11,083,217	11,952,637	12,214,655
	After distribution	9,008,126	9,911,590	10,602,004	11,389,392	11,745,284
Other equity		(416,361)	(329,100)	(393,011)	(320,399)	(346,330)
Treasury stock		—	—	—	—	—
Non-controlling interests		—	—	—	—	—
Total shareholders' equity	Before distribution	13,445,601	15,720,043	15,526,781	15,880,416	15,553,258
	After distribution	12,718,583	14,375,859	14,564,355	14,753,926	14,802,265

Note 1: The amount after distribution for 2023 is calculated based on the proposal for the distribution of earnings for 2023 that was approved by the Board of Directors and yet to be approved by the annual general meeting.

#### 4. Condensed comprehensive income statement (parent company only)

Unit: NTD thousands

Item	Year	Financial information for the most recent five years				
		2019	2020	2021	2022	2023
Operating revenue		9,130,941	10,220,420	8,865,174	8,678,588	7,478,880
Gross operating profit		1,268,014	1,862,747	1,680,557	1,879,686	1,268,803
Operating income		585,682	1,100,673	1,003,805	1,187,265	588,292
Non-operating income and expenses		1,048,002	951,407	482,443	876,248	468,234
Net profit before tax		1,633,684	2,052,080	1,486,248	2,063,513	1,056,526
Net profit from continuing operations for the period		1,297,956	1,672,971	1,169,603	1,659,184	807,404
Losses from discontinued operations		—	—	—	—	—
Net profit for the period		1,297,956	1,672,971	1,169,603	1,659,184	807,404
Other comprehensive income for the period (net amount after tax)		(114,989)	85,859	(63,728)	76,965	(8,072)
Total comprehensive income for the period		1,182,967	1,758,830	1,105,875	1,736,149	799,332
Net profit attributable to the owners of the parent company		1,297,956	1,672,971	1,169,603	1,659,184	807,404
Net profit attributable to non-controlling interests		—	—	—	—	—
Total comprehensive income attributable to owners of the parent company		1,182,967	1,758,830	1,105,875	1,736,149	799,332
Total comprehensive income attributable to non-controlling interests		—	—	—	—	—
Earnings per share (NTD)		7.25	9.05	6.08	8.68	4.30

#### (II) CPAs and their audit opinions for the past five fiscal years:

##### 1. CPAs and their audit opinions for the past five fiscal years:

Year	CPA Firm	Name of CPA	Audit opinions
2019	Deloitte Taiwan	Yu-Hsiu Su, Ming-Yu Chiu	Unqualified opinion
2020	Deloitte Taiwan	Yu-Hsiu Su, Ming-Yu Chiu	Unqualified opinion
2021	Deloitte Taiwan	Yu-Hsiu Su, Ming-Yu Chiu	Unqualified opinion
2022	Deloitte Taiwan	Yu-Hsiu Su, Ming-Yu Chiu	Unqualified opinion
2023	Deloitte Taiwan	Yu-Hsiu Su, Ming-Yu Chiu	Unqualified opinion

2. If there was change/replacement of the CPA within the past five fiscal years, an explanation made by the company's previous and current CPAs over the causes for such change/replacement shall be set forth: None.

## II. Financial analysis for the most recent five fiscal years

### (I) Comprehensive analysis of financial information (consolidated)

Analysis items		Year	Financial analysis for the most recent five fiscal years					Financial information for the current year as of March 31, 2024
		2019	2020	2021	2022	2023		
Financial structure	Liabilities to assets ratio (%)	31.14	29.85	27.30	25.93	27.83	27.02	
	Long-term capital to property, plant and equipment ratio (%)	230.02	276.30	276.18	286.05	298.69	311.18	
Solvency	Current ratio (%)	236.16	265.43	319.06	254.39	227.83	239.95	
	Quick ratio (%)	203.15	233.92	277.82	219.14	194.90	200.22	
	Times interest earned (times)	42,179.02	24,861.27	26,839.45	20,352.84	5,081.46	4,836.58	
Operating capacity	Turnover of receivables (times)	2.62	2.74	2.30	2.63	2.37	2.73	
	Average collection days for receivables	139.31	133.21	158.69	138.78	154.00	133.69	
	Inventory turnover (times)	5.60	6.39	5.23	5.17	4.81	5.26	
	Payables turnover (times)	4.09	4.07	3.48	4.49	3.86	3.61	
	Average sales days	65.17	57.12	69.78	70.59	75.88	69.39	
	Turnover of property, plant, and equipment (times)	1.91	2.54	2.02	2.00	1.81	2.17	
	Total assets turnover (times)	0.64	0.73	0.55	0.55	0.47	0.53	
Profitability	Return on assets (%)	7.07	8.02	5.37	7.8	3.84	5.92	
	Return on equity (%)	9.91	11.47	7.49	10.57	5.14	7.99	
	Ratio of net income before tax to paid-in capital (%)	111.45	127.41	84.82	120.81	61.95	85.27	
	Net profit margin (%)	10.98	10.98	9.63	14.03	8.02	10.90	
	Earnings per share (NTD) (Note 1)	7.25	9.05	6.08	8.68	4.30	1.68	
Cash flow	Cash flow ratio (%)	31.12	35.43	49.32	30.85	38.15	0.94	
	Cash flow adequacy ratio (%)	113.61	111.21	137.24	103.46	101.36	93.48	
	Cash reinvestment ratio (%)	5.70	6.69	4.08	2.61	4.53	0.23	

Analysis items		Year	Financial analysis for the most recent five fiscal years					Financial information for the current year as of March 31, 2024
		2019	2020	2021	2022	2023		
Leverage	Operating leverage	1.36	1.26	1.40	1.40	1.66	1.54	
	Financial leverage	1.00	1.00	1.00	1.01	1.03	1.03	
<p>Changes in financial ratios over the past two fiscal years (analysis is not required if changes are less than 20%)</p> <ol style="list-style-type: none"> <li>1. Lower times interest earned: Mainly due to higher interest expense as a result of lower net income before tax and an increase in borrowings amount and interest rate in 2023.</li> <li>2. Decrease in return on assets, return on equity, ratio of net income before tax to paid-in capital, net profit margin, and earnings per share: Mainly due to the decrease in gross operating profit from operations in 2023 along with the decrease in operating revenues; and the decrease in net foreign currency translation gains and in net income before tax due to valuation losses on financial assets at the end of the period.</li> <li>3. Increase in cash flow ratio and cash reinvestment ratio: Although the net profit in 2023 decreased, the strategic material preparation in Q4 2023 to increase the purchase of materials required for production resulted in a higher balance of accounts payable, resulting in an increase in net cash inflow from operating activities from the previous year.</li> </ol>								

**(II) Comprehensive analysis of financial information (parent company only)**

Analysis items		Year	Financial analysis for the most recent five fiscal years				
		2019	2020	2021	2022	2023	
Financial structure	Liabilities to assets ratio (%)	28.16	24.05	23.40	23.79	24.60	
	Long-term capital to property, plant and equipment ratio (%)	244.06	293.73	297.21	306.77	317.30	
Solvency	Current ratio (%)	168.96	215.63	263.96	167.66	165.44	
	Quick ratio (%)	157.09	195.20	240.87	141.95	140.91	
	Times interest earned	39,839.33	26,592.12	29,671.19	23,348.23	5,111.03	
Operating capacity	Turnover of receivables (times)	2.63	2.53	2.41	2.54	2.26	
	Average collection days for receivables	138.78	144.26	151.45	143.70	161.50	
	Inventory turnover (times)	14.58	11.59	8.15	6.64	5.26	
	Payables turnover (times)	4.13	3.56	3.70	4.24	3.83	
	Average sales days	25.03	31.49	44.78	54.97	69.39	
	Turnover of property, plant, and equipment (times)	1.56	1.81	1.58	1.58	1.44	
	Total assets turnover (times)	0.52	0.52	0.43	0.42	0.36	
Profitability	Return on assets (%)	7.48	8.52	5.73	8.1	3.98	
	Return on equity (%)	9.91	11.47	7.49	10.57	5.14	
	Ratio of net income before tax to paid-in capital (%)	90.52	106.92	77.21	109.91	56.27	
	Net profit margin (%)	14.21	16.37	13.19	19.12	10.80	
	Earnings per share (NTD)	7.25	9.05	6.08	8.68	4.30	
Cash flow	Cash flow ratio (%)	27.72	16.71	51.30	15.47	33.45	
	Cash flow adequacy ratio (%)	114.26	89.06	114.88	73.10	61.50	
	Cash reinvestment ratio (%)	3.48	(0.05)	2.03	(1.32)	2.01	
Leverage	Operating leverage	2.06	1.56	1.54	1.43	1.80	
	Financial leverage	1.01	1.01	1.01	1.01	1.04	

Changes in financial ratios over the past two fiscal years (analysis is not required if changes are less than 20%)

1. Decrease in times interest earned: Mainly due to higher interest expense as a result of lower net income before tax and an increase in borrowings amount and interest rate in 2023.
2. Decrease in inventory turnover and Increase in average sales days: In 2023, the price was reduced in response to customer requirements, weak demand in the end market, and differences in product shipment mix. As a result, overall operating revenues and operating costs declined simultaneously in 2023 by 8.74%. However, due to customers' active procurement in Q4 2023, the Company continued to reduce inventory. As a result, the total inventory at the end of 2023 was less than that at the end of 2022. However, average total inventories increased by 15.27%. Due to the increase in average total inventory and the decrease in operating costs, the inventory turnover rate in 2023 dropped to 5.26 times, and the inventory turnover days increased to 69 days.
3. Decrease in return on assets, return on equity, ratio of net income before tax to paid-in capital, net profit margin, and earnings per share: Mainly due to the decrease in gross operating profit from operations in 2023 along with the decrease in operating revenues; and the decrease in net foreign currency translation gains and in net income before tax due to valuation losses on financial assets at the end of the period.
4. Increase in cash flow ratio and cash reinvestment ratio: Although the net profit in 2023 decreased, the strategic material preparation in Q4 2023 to increase the purchase of materials required for production resulted in a higher balance of accounts payable, resulting in an increase in net cash inflow from operating activities from the previous year.
5. Increase in operating leverage: Mainly due to the significant decrease in gross profit margin in 2023 compared to 2022, and the decrease in net operating revenues net of variable operating costs and expenses, but the decrease in operating income was greater.

Note 1: Calculated based on the weighted average number of shares issued retrospectively.

Note 2 : The formulas for the above financial ratios are shown below :

1. Financial structure

(1) Debt-to-asset ratio = Total liabilities / total assets.

(2) Ratio of long-term funds to property, plant, and equipment = (Total equity + non-current liabilities) / net worth of property, plant, and equipment.

## 2. Solvency

- (1) Current ratio = Current assets / current liabilities.
- (2) Quick ratio = (Current assets - inventory - prepaid expenses) / current liabilities.
- (3) Times interest earned = Income before income tax and interest expenses / current interest expenses.

## 3. Operating capacity

- (1) Receivables (including accounts receivable and notes receivable arising from business operations) turnover rate = Net sales amount / average receivables (including accounts receivable and notes receivable arising from business operations) for each period.
- (2) Average collection days = 365 / turnover of receivables.
- (3) Inventory turnover = cost of goods sold / average inventory.
- (4) Payables (including accounts payable and notes payable arising from business operations) turnover rate = Cost of goods sold / average payables (including accounts payable and notes payable arising from business operations) for each period.
- (5) Average days of sale = 365 / inventory turnover.
- (6) Turnover of property, plant, and equipment = Net sales amount / average net worth of property, plant, and equipment.
- (7) Total asset turnover = Net sales amount / average total assets.

## 4. Profitability

- (1) Return on assets = [Net income + interest expenses x (1 - tax rate)] / average total assets.
- (2) Return on equity = Net income / average total equity.
- (3) Net profit margin = Net income / net sales.
- (4) Earnings per share = (Profit and loss attributable to owners of the parent - dividends on preferred shares) / weighted average number of issued shares. (Note 3)

## 5. Cash flow

- (1) Cash flow ratio = Net cash flow from operating activities / current liabilities.
- (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividends) for the most recent five years.
- (3) Cash re-investment ratio = (Net cash flow from operating activities – cash dividends) / (gross property, plant, and equipment value + long-term investment + other non-current assets + working capital). (Note 4)

## 6. Leverage:

- (1) Operating leverage = (Net operating revenue - variable operating costs and expenses) / operating income (Note 5).
- (2) Financial leverage = Operating income / (Operating income - interest expenses).

Note 3: For the above formula for calculating earnings per share, special attention should be paid to the following when measuring:

1. Based on the weighted average number of ordinary shares, rather than the number of shares issued at the end of the year.
2. Where there is a cash replenishment or treasury stock trading, the weighted average number of shares shall be calculated during the period of circulation.
3. Where there is a surplus to capital increase or capital surplus to capital increase, the calculation of the earnings per share for the previous year and half year should be adjusted by the proportion of capital increase, rather than the period the capital increase is issued.
4. If the preferred shares are non-convertible accumulative shares, their annual dividend (whether or not it is issued) shall be deducted from the net income after tax or added to net loss after tax. If the preferred shares are non-cumulative, then in the case of having a net profit after tax, the preferred dividend should be deducted from the net profit after tax; in

the case of loss, no adjustments are required.

Note 4: Special attention should be paid to the following when analyzing cash flows:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow of capital flows.
3. The increase in inventories shall only be credited when the balance at the end of the period is greater than their balance at the beginning of the period. If the inventory is reduced at the end of the year, then the inventory amount should be accounted at zero.
4. Cash dividends include cash dividends for common stock and special shares.
5. Gross property, plant, and equipment value means the total amount of property , plant and equipment before deducting accumulated depreciation.

Note 5: The issuer shall distinguish between the operating costs and operating expenses being fixed or variables. When estimation or subjective judgments are involved, one should pay attention to their rationality and consistency.

Note 6: The ratio of paid-in capital of foreign companies is calculated as a percentage of net worth.

## **SHIN ZU SHING CO., LTD.**

### **Audit Committee's Review Report**

The board of directors has prepared the company's 2023 financial statements as well as the business report and the surplus distribution proposal. Among them, the financial statements were verified by CPAs Yu-Shiou Su and Ming-Yu Chiu of Deloitte Taiwan, and an independent auditor's report has been issued. The above documents have been reviewed by the Audit Committee as correctly portraying the Company's business activities. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, this report is compiled and presented for shareholder's examination.

To

SHIN ZU SHING CO., LTD. 2024 Annual Shareholders' Meeting

Audit Committee convener: Yuan-Long Chang

March 1, 2024

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

SHIN ZU SHING CO., LTD.

By

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SHENG-NAN, LU  
Chairman

March 1, 2024

## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

We have audited the accompanying consolidated financial statements of Shin Zu Shing Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

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

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Assessment of Revenue Recognition

Shin Zu Shing Co., Ltd. and its subsidiaries mainly engaged in the research and development, production and sales of notebook computers, liquid crystal display hubs and MIM (Metal injection molding). Considering that there are significant risks in the revenue recognition of the audit standards, and the revenue of wearable products has grown significantly this year, Therefore, whether the sales transaction of wearable products of Shin Zu Shing Co., Ltd. really happened is listed as the key check item.

The audit procedures performed by the accountant in response to the above key audits are summarized as follows:

1. Understand the internal control of sales revenue of wearable products and its implementation effectiveness.
2. Conduct a detailed sales revenue test for wearable products to confirm that a sales revenue transaction has actually occurred.
3. For customers selling wearable products, obtain the details of income recognized by accountants, and check whether the income recognition has been approved by relevant personnel after evaluating the transaction conditions.

### **Other Matter**

We have audited the separate financial statements of Shin Zu Shing Co., Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 1, 2024

Notice to Readers

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

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

**SHIN ZU SHING CO., LTD. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****DECEMBER 31, 2023 AND 2022****(In Thousands of New Taiwan Dollars)**

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 2,619,354	12	\$ 3,282,113	15
Financial assets at fair value through profit or loss - current (Notes 7 and 30)	195,695	1	188,190	1
Financial assets at amortized cost - current (Note 9)	3,764,118	17	2,993,956	14
Notes receivable (Note 10)	41,891	-	11,248	-
Accounts receivable (Note 10)	4,066,896	19	4,352,961	20
Accounts receivable from related parties (Notes 10 and 31)	1,394	-	35	-
Other receivables (Note 10)	80,721	-	48,262	-
Inventories (Note 11)	1,621,791	8	1,665,649	8
Other current assets	208,442	1	93,623	1
Total current assets	12,600,302	58	12,636,037	59
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	756,380	4	208,727	1
Investments accounted for using the equity method (Note 13)	172,081	1	105,695	-
Property, plant and equipment (Note 14)	5,363,886	25	5,758,801	27
Right-of-use assets (Note 15)	67,631	-	118,157	1
Investment properties, net (Note 16)	2,422,671	11	2,441,877	11
Deferred tax assets (Note 25)	87,226	1	123,377	1
Refundable deposits	15,632	-	15,569	-
Other non-current assets (Notes 17 and 21)	66,259	-	32,200	-
Total non-current assets	8,951,766	42	8,804,403	41
<b>TOTAL</b>	<b>\$ 21,552,068</b>	<b>100</b>	<b>\$ 21,440,440</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term loans (Note 18)	\$ 1,819,740	9	\$ 1,013,430	5
Financial liabilities at fair value through profit or loss - current (Notes 7 and 30)	1,052	-	-	-
Notes payable, net	31	-	19	-
Accounts payable, net (Note 19)	2,234,118	10	1,501,046	7
Accounts payable to related parties, net (Note 31)	359,953	2	186,935	1
Other payables (Note 20)	690,121	3	720,263	3
Other payables to related parties (Note 31)	2,280	-	575	-
Current tax liabilities (Note 25)	22,828	-	252,618	1
Lease liabilities - current (Note 15)	30,464	-	49,859	-
Current portion of long-term borrowings (Note 18)	-	-	767,750	4
Other current liabilities	369,872	2	474,763	2
Total current liabilities	5,530,459	26	4,967,258	23
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Note 25)	414,456	2	511,921	3
Lease liabilities - non-current (Note 15)	31,206	-	62,056	-
Guarantee deposits received	22,689	-	18,789	-
Total non-current liabilities	468,351	2	592,766	3
Total liabilities	5,998,810	28	5,560,024	26
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Note 22)</b>				
Share capital				
Ordinary shares	1,877,483	9	1,877,483	9
Capital surplus	1,807,450	8	2,370,695	11
Retained earnings				
Legal reserve	2,021,998	9	1,886,935	9
Special reserve	320,399	2	393,011	2
Unappropriated earnings	9,872,258	46	9,672,691	45
Total retained earnings	12,214,655	57	11,952,637	56
Other equity	(346,330)	(2)	(320,399)	(2)
Total equity	15,553,258	72	15,880,416	74
<b>Total</b>	<b>\$ 21,552,068</b>	<b>100</b>	<b>\$ 21,440,440</b>	<b>100</b>

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

**SHIN ZU SHING CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022	
	Amount	%	Amount	%
NET REVENUE (Note 23)	\$ 10,067,747	100	\$ 11,824,698	100
OPERATING COGS (Note 11)	<u>8,262,923</u>	<u>82</u>	<u>9,322,982</u>	<u>79</u>
GROSS PROFIT	<u>1,804,824</u>	<u>18</u>	<u>2,501,716</u>	<u>21</u>
OPERATING EXPENSES				
Selling expenses	134,363	1	229,876	2
Administrative expenses	461,454	5	497,025	4
Research and development expenses	313,902	3	198,327	2
Expected credit (reversal) loss on account receivables	<u>(13,779)</u>	<u>-</u>	<u>17,195</u>	<u>-</u>
Total operating expenses	<u>895,940</u>	<u>9</u>	<u>942,423</u>	<u>8</u>
INCOME FROM OPERATIONS	<u>908,884</u>	<u>9</u>	<u>1,559,293</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 24)	136,605	2	62,024	-
Other income (Note 24)	133,717	1	116,050	1
Other gains and losses, net (Note 24)	6,828	-	546,846	5
Finance costs (Note 24)	(23,350)	-	(11,199)	-
Share of profits of associates	<u>486</u>	<u>-</u>	<u>(4,899)</u>	<u>-</u>
Total non-operating income and expenses	<u>254,286</u>	<u>3</u>	<u>708,822</u>	<u>6</u>
INCOME BEFORE INCOME TAX	1,163,170	12	2,268,115	19
INCOME TAX EXPENSE (Note 25)	<u>355,766</u>	<u>4</u>	<u>608,931</u>	<u>5</u>
NET INCOME	<u>807,404</u>	<u>8</u>	<u>1,659,184</u>	<u>14</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	471	-	4,353	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	56,760	1	(56,938)	-
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>(65,303)</u>	<u>(1)</u>	<u>129,550</u>	<u>1</u>

(Continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

**SHIN ZU SHING CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Other comprehensive (loss) income for the year	<u>(8,072)</u>	<u>-</u>	<u>76,965</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 799,332</u>	<u>8</u>	<u>\$ 1,736,149</u>	<u>15</u>
NET INCOME ATTRIBUTABLE TO:				
Shareholders of the parent	\$ 807,404	8	\$ 1,659,184	14
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 807,404</u>	<u>8</u>	<u>\$ 1,659,184</u>	<u>14</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Shareholders of the parent	\$ 799,332	8	\$ 1,736,149	15
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 799,332</u>	<u>8</u>	<u>\$ 1,736,149</u>	<u>15</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 4.30</u>		<u>\$ 8.68</u>	
Diluted	<u>\$ 4.29</u>		<u>\$ 8.61</u>	

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

(Concluded)

**SHIN ZU SHING CO., LTD. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company									
	Ordinary Shares	Capital Surplus	Retained Earnings			Others		Treasury Stock	Equity Attributable to Owners of the Company	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2022	\$ 1,924,853	\$ 2,911,722	\$ 1,769,772	\$ 329,101	\$ 8,984,344	\$ (357,199)	\$ (35,812)	\$ -	\$ 15,526,781	\$ 15,526,781
Appropriation of 2021 earnings										
Legal reserve	-	-	117,163	-	(117,163)	-	-	-	-	-
Special reserve	-	-	-	63,910	(63,910)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(481,213)	-	-	-	(481,213)	(481,213)
Issuance of shares dividends from capital surplus	-	(481,213)	-	-	-	-	-	-	(481,213)	(481,213)
Treasury stock acquired	-	-	-	-	-	-	-	(420,088)	(420,088)	(420,088)
Treasury stock retired	(47,370)	(59,814)	-	-	(312,904)	-	-	420,088	-	-
Net income for the year ended December 31, 2022	-	-	-	-	1,659,184	-	-	-	1,659,184	1,659,184
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	4,353	129,550	(56,938)	-	76,965	76,965
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,663,537	129,550	(56,938)	-	1,736,149	1,736,149
BALANCE AT DECEMBER 31, 2022	1,877,483	2,370,695	1,886,935	393,011	9,672,691	(227,649)	(92,750)	-	15,880,416	15,880,416
Appropriation of 2022 earnings										
Legal reserve	-	-	135,063	-	(135,063)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(563,245)	-	-	-	(563,245)	(563,245)
Special reserve	-	-	-	(72,612)	72,612	-	-	-	-	-
Issuance of shares dividends from capital surplus	-	(563,245)	-	-	-	-	-	-	(563,245)	(563,245)
Net income for the year ended December 31, 2023	-	-	-	-	807,404	-	-	-	807,404	807,404
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	471	(65,303)	56,760	-	(8,072)	(8,072)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	807,875	(65,303)	56,760	-	799,332	799,332
Disposal of the investment in equity instruments designed as at fair value through other comprehensive income	-	-	-	-	17,388	-	(17,388)	-	-	-
BALANCE AT DECEMBER 31, 2023	\$ 1,877,483	\$ 1,807,450	\$ 2,021,998	\$ 320,399	\$ 9,872,258	\$ (292,952)	\$ (53,378)	\$ -	\$ 15,553,258	\$ 15,553,258

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

**SHIN ZU SHING CO., LTD. AND SUBSIDIARIES**

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

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,163,170	\$ 2,268,115
Adjustments for:		
Depreciation expense	596,864	628,772
Expected credit loss recognized (reversal)	(13,779)	17,195
Net loss (gain) on fair value change of financial assets and liabilities at fair value through profit or loss	62,350	(71,914)
Finance costs	23,350	11,199
Interest income	(136,605)	(62,024)
Dividend income	(18,748)	(17,587)
Share of profit of associates	(486)	4,899
(Gain) loss on disposal of property, plant and equipment, net	(1,603)	2,158
Loss on disposal of subsidiaries	13,885	-
Gain on disposal of financial assets, net	(9,929)	(2,264)
Write-down of inventories	-	7,143
Reversal of write-downs of inventories	(39,198)	-
Other items	(539)	(87,436)
Changes in operating assets and liabilities		
Notes receivable	(30,643)	279
Accounts receivable	299,907	206,841
Accounts receivable from related parties	(1,359)	(35)
Other receivables	(18,332)	(4,628)
Inventories	83,275	88,920
Other current assets	(114,819)	11,307
Notes payable	12	(1,287)
Accounts payable	733,072	(963,000)
Accounts payable to related parties	173,018	186,935
Other payables	(24,578)	(260,789)
Other payables to related parties	1,705	575
Other current liabilities	<u>(104,891)</u>	<u>175,561</u>
Cash generated from operations	2,635,099	2,138,935
Interest received	122,074	62,656
Dividends received	18,748	17,587
Interest paid	(19,300)	(5,605)
Income tax paid	<u>(646,610)</u>	<u>(681,361)</u>
Net cash generated from operating activities	<u>2,110,011</u>	<u>1,532,212</u>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of financial assets at fair value through other comprehensive income	(511,440)	(28,246)
Proceeds from disposal of financial assets at fair value through other comprehensive income	7,658	-
Increase in financial assets at amortized cost	(770,162)	(209,079)

(Continued)

**SHIN ZU SHING CO., LTD. AND SUBSIDIARIES**

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

	<b>2023</b>	<b>2022</b>
Acquisitions of financial assets at fair value through profit or loss	(83,369)	(59,641)
Proceeds from disposal of financial assets at fair value through profit or loss	24,495	100,895
Payments for disposal of investments accounted for using the equity method	(80,275)	-
Acquisitions for property, plant and equipment	(117,867)	(195,624)
Proceeds from disposal of property, plant and equipment	19,209	124,252
(Increase) decrease in refundable deposits	(171)	1,105
Proceeds from expropriation of land	-	43,536
Acquisitions of investments properties	-	(2,212,812)
Increase in other non-current assets	<u>(80,178)</u>	<u>(94,284)</u>
Net cash used in investing activities	<u>(1,592,100)</u>	<u>(2,529,898)</u>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	38,560	515,190
Increase in guarantee deposits received	4,092	9,898
Repayment of the principal portion of lease liabilities	(51,491)	(51,867)
Cash dividends	(1,126,490)	(962,426)
Treasury stocks acquired (Note 22)	<u>-</u>	<u>(420,088)</u>
Net cash used in financing activities	<u>(1,135,329)</u>	<u>(909,293)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	<u>(45,341)</u>	<u>189,814</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(662,759)	(1,717,165)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>3,282,113</u>	<u>4,999,278</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 2,619,354</u>	<u>\$ 3,282,113</u>

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

(Concluded)

## SHIN ZU SHING CO., LTD. AND SUBSIDIARIES

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

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#### 1. GENERAL INFORMATION

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

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

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

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

#### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 1, 2024.

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

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

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

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

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

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

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

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

### 1) Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”

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

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

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

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

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

### 3) Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”

Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, the suppliers are paid. The amendments stipulate that the Group shall disclose the relevant information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the Group’s liabilities and cash flows and on the Group’s exposure to liquidity risk.

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

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

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

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

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

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

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### 2) Amendments to IAS 21 “Lack of Exchangeability”

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Group shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.

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

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

### a. Statement of compliance

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

### b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

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

Current assets include:

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

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Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

### d. Basis of consolidation

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

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

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

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

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

See Note 12, Tables 3 and 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

### e. Foreign currencies

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

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

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

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

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

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

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

### f. Inventories

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

### g. Investments in associates

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

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

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

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

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

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

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

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

### h. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

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

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### i. Investment properties

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

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

Depreciation is recognized using the straight-line method.

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

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

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

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

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

### k. Financial instruments

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

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

#### 1) Financial assets

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

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### a) Measurement categories

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

#### i. Financial assets at FVTPL

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

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

#### ii. Financial assets at amortized cost

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

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

### 2) Equity instruments

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

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

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

### 3) Financial liabilities

#### a) Subsequent measurement

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

#### Financial liabilities at FVTPL

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

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

#### b) Derecognition of financial liabilities

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

### 4) Derivative financial instruments

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

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

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

### l. Revenue recognition

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

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

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

### m. Leases

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

#### 1) The Group as lessor

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

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

#### 2) The Group as lessee

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

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

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

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

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

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

### n. Employee benefits

#### 1) Short-term employee benefits

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

#### 2) Retirement benefits

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

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

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

#### 3) Termination benefits

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

### o. Provisions

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

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p. Share-based payment arrangements - employee share options

Employee share options granted to employees and others providing similar services

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

q. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

### 3) Current and deferred taxes

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

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

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

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 683	\$ 3,607
Checking accounts and demand deposits	<u>2,618,671</u>	<u>3,278,506</u>
	<u>\$ 2,619,354</u>	<u>\$ 3,282,113</u>

As of December 31, 2023 and 2022, the ending balance of time deposits with original maturities of more than 3 months were \$3,764,118 thousand and \$2,993,956 thousand, respectively, and were classified as financial assets at amortized cost (refer to Note 9).

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivate financial assets (not under hedge accounting)		
Cross-currency swap contracts (a)	\$ -	\$ 99,637
Non-derivative financial assets		
Domestic listed shares	<u>195,695</u>	<u>88,553</u>
	<u>\$ 195,695</u>	<u>\$ 188,190</u>

(Continued)

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	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities mandatorily classified as at FVTPL		
Derivative financial liabilities (not under hedge accounting)		
Cross-currency swap contracts (a)	\$ <u>1,052</u>	\$ <u>-</u> (Concluded)

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

Notional Amount (In Thousands)	Maturity Date	Interest Rates Paid	Interest Rates Received
<u>December 31, 2023</u>			
US\$10,000/NT\$313,000	2024.01.05	1.63%	5.798%
US\$10,000/NT\$316,500	2024.08.05	1.60%	5.75%
US\$8,000/NT\$242,400	2024.03.29	1.59%	USD-SOFR+0.60%

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

The Group entered into cross-currency swap contracts during the years ended December 31, 2023 and 2022 to manage exposures to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities.

**8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 227,632	\$ 191,095
Unlisted shares	511,440	-
Foreign investments		
Unlisted shares	<u>17,308</u>	<u>17,632</u>
	<u>\$ 756,380</u>	<u>\$ 208,727</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly,

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

### 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months	\$ <u>3,764,118</u>	\$ <u>2,993,956</u>
The ranges of interest rates	1.10%-5.33%	0.31%-4.45%

### 10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Notes receivable</u>		
Notes receivable - operating	\$ 41,891	\$ 11,248
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 41,891</u>	<u>\$ 11,248</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount - non-related parties	\$ 4,077,104	\$ 4,377,011
Gross carrying amount - related parties	1,394	35
Less: Allowance for impairment loss	<u>(10,208)</u>	<u>(24,050)</u>
	<u>\$ 4,068,290</u>	<u>\$ 4,352,996</u>
<u>Other receivables</u>		
At amortized cost		
Others	<u>\$ 80,721</u>	<u>\$ 48,262</u>

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

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

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

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parties:

December 31, 2023

	Not Past Due	1 to 90 Days Past Due	91 to 120 Days Past Due	121 to 365 Days Past Due	Over 365 Days Past Due	Total
Gross carrying amount	\$ 3,952,674	\$ 82,735	\$ 7,789	\$ 31,320	\$ 3,980	\$ 4,078,498
Loss allowance (Lifetime ECL)	<u>(2,372)</u>	<u>(2,227)</u>	<u>(1,168)</u>	<u>(461)</u>	<u>(3,980)</u>	<u>(10,208)</u>
Amortized cost	<u>\$ 3,950,302</u>	<u>\$ 80,508</u>	<u>\$ 6,621</u>	<u>\$ 30,859</u>	<u>\$ -</u>	<u>\$ 4,068,290</u>

December 31, 2022

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

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

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

	2023	2022
Balance at January 1	\$ 24,050	\$ 8,003
Net remeasurement of loss allowance	-	17,195
Impairment losses reversed	(13,779)	-
Foreign exchange gains and losses	<u>(63)</u>	<u>(1,148)</u>
Balance at December 31	<u>\$ 10,208</u>	<u>\$ 24,050</u>

### 11. INVENTORIES

	<u>December 31</u>	
	2023	2022
Finished goods	\$ 646,274	\$ 784,410
Semi-finished goods	88,274	96,110
Work in process	438,921	241,486
Raw materials	<u>448,322</u>	<u>543,643</u>
	<u>\$ 1,621,791</u>	<u>\$ 1,665,649</u>

The cost of inventories recognized as cost of goods sold for 2023 and 2022 included \$8,262,923 thousand and \$9,322,982 thousand, respectively. The cost of goods sold for 2023 and 2022 included inventory reversal of inventory write-downs of \$39,198 thousand and reversal of inventory write-downs \$7,143 thousand, respectively.

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### 12. SUBSIDIARIES

#### Subsidiaries Included in Consolidated Financial Statements

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

Investor	Investee	Nature of Activities	Percentage of Ownership at		Note
			2023	2022	
Shin Zu Co., Ltd.	Magic Timing Technology Limited	Entrepot trade services of parent companies and affiliates	100%	100%	a
	Time Rise Corp.	Investment management	100%	100%	b
	Up Hill International Limited	Entrepot trade services of parent companies and affiliates	100%	100%	c
	Spring Vision Technology Corp.	Entrepot trade services of parent companies and affiliates	100%	100%	d
	Heng Xing Investment Co., Ltd.	Investment management	100%	100%	e
	Amazing Power Limited	Investment management	100%	100%	f
	CJC Holding Pte. Limited	Sales of LCD monitor frames, rotary shafts and accessories	100%	100%	g
	Above Average Limited	Entrepot trade services of parent companies and affiliates	100%	100%	h
	Ding Ying Investment Co., Ltd.	Investment management	100%	100%	i
	Time Rise Corp.	Smart Point Co., Ltd.	Investment management	100%	-
Hamstead Corporation		Investment management	100%	100%	k
Titan Speed Technology Limited		Investment management	-	100%	l
Shining Smart International Corp.		Investment management	100%	100%	m
Hamstead Corporation	Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Production and sales of precision hardware, electronics, molds and plastic, etc.	100%	100%	n
	Shin Zu Shing Precision Electron (Chongqing) Co., Ltd.	Production and sales of computer accessories	100%	100%	o
Titan Speed Technology Limited	Zhi qun Precision Electron (Suzhou) Co., Ltd.	Production and sales of precision hardware, electronics, molds, etc.	-	100%	p
Amazing Power Limited	Ace Technology Inc.	Investment management	100%	100%	q
	Blossom Enterprise Inc.	Investment management	100%	100%	r
	Elite Dragon Group Limited.	Investment management	100%	100%	s
Ace Technology Inc.	Kunshan Jengjea Computer Fittings Co., Ltd.	Production and development of LCD monitor accessories and key laptop components	100%	100%	t
Elite Dragon Group Limited.	Dongguan Chengyue Computer Fittings Co., Ltd.	Production and sales of computer accessories	100%	100%	u
Blossom Enterprise Inc.	Redstar Precision Electorn (Fuqing) Co., Ltd.	Production of shafts and other precision bearings, molds, LCD monitor accessories, key laptop and other new electronic components, self-produced products, etc.	100%	100%	v
Smart Point Co., Ltd.	Shin Zu Shing (Bac Giang) Company Limited	Production and sales of other precision bearings and electronics, etc.	100%	-	w

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

- a. Magic Timing Technology Limited (hereinafter as “Magic”), incorporated on January 13, 2005 in the British Virgin Islands, is approved by the Ministry of Economic Affairs Overseas Chinese and Foreign Investment Commission to conduct contracting and international trade-related business.
- b. Time Rise Corporation (hereinafter as “Time Rise”), incorporated on February 17, 2004 in the Republic of Mauritius, is approved by the Ministry of Economic Affairs Overseas Chinese and Foreign Investment Commission to conduct reinvestment business in China.

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- c. Up Hill International Limited (hereinafter as “Up Hill”), incorporated on May 12, 2006 in Samoa, is approved by the Ministry of Economic Affairs Overseas Chinese and Foreign Investment Commission to conduct international trade-related business.
- d. Spring Vision Technology Corporation (hereinafter as “Spring Vision”), incorporated on November 8, 2007 in the British Virgin Islands, is approved by the Ministry of Economic Affairs Overseas Chinese and Foreign Investment Commission to conduct contracting and international trade-related business.
- e. Heng Xing Investment Co., Ltd. (hereinafter as “Heng Xing”) was incorporated in August 2009 in Sanchong District, New Taipei City, and mainly conducts investment business.
- f. Amazing Power Limited (hereinafter as “Amazing”) was 100% acquired by Shin Zu Shing for US\$14,156 thousand in September 2010. Amazing was incorporated in January 2009 in the Republic of Seychelles, and is approved by the Ministry of Economic Affairs Overseas Chinese and Foreign Investment Commission to conduct reinvestment business in China.
- g. CJC Holding Pte. Limited (hereinafter as “CJC Holding”) was 100% acquired by Shin Zu Shing for US\$428 thousand in September 2010. CJC Holding was incorporated in December 1995 in Singapore, and mainly conducts sales in LCD monitor base frames, shafts and accessories.
- h. Above Average Limited (hereinafter as “Above Average”) was incorporated on September 30, 2016 in the Republic of Seychelles for US\$100 thousand, and is approved by the Ministry of Economic Affairs Overseas Chinese and Foreign Investment Commission to conduct contracting and international trade-related business.
- i. Ding Ying Investment Co., Ltd. (hereinafter as “Ding Ying”) was incorporated in November 2022 in Sanchong District, New Taipei City, and mainly conducts investment business.
- j. Smart Point Co., Ltd. (hereinafter as "Smart Point") was incorporated on January 10, 2023 in the Republic of Seychelles, and mainly conducts investment business in Vietnam.
- k. Hamstead Corporation (hereinafter as “Hamstead”) is 100% owned by Time Rise, and was incorporated on November 30, 2001 in the Republic of Mauritius. Hamstead is approved by the Ministry of Economic Affairs Overseas Chinese and Foreign Investment Commission to conduct reinvestment business in China, and it has acquired the ownership of Shin Zu Shing Precision Electron (Suzhou) Co., Ltd. and Shin Zu Shing Precision Electron (Chongqing) Co., Ltd.
- l. Titan Speed Technology Limited (hereinafter as “Titan”), was 100% acquired by Time Rise for US\$3,010 thousand in July 2007. Titan was incorporated on January 12, 2006 in Samoa, and is approved by the Ministry of Economic Affairs Overseas Chinese and Foreign Investment Commission to conduct reinvestment business in China; it has acquired 100% ownership of Zhi qun Precision Electron (Suzhou) Co., Ltd., in China. Based on group policy considerations, TITAN completed its liquidation in the first quarter of 2023. The consolidated company's share of profit or loss amounted to US\$371 thousand and has completed the deregistration to the Investment Commission.
- m. Shining Smart International Corporation (hereinafter as “Shining Smart”) was incorporated on November 13, 2007 in the British Virgin Islands. Shining Smart owns 28.03% ownership of Prosperity Investment Holding Pte. Ltd. to conduct investment business in Vietnam. In March 2021 and July 2020 Shining Smart has not participated in the capital injection proportionately into Prosperity Investment Holding Pte. Ltd., resulting in the change of its ownership after the capital increase to 25% and 26.11%. In October 2023, Shining Smart has participated in the capital injection proportionately into Prosperity Investment Holding Pte. Ltd., and the shareholding ratio remains unchanged after the capital increase.

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- n. Shin Zu Shing Precision Electron (Suzhou) Co., Ltd. (hereinafter as “Shin Zu Shing (Suzhou)”), 100% owned by Hamstead, was incorporated in Suzhou, China in March 2002, and obtained the enterprise permit to do business in May 2002, with the validity period beginning on March 5, 2002 to March 4, 2052. Its main businesses include the manufacture and sales of precision springs, electronics, molds, and plastic, etc.
- o. Shin Zu Shing Precision Electron (Chongqing) Co., Ltd. (hereinafter as “Shin Zu Shing (Chongqing)”) was incorporated in Chongqing, China, on September 26, 2022, and obtained the enterprise permit to do business in September 2022. Hamstead has 100% ownership of Shin Zu Shing (Chongqing). Its main businesses include the manufacture and sales of computer accessories.
- p. Zhi qun Precision Electron (Suzhou) Co., Ltd. (hereinafter as “Zhi qun”) 100% owned by Titan, was incorporated in Suzhou, China on March 13, 2006, and obtained the enterprise permit to do business in March 2006, the validity period beginning on March 13, 2006 to March 12, 2056. Its main businesses include the manufacture and sales of precision springs, electronics, molds, etc., Based on group policy considerations, Zhi qun completed its liquidation in the first quarter of the year 2023 and has completed the deregistration to the Investment Commission.
- q. Ace Technology Inc. (hereinafter as “Ace”) was incorporated on January 5, 2009 in the Republic of Seychelles. Ace is approved by the Ministry of Economic Affairs Overseas Chinese and Foreign Investment Commission to conduct investment business in China, and has acquired 100% ownership of Kunshan Jengjea Computer Fittings Co., Ltd, in China.
- r. Blossom Enterprise Inc. (hereinafter as “Blossom”) was incorporated on November 13, 2008 in the Republic of Seychelles. Blossom is approved by the Ministry of Economic Affairs Overseas Chinese and Foreign Investment Commission to conduct investment business in China and has established a subsidiary, Redstar Precision Electorn (Fuqing) Co., Ltd, with 100% ownership.
- s. Elite Dragon Group Limited (hereinafter as “Elite Dragon”) was incorporated on July 19, 2017 in the British Virgin Islands for US\$5000. Elite Dragon is approved by the Ministry of Economic Affairs Overseas Chinese and Foreign Investment Commission to conduct investment business in China, and has indirectly acquired 100% ownership of Dongguan Chengyue Computer Fittings Co., Ltd.
- t. Kunshan Jengjea Computer Fittings Co., Ltd. (hereinafter as “Kunshan Jengjea”), 100% owned by Ace, was incorporated in Kunshan, China on September 26, 2001, and has obtained the enterprise permit to do business, the validity period beginning on September 26, 2001 to September 25, 2031. Its main businesses include the development and manufacture of LCD monitor accessories, key laptop components, etc.
- u. Dongguan Chengyue Computer Fittings Co., Ltd. (hereinafter as “Dongguan Chengyue”), incorporated in Dongguan, China on April 23, 2018, has obtained the enterprise permit to do business and is 100% owned by Elite Dragon. Its main businesses include the manufacture and sales of computer accessories.
- v. Redstar Precision Electorn (Fuqing) Co., Ltd. (hereinafter as “Redstar (Fuqing)”), 100% owned by Blossom, was incorporated in Fuqing, China on August 23, 2011, and has obtained the enterprise permit to do business, the validity period beginning on August 23, 2011 to August 22, 2061. Its main businesses include the manufacture and sale of hinges, molds, LCD monitor accessories, key laptop and electronic components, etc.
- w. Shin Zu Shing (Bac Giang) Company Limited, (hereinafter as “Shin Zu Shing (Bac Giang)”), 100% owned by Smart Point, was incorporated in Beijiang Province, Vietnam, on September 19, 2023, and has obtained the enterprise permit to do business, the validity period beginning in September, 2023 to May, 2066. Its main businesses include the Production and sales of other precision bearings and electronics, etc.

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- x. The financial statements and related information for the year ended December 31, 2023 and 2022 of the companies included in the consolidated financial statements have been audited by CPAs.

### 13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Investments in associates</u>		
Associates that are not individually material	<u>\$ 172,081</u>	<u>\$ 105,695</u>

Name of Associate	Nature of Activities	Principal Place of Business	<u>Proportion of Ownership Rights</u>	
			<u>December 31</u>	<u>December 31</u>
			<u>2023</u>	<u>2022</u>
Prosperity Investment Holding Pte. Ltd	Investment	Singapore	25.00	25.00

- a. The Group signed a three-party contract with Jochu Technology Co., Ltd. and other company to establish Prosperity Investment Holding Pte. Ltd, in which the Group invested US\$888 thousand to acquire 28.03% ownership through Shining Smart International Corporation.
- b. On March 2, 2021, the Group invested US\$1,525 thousand into Prosperity Investment Holding Pte. Ltd. through Shining Smart International Corporation, unproportioned to its previous ownership percentage, resulting in its ownership decreased to 25%.
- c. The Group is not the largest shareholder of Prosperity Investment Holding Pte. Ltd., and either does not have the practical ability to direct the relevant activities of Prosperity Investment Holding Pte. Ltd., therefore, the Group does not have control over it.
- d. The investment under the equity method and the Group's share of profit or loss of associates accounted for using the entity method is calculated according to the unreviewed reports of the associates; however, the Management of the Group believes that the unreviewed reports does not have significant influence.

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
The Group's share of:		
Net income (loss) from continuing operations	\$ 486	\$ (4,899)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>\$ 486</u>	<u>\$ (4,899)</u>

Refer to Table 3 "Name, locations, and related information of investees on which the Company exercises significant influence" for the nature of activities, principal place of business and country of incorporation of the associates.

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## 14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Office Equipment	Transportation Equipment	Others Equipment	Total
<b>Cost</b>							
Balance at January 1, 2022	\$ 3,058,135	\$ 1,916,405	\$ 5,320,813	\$ 59,646	\$ 27,592	\$ 644,591	\$ 11,027,182
Additions	-	-	115,835	8,947	1,262	60,909	186,953
Disposals	-	(53,082)	(166,795)	(1,565)	(2,821)	(17,468)	(241,731)
Effect of foreign currency exchange differences	-	4,756	3,988	1,090	212	2,130	12,176
Reclassifications	-	-	101,377	-	-	-	101,377
Balance at December 31, 2022	<u>\$ 3,058,135</u>	<u>\$ 1,868,079</u>	<u>\$ 5,375,218</u>	<u>\$ 68,118</u>	<u>\$ 26,245</u>	<u>\$ 690,162</u>	<u>\$ 11,085,957</u>
<b>Accumulated depreciation and impairment</b>							
Balance at January 1, 2022	\$ -	\$ 539,119	\$ 3,844,895	\$ 48,781	\$ 23,089	\$ 477,596	\$ 4,933,480
Disposals	-	(17,318)	(137,986)	(1,461)	(2,597)	(15,646)	(175,008)
Depreciation expense	-	51,356	423,966	2,616	1,024	83,334	562,296
Effect of foreign currency exchange differences	-	2,555	1,301	997	162	1,373	6,388
Reclassifications	-	-	-	-	-	-	-
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 575,712</u>	<u>\$ 4,132,176</u>	<u>\$ 50,933</u>	<u>\$ 21,678</u>	<u>\$ 546,657</u>	<u>\$ 5,327,156</u>
Carrying amount at December 31, 2022	<u>\$ 3,058,135</u>	<u>\$ 1,292,367</u>	<u>\$ 1,243,042</u>	<u>\$ 17,185</u>	<u>\$ 4,567</u>	<u>\$ 143,505</u>	<u>\$ 5,758,801</u>
<b>Cost</b>							
Balance at January 1, 2023	\$ 3,058,135	\$ 1,868,079	\$ 5,375,218	\$ 68,118	\$ 26,245	\$ 690,162	\$ 11,085,957
Additions	-	385	55,955	5,986	-	48,394	110,720
Disposals	-	-	(140,117)	(36)	(2,787)	(10,470)	(153,410)
Effect of foreign currency exchange differences	-	(4,672)	(8,883)	(821)	(275)	(2,899)	(17,550)
Reclassifications	-	-	43,592	1,575	1,423	-	46,590
Balance at December 31, 2023	<u>\$ 3,058,135</u>	<u>\$ 1,863,792</u>	<u>\$ 5,325,765</u>	<u>\$ 74,822</u>	<u>\$ 24,606</u>	<u>\$ 725,187</u>	<u>\$ 11,072,307</u>
<b>Accumulated depreciation and impairment</b>							
Balance at January 1, 2023	\$ -	\$ 575,712	\$ 4,132,176	\$ 50,933	\$ 21,678	\$ 546,657	\$ 5,327,156
Disposals	-	-	(123,817)	(32)	(2,611)	(9,344)	(135,804)
Depreciation expense	-	49,666	402,805	3,714	1,265	70,508	527,958
Effect of foreign currency exchange differences	-	(3,243)	(4,698)	(590)	(219)	(2,139)	(10,889)
Reclassifications	-	-	-	-	-	-	-
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 622,135</u>	<u>\$ 4,406,466</u>	<u>\$ 54,025</u>	<u>\$ 20,113</u>	<u>\$ 605,682</u>	<u>\$ 5,708,421</u>
Carrying amount at December 31, 2023	<u>\$ 3,058,135</u>	<u>\$ 1,241,657</u>	<u>\$ 919,299</u>	<u>\$ 20,797</u>	<u>\$ 4,493</u>	<u>\$ 119,505</u>	<u>\$ 5,363,886</u>

No impairment assessment was performed because there was no indication of impairment for the years ended December 31, 2023 and 2022.

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

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

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**15. LEASE ARRANGEMENTS**

a. Right-of-use assets

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amount</u>		
Land	\$ 7,612	\$ 7,996
Buildings	51,420	98,666
Transportation equipment	<u>8,599</u>	<u>11,495</u>
	<u>\$ 67,631</u>	<u>\$ 118,157</u>
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Depreciation charge for right-of-use assets		
Land	\$ 240	\$ 500
Buildings	40,100	39,120
Transportation equipment	<u>9,360</u>	<u>10,850</u>
	<u>\$ 49,700</u>	<u>\$ 50,470</u>

Except for the addition in assets and recognition of depreciation expense, the Group had no material sublease and impairment loss on its right-of-use assets for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amount</u>		
Current	<u>\$ 30,464</u>	<u>\$ 49,859</u>
Non-current	<u>\$ 31,206</u>	<u>\$ 62,056</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Buildings	0.45%-4.65%	0.44%-4.65%
Transportation equipment	0.39%-4.45%	0.39%-4.45%

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### c. Material leasing activities and terms

The Group leases certain buildings and transportation equipment for business use with lease terms of 2020-2027 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. The Group is prohibited from subleasing all or any portion of the underlying assets without the lessors' consents.

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

### d. Other lease information

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Expenses relating to short-term leases	<u>\$ 5,555</u>	<u>\$ 7,962</u>
Total cash outflow for leases	<u>\$ (57,046)</u>	<u>\$ (59,829)</u>

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

## 16. INVESTMENT PROPERTIES

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2022	\$ -	\$ -	\$ -
Additions	<u>2,014,511</u>	<u>443,372</u>	<u>2,457,883</u>
Balance at December 31, 2022	<u>\$ 2,014,511</u>	<u>\$ 443,372</u>	<u>\$ 2,457,883</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	\$ -	\$ -	\$ -
Depreciation expense	<u>-</u>	<u>16,006</u>	<u>16,006</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 16,006</u>	<u>\$ 16,006</u>
Carrying amount at December 31, 2022	<u>\$ 2,014,511</u>	<u>\$ 427,366</u>	<u>\$ 2,441,877</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 2,014,511	\$ 443,372	\$ 2,457,883
Additions	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 2,014,511</u>	<u>\$ 443,372</u>	<u>\$ 2,457,883</u>

(Continued)

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	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	\$ -	\$ 16,006	\$ 16,006
Depreciation expense	<u>-</u>	<u>19,206</u>	<u>19,206</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 35,212</u>	<u>\$ 35,212</u>
Carrying amount at December 31, 2023	<u>\$ 2,014,511</u>	<u>\$ 408,160</u>	<u>\$ 2,422,671</u> (Concluded)

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

As of December 31, 2023 and 2022, the security deposit of the operating leases collected by the company was \$12,002 thousand and \$9,092 thousand, respectively.

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Year 1	\$ 72,039	\$ 38,139
Year 2	63,639	12,074
Year 3	62,632	12,074
Year 4	29,551	11,068
Year 5	<u>29,921</u>	<u>-</u>
	<u>\$ 257,782</u>	<u>\$ 73,355</u>

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

Buildings 14-26 years

The fair value of the Group's investment properties was \$2,457,968 thousand as of December 31, 2023, and a review opinion letter on the real estate appraisal report was obtained.

### 17. OTHER ASSETS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Non-current</u>		
Prepayments for equipment and construction	\$ 51,715	\$ 21,787
Prepayments for pension	14,522	10,368
Others	<u>22</u>	<u>45</u>
	<u>\$ 66,259</u>	<u>\$ 32,200</u>

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### 18. BORROWINGS

#### a. Short-term borrowings

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Unsecured borrowings</u>		
Credit borrowing	<u>\$ 1,819,740</u>	<u>\$ 1,013,430</u>

The interest rate of bank loan were 1.53%-1.63% and 0.39%-1.40% on December 31, 2023 and 2022, respectively.

#### b. Long-term borrowings

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Unsecured borrowings</u>		
Credit borrowing	\$ -	\$ 767,750
Less: Current portion	<u>-</u>	<u>(767,750)</u>
	<u>\$ -</u>	<u>\$ -</u>

### 19. ACCOUNTS PAYABLE

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Accounts payable</u>		
Operating	<u>\$ 2,234,118</u>	<u>\$ 1,501,046</u>

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

### 20. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Other payables		
Payables for salaries and bonus	\$ 246,647	\$ 234,646
Payables for bonus to employees and directors	77,012	141,544
Payables for consumable	63,568	49,530
Payables for processing fees	38,125	36,965
Payables for purchase of equipment	21,262	28,409

(Continued)

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	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Payables for mold and fixture fees	41,793	28,076
Payables for commission	-	15,225
Others	<u>201,714</u>	<u>185,868</u>
	<u>\$ 690,121</u>	<u>\$ 720,263</u>
		(Concluded)

### 21. RETIREMENT BENEFIT PLANS

#### a. Defined contribution plans

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

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

#### b. Defined benefit plans

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

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ 25,649	\$ 26,355
Fair value of plan assets	<u>(40,171)</u>	<u>(36,723)</u>
Contribution (surplus)	<u>(14,522)</u>	<u>(10,368)</u>
Net defined benefit assets	<u>\$ (14,522)</u>	<u>\$ (10,368)</u>

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2022	\$ 30,175	\$ (32,658)	\$ (2,483)
Service cost			
Current service cost	101	-	101
Net interest expense (income)	<u>226</u>	<u>(259)</u>	<u>(33)</u>
Recognized in profit or loss	<u>327</u>	<u>(259)</u>	<u>68</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,614)	(2,614)
Actuarial gain	<u>(1,739)</u>	<u>-</u>	<u>(1,739)</u>
Recognized in other comprehensive income	<u>(1,739)</u>	<u>(2,614)</u>	<u>(4,353)</u>
Contributions from the employer	-	(3,600)	(3,600)
Benefits paid	<u>(2,408)</u>	<u>2,408</u>	<u>-</u>
Balance at December 31, 2022	<u>26,355</u>	<u>(36,723)</u>	<u>(10,368)</u>
Service cost			
Current service cost	100	-	100
Net interest expense (income)	<u>395</u>	<u>(578)</u>	<u>(183)</u>
Recognized in profit or loss	<u>495</u>	<u>(578)</u>	<u>(83)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(213)	(213)
Actuarial gain	<u>(258)</u>	<u>-</u>	<u>(258)</u>
Recognized in other comprehensive income	<u>(258)</u>	<u>(213)</u>	<u>(471)</u>
Contributions from the employer	-	(3,600)	(3,600)
Benefits paid	<u>(943)</u>	<u>943</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 25,649</u>	<u>\$ (40,171)</u>	<u>\$ (14,522)</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)	1.375%	1.50%
Expected rate(s) of salary increase	2.50%	2.50%

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

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)		
0.25% increase	<u>\$ (667)</u>	<u>\$ (732)</u>
0.25% decrease	<u>\$ 693</u>	<u>\$ 762</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 673</u>	<u>\$ 741</u>
0.25% decrease	<u>\$ (651)</u>	<u>\$ (716)</u>

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

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
The expected contributions to the plan for the next year	<u>\$ 3,600</u>	<u>\$ 3,600</u>
The average duration of the defined benefit obligation	10.6 years	11.3 years

## 22. EQUITY

### a. Share capital

#### Ordinary shares

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Number of shares authorized (in thousands)	<u>250,000</u>	<u>250,000</u>
Shares authorized	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>187,748</u>	<u>187,748</u>
Shares issued	<u>\$ 1,877,483</u>	<u>\$ 1,877,483</u>

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

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

### b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Issuance of ordinary shares	\$ -	\$ 64,802
Forfeited employee share options	38,162	38,162
Conversion of bonds	1,769,276	2,267,719
<u>May only be used to offset a deficit</u>		
Share of changes in capital surplus of associates	<u>12</u>	<u>12</u>
	<u>\$ 1,807,450</u>	<u>\$ 2,370,695</u>

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

### c. Retained earnings and dividend policy

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

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

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

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

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The Company makes appropriations and reversals related to special reserve in accordance to the Financial Supervisory Commission Order Ref. No. 1010012865, No.1010047490, and No. 1030006415, along with “Frequently asked questions and answers regarding appropriation for special reserve after application of IFRS Accounting Standards”.

The appropriations of earnings for 2022 and 2021 approved in the shareholders’ meetings on June 7, 2023 and June 16, 2022, respectively, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For Fiscal Year 2022</u>	<u>For Fiscal Year 2021</u>	<u>For Fiscal Year 2022</u>	<u>For Fiscal Year 2021</u>
Legal reserve	\$ 135,063	\$ 117,163	\$ -	\$ -
Appropriate (reserve) special reserve	(72,612)	63,910	-	-
Cash dividends (distributed by unappropriated earnings)	563,245	481,213	3.0	2.5

The shareholders of the Company resolved to use its additional paid-in capital of \$563,245 thousands (\$3.0 per share) and \$481,213 thousands (\$2.5 per share) to distribute as cash dividends.

The appropriation of earnings for 2023 proposed by the Company’s board of directors on May, 2024

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

### d. Other equity items

#### 1) Exchange differences on translation

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ (227,649)	\$ (357,199)
Reclassification adjustments on disposal of foreign operations	-	-
Exchange differences on the translation of net asset of foreign operations	<u>(65,303)</u>	<u>129,550</u>
Balance at December 31	<u>\$ (292,952)</u>	<u>\$ (227,649)</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ (92,750)	\$ (35,812)
Recognized during the year		
Unrealized loss - equity instruments	56,760	(56,938)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(17,388)</u>	<u>-</u>
Balance at December 31	<u>\$ (53,378)</u>	<u>\$ (92,750)</u>

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e. Treasury shares

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

To maintain the Company's credit and shareholders' equity, on August 5, 2022, the Company's board of directors resolved to buy back 5,000 thousand shares from August 8, 2022 to October 7, 2022 at the price range from \$70 per share to \$100 per share. The Company will continue to buy back shares when the market price falls below the lower limit of the price range. At the end of the execution duration, the Company bought back 4,737 thousand shares with total cost of \$420,088 thousand.

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

**23. REVENUE**

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 10,067,747</u>	<u>\$ 11,824,698</u>
<u>Contract balances</u>		
Accounts receivable (Note 10)	\$ 4,066,896	\$ 4,352,961
Accounts receivable from related parties (Note 31)	<u>1,394</u>	<u>35</u>
	<u>\$ 4,068,290</u>	<u>\$ 4,352,996</u>
Contract liabilities (booked under other current liabilities)		
Sale of goods	<u>\$ 13,183</u>	<u>\$ 7,228</u>

**24. NET PROFIT FROM CONTINUING OPERATIONS**

Net profit from continuing operations was attributable to:

a. Interest income

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Bank deposits	\$ 20,956	\$ 33,013
Financial assets at amortized cost	114,828	27,747
Others	<u>821</u>	<u>1,264</u>
	<u>\$ 136,605</u>	<u>\$ 62,024</u>

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b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Dividends income	\$ 18,748	\$ 17,587
Rental income	49,691	40,401
Others	<u>65,278</u>	<u>58,062</u>
	<u>\$ 133,717</u>	<u>\$ 116,050</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Net foreign exchange gain (loss)	\$ 72,351	\$ 388,472
Gain on land and plant expropriation	-	87,436
Fair value changes of financial assets and financial liabilities		
Investments in debt instruments at FVTPL	(62,350)	71,914
Gain on disposal of financial assets		
Investments in debt instruments at FVTPL	9,929	2,264
Gain (loss) on disposal of property, plant and equipment	1,603	(2,158)
Loss on disposal of associates	(13,885)	-
Gain on lease modification	539	-
Others	<u>(1,359)</u>	<u>(1,082)</u>
	<u>\$ 6,828</u>	<u>\$ 546,846</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ 20,882	\$ 8,582
Interest on lease liabilities	<u>2,468</u>	<u>2,617</u>
	<u>\$ 23,350</u>	<u>\$ 11,199</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Property, plant and equipment	\$ 527,958	\$ 562,296
Right-of-use assets	49,700	50,470
Investment properties	<u>19,206</u>	<u>16,006</u>
	<u>\$ 596,864</u>	<u>\$ 628,772</u>
An analysis of depreciation and amortization by function		
Operating costs	\$ 466,298	\$ 518,120
Operating expenses	<u>130,566</u>	<u>110,652</u>
	<u>\$ 596,864</u>	<u>\$ 628,772</u>

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f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Post-employment benefits		
Defined contribution plans	\$ 88,929	\$ 96,975
Defined benefit plans	83	68
	89,012	97,043
Termination benefits	1,643	33
Remuneration of directors	9,234	9,240
Other employee benefits	1,773,045	1,969,455
	1,783,922	1,978,728
	\$ 1,872,934	\$ 2,075,771
 An analysis of employee benefits expense by function		
Operating costs	\$ 1,453,193	\$ 1,650,543
Operating expenses	419,741	425,228
	\$ 1,872,934	\$ 2,075,771

g. Compensation of employees and remuneration of directors for 2023 and 2022

The Company accrued compensation of employees and remuneration of directors at the rates no less than 2%, and remuneration of directors at the rates no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022 which were been approved by the Company's board of directors were as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	6.00%	6.00%
Remuneration of directors	0.79%	0.40%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	\$ 68,012	\$ 132,544
Remuneration of directors	9,000	9,000
	\$ 77,012	\$ 141,544

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

Information on the compensation of employees and remuneration of directors in 2023 and 2022 resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

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**25. INCOME TAXES**

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current year	\$ 388,078	\$ 682,265
Income tax on unappropriated earnings	48,217	25,467
Adjustments for prior year	(8,514)	(9,132)
Tax refund due to Regulations Governing the Management, Utilization, and Taxation of Repatriated Offshore Funds	(10,701)	(4,203)
Deferred tax		
In respect of the current period	<u>(61,314)</u>	<u>(85,466)</u>
Income tax expense recognized in profit or loss	<u>\$ 355,766</u>	<u>\$ 608,931</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before tax from continuing operations	<u>\$ 1,163,170</u>	<u>\$ 2,268,115</u>
Income tax expense calculated at the statutory rate	\$ 232,634	\$ 453,623
Tax effect of adjusting items:		
Tax-exempt income	(5,619)	(4,233)
Unrecognized temporary differences	(15,640)	6,654
Non-additive loss (income) in determining taxable income	20,138	(21,312)
Tax refund due to Regulations Governing the Management, Utilization, and Taxation of Repatriated Offshore Funds	(10,701)	(4,203)
Income tax of unappropriated earnings	48,217	25,467
Effects of different tax rate of group entities operating in other jurisdictions	95,251	162,067
Adjustments for prior years' tax	<u>(8,514)</u>	<u>(9,132)</u>
Income tax expense recognized in profit or loss	<u>\$ 355,766</u>	<u>\$ 608,931</u>

b. Current income tax liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax liabilities		
Income tax payable	<u>\$ 22,828</u>	<u>\$ 252,618</u>

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c. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>			
Unrealized allowance loss on inventories	\$ 15,280	\$ (6,622)	\$ 8,658
Unrealized foreign exchange loss	16,380	(6,085)	10,295
Unrealized gross profit from affiliated company	250	556	806
Others	<u>91,467</u>	<u>(24,000)</u>	<u>67,467</u>
	<u>\$ 123,377</u>	<u>\$ (36,151)</u>	<u>\$ 87,226</u>
<u>Deferred tax liabilities</u>			
Associates	<u>\$ 511,921</u>	<u>\$ (97,465)</u>	<u>\$ 414,456</u>

For the year ended December 31, 2022

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

d. Income tax assessments

The tax returns of Shin Zu Shing Co., Ltd. through 2021 have been assessed by the tax authorities.

The tax returns of Heng Xing Investment Co., Ltd. through 2021 have been assessed by the tax authorities.

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### 26. EARNINGS PER SHARE

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

#### Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Profit for the year attributable to owners of the Company	\$ 807,404	\$ 1,659,184
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 807,404</u>	<u>\$ 1,659,184</u>

#### Number of Shares

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	187,748	191,004
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>551</u>	<u>1,624</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>188,299</u>	<u>192,628</u>

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

### 27. CASH FLOW INFORMATION

#### Non-cash Transactions

Except for those disclosed in other notes, the Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows for the years 2023 and 2022:

In 2023 and 2022, the Group acquired property, plant and equipment for \$110,720 thousand and \$186,953 thousand, respectively; the amount payable for equipment decreased by \$7,147 thousand and \$8,671 thousand, respectively; the total amount of cash paid for the purchase of property, plant and equipment amounted to \$117,867 thousand and \$195,624 thousand, respectively.

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### 28. SHARE-BASED PAYMENT ARRANGEMENTS

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

Information on employee share options was as follows:

	<b>For the Year Ended December 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Number of Options</b>	<b>Weighted- average Exercise Price (\$)</b>	<b>Number of Options</b>	<b>Weighted- average Exercise Price (\$)</b>
Balance at January 1	-	\$ -	375	\$ 88.7
Options granted	-	-	-	-
Options forfeited	-	-	-	-
Options exercised	-	-	-	-
Options expired	-	-	(375)	-
Balance at December 31	-	-	-	-
Options exercisable, end of the year	-	-	-	-
Weighted-average fair value of options granted (\$)	\$ -	-	\$ -	-

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

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

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

### 29. CAPITAL MANAGEMENT

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

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

### 30. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

December 31, 2023

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 227,632	\$ -	\$ -	\$ 227,632
Domestic unlisted shares	-	-	511,440	511,440
Foreign unlisted shares	-	-	17,308	17,308
	<u>\$ 227,632</u>	<u>\$ -</u>	<u>\$ 528,748</u>	<u>\$ 756,380</u>
Financial assets at FVTPL				
Domestic listed shares	<u>\$ 195,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,695</u>
Financial liabilities at FVTPL				
Derivatives financial liabilities				
Cross-currency swap contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,052</u>	<u>\$ 1,052</u>

December 31, 2022

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 191,095	\$ -	\$ -	\$ 191,095
Foreign unlisted shares	-	-	17,632	17,632
	<u>\$ 191,095</u>	<u>\$ -</u>	<u>\$ 17,632</u>	<u>\$ 208,727</u>
Financial assets at FVTPL				
Derivative financial assets				
Cross-currency swap contracts	\$ -	\$ -	\$ 99,637	\$ 99,637
Domestic listed shares	<u>88,553</u>	<u>-</u>	<u>-</u>	<u>88,553</u>
	<u>\$ 88,553</u>	<u>\$ -</u>	<u>\$ 99,637</u>	<u>\$ 188,190</u>

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

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - currency swaps contracts	Discounted cash flow.  Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

- b. Categories of financial instruments

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
FVTPL	\$ 195,695	\$ 188,190
Financial assets at amortized cost (1)	10,574,374	10,688,575
Financial assets at FVTOCI		
Equity instruments	756,380	208,727
<u>Financial liabilities</u>		
FVTPL	1,052	-
Amortized cost (2)	5,106,243	4,190,018

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

- c. Financial risk management objectives and policies

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

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

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

### 1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments (includes cross-currency swap contracts and structured deposits) to manage its exposure to foreign currency risk and interest rate risk.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

#### a) Foreign currency risk

The Group has foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters through cross-currency swap contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are disclosed in Note 32.

#### Sensitivity analysis

The Group was mainly exposed to the USD and EUR.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included cross-currency swap contracts and structured deposits designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in post-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on post-tax profit and other equity and the balances below would be negative.

	<b>USD Impact (i)</b>		<b>EUR Impact (ii)</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Profit or loss*	\$ 26,074	\$ 28,544	\$ (156)	\$ 183

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- i. This was mainly attributable to the exposure on outstanding USD assets and liabilities, which were not hedged at the end of the reporting period.
  - ii. This was mainly attributable to the exposure on outstanding EUR assets and liabilities, which were not hedged at the end of the reporting period.
- b) Interest rate risk

The Group is exposed to interest rate risk because the entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts and forward interest rate contracts.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value interest rate risk		
Financial assets		
Financial assets at amortized cost	\$ 3,764,118	\$ 2,993,956
Cash flow interest rate risk		
Financial assets		
Demand deposits	2,562,109	3,230,403
Financial liabilities		
Borrowings	1,819,740	1,781,180

### Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 0.25% basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25% basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased by \$1,856 thousand and \$3,623 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its floating rate bank deposits and bank borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

The Group adopted a policy of only dealing with entities that have high credit ratings, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available, or if such information is not available, the Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management annually.

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

The counterparties for transactions of current assets and financial assets are bank with the high credit ratings from international credit rating agencies, therefore the credit risk should be fairly limited.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Group had available unutilized overdraft and short-term bank loan facilities is \$3,403,135 thousand and \$3,448,790 thousand, respectively.

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### a) Liquidity and interest rate risk tables

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2023

	<b>Weighted Interest Average Effective Rate (%)</b>	<b>Less than 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1 Year +</b>
<u>Non-derivative liabilities</u>				
Float interest rate liabilities	1.53%-1.63%	\$ 1,514,364	\$ 309,984	\$ -
Lease liabilities	0.39%-4.65%	8,233	22,231	31,206

Further information on the maturity analysis of the above financial liabilities are as follows:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>
Lease liabilities	\$ 30,464	\$ 31,206	\$ -

December 31, 2022

	<b>Weighted Interest Average Effective Rate (%)</b>	<b>Less than 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1 Year +</b>
<u>Non-derivative liabilities</u>				
Float interest rate liabilities	0.39%-1.40%	\$ 399,798	\$ 1,389,807	\$ -
Lease liabilities	0.39%-4.65%	12,580	37,279	62,056

Further information on the maturity analysis of the above financial liabilities was as follows:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>
Lease liabilities	\$ 49,859	\$ 62,056	\$ -

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### b) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table detailed the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

#### December 31, 2023

	<b>Less Than 3 Month</b>	<b>3 Months to 1 Year</b>	<b>1+ Years</b>
<u>Net settled</u>			
Cross-currency swap	\$ 3,650	\$ (4,702)	\$ -

#### December 31, 2022

	<b>Less Than 3 Month</b>	<b>3 Months to 1 Year</b>	<b>1+ Years</b>
<u>Net settled</u>			
Cross-currency swap	\$ 18,080	\$ 81,557	\$ -

### c) Financing facilities

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ 1,819,740	\$ 1,781,180
Amount unused	3,403,135	3,448,790

## 31. RELATED-PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

### a. Related party name and category

<u>Related Party Name</u>	<u>Relationship with the Company</u>
Jochu Technology (Vietnam) Co., Ltd.	Related party in substance
Jochu Technology Co., Ltd.	Related party in substance
Suzhou Xinglianyi Metal Technology Co., Ltd.	Related party in substance

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b. Sales of goods

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
		<b>2023</b>	<b>2022</b>
Sales	Related party in substance	\$ <u>1,820</u>	\$ <u>35</u>

The product type of sales to related parties is different from that of general customers, so there is no basis for comparison of the transaction amount. The payment conditions are about 120 days from the end of the next month, which is the same as that of general customers.

c. Purchase of goods

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Related party in substance		
Suzhou Xinglianyi Metal Technology Co., Ltd.	\$ 621,041	\$ 184,001
Jochu Technology (Vietnam) Co., Ltd.	<u>422</u>	<u>-</u>
	\$ <u>621,463</u>	\$ <u>184,001</u>

Purchase prices and payment terms offered by related parties were similar with those offered by third parties, the payment conditions are about 120 days from the end of the next month.

d. Accounts receivable from related parties (excluding loans to related parties)

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2023</b>	<b>2022</b>
Accounts receivable	Related party in substance	\$ <u>1,394</u>	\$ <u>35</u>

e. Payables to related parties (excluding borrowings from related parties)

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2023</b>	<b>2022</b>
Accounts payable	Related party in substance		
	Suzhou Xinglianyi Metal Technology Co., Ltd.	\$ 359,546	\$ 186,935
	Jochu Technology (Vietnam) Co., Ltd.	<u>407</u>	<u>-</u>
		\$ <u>359,953</u>	\$ <u>186,935</u>

f. Other payables to related parties

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Related party in substance	\$ <u>2,280</u>	\$ <u>575</u>

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g. Prepayments

	Related Party Category/Name	December 31	
		2023	2022
	Related party in substance	\$ <u>1,980</u>	\$ <u>-</u>

h. Acquisition of property, plant and equipment

	Related Party Category/Name	December 31	
		2023	2022
	Related party in substance	\$ <u>333</u>	\$ <u>-</u>

i. Guarantee deposits

	Related Party Category/Name	December 31	
		2023	2022
	Related party in substance Jochu Technology Co., Ltd.	\$ <u>2,524</u>	\$ <u>2,524</u>

j. Other gains and losses

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Rental income	Related party in substance Jochu Technology Co., Ltd.	\$ <u>15,825</u>	\$ <u>11,737</u>

The rental income between related parties is calculated in accordance to the contract, and is collected on a monthly basic.

k. Other income

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Other income	Related party in substance	\$ <u>3,807</u>	\$ <u>2,647</u>

l. Sample and molds making

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Manufacturing overhead	Related party in substance	\$ <u>3,675</u>	\$ <u>367</u>

m. Operating expense

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Operating expense	Related party in substance	\$ <u>-</u>	\$ <u>162</u>

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### n. Compensation of key management personnel

The amounts of remuneration of directors and key executives were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term benefits	\$ 46,356	\$ 51,717
Post-employment benefits	699	637
Other long-term benefits	<u>18,000</u>	<u>24,000</u>
	<u>\$ 65,055</u>	<u>\$ 76,354</u>

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

## **32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

The significant financial assets and liabilities of entities in Group denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

**(Unit: In Thousands of Foreign Currencies and New Taiwan Dollars)**

December 31, 2023

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 119,116	30.705 (USD:NTD)	\$ 3,657,469
USD	59,476	7.0827 (USD:RMB)	1,826,209
USD	10	1.3184 (USD:SGP)	306
EUR	97	33.98 (EUR:NTD)	3,310
SDG	58	23.29 (SDG:NTD)	1,351
<u>Financial liabilities</u>			
Monetary items			
USD	79,706	30.705 (USD:NTD)	2,447,384
USD	13,980	7.0827 (USD:RMB)	429,249
JPY	16,151	0.2172 (JPY:NTD)	3,508
EUR	555	33.98 (EUR:NTD)	18,868

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	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 129,100	30.71 (USD:NTD)	\$ 3,964,670
USD	67,670	6.9646 (USD:RMB)	2,078,137
USD	10	1.3422 (USD:SGP)	306
EUR	560	32.72 (EUR:NTD)	18,316
SDG	100	22.88 (SDG:NTD)	2,287

### Financial liabilities

Monetary items			
USD	95,744	30.71 (USD:NTD)	2,940,303
USD	8,090	6.9646 (USD:RMB)	248,443
JPY	1,299	0.2324 (JPY:NTD)	302

For the years ended December 31, 2023 and 2022, net foreign exchange gain was \$72,351 thousand and \$388,472 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities.

### **33. SEPARATELY DISCLOSED ITEMS**

a. Information on significant transactions and b) information on investees:

- 1) Lending funds to others. (None)
- 2) Providing endorsements or guarantees for others. (None)
- 3) Holding of securities at the end of the period (excluding investments in subsidiaries, associates and joint ventures). (Table 1)
- 4) Aggregate purchases or sales of the same securities reaching NT\$300 million or 20 percent of paid-in capital or more. (Table 2)
- 5) Acquisition of real estate reaching NT\$300 million or 20 percent of paid-in capital or more. (None)
- 6) Disposal of real estate reaching NT\$300 million or 20 percent of paid-in capital or more. (None)
- 7) Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more. (Table 4)
- 8) Accounts receivable from related parties reaching NT\$100 million or 20 percent of paid-in capital or more. (Table 5)
- 9) Trading in derivative instruments (Note 7)
- 10) Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them. (Table 3)

## English Translation of Consolidated Financial Statements Originally Issued in Chinese

- c. Information on investments in mainland China
  - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area. (Table 6)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses. (Table 7)
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
    - c) The amount of property transactions and the amount of the resultant gains or losses.
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
    - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- d. Intercompany relationships and significant intercompany transactions (Table 8)
- e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

### **34. SEGMENT INFORMATION**

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

Hinge products - design, manufacture, testing and sales of hinge products for various components (including NB, LCD, and 3C hinge products and other parts such as various springs, stamping parts), for different types of laptops or consumer electronic products.

Milling Products - Utilizing advanced CNC lathes and milling equipment, employing digital signal operation systems to control automated production of various precision parts, including research and development, production, testing, manufacturing, and trading. Primarily applied in various computer, electronic, and electric-assisted bicycle components.

MIM products - design, manufacture, testing and sales of parts produced through combining powder metallurgy and injection molding technology (as in the process of injecting metal to form mold in the shape desired) for different types of laptops or consumer electronic products.

## English Translation of Consolidated Financial Statements Originally Issued in Chinese

a. Segment revenues and results

	<b>Segment Revenue</b>		<b>Segment Profit</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Hinge products	\$ 9,522,192	\$ 10,873,046	\$ 1,339,387	\$ 1,971,543
Milling Products	101,941	78,852	(21,998)	(35,389)
MIM products	353,062	826,949	(35,548)	78,316
Others	<u>90,552</u>	<u>45,851</u>	<u>88,497</u>	<u>41,848</u>
	<u>\$ 10,067,747</u>	<u>\$ 11,824,698</u>	1,370,338	2,056,318
Other gains and losses			6,828	546,846
Interest income			136,605	62,024
Other income			133,717	116,050
Headquarters management costs and director remuneration			(461,454)	(497,025)
Financial costs			(23,350)	(11,199)
Share of profit or loss of subsidiaries and associates			<u>486</u>	<u>(4,899)</u>
Profit before tax			<u>\$ 1,163,170</u>	<u>\$ 2,268,115</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the years ended December 31, 2023 and 2022.

Departmental profit refers to the profit earned by each department, excluding headquarters management costs and director remuneration, other gains and losses, interest income, other income, financial costs and share of profit or loss of subsidiaries and associates. This measure is provided to key operational decision makers to allocate resources to departments and measure their performance.

b. Total segment assets and liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Segment assets</u>		
Hinge products	\$ 15,245,443	\$ 16,121,697
Milling Products	165,505	148,532
MIM products	1,138,098	1,536,265
Others	<u>27,522</u>	<u>14,001</u>
	<u>\$ 16,576,568</u>	<u>\$ 17,820,495</u>
<u>Segment liabilities</u>		
Hinge products	\$ 3,439,980	\$ 2,727,041
Milling Products	37,407	25,019
MIM products	256,988	259,833
Others	<u>6,359</u>	<u>2,412</u>
	<u>\$ 3,740,734</u>	<u>\$ 3,014,305</u>

## English Translation of Consolidated Financial Statements Originally Issued in Chinese

For the purpose of monitoring segment performance and allocating resources between segments:

- 1) All assets were allocated to reportable segments other than interests in associates accounted for using the equity method, other financial assets, and current and deferred tax assets. Assets used jointly by reportable segments were allocated on the basis of the revenue earned by individual reportable segments; and
- 2) All liabilities were allocated to reportable segments other than borrowings, other financial liabilities, current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable were allocated in proportion to segment assets.

c. Other segment information

Other information reviewed by the chief operating decision maker or regularly provided to the chief operating decision maker was as following:

	<u>Depreciation and Amortization</u>		<u>Additions to Non-current Assets</u>	
	<u>For the Year Ended December 31</u>		<u>December 31</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Hinge products	\$ 523,334	\$ 543,349	\$ 695,089	\$ 2,502,591
Milling Products	8,799	1,550	-	-
MIM products	<u>64,731</u>	<u>83,873</u>	<u>14,396</u>	<u>28,375</u>
	<u>\$ 596,864</u>	<u>\$ 628,772</u>	<u>\$ 709,485</u>	<u>\$ 2,530,966</u>

d. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Hinge products	\$ 9,522,192	\$ 10,873,046
Milling Products	101,941	78,852
MIM products	353,062	826,949
Others	<u>90,552</u>	<u>45,851</u>
	<u>\$ 10,067,747</u>	<u>\$ 11,824,698</u>

e. Geographical information

The Group generates revenue from three principal geographical areas - Taiwan, Asia, Americas, and Europe.

## English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Group's revenue from continuing sources from external customers by location of sources and information on its non-current assets by location of assets are detailed below.

	<b>Revenue from External Customers</b>		<b>Non-current Assets</b>	
	<b>For the Year Ended December 31</b>		<b>December 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Taiwan	\$ 236,992	\$ 228,299	\$ 7,553,656	\$ 7,937,262
Asia	9,676,813	11,403,112	367,901	418,974
America	139,333	158,282	-	-
Europe	<u>14,609</u>	<u>35,005</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,067,747</u>	<u>\$ 11,824,698</u>	<u>\$ 7,921,557</u>	<u>\$ 8,356,236</u>

Non-current assets exclude non-current assets classified as held for sale, and exclude financial instruments, investments accounted for using equity method, deferred tax assets, post-employment benefit assets, and assets arising from insurance contracts.

f. Information on major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

<b>Client</b>	<b>For the Year Ended December 31</b>		<b>For the Year Ended December 31</b>	
	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>% of Net Revenue</b>	<b>Amount</b>	<b>% of Net Revenue</b>
Company A	\$ 3,013,840	30	\$ 1,684,291	14

SHIN ZU SHING CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD  
 DECEMBER 31, 2023  
 (In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Heng Xing Investment Co., Ltd.	Jochu Technology Co., Ltd.	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	9,124	\$ 218,064	10.22	\$ 218,064	
	Nan Juen International Co., Ltd.	None	"	111	9,568	-	9,568	
	Anpec Electronics Corp.	"	Financial assets at FVTPL - current	270	59,805	-	59,805	
	TaiDoc Technology Corp	"	"	250	41,250	-	41,250	
	Delta Electronics, Inc.	"	"	10	3,135	-	3,135	
	Sinopower Semiconductor Inc.	"	"	11	1,243	-	1,243	
	Innodisk Corporation.	"	"	52	16,215	-	16,215	
	Hong Yi Fiber Ind. Co., Ltd.	"	"	1,330	23,142	-	23,142	
	Compal Electronics, Inc.	"	"	100	3,985	-	3,985	
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Suzhou Xinglianyi Metal Technology Co., Ltd.	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	-	17,308	16.67	17,308	
Ding Ying Investment Co., Ltd.	Foresight Energy Technologies Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	8,500	226,440	16.35	226,440	
	Taiwan Truewin Technology Co., Ltd	"	"	3,800	285,000	7.09	285,000	
	Coremax Corporation	"	Financial assets at FVTPL - current	600	46,920	-	46,920	

## SHIN ZU SHING CO., LTD.

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units	Amount
Ding Ying Investment Co., Ltd.	Shares Foresight Energy Technologies Co., Ltd.	Financial assets at fair value through other comprehensive income-non-current	-	-	-	\$ -	12,500	\$ 333,000	4,000	\$ 120,000	\$ 106,560	\$ 13,440	8,500	\$ 226,440

Note 1: The marketable securities mentioned in this table refer to shares, bonds, beneficiary certificates, and securities derived from the above items.

Note 2: Investors whose marketable securities accounted for using the equity method are required to be disclosed.

Note 3: The marketable securities acquired and disposed of shall be calculated separately at market value in order to determine whether the amount reaches \$300 million or 20% of the paid-in capital.

Note 4: The paid-in capital refers to the paid-in capital of the parent company. For issuers whose shares have no face value or whose per share par value is not NT\$10, the transaction amount requirement related to 20% of paid-in capital shall be calculated as 10% of the interests attributable to the parent company owner on the balance sheet.

Note 5: The subsidiary of the consolidated company (Ding Ying Investment Co., Ltd.) completed a share swap transaction of the shares held in Foresee and Truewin during the current period, resulting in related foreign exchange gains of NT\$13,440 thousand, which were recognized in retained earnings.

## SHIN ZU SHING CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars or U.S. Dollars or Vietnamese Dong)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Losses) of the Investee	Equity in the Earnings (Losses)	Note
				December 31, 2023	December 31, 2022	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
Shin Zu Shing Co., Ltd.	Time Rise Corp.	Mauritius	Holding, reinvestment	\$ 827,881	\$ 1,223,666	24,080	100	\$ 2,197,076	\$ 159,357	\$ 159,357	
	Magic Timing Technology Limited	British Virgin Islands	International trading	1,581	1,581	50	100	175,407	4,143	4,143	
	Up Hill International Limited	Samoa	International trading	33,278	33,278	1,000	100	51,031	(3,811)	(3,811)	
	Spring Vision Technology Corp.	British Virgin Islands	International trading	3,220	3,220	-	100	5,583	(6,384)	(6,384)	
	Heng Xing Investment Co., Ltd.	New Taipei City	Investment	700,000	700,000	70,000	100	667,871	61,963	61,963	
	Ding Ying Investment Co., Ltd.	New Taipei City	Investment	800,000	500,000	80,000	100	821,078	7,318	7,318	
	Amazing Power Limited	Seychelles	Holding, reinvestment	472,555	472,555	7,950	100	886,015	145,107	145,107	
	Cjc Holding Pte Limited	Singapore	Sales of liquid crystal displays, monitor base brackets, shafts and accessories	13,720	13,720	750	100	1,772	(357)	(357)	
	Above Average Limited	Seychelles	International trading	3,172	3,172	100	100	36,044	1,700	1,700	
	Smart Point Co., Ltd.	Seychelles	Investment	460,890	-	15,000	100	460,501	14,000	14,000	
Time Rise Corp.	Hamstead Corporation	Mauritius	Holding, reinvestment	US\$ 23,330	US\$ 23,330	2,333	100	US\$ 64,826	US\$ 5,053	US\$ 5,053	
	Titan Speed Technology Limited	Samoa	Holding, reinvestment	US\$ -	US\$ 13,000	-	-	US\$ -	US\$ 371	US\$ 371	
	Shining Smart International Corp.	British Virgin Islands	Holding, reinvestment	US\$ 7,038	US\$ 4,538	1	100	US\$ 6,456	US\$ (305)	US\$ (305)	
Amazing Power Limited	Ace Technology Inc.	Seychelles	Holding, reinvestment	US\$ 4,710	US\$ 4,710	4,710	100	US\$ 8,753	US\$ 597	US\$ 597	
	Blossom Enterprise Inc.	Seychelles	Holding, reinvestment	US\$ 1,350	US\$ 1,350	1,350	100	US\$ 7,556	US\$ 1,398	US\$ 1,398	
	Elite Dragon Group Limited	British Virgin Islands	Holding, reinvestment	US\$ 5	US\$ 5	5	100	US\$ 12,566	US\$ 2,652	US\$ 2,652	
Smart Point Co., Ltd.	Shin Zu Shing (Bac Giang) Company Limited	Beijiang Province, Vietnam	Production and sales of other precision bearings and electronics, etc.	VND 263,791,000	VND -	-	100	VND 263,721,857	VND (69,143)	VND (69,143)	
Shining Smart International Corp.	Prosperity Investment Holding Pte. Ltd.	Singapore	Holding, reinvestment	US\$ 6,288	US\$ 3,788	6,288	25	US\$ 5,604	US\$ (1,382)	US\$ (345)	

## SHIN ZU SHING CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Shin Zu Shing Co., Ltd.	Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Subsidiary	Sale	\$ 111,636	1	Net 120 days end of the month	The product type of sales is different from that of general customers, so there is no basis for comparison of the transaction amount	The same trading terms as non-related parties	\$ 28,377	1	
	Kunshan Jengjea Computer Fittings Co., Ltd.	Subsidiary	Purchase	245,841	6	Net 120 days end of the month	The product type of purchased is different from that of general customers, so there is no basis for comparison of the transaction amount	The same trading terms as non-related parties	(87,187)	(5)	
	Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Subsidiary	Purchase	1,096,289	27	Net 120 days end of the month	The product type of purchased is different from that of general customers, so there is no basis for comparison of the transaction amount	The same trading terms as non-related parties	(613,209)	(32)	
	Dongguan Chengyue Computer Fittings Co., Ltd.	Subsidiary	Purchase	197,422	5	Net 120 days end of the month	The product type of purchased is different from that of general customers, so there is no basis for comparison of the transaction amount	The same trading terms as non-related parties	(49,792)	(3)	
	Redstar Precision Electorn (Fuqing) Co., Ltd.	Subsidiary	Purchase	111,987	3	Net 120 days end of the month	The product type of purchased is different from that of general customers, so there is no basis for comparison of the transaction amount	The same trading terms as non-related parties	(44,641)	(2)	
	Suzhou Xinglianyi Metal Technology Co., Ltd.	Related party in substance	Purchase	600,030	15	Net 120 days end of the month	The product type of purchased is different from that of general customers, so there is no basis for comparison of the transaction amount	The same trading terms as non-related parties	(353,430)	(19)	

**SHIN ZU SHING CO., LTD. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars or RMB)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Shin Zu Shing Co., Ltd.	Parent and subsidiary	RMB 141,448	2.13	\$ -	-	RMB 26,603	\$ -
Suzhou Xinglianyi Metal Technology Co., Ltd.	Shin Zu Shing Co., Ltd.	Related party in substance	353,430	2.27	-	-	68,965	-

## SHIN ZU SHING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars or U.S. Dollars)

1. Name of the investees in mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in mainland China:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2, b, (2))	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Production and sales of precision hardware, electronics, molds and plastic, etc.	US\$ 30,000	b.	US\$ 23,330	\$ -	\$ -	US\$ 23,330	US\$ 5,931	100	US\$ 5,931	US\$ 58,034	US\$ 78,154	
Zhi qun Precision Electron (Suzhou) Co., Ltd. (Note 4)	Production and sales of precision hardware, electronics, molds, etc.	US\$ 13,000	b.	US\$ 13,000	-	US\$ 13,000	US\$ -	US\$ (2)	-	US\$ (2)	US\$ -	US\$ 8,147	
Kunshan Jengjea Computer Fittings Co., Ltd.	Production and development of LCD monitor accessories and key laptop components	US\$ 5,000	b.	US\$ 7,469	-	-	US\$ 7,469	US\$ 577	100	US\$ 577	US\$ 8,326	US\$ 21,970	
Dongguan Chengyue Computer Fittings Co., Ltd.	Production and sales of computer accessories	US\$ 1,200	b.	US\$ 4,312	-	-	US\$ 4,312	US\$ 2,651	100	US\$ 2,651	US\$ 12,561	US\$ 13,643	
Dongguan Jinkun Hardware Co., Ltd. (Note 3)	Production and sales of hinges and hardware products	US\$ 700	b.	US\$ 500	-	-	US\$ 500	US\$ -	-	US\$ -	US\$ -	US\$ -	
Redstar Precision Electorn (Fuqing) Co., Ltd.	Production of shafts and other precision bearings, molds, LCD monitor accessories, key laptop and other new electronic components, self-produced products, etc.	US\$ 650	b.	US\$ 650	-	-	US\$ 650	US\$ 1,390	100	US\$ 1,390	US\$ 7,216	US\$ 7,936	
Zhi qun Precision Electron (Chongqing) Co., Ltd.	Production and sales of computer accessories	US\$ 4,000	b.	US\$ -	-	-	US\$ -	US\$ (1,168)	100	US\$ (1,168)	US\$ 2,723	US\$ -	

Note 1: The investment types are as follows:

- Direct investment in mainland China.
- Indirect investments in mainland China through subsidiaries, invested by TCC and momo, in third regions.
- Others.

Note 2: In the column "Investment Gain"

- If it is in preparation and there is no investment gain (loss), it should state clearly.
- Investment Gain recognition was based on the following and should state clearly.
  - Financial statements audited by an international CPA firm having a cooperative relation with CPA firms in the Republic of China;
  - Financial statements audited by the CPA firm of the parent company in Taiwan;
  - Other.

Note 3 Dongguan Jinkun Hardware Co., Ltd has completed the deregistration in August 2011, but has not yet completed the deregistration to the Investment Commission.

(Continued)



Note 4: Zhi qun Precision Electron (Suzhou) Co., Ltd. has completed the deregistration in March 2023, but has completed the deregistration to the Investment Commission.

2. The limited amounts of the investment in mainland China

<b>Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023</b>	<b>Investment Amount Authorized by the Investment Commission, MOEA</b>	<b>Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA</b>
NT\$1,165,393 (US\$36,261)	NT\$1,714,441 (US\$53,750)	NT\$9,331,955

Note: According to the Investment Commission of MOEA, the investment amount in mainland China should be limited to the greater of the net profit or 60% of consolidated net profit.

(Concluded)

## SHIN ZU SHING CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)

1. Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss:

Company Name	Related Party	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Shin Zu Shing Co., Ltd.	Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Sale	\$ 111,636	1	Adjusted for plus or minus cost	Net 120 days end of the month	The product type of sales is different from general customers, so there is no basis for comparison of the transaction amount. The amount and payment terms are the same as non-related parties.	Accounts receivable \$ 28,377	1	\$ (384)	
	Kunshan Jengjea Computer Fittings Co., Ltd.	Purchase	245,841	6	Adjusted for plus or minus cost	Net 120 days end of the month	The amount and payment terms of purchased is the same as non-related parties.	Accounts payable (87,187)	(5)		
	Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Purchase	1,096,289	27	Adjusted for plus or minus cost	Net 120 days end of the month	The amount and payment terms of purchased is the same as non-related parties.	Accounts payable (613,209)	(32)		
	Redstar Precision Electorn (Fuqing) Co., Ltd.	Purchase	111,987	3	Adjusted for plus or minus cost	Net 120 days end of the month	The amount and payment terms of purchased is the same as non-related parties.	Accounts payable (44,641)	(2)		
	Dongguan Chengyue Computer Fittings Co., Ltd.	Purchase	197,422	5	Adjusted for plus or minus cost	Net 120 days end of the month	The amount and payment terms of purchased is the same as non-related parties.	Accounts payable (49,792)	(3)		
	Suzhou Xinglianyi Metal Technology Co., Ltd.	Purchase	600,030	15	Adjusted for plus or minus cost	Net 120 days end of the month	The amount and payment terms of purchased is the same as non-related parties.	Accounts payable (353,430)	(19)		

2. The amount of property transactions and the amount of the resultant gains or losses: None.
3. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
4. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds: None.
5. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

## SHIN ZU SHING CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 3)	
				Financial Statement Accounts	Amount	Payment Terms		
0	Shin Zu Shing	Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	1	Sales	\$ 111,636	The product type of sales is different from general customers, so there is no basis for comparison of the transaction amount. The payment terms is the same as general customers.	1	
				Accounts receivable	28,377		-	
		Kunshan Jengjea Computer Fittings Co., Ltd.	1	Purchase	1,096,289		The purchase price, payment terms and other trading conditions are the same as general manufacturers, and the payment terms is net 120 days end of the month	11
				Accounts payable	613,209			3
Dongguan Chengyue Computer Fittings Co., Ltd.	1	Purchase	245,841	The purchase price, payment terms and other trading conditions are the same as general manufacturers, and the payment terms is net 120 days end of the month	2			
		Accounts payable	87,187		-			
Redstar Precision Electorn (Fuqing) Co., Ltd.	1	Purchase	197,422		The purchase price, payment terms and other trading conditions are the same as general manufacturers, and the payment terms is net 120 days end of the month	2		
		Accounts payable	49,792			-		
				Purchase		111,987	The purchase price, payment terms and other trading conditions are the same as general manufacturers, and the payment terms is net 120 days end of the month	1
				Accounts payable		44,641		-
1	Zhi qun Precision Electron (Chongqing) Co., Ltd.	Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	3	Sales	23,979	The product type of purchased is different from general manufacturers, so there is no basis for comparison of the transaction amount. The payment terms is net 120 days end of the month.		-
				Accounts receivable	11,006			-
2	Redstar Precision Electorn (Fuqing) Co., Ltd.	Dongguan Chengyue Computer Fittings Co., Ltd.	3	Sales	35,322	The product type of sales is different from general customers, so there is no basis for comparison of the transaction amount. The payment terms is the same as general customers.	-	
				Accounts receivable	16,305		-	

Note 1: Information regarding intercompany transactions should be numbered according to the following:

- a. Parent company should be numbered 0.
- b. Subsidiaries should be numbered beginning with 1.

(Continued)

Note 2: Intercompany transactions can be divided into three categories as following:

- a. Parent company to subsidiaries
- b. Subsidiaries to parent company
- c. Subsidiaries to subsidiaries

Note 3: For the percentage of intercompany transactions in total sales or asset, year-end balance is used for balance sheet accounts while income statement accounts use the accumulated amount to calculate.

Note 4: The Company may decide whether to list the material transactions in this table according to the principle of materiality.

(Concluded)

**TABLE 9****SHIN ZU SHING CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****December 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sheng-Nan Lu	17,154,346	9
Min-Wen Lu	9,556,084	5

Note 1: The information of major shareholders presented in this table is provide by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholders delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

We have audited the accompanying financial statements of Shin Zu Shing Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Assessment of Revenue Recognition

Shin Zu Shing Co., Ltd. and its subsidiaries mainly engaged in the research and development, production and sales of notebook computers, liquid crystal display hubs and MIM (Metal injection molding). Considering that there are significant risks in the revenue recognition of the audit standards, and the revenue of wearable products has grown significantly this year, Therefore, whether the sales transaction of wearable products of Shin Zu Shing Co., Ltd. really happened is listed as the key check item.

The audit procedures performed by the accountant in response to the above key audits are summarized as follows:

1. Understand the internal control of sales revenue of wearable products and its implementation effectiveness.
2. Conduct a detailed sales revenue test for wearable products to confirm that a sales revenue transaction has actually occurred.
3. For customers selling wearable products, obtain the details of income recognized by accountants, and check whether the income recognition has been approved by relevant personnel after evaluating the transaction conditions.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 1, 2024

Notice to Readers

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

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

**SHIN ZU SHING CO., LTD.****PARENT COMPANY ONLY BALANCE SHEETS****DECEMBER 31, 2023 AND 2022****(In Thousands of New Taiwan Dollars)**

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 6 and 28)	\$ 686,810	3	\$ 722,243	3
Financial assets at fair value through profit or loss - current (Notes 7 and 28)	-	-	99,637	1
Financial assets at amortized cost - current (Notes 8 and 28)	2,692,470	13	1,925,245	9
Notes receivable, net (Notes 9 and 28)	3,079	-	6,376	-
Accounts receivable, net (Notes 9 and 28)	3,077,912	15	3,458,914	17
Accounts receivable from related parties, net (Notes 9, 28 and 29)	29,919	-	23,970	-
Other receivables (Note 28)	41,277	-	25,294	-
Inventories (Note 10)	1,125,426	6	1,116,392	5
Other current assets	12,338	-	17,916	-
Total current assets	7,669,231	37	7,395,987	35
<b>NON-CURRENT ASSETS</b>				
Investments accounted for using equity method (Note 11)	5,302,378	26	5,436,384	26
Property, plant and equipment (Note 12)	5,039,765	25	5,354,656	26
Right-of-use assets (Note 13)	29,634	-	44,026	-
Investment properties, net (Note 14)	2,422,671	12	2,441,877	12
Deferred tax assets (Note 23)	87,012	-	123,166	1
Refundable deposits	9,870	-	9,266	-
Other non-current assets (Notes 15 and 19)	66,238	-	32,155	-
Total non-current assets	12,957,568	63	13,441,530	65
<b>TOTAL</b>	<b>\$ 20,626,799</b>	<b>100</b>	<b>\$ 20,837,517</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term loans (Notes 16 and 28)	\$ 1,819,740	9	\$ 1,013,430	5
Financial liabilities at fair value through profit or loss - current (Notes 7 and 28)	1,052	-	-	-
Notes payable (Note 28)	31	-	19	-
Accounts payable (Notes 17 and 28)	744,513	4	535,941	2
Accounts payable to related parties (Notes 28 and 29)	1,148,666	5	810,944	4
Other payables (Notes 18 and 28)	532,274	3	556,970	3
Other payables to related parties (Note 29)	1,820	-	223	-
Current tax liabilities (Note 23)	8,735	-	232,386	1
Lease liabilities - current (Notes 13 and 28)	18,615	-	19,579	-
Current portion of long-term borrowings (Notes 16 and 28)	-	-	767,750	4
Other current liabilities	360,227	2	473,990	2
Total current liabilities	4,635,673	23	4,411,232	21
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Note 23)	414,456	2	511,921	3
Lease liabilities - non-current (Notes 13 and 28)	11,410	-	24,856	-
Guarantee deposits received (Note 29)	12,002	-	9,092	-
Total non-current liabilities	437,868	2	545,869	3
Total liabilities	5,073,541	25	4,957,101	24
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>				
Share capital				
Ordinary shares	1,877,483	9	1,877,483	9
Capital surplus	1,807,450	9	2,370,695	11
Retained earnings				
Legal reserve	2,021,998	10	1,886,935	9
Special reserve	320,399	1	393,011	2
Unappropriated earnings	9,872,258	48	9,672,691	46
Total retained earnings	12,214,655	59	11,952,637	57
Other equity	(346,330)	(2)	(320,399)	(1)
Total equity	15,553,258	75	15,880,416	76
<b>TOTAL</b>	<b>\$ 20,626,799</b>	<b>100</b>	<b>\$ 20,837,517</b>	<b>100</b>

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

**SHIN ZU SHING CO., LTD.**

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022	
	Amount	%	Amount	%
NET REVENUE (Notes 21 and 29)	\$ 7,478,880	100	\$ 8,678,588	100
OPERATING COGS (Notes 10 and 29)	<u>6,207,298</u>	<u>83</u>	<u>6,801,477</u>	<u>78</u>
GROSS PROFIT	1,271,582	17	1,877,111	22
UNREALIZED GAIN ON THE TRANSACTIONS WITH SUBSIDIARIES	4,158	-	1,250	-
REALIZED GAIN ON THE TRANSACTIONS WITH SUBSIDIARIES	<u>1,379</u>	<u>-</u>	<u>3,825</u>	<u>-</u>
NET GROSS PROFIT	<u>1,268,803</u>	<u>17</u>	<u>1,879,686</u>	<u>22</u>
OPERATING EXPENSES (Note 29)				
Selling expenses	68,340	1	110,990	1
Administrative expenses	342,446	4	383,104	5
Research and development expenses	<u>269,725</u>	<u>4</u>	<u>198,327</u>	<u>2</u>
Total operating expenses	<u>680,511</u>	<u>9</u>	<u>692,421</u>	<u>8</u>
INCOME FROM OPERATIONS	<u>588,292</u>	<u>8</u>	<u>1,187,265</u>	<u>14</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	54,105	1	19,120	-
Other income (Notes 22 and 29)	106,083	1	76,278	1
Other gains and losses, net (Note 22)	(53,906)	(1)	238,676	3
Finance costs (Note 22)	(21,084)	-	(8,876)	-
Share of profit of subsidiaries	<u>383,036</u>	<u>5</u>	<u>551,050</u>	<u>6</u>
Total non-operating income and expenses	<u>468,234</u>	<u>6</u>	<u>876,248</u>	<u>10</u>
INCOME BEFORE INCOME TAX	1,056,526	14	2,063,513	24
INCOME TAX EXPENSE (Note 23)	<u>249,122</u>	<u>3</u>	<u>404,329</u>	<u>5</u>
NET INCOME	<u>807,404</u>	<u>11</u>	<u>1,659,184</u>	<u>19</u>
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				

(Continued)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

**SHIN ZU SHING CO., LTD.**

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022	
	Amount	%	Amount	%
Remeasurement of defined benefit plans (Note 19)	471	-	4,353	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	56,760	1	(56,938)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>(65,303)</u>	<u>(1)</u>	<u>129,550</u>	<u>2</u>
Other comprehensive (loss) income for the year	<u>(8,072)</u>	<u>-</u>	<u>76,965</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 799,332</u>	<u>11</u>	<u>\$ 1,736,149</u>	<u>20</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 4.30</u>		<u>\$ 8.68</u>	
Diluted	<u>\$ 4.29</u>		<u>\$ 8.61</u>	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

**SHIN ZU SHING CO., LTD.**

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

	Ordinary Shares	Capital Surplus	Retained Earnings			Others		Treasury Stock	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2022	\$ 1,924,853	\$ 2,911,722	\$ 1,769,772	\$ 329,101	\$ 8,984,344	\$ (357,199)	\$ (35,812)	\$ -	\$ 15,526,781
Appropriation of 2021 earnings									
Legal reserve	-	-	117,163	-	(117,163)	-	-	-	-
Special reserve	-	-	-	63,910	(63,910)	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(481,213)	-	-	-	(481,213)
Issuance of shares dividends from capital surplus	-	(481,213)	-	-	-	-	-	-	(481,213)
Treasury stock acquired	-	-	-	-	-	-	-	(420,088)	(420,088)
Treasury stock retired	(47,370)	(59,814)	-	-	(312,904)	-	-	420,088	-
Net income for the year ended December 31, 2022	-	-	-	-	1,659,184	-	-	-	1,659,184
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	4,353	129,550	(56,938)	-	76,965
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	1,663,537	129,550	(56,938)	-	1,736,149
BALANCE AT DECEMBER 31, 2022	1,877,483	2,370,695	1,886,935	393,011	9,672,691	(227,649)	(92,750)	-	15,880,416
Appropriation of 2022 earnings									
Legal reserve	-	-	135,063	-	(135,063)	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(563,245)	-	-	-	(563,245)
Special reserve	-	-	-	(72,612)	72,612	-	-	-	-
Issuance of shares dividends from capital surplus	-	(563,245)	-	-	-	-	-	-	(563,245)
Net income for the year ended December 31, 2023	-	-	-	-	807,404	-	-	-	807,404
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	471	(65,303)	56,760	-	(8,072)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	807,875	(65,303)	56,760	-	799,332
Disposal of the investment in equity instruments designed as at fair value through other comprehensive income	-	-	-	-	17,388	-	(17,388)	-	-
BALANCE AT DECEMBER 31, 2023	\$ 1,877,483	\$ 1,807,450	\$ 2,021,998	\$ 320,399	\$ 9,872,258	\$ (292,952)	\$ (53,378)	\$ -	\$ 15,553,258

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

**SHIN ZU SHING CO., LTD.**

**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,056,526	\$ 2,063,513
Adjustments for:		
Depreciation expense	466,049	506,302
Net loss (gain) on fair value change of financial assets and liabilities at fair value through profit or loss	100,689	(106,559)
Finance costs	21,084	8,876
Interest income	(54,105)	(19,120)
Share of profit of subsidiaries	(383,036)	(551,050)
(Gain) loss on disposal of property, plant and equipment, net	(3,050)	1,570
(Reversal of write-downs of inventories) write-downs of inventories	(33,113)	6,000
Unrealized gain on the transactions with associates	4,158	1,250
Realized gain on the transactions with associates	(1,379)	(3,825)
Changes in operating assets and liabilities:		
Notes receivable	3,297	(2,840)
Accounts receivable	381,002	(205,602)
Accounts receivable from related parties	(5,949)	47,312
Other receivables	(14,920)	(4,112)
Inventories	24,079	(337,920)
Other current assets	5,578	(3,557)
Notes payable	12	(1,287)
Accounts payable	208,572	103,796
Accounts payable to related parties	337,722	(617,219)
Other payables	(38,601)	6,407
Other payables to related parties	1,597	223
Other current liabilities	<u>(113,763)</u>	<u>177,336</u>
Cash generated from operations	1,962,449	1,069,494
Interest received	53,042	18,904
Interest paid	(19,255)	(5,602)
Income tax paid	<u>(445,406)</u>	<u>(400,243)</u>
Net cash generated from operating activities	<u>1,550,830</u>	<u>682,553</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase) decrease in financial assets at amortized cost	(767,225)	376,643
Proceeds from disposal of financial assets at fair value through profit or loss	-	87,063
Acquisitions of investments accounted for using the equity method	(760,890)	(500,000)
Proceeds from capital reduction of associates	395,785	-
Acquisitions for property, plant and equipment	(67,004)	(82,097)
Proceeds from disposal of property, plant and equipment	17,872	5,647
(Increase) decrease in refundable deposit	(604)	2,680
Acquisitions of investments properties	-	(2,212,812)
Dividends received from subsidiaries	782,147	667,765
Increase in other non-current assets	<u>(80,202)</u>	<u>(95,153)</u>

(Continued)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

**SHIN ZU SHING CO., LTD.**

**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

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	<b>2023</b>	<b>2022</b>
Net cash used in investing activities	<u>(480,121)</u>	<u>(1,750,264)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	38,560	515,190
Increase in long-term borrowings	-	75,750
Increase in guarantee deposits received	2,910	9,092
Repayment of the principal portion of lease liabilities	(21,122)	(22,798)
Cash dividends	(1,126,490)	(962,426)
Treasury stocks acquired (Note 20)	<u>-</u>	<u>(420,088)</u>
Net cash used in financing activities	<u>(1,106,142)</u>	<u>(805,280)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(35,433)	(1,872,991)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>722,243</u>	<u>2,595,234</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 686,810</u>	<u>\$ 722,243</u>

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

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**SHIN ZU SHING CO., LTD.**

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

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**1. ORGANIZATION AND OPERATIONS**

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

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

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

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

**2. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Company’s board of directors on March 1, 2024.

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

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

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

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

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

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

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

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

### 1) Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”

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

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

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

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

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

### 3) Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”

Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, the suppliers are paid. The amendments stipulate that the Company shall disclose the relevant information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the Company’s liabilities and cash flows and on the Company’s exposure to liquidity risk.

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

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

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

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

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

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

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### 2) Amendments to IAS 21 “Lack of Exchangeability”

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Group shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.

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

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

### a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing its parent company only financial statements, the Company used equity method to account for its investment in subsidiaries, associates and jointly controlled entities. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owner of the Company in its financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and consolidated basis were made to investments accounted for by equity method, share of profit or loss of subsidiaries, associates and joint ventures, share of other comprehensive income of subsidiaries, associates and joint ventures and related equity items, as appropriate, in the parent company only financial statements.

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

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

### d. Foreign currencies

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

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

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

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

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

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

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

### e. Inventories

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

### f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

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When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

### g. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

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

### h. Investment properties

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

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

Depreciation is recognized using the straight-line method.

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

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

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

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

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

### j. Financial instruments

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

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

#### 1) Financial assets

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

##### a) Measurement categories

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

##### i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 28.

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ii. Financial assets at amortized cost

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

### c) Derecognition of financial assets

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

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

## 2) Equity instruments

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

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

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

## 3) Financial liabilities

### a) Subsequent measurement

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

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### Financial liabilities at FVTPL

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

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

#### b) Derecognition of financial liabilities

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

#### 4) Derivative financial instruments

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

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

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

#### k. Revenue recognition

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

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

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

#### l. Leases

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

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For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

### 1) The Company as lessor

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

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

### 2) The Company as lessee

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

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

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

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

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

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

### m. Employee benefits

#### 1) Short-term employee benefits

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

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### 2) Retirement benefits

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

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

### 3) Termination benefits

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

### n. Provisions

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

### o. Share-based payment arrangements-employee share options

#### Employee share options granted to employees and others providing similar services.

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately.

At the end of each reporting period, the Company revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

### p. Taxation

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

#### 1) Current tax

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

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

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

### 2) Deferred tax

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

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

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

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

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

### 3) Current and deferred taxes

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

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

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

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**6. CASH AND CASH EQUIVALENTS**

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash on hand	\$ 180	\$ 200
Checking accounts and demand deposits	<u>686,630</u>	<u>722,043</u>
	<u>\$ 686,810</u>	<u>\$ 722,243</u>

As of December 31, 2023 and 2022, the ending balance of time deposits with original maturities of more than 3 months were \$2,692,470 thousand and \$1,925,245 thousand, respectively, and were classified as financial assets at amortized cost (refer to Note 8).

**7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivate financial assets (not under hedge accounting)		
Cross-currency swap contracts (a)	<u>\$ -</u>	<u>\$ 99,637</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities mandatorily classified as at FVTPL		
Derivative financial liabilities (not under hedge accounting)		
Cross-currency swap contracts (a)	<u>\$ 1,052</u>	<u>\$ -</u>

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

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Interest Rates Paid</b>	<b>Interest Rates Received</b>
<u>December 31, 2023</u>			
USD10,000/NTD313,000	2024.01.05	1.63%	5.798%
USD10,000/NTD316,500	2024.08.05	1.60%	5.75%
USD8,000/NTD242,400	2024.03.29	1.59%	USD-SOFR+0.60%
<u>December 31, 2022</u>			
USD15,000/NTD416,895	2023.12.18	0.45%	USD-LIBOR +0.55%
USD10,000/NTD278,080	2023.12.21	0.45%	USD-LIBOR +0.55%
USD10,000/NTD300,000	2023.08.11	1.20%	3.69%
USD7,000/NTD214,900	2023.03.06	1.15%	3.77%
USD10,000/NTD316,000	2023.07.11	1.40%	4.67%
USD3,000/NTD83,700	2023.02.24	0.43%	USD-SOFR+0.55%
USD3,000/NTD85,080	2023.03.10	0.39%	USD-SOFR+0.55%

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The Group entered into cross-currency swap contracts during the years ended December 31, 2023 and 2022 to manage exposures to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities.

### 8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Domestic investments		
Time deposits with original maturity of more than 3 months	\$ <u>2,692,470</u>	\$ <u>1,925,245</u>
The ranges of interest rates	1.10%-5.33%	0.31%-4.45%

### 9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Notes receivable</u>		
Notes receivable - operating	\$ 3,079	\$ 6,376
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 3,079</u>	<u>\$ 6,376</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount - non-related parties	\$ 3,085,915	\$ 3,466,917
Gross carrying amount - related parties	29,919	23,970
Less: Allowance for impairment loss	<u>(8,003)</u>	<u>(8,003)</u>
	<u>\$ 3,107,831</u>	<u>\$ 3,482,884</u>

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

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

No ECL was provided on related party receivables as of the end of 2023 and 2022.

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The following table details the loss allowance of trade receivable:

**December 31, 2023**

	<b>Not Past Due</b>	<b>1 to 90 Days Past Due</b>	<b>91 to 120 Days Past Due</b>	<b>121 to 365 Days Past Due</b>	<b>Over 365 Days Past Due</b>	<b>Total</b>
Gross carrying amount	\$ 2,978,786	\$ 71,829	\$ -	\$ 31,320	\$ 3,980	\$ 3,085,915
Loss allowance (Lifetime ECL)	<u>(1,777)</u>	<u>(1,785)</u>	<u>-</u>	<u>(461)</u>	<u>(3,980)</u>	<u>(8,003)</u>
Amortized cost	<u>\$ 2,977,009</u>	<u>\$ 70,044</u>	<u>\$ -</u>	<u>\$ 30,859</u>	<u>\$ -</u>	<u>\$ 3,077,912</u>

**December 31, 2022**

	<b>Not Past Due</b>	<b>1 to 90 Days Past Due</b>	<b>91 to 120 Days Past Due</b>	<b>121 to 365 Days Past Due</b>	<b>Over 365 Days Past Due</b>	<b>Total</b>
Gross carrying amount	\$ 3,060,883	\$ 399,984	\$ 1,134	\$ 936	\$ 3,980	\$ 3,466,917
Loss allowance (Lifetime ECL)	<u>(460)</u>	<u>(2,951)</u>	<u>(170)</u>	<u>(442)</u>	<u>(3,980)</u>	<u>(8,003)</u>
Amortized cost	<u>\$ 3,060,423</u>	<u>\$ 397,033</u>	<u>\$ 964</u>	<u>\$ 494</u>	<u>\$ -</u>	<u>\$ 3,458,914</u>

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

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

	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 8,003	\$ 8,003
Add (less): Net remeasurement of loss allowance	<u>-</u>	<u>-</u>
Balance at December 31	<u>\$ 8,003</u>	<u>\$ 8,003</u>

**10. INVENTORIES**

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Finished goods	\$ 289,403	\$ 381,831
Semi-finished goods	55,097	57,452
Work in process	374,621	202,175
Raw materials	<u>406,305</u>	<u>474,934</u>
	<u>\$ 1,125,426</u>	<u>\$ 1,116,392</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 included \$6,207,298 thousand and \$6,801,477 thousand, respectively. The cost of goods sold for 2023 and 2022 included inventory reversal of inventory write-downs of \$33,113 thousand and inventory write-downs of \$6,000 thousand, respectively.

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**11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD**

**Investments in Subsidiaries**

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Unlisted company		
Time Rise Corp.	\$ 2,197,076	\$ 2,977,465
Magic Timing Technology Limited	175,407	171,317
Up Hill International Limited	51,031	54,804
Spring Vision Technology Corp.	5,583	12,012
Rich Rise Investment Co., Ltd.	667,871	562,588
Ding Ying Investment Co., Ltd.	821,078	500,320
Amazing Power Ltd.	886,015	1,121,412
CJC Holding Pte Ltd.	1,772	2,089
Above Average Limited	36,044	34,377
Smart Point Co., Ltd.	<u>460,501</u>	<u>-</u>
	<u>\$ 5,302,378</u>	<u>\$ 5,436,384</u>

The Company's proportion of ownership and voting rights of its associates as of the balance sheet date were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Time Rise Corp.	100%	100%
Magic Timing Technology Limited	100%	100%
Up Hill International Limited	100%	100%
Spring Vision Technology Corp.	100%	100%
Rich Rise Investment Co., Ltd.	100%	100%
Ding Ying Investment Co., Ltd.	100%	100%
Amazing Power Ltd.	100%	100%
CJC Holding Pte Ltd.	100%	100%
Above Average Limited	100%	100%
Smart Point Co., Ltd.	100%	-

The Company's share of profit (loss) and other comprehensive income (loss) from subsidiaries using the equity method was recognized based on each subsidiary's audited financial statements.

In March 2023, Time Rise Corp., a subsidiary of the Company, return of shares of Zhi qun Company from the remaining capital of Zhi qun Company upon its closure and repatriated the remaining funds totally NT\$395,785 thousand. Additional, accumulated surplus were repatriated in April and November 2023, totally NT\$451,045 thousand., Amazing Power Ltd., repatriated accumulated surplus of \$331,102 thousand totally in April and October 2023.

The company increased its capital in the subsidiary Smart Point Co., Ltd. by US\$15,000 thousand in January and May 2023, and reinvested US\$11,000 thousand in Shin Zu Shing (Bac Giang) Company Limited in October and December 2023.

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## 12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Office Equipment	Transportation Equipment	Others Equipment	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 3,058,135	\$ 1,613,805	\$ 4,871,930	\$ 16,805	\$ 10,579	\$ 484,164	\$ 10,055,418
Additions	-	-	26,119	3,834	-	42,148	72,101
Disposals	-	-	(96,800)	(713)	(828)	(759)	(99,100)
Reclassifications	-	-	101,377	-	-	-	101,377
Balance at December 31, 2022	<u>\$ 3,058,135</u>	<u>\$ 1,613,805</u>	<u>\$ 4,902,626</u>	<u>\$ 19,926</u>	<u>\$ 9,751</u>	<u>\$ 525,553</u>	<u>\$ 10,129,796</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2022	\$ -	\$ 369,557	\$ 3,648,338	\$ 10,792	\$ 9,426	\$ 361,203	\$ 4,399,316
Depreciation expense	-	-	(89,609)	(713)	(829)	(732)	(91,883)
Disposals	-	38,345	360,783	1,914	473	66,192	467,707
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 407,902</u>	<u>\$ 3,919,512</u>	<u>\$ 11,993</u>	<u>\$ 9,070</u>	<u>\$ 426,663</u>	<u>\$ 4,775,140</u>
Carrying amount at December 31, 2022	<u>\$ 3,058,135</u>	<u>\$ 1,205,903</u>	<u>\$ 983,114</u>	<u>\$ 7,933</u>	<u>\$ 681</u>	<u>\$ 98,890</u>	<u>\$ 5,354,656</u>
<u>Cost</u>							
Balance at January 1, 2023	\$ 3,058,135	\$ 1,613,805	\$ 4,902,626	\$ 19,926	\$ 9,751	\$ 525,553	\$ 10,129,796
Additions	-	385	36,891	3,015	-	39,037	79,328
Disposals	-	-	(133,320)	-	(1,081)	(2,777)	(137,178)
Reclassifications	-	-	43,592	1,575	1,423	-	46,590
Balance at December 31, 2023	<u>\$ 3,058,135</u>	<u>\$ 1,614,190</u>	<u>\$ 4,849,789</u>	<u>\$ 24,516</u>	<u>\$ 10,093</u>	<u>\$ 561,813</u>	<u>\$ 10,118,536</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2023	\$ -	\$ 407,902	\$ 3,919,512	\$ 11,993	\$ 9,070	\$ 426,663	\$ 4,775,140
Disposals	-	-	(118,522)	-	(1,076)	(2,758)	(122,356)
Depreciation expense	-	38,388	333,631	2,316	616	51,036	425,987
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 446,290</u>	<u>\$ 4,134,621</u>	<u>\$ 14,309</u>	<u>\$ 8,610</u>	<u>\$ 474,941</u>	<u>\$ 5,078,771</u>
Carrying amount at December 31, 2023	<u>\$ 3,058,135</u>	<u>\$ 1,167,900</u>	<u>\$ 715,168</u>	<u>\$ 10,207</u>	<u>\$ 1,483</u>	<u>\$ 86,872</u>	<u>\$ 5,039,765</u>

No impairment assessment was performed because there was no indication of impairment for the years ended December 31, 2023 and 2022.

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

Buildings	
Industrial building	30-50 years
Electrical power systems	5 years
Engineering systems	5-27 years
Machinery equipment	
Major production equipment	5 years
Motor, controller and spindle device	3 years
Office equipment	5 years
Transportation equipment	5 years
Other equipment	3-15 years

## 13. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Carrying amount		
Land	\$ 22,524	\$ 36,997
Transportation equipment	<u>7,110</u>	<u>7,029</u>

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\$ 29,634                      \$ 44,026

**For the Year Ended December 31**  
**2023                                      2022**

Depreciation charge for right-of-use assets

Buildings

\$ 14,473

\$ 14,732

Transportation equipment

6,383

7,857

\$ 20,856

\$ 22,589

Except for the addition in assets and recognition of depreciation expense, the Company had no material sublease and impairment loss on its right-of-use assets for the years ended December 31, 2023 and 2022.

b. Lease liabilities

**December 31**

**2023**

**2022**

Carrying amount

Current

\$ 18,615

\$ 19,579

Non-current

\$ 11,410

\$ 24,856

Range of discount rate for lease liabilities was as follows:

**December 31**

**2023**

**2022**

Buildings

0.45%-0.55%

0.44%-0.55%

Transportation equipment

0.39%-1.65%

0.39%-1.20%

c. Material leasing-in activities and terms

The Company leases certain building and transportation equipment with lease terms from 2020 to 2026. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. The Company is prohibited from subleasing all or any portion of the underlying assets without the lessors' consents.

**For the Year Ended December 31**  
**2023                                      2022**

Expenses relating to short-term leases

\$ 5,278

\$ 4,019

Total cash outflow for leases

\$ (26,400)

\$ (26,817)

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

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**14. INVESTMENT PROPERTIES**

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2022	\$ -	\$ -	\$ -
Additions	<u>2,014,511</u>	<u>443,372</u>	<u>2,457,883</u>
Balance at December 31, 2022	<u>\$ 2,014,511</u>	<u>\$ 443,372</u>	<u>\$ 2,457,883</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	\$ -	\$ -	\$ -
Depreciation expense	<u>-</u>	<u>16,006</u>	<u>16,006</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 16,006</u>	<u>\$ 16,006</u>
Carrying amount at December 31, 2022	<u>\$ 2,014,511</u>	<u>\$ 427,366</u>	<u>\$ 2,441,877</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 2,014,511	\$ 443,372	\$ 2,457,883
Additions	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 2,014,511</u>	<u>\$ 443,372</u>	<u>\$ 2,457,883</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	\$ -	\$ 16,006	\$ 16,006
Depreciation expense	<u>-</u>	<u>19,206</u>	<u>19,206</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 35,212</u>	<u>\$ 35,212</u>
Carrying amount at December 31, 2023	<u>\$ 2,014,511</u>	<u>\$ 408,160</u>	<u>\$ 2,422,671</u>

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

As of December 31, 2023 and 2022, the security deposit of the operating leases collected by the company was \$12,002 thousand and \$9,092 thousand.

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Year 1	\$ 72,039	\$ 38,139
Year 2	63,639	12,074
Year 3	62,632	12,074
Year 4	29,551	11,068
Year 5	<u>29,921</u>	<u>-</u>
	<u>\$ 257,782</u>	<u>\$ 73,355</u>

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

Buildings 14-26 years

The fair value of the company's investment properties was \$2,457,968 thousand as of December 31, 2023, and a review opinion letter on the real estate appraisal report was obtained.

**15. OTHER ASSETS**

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
<u>Non-current</u>		
Prepayments for land and buildings	\$ 51,716	\$ 21,787
Prepayments for pension	<u>14,522</u>	<u>10,368</u>
	<u>\$ 66,238</u>	<u>\$ 32,155</u>

**16. BORROWINGS**

a. Short-term borrowings

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
<u>Unsecured borrowings</u>		
Credit borrowing	<u>\$ 1,819,740</u>	<u>\$ 1,013,430</u>

The interest rate of bank loan were 1.53%-1.63% and 0.39%-1.40% on December 31, 2023 and 2022, respectively.

b. Long-term borrowings

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
<u>Unsecured borrowings</u>		
Credit borrowing	\$ -	\$ 767,750
Less: Current portion	<u>-</u>	<u>(767,750)</u>
	<u>\$ -</u>	<u>\$ -</u>

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**17. ACCOUNTS PAYABLE**

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Accounts payable</u>		
Operating	<u>\$ 744,513</u>	<u>\$ 535,941</u>

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

**18. OTHER LIABILITIES**

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Other payables		
Payables for salaries and bonus	\$ 197,599	\$ 191,416
Payables for bonus to employees and directors	77,012	141,544
Payables for consumable	55,763	44,593
Payables for insurance	19,150	18,756
Payables for mold and fixture fees	25,344	15,325
Payables for repairs and maintenance	12,682	11,831
Payables for purchase of equipment	19,977	7,653
Payables for transport costs	4,688	6,230
Payables for interest expense	4,841	3,260
Payables for samples	10,565	12,456
Payables for commission	-	15,072
Others	<u>104,653</u>	<u>88,834</u>
	<u>\$ 532,274</u>	<u>\$ 556,970</u>

**19. RETIREMENT BENEFIT PLANS**

a. Defined contribution plans

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

b. Defined benefit plans

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

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ 25,649	\$ 26,355
Fair value of plan assets	<u>(40,171)</u>	<u>(36,723)</u>
Contribution (surplus)	<u>(14,522)</u>	<u>(10,368)</u>
Net defined benefit assets	<u>\$ (14,522)</u>	<u>\$ (10,368)</u>

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2022	\$ 30,175	\$ (32,658)	\$ (2,483)
Service cost			
Current service cost	101	-	101
Net interest expense (income)	<u>226</u>	<u>(259)</u>	<u>(33)</u>
Recognized in profit or loss	<u>327</u>	<u>(259)</u>	<u>68</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,614)	(2,614)
Actuarial gain	<u>(1,739)</u>	<u>-</u>	<u>(1,739)</u>
Recognized in other comprehensive income	<u>(1,739)</u>	<u>(2,614)</u>	<u>(4,353)</u>
Contributions from the employer	-	(3,600)	(3,600)
Benefits paid	<u>(2,408)</u>	<u>2,408</u>	<u>-</u>
Balance at December 31, 2022	<u>26,355</u>	<u>(36,723)</u>	<u>(10,368)</u>
Service cost			
Current service cost	100	-	100
Net interest expense (income)	<u>395</u>	<u>(578)</u>	<u>(183)</u>
Recognized in profit or loss	<u>495</u>	<u>(578)</u>	<u>(83)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(213)	(213)
Actuarial gain	<u>(258)</u>	<u>-</u>	<u>(258)</u>
Recognized in other comprehensive income	<u>(258)</u>	<u>(213)</u>	<u>(471)</u>
Contributions from the employer	-	(3,600)	(3,600)
Benefits paid	<u>(943)</u>	<u>943</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 25,649</u>	<u>\$ (40,171)</u>	<u>\$ (14,522)</u>

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

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

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- 2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)	1.375%	1.5%
Expected rate(s) of salary increase	2.5%	2.5%

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

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)		
0.25% increase	<u>\$ (667)</u>	<u>\$ (732)</u>
0.25% decrease	<u>\$ 693</u>	<u>\$ 762</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 673</u>	<u>\$ 741</u>
0.25% decrease	<u>\$ (651)</u>	<u>\$ (716)</u>

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

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
The expected contributions to the plan for the next year	<u>\$ 3,600</u>	<u>\$ 3,600</u>
The average duration of the defined benefit obligation	10.6 years	11.3 years

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**20. EQUITY**

a. Share capital

Ordinary shares

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Number of shares authorized (in thousands)	<u>250,000</u>	<u>250,000</u>
Shares authorized	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>187,748</u>	<u>187,748</u>
Shares issued	<u>\$ 1,877,483</u>	<u>\$ 1,877,483</u>

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

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

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Issuance of ordinary shares	\$ -	\$ 64,802
Forfeited employee share options	38,162	38,162
Conversion of bonds	1,769,276	2,267,719
<u>May only be used to offset a deficit</u>		
Share of changes in capital surplus of associates	<u>12</u>	<u>12</u>
	<u>\$ 1,807,450</u>	<u>\$ 2,370,695</u>

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

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c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders. For the policies on distribution of employees compensation and remuneration of directors and supervisors before and after amendment refer to employee benefits expense in Note 22 (f) and compensation of employees and remuneration of directors in Note 22(g).

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

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

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

The Company makes appropriations and reversals related to special reserve in accordance to the Financial Supervisory Commission Order Ref. No. 1010012865, No.1010047490, and No. 1030006415, along with "Frequently asked questions and answers regarding appropriation for special reserve after application of IFRS Accounting Standards".

The appropriations of earnings for 2022 and 2021 approved in the shareholders' meetings on June 7, 2023 and June 16, 2022, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>For Fiscal Year 2022</b>	<b>For Fiscal Year 2021</b>	<b>For Fiscal Year 2022</b>	<b>For Fiscal Year 2021</b>
Legal reserve	\$ 135,063	\$ 117,163	\$ -	\$ -
Appropriate (reserve) Special reserve	(72,612)	63,910	-	-
Cash dividends (distributed by unappropriated earnings)	563,245	481,213	3.0	2.5

The shareholders of the Company resolved to use its additional paid-in capital of \$563,245 thousands (\$3.0 per share) and \$481,213 thousands (\$2.5 per share) to distribute as cash dividends.

The appropriation of earnings for 2023 proposed by the Company's board of directors on May 2024.

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

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d. Other equity items

1) Exchange differences on translation

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ (227,649)	\$ (357,199)
Recognized during the year		
Exchange differences on translation of foreign financial statements	-	-
Exchange differences on the translation of net asset of foreign operations	<u>(65,303)</u>	<u>129,550</u>
Balance at December 31	<u><u>\$ (292,952)</u></u>	<u><u>\$ (227,649)</u></u>

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

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ (92,750)	\$ (35,812)
Recognized during the year		
Unrealized loss - equity instruments	56,760	(56,938)
Proceeds from disposal of financial assets at fair value through other comprehensive income	<u>(17,388)</u>	<u>-</u>
Balance at December 31	<u><u>\$ (53,378)</u></u>	<u><u>\$ (92,750)</u></u>

e. Treasury shares

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

To maintain the Company's credit and shareholders' equity, on August 5, 2022, the Company's board of directors resolved to buy back 5,000 thousand shares from August 8, 2022 to October 7, 2022 at the price range from \$70 per share to \$100 per share. The Company will continue to buy back shares when the market price falls below the lower limit of the price range. At the end of the execution duration, the Company bought back 4,737 thousand shares with total cost of \$420,088 thousand.

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

**21. REVENUE**

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 7,478,880</u>	<u>\$ 8,678,588</u>

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Contract balances

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Accounts receivable (Note 9)	\$ 3,077,912	\$ 3,458,914
Accounts receivable from related parties (Note 29)	<u>29,919</u>	<u>23,970</u>
	<u>\$ 3,107,831</u>	<u>\$ 3,482,884</u>
Contract liabilities (Booked under other current liabilities)		
Sales of goods	<u>\$ 12,664</u>	<u>\$ 7,228</u>

**22. NET PROFIT FROM CONTINUING OPERATIONS**

Net profit from continuing operations included the following:

a. Interest income

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Bank deposits	\$ 6,767	\$ 1,733
Financial assets at amortized cost	47,226	17,311
Others	<u>112</u>	<u>76</u>
	<u>\$ 54,105</u>	<u>\$ 19,120</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Others	<u>\$ 106,083</u>	<u>\$ 76,278</u>

c. Other gains and losses

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Gain (loss) gain on disposal of property, plant and equipment	\$ 3,050	\$ (1,570)
Net foreign exchange gain	43,733	133,687
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily at FVTPL	<u>(100,689)</u>	<u>106,559</u>
	<u>\$ (53,906)</u>	<u>\$ 238,676</u>

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d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ 20,836	\$ 8,579
Interest on lease liabilities	<u>248</u>	<u>297</u>
	<u>\$ 21,084</u>	<u>\$ 8,876</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Property, plant and equipment	\$ 425,987	\$ 467,707
Right-of-use assets	20,856	22,589
Investment properties	<u>19,206</u>	<u>16,006</u>
	<u>\$ 466,049</u>	<u>\$ 506,302</u>
An analysis of depreciation and amortization by function		
Operating costs	\$ 374,536	\$ 427,543
Operating expenses	<u>91,513</u>	<u>78,759</u>
	<u>\$ 466,049</u>	<u>\$ 506,302</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Post-employment benefits (Note 19)		
Defined contribution plans	\$ 44,630	\$ 46,336
Defined benefit plans	<u>83</u>	<u>68</u>
	<u>44,713</u>	<u>46,404</u>
Termination benefits	1,643	33
Remuneration of directors	9,234	9,240
Other employee benefits	<u>1,325,565</u>	<u>1,469,052</u>
	<u>1,336,442</u>	<u>1,478,325</u>
	<u>\$ 1,381,155</u>	<u>\$ 1,524,729</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,055,983	\$ 1,185,326
Operating expenses	<u>325,172</u>	<u>339,403</u>
	<u>\$ 1,381,155</u>	<u>\$ 1,524,729</u>

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g. Compensation of employees and remuneration of directors for 2023 and 2022

The Company accrued compensation of employees and remuneration of directors at the rates no less than 2%, and remuneration of directors at the rates no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022 which were been approved by the Company's board of directors were as follows:

Accrual rate

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	6%	6%
Remuneration of directors	0.79%	0.4%

Amount

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	\$ 68,012	\$ 132,544
Remuneration of directors	<u>9,000</u>	<u>9,000</u>
	<u>\$ 77,012</u>	<u>\$ 141,544</u>

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

Information on the compensation of employees and remuneration of directors in 2023 and 2022 resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

**23. INCOME TAXES**

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
<u>Current tax</u>		
In respect of the current year	\$ 292,754	\$ 477,174
Income tax on unappropriated earnings	48,217	25,467
Adjustments for prior year	(19,837)	(8,051)
Tax refund due to Regulations Governing the Management, Utilization, and Taxation of Repatriated Offshore Funds	(10,701)	(4,203)
<u>Deferred tax</u>		
In respect of the current period	<u>(61,311)</u>	<u>(86,058)</u>
Income tax expense recognized in profit or loss	<u>\$ 249,122</u>	<u>\$ 404,329</u>

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

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Profit before tax from continuing operations	\$ <u>1,056,526</u>	\$ <u>2,063,513</u>
Income tax expense calculated at the statutory rate	\$ 211,305	\$ 412,703
Tax effect of adjusting items:		
Unrecognized temporary differences	-	(275)
Non-additive income in determining taxable income	20,138	(21,312)
Tax refund due to Regulations Governing the Management, Utilization, and Taxation of Repatriated Offshore Funds	(10,701)	(4,203)
Income tax of unappropriated earnings	48,217	25,467
Adjustments for prior years' tax	<u>(19,837)</u>	<u>(8,051)</u>
Income tax expense recognized in profit or loss	\$ <u>249,122</u>	\$ <u>404,329</u>

b. Current income tax liabilities

	<b><u>December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Current tax liabilities		
Income tax payable	\$ <u>8,735</u>	\$ <u>232,386</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>			
Unrealized allowance loss on inventories	\$ 15,280	\$ (6,622)	\$ 8,658
Unrealized foreign exchange loss	16,380	(6,085)	10,295
Unrealized gross profit from affiliated company	250	556	806
Others	<u>91,256</u>	<u>(24,003)</u>	<u>67,253</u>
	\$ <u>123,166</u>	\$ <u>(36,154)</u>	\$ <u>87,012</u>
<u>Deferred tax liabilities</u>			
Associates	\$ <u>511,921</u>	\$ <u>(97,465)</u>	\$ <u>414,456</u>

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For the year ended December 31, 2022

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>			
Unrealized allowance loss on inventories	\$ 14,080	\$ 1,200	\$ 15,280
Unrealized foreign exchange loss	1,545	14,835	16,380
Unrealized gross profit from affiliated company	765	(515)	250
Others	<u>57,067</u>	<u>34,189</u>	<u>91,256</u>
	<u>\$ 73,457</u>	<u>\$ 49,709</u>	<u>\$ 123,166</u>
<u>Deferred tax liabilities</u>			
Associates	<u>\$ 548,270</u>	<u>\$ (36,349)</u>	<u>\$ 511,921</u>

d. Income tax assessments

The tax returns through 2021 have been assessed by the tax authorities.

**24. EARNINGS PER SHARE**

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

**Net Profit for the Year**

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Basic earnings per share	\$ 807,404	\$ 1,659,184
Effect of potentially dilutive ordinary shares		
Compensation of employees	-	-
Earnings used in the computation of diluted earnings per share	<u>\$ 807,404</u>	<u>\$ 1,659,184</u>

**Number of Shares**

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	187,748	191,004
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>551</u>	<u>1,624</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>188,299</u>	<u>192,628</u>

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

### 25. CASH FLOW INFORMATION

#### Non-cash Transactions

Except for those disclosed in other notes, the Company entered into the following non-cash investing and financing activities which were not reflected in the statements of cash flows for the years 2023 and 2022:

In 2023 and 2022, the Company acquired property, plant and equipment for \$79,328 thousand and \$72,101 thousand, respectively; the amount payable for equipment increased by \$12,324 thousand and decreased by \$9,996 thousand, respectively; the total amount of cash paid for the purchase of property, plant and equipment amounted to \$67,004 thousand and \$82,097 thousand, respectively.

### 26. SHARE-BASED PAYMENT ARRANGEMENTS

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

Information on employee share options was as follows:

	For the Year Ended December 31			
	2023		2022	
	Number of Options	Weighted- average Exercise Price (\$)	Number of Options	Weighted- average Exercise Price (\$)
Balance at January 1	-	\$ -	375	\$ 88.7
Options granted	-	-	-	-
Options forfeited	-	-	-	-
Options exercised	-	-	-	-
Options expired	-	-	(375)	-
Balance at December 31	<u>-</u>		<u>-</u>	
Options exercisable, end of the year	<u>-</u>		<u>-</u>	
Weighted-average fair value of options granted (\$)	<u>\$ -</u>		<u>\$ -</u>	

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

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

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

**27. CAPITAL MANAGEMENT**

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

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

**28. FINANCIAL INSTRUMENTS**

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

1) Fair value hierarchy

December 31, 2023

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Derivative financial liabilities				
Cross-currency swap contracts	\$ -	\$ -	\$ 1,052	\$ 1,052

December 31, 2022

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Derivative financial assets				
Cross-currency swap contracts	\$ -	\$ -	\$ 99,637	\$ 99,637

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

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - currency swaps contracts	Discounted cash flow.  Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

- b. Categories of financial instruments

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
FVTPL	\$ -	\$ 99,637
Financial assets at amortized cost (1)	6,531,467	6,162,042
<u>Financial liabilities</u>		
FVTPL	1,052	-
Amortized cost (2)	4,247,044	3,685,277

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

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

- c. Financial risk management objectives and policies

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

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

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

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### 1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Company entered into a variety of derivative financial instruments (includes cross-currency swap contracts and structured deposits) to manage its exposure to foreign currency risk and interest rate risk.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

#### a) Foreign currency risk

The Company has foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures are managed within approved policy parameters through cross-currency swap contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are disclosed in Note 30.

#### Sensitivity analysis

The Company was mainly exposed to the USD and EUR.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included cross-currency swap contracts and structured deposits designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in post-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on post-tax profit and other equity and the balances below would be negative.

	<b>USD Impact (i)</b>		<b>EUR Impact (ii)</b>	
	<b>For the Year Ended December 31</b>		<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Profit or loss*	\$ 12,101	\$ 10,245	\$ (156)	\$ 183

i. This was mainly attributable to the exposure on outstanding USD assets and liabilities, which were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure on outstanding EUR assets and liabilities, which were not hedged at the end of the reporting period.

#### b) Interest rate risk

The Group is exposed to interest rate risk because the entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts and forward interest rate contracts.

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The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Fair value interest rate risk		
Financial assets		
Financial assets at amortized cost	\$ 2,692,470	\$ 1,925,245
Cash flow interest rate risk		
Financial assets		
Demand deposits	630,145	673,941
Financial liabilities		
Borrowings	1,819,740	1,781,180

### Sensitivity analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 0.25% basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25% basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased by \$3,812 thousand and \$2,768 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on its floating rate bank deposits and bank borrowings.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the standalone balance sheets; and
- b) The amount of contingent liabilities in relation to financial guarantees issued by the Company.

The Company adopted a policy of only dealing with entities that have high credit ratings, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available, or if such information is not available, the Company uses other publicly available financial information or its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management annually.

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

The counterparties for transactions of current assets and financial assets are bank with the high credit ratings from international credit rating agencies, therefore the credit risk should be fairly limited.

### 3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Company had available unutilized short-term bank loan facilities is \$3,056,975 thousand and \$3,096,150 thousand, respectively.

#### a) Liquidity and interest rate risk tables

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows. Specifically, bank

loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2023

	<b>Weighted Interest Average Effective Rate (%)</b>	<b>Less than 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1 Year +</b>
<u>Non-derivative liabilities</u>				
Float interest rate liabilities	1.53%-1.63%	\$ 1,514,364	\$ 309,984	\$ -
Lease liabilities	0.39%-1.65%	4,966	13,649	11,410

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Further information on the maturity analysis of the above financial liabilities are as follows:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>
Lease liabilities	\$ 18,615	\$ 11,410	\$ -

December 31, 2022

	<b>Weighted Interest Average Effective Rate (%)</b>	<b>Less than 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1 Year +</b>
<u>Non-derivative liabilities</u>				
Float interest rate liabilities	0.39%-1.40%	\$ 399,798	\$ 1,389,807	\$ -
Lease liabilities	0.39%-1.20%	5,000	14,579	24,856

Further information on the maturity analysis of the above financial liabilities are as follows:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>
Lease liabilities	\$ 19,579	\$ 24,856	\$ -

b) Liquidity and interest rate risk tables for derivative financial liabilities

The following table detailed the Company's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2023

	<b>Less Than 3 Month</b>	<b>3 Months to 1 Year</b>	<b>1+ Years</b>
<u>Net settled</u>			
interest rates swap	\$ 3,650	\$ (4,702)	\$ -

December 31, 2022

	<b>Less Than 3 Month</b>	<b>3 Months to 1 Year</b>	<b>1+ Years</b>
<u>Net settled</u>			
interest rates swap	\$ 18,080	\$ 81,557	\$ -

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c) Financing facilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ 1,819,740	\$ 1,781,180
Amount unused	3,056,975	3,096,150

**29. RELATED PARTY TRANSACTIONS**

Details of transactions between the Company and related parties are disclosed below.

a. Related party name and relationship

<b>Related Party Name</b>	<b>Relationship with the Company</b>
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Subsidiary
Dongguan Chengyue Computer Fittings Co., Ltd.	Subsidiary
Kunshan Jengjea Computer Fittings Co., Ltd.	Subsidiary
Redstar Precision Electorn (Fuqing) Co., Ltd.	Subsidiary
Shin Zu Shing Precision Electron (Chongqing) Co., Ltd.	Subsidiary
Jochu Technology (Vietnam) Co., Ltd.	Related party in substance
Jochu Technology Co., Ltd.	Related party in substance
Suzhou Xinglianyi Metal Technology Co., Ltd.	Related party in substance

b. Sales of goods

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Subsidiaries		
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	\$ 111,636	\$ 111,239
Shin Zu Shing Precision Electron (Chongqing) Co., Ltd.	152	-
Kunshan Jengjea Computer Fittings Co., Ltd.	565	224
Related party in substance	<u>1,820</u>	<u>35</u>
	<u>\$ 114,173</u>	<u>\$ 111,498</u>

The product type of sales to related parties is different from that of general customers, so there is no basis for comparison of the transaction amount. The payment conditions are about 120 days from the end of the next month, which is the same as that of general customers.

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c. Purchase of goods

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Subsidiaries		
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	\$ 1,096,289	\$ 1,488,836
Dongguan Chengyue Computer Fittings Co., Ltd	197,422	432,680
Kunshan Jengjea Computer Fittings Co., Ltd	245,841	550,823
Redstar Precision Electorn (Fuqing) Co., Ltd.	111,987	98,321
Related party in substance		
Suzhou Xinglianyi Metal Technology Co., Ltd.	600,030	174,265
Jochu Technology (Vietnam) Co., Ltd.	<u>422</u>	<u>-</u>
	<u>\$ 2,251,991</u>	<u>\$ 2,744,925</u>

Purchase prices and payment terms offered by related parties were similar with those offered by third parties, the payment conditions are about 120 days from the end of the next month.

d. Accounts receivable from related parties (excluding loans to related parties)

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2023</b>	<b>2022</b>
Accounts receivable	Subsidiaries		
	Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	\$ 28,377	\$ 23,935
	Shin Zu Shing Precision Electron (Chongqing) Co., Ltd.	148	-
	Related party in substance	<u>1,394</u>	<u>35</u>
		<u>\$ 29,919</u>	<u>\$ 23,970</u>

e. Payables to related parties (excluding borrowings from related parties)

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2023</b>	<b>2022</b>
Accounts payable	Subsidiaries		
	Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	\$ 613,209	\$ 403,929
	Dongguan Chengyue Computer Fittings Co., Ltd	49,792	78,110
	Kunshan Jengjea Computer Fittings Co., Ltd	87,187	120,160
	Redstar Precision Electorn (Fuqing) Co., Ltd.	44,641	32,785
	Related party in substance		
	Suzhou Xinglianyi Metal Technology Co., Ltd.	353,430	175,960
	Jochu Technology (Vietnam) Co., Ltd.	<u>407</u>	<u>-</u>
		<u>\$ 1,148,666</u>	<u>\$ 810,944</u>

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f. Other payables

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Subsidiaries		
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	\$ 296	\$ -
Dongguan Chengyue Computer Fittings Co., Ltd	277	-
Related party in substance	<u>1,247</u>	<u>223</u>
	<u>\$ 1,820</u>	<u>\$ 223</u>

g. Prepayments

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Related party in substance	<u>\$ 1,980</u>	<u>\$ -</u>

h. Deposits received

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Related party in substance		
Jochu Technology Co., Ltd.	<u>\$ 2,524</u>	<u>\$ 2,524</u>

i. Operating expense

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Subsidiaries		
Related party in substance	<u>\$ -</u>	<u>\$ 162</u>

j. Other gains and losses

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
		<b>2023</b>	<b>2022</b>
Rental income	Related party in substance Jochu Technology Co., Ltd.	<u>\$ 15,825</u>	<u>\$ 11,737</u>

The rental income between related parties is calculated in accordance to the contract, and is collected on a monthly basic.

k. Other revenues

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
		<b>2023</b>	<b>2022</b>
Other income	Related party in substance	<u>\$ 3,807</u>	<u>\$ 2,647</u>

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1. Disposal of property, plant and equipment

Related Party Category/Name	Disposal Proceeds		Disposal Profit or Loss	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2023	2022	2023	2022
Subsidiaries				
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	\$ 14,103	\$ 4,070	\$ 3,773	\$ 2,495
Shin Zu Shing Precision Electron (Chongqing) Co., Ltd.	-	395	-	359
	<u>\$ 14,103</u>	<u>\$ 4,465</u>	<u>\$ 3,773</u>	<u>\$ 2,854</u>

m. Acquisition of property, plant and equipment

Related Party Category/Name	December 31	
	2023	2022
Subsidiaries		
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	\$ 1,537	\$ -
Dongguan Chengyue Computer Fittings Co., Ltd	287	-
Related party in substance	<u>333</u>	<u>-</u>
	<u>\$ 2,157</u>	<u>\$ -</u>

n. Property transactions

Sample and mold manufactory

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Manufacturing cost	Subsidiaries		
	Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	\$ 134	\$ 333
	Related party in substance		
	Suzhou Xinglianyi Metal Technology Co., Ltd.	<u>2,468</u>	<u>55</u>
		<u>\$ 2,602</u>	<u>\$ 388</u>

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o. Compensation of key management personnel

The amounts of remuneration of directors and key executives were as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 46,356	\$ 51,717
Post-employment benefits	699	637
Other long-term benefits	<u>18,000</u>	<u>24,000</u>
	<u>\$ 65,055</u>	<u>\$ 76,354</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

**30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

The significant financial assets and liabilities of entities in Company denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

**(Unit: In Thousands of Foreign Currencies and New Taiwan Dollars)**

December 31, 2023

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 119,116	30.705 (USD:NTD)	\$ 3,657,469
EUR	97	33.98 (EUR:NTD)	3,310
Equity investments accounted for using equity method			
USD	124,138	30.705 (USD:NTD)	3,811,657
SDG	76	23.29 (SDG:NTD)	1,772
<u>Financial liabilities</u>			
Monetary items			
USD	79,706	30.705 (USD:NTD)	2,447,384
JPY	16,151	0.2172 (JPY:NTD)	3,508
EUR	555	33.98 (EUR:NTD)	18,868

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December 31, 2022

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<b><u>Financial assets</u></b>			
Monetary items			
USD	\$ 129,100	30.71 (USD:NTD)	\$ 3,964,670
EUR	560	32.72 (EUR:NTD)	18,316
Equity investments accounted for using equity method			
USD	142,344	30.71 (USD:NTD)	4,371,387
SDG	91	22.88 (SDG:NTD)	2,089
<b><u>Financial liabilities</u></b>			
Monetary items			
USD	95,739	30.71 (USD:NTD)	2,940,151
JPY	1,299	0.2324 (JPY:NTD)	302

For the years ended December 31, 2023 and 2022, net foreign exchange gain was \$43,733 thousand and \$133,687 thousand, respectively.

**31. SEPARATELY DISCLOSED ITEMS**

a. Information on significant transactions and b. information on investees:

- 1) Lending funds to others. (None)
- 2) Providing endorsements or guarantees for others. (None)
- 3) Holding of securities at the end of the period (excluding investments in subsidiaries, associates and joint venture). (Table 1)
- 4) Aggregate purchases or sales of the same securities reaching NT\$300 million or 20 percent of paid-in capital or more. (Table 2)
- 5) Acquisition of real estate reaching NT\$300 million or 20 percent of paid-in capital or more. (None)
- 6) Disposal of real estate reaching NT\$300 million or 20 percent of paid-in capital or more. (None)
- 7) Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more. (Table 4)
- 8) Accounts receivable from related parties reaching NT\$100 million or 20 percent of paid-in capital or more. (Table 5)
- 9) Trading in derivative instruments. (Note 7)
- 10) Information on investees: (Table 3)

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- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area. (Table 6)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: (Table 7)
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
    - c) The amount of property transactions and the amount of the resultant gains or losses.
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
    - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8).

## SHIN ZU SHING CO., LTD.

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Heng Xing Investment Co., Ltd.	Jochu Technology Co., Ltd.	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	9,124	\$ 218,064	10.22	\$ 218,064	
	Nan Juen International Co., Ltd.	None	"	111	9,568	-	9,568	
	Anpec Electronics Corp.	"	Financial assets at FVTPL - current	270	59,805	-	59,805	
	TaiDoc Technology Corp	"	"	250	41,250	-	41,250	
	Delta Electronics, Inc.	"	"	10	3,135	-	3,135	
	Sinopower Semiconductor Inc.	"	"	11	1,243	-	1,243	
	Innodisk Corporation.	"	"	52	16,215	-	16,215	
	Hong Yi Fiber Ind. Co., Ltd.	"	"	1,330	23,142	-	23,142	
	Compal Electronics, Inc.	"	"	100	3,985	-	3,985	
SHIN ZU SHING PRECISION ELECTRON (SUZHOU) CO., LTD.	Suzhou Xinglianyi Metal Technology Co., Ltd.	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	-	17,308	16.67	17,308	
Ding Ying Investment Co., Ltd.	Foresight Energy Technologies Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	8,500	226,440	16.35	226,440	
	Taiwan Truewin Technology Co., Ltd	"	"	3,800	285,000	7.09	285,000	
	Coremax Corporation	"	Financial assets at FVTPL - current	600	46,920	-	46,920	

**SHIN ZU SHING CO., LTD.**

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares/Units	Amount
Ding Ying Investment Co., Ltd.	Shares Foresight Energy Technologies Co., Ltd.	Financial assets at fair value through other comprehensive income - non-current	-	-	-	\$ -	12,500	\$ 333,000	4,000	\$ 120,000	\$ 106,560	\$ 13,440	8,500	\$ 226,440

Note 1: The marketable securities mentioned in this table refer to shares, bonds, beneficiary certificates, and securities derived from the above items.

Note 2: Investors whose marketable securities accounted for using the equity method are required to be disclosed.

Note 3: The marketable securities acquired and disposed of shall be calculated separately at market value in order to determine whether the amount reaches \$300 million or 20% of the paid-in capital.

Note 4: The paid-in capital refers to the paid-in capital of the parent company. For issuers whose shares have no face value or whose per share par value is not NT\$10, the transaction amount requirement related to 20% of paid-in capital shall be calculated as 10% of the interests attributable to the parent company owner on the balance sheet.

Note 5: The subsidiary of the consolidated company (Ding Ying Investment Co., Ltd.) completed a share swap transaction of the shares held in Foresee and Truewin during the current period, resulting in related foreign exchange gains of NT\$13,440 thousand, which were recognized in retained earnings.

SHIN ZU SHING CO., LTD.

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars or U.S. Dollars or Vietnamese Dong)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Losses) of the Investee	Equity in the Earnings (Losses)	Note
				December 31, 2023	December 31, 2022	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
Shin Zu Shing Co., Ltd.	Time Rise Corp.	Mauritius	Holding, reinvestment	\$ 827,881	\$ 1,223,666	24,080	100	\$ 2,197,076	\$ 159,357	\$ 159,357	
	Magic Timing Technology Limited	British Virgin Islands	International trading	1,581	1,581	50	100	175,407	4,143	4,143	
	Up Hill International Limited	Samoa	International trading	33,278	33,278	1,000	100	51,031	(3,811)	(3,811)	
	Spring Vision Technology Corp.	British Virgin Islands	International trading	3,220	3,220	-	100	5,583	(6,384)	(6,384)	
	Heng Xing Investment Co., Ltd.	New Taipei City	Investment	700,000	700,000	70,000	100	667,871	61,963	61,963	
	Ding Ying Investment Co., Ltd.	New Taipei City	Investment	800,000	500,000	80,000	100	821,078	7,318	7,318	
	Amazing Power Limited	Seychelles	Holding, reinvestment	472,555	472,555	7,950	100	886,015	145,107	145,107	
	Cjc Holding Pte Limited	Singapore	Sales of liquid crystal displays, monitor base brackets, shafts and accessories	13,720	13,720	750	100	1,772	(357)	(357)	
	Above Average Limited	Seychelles	International trading	3,172	3,172	100	100	36,044	1,700	1,700	
	Smart Point Co., Ltd.	Seychelles	Investment	460,890	-	15,000	100	460,501	14,000	14,000	
Time Rise Corp.	Hamstead Corporation	Mauritius	Holding, reinvestment	US\$ 23,330	US\$ 23,330	2,333	100	US\$ 64,826	US\$ 5,053	US\$ 5,053	
	Titan Speed Technology Limited	Samoa	Holding, reinvestment	US\$ -	US\$ 13,000	-	-	US\$ -	US\$ 371	US\$ 371	
	Shining Smart International Corp.	British Virgin Islands	Holding, reinvestment	US\$ 7,038	US\$ 4,538	1	100	US\$ 6,456	US\$ (305)	US\$ (305)	
Amazing Power Limited	Ace Technology Inc.	Seychelles	Holding, reinvestment	US\$ 4,710	US\$ 4,710	4,710	100	US\$ 8,753	US\$ 597	US\$ 597	
	Blossom Enterprise Inc.	Seychelles	Holding, reinvestment	US\$ 1,350	US\$ 1,350	1,350	100	US\$ 7,556	US\$ 1,398	US\$ 1,398	
	Elite Dragon Group Limited	British Virgin Islands	Holding, reinvestment	US\$ 5	US\$ 5	5	100	US\$ 12,566	US\$ 2,652	US\$ 2,652	
Smart Point Co., Ltd.	Shin Zu Shing (Bac Giang) Company Limited	Beijiang Province, Vietnam	Production and sales of other precision bearings and electronics other, etc.	VND263,791,000	VND -	-	100	VND263,721,857	VND (69,143)	VND (69,143)	
Shining Smart International Corp.	Prosperity Investment Holding Pte. Ltd.	Singapore	Holding, reinvestment	US\$ 6,288	US\$ 3,788	6,288	25	US\$ 5,604	US\$ (1,382)	US\$ (345)	

**SHIN ZU SHING CO., LTD.**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Shin Zu Shing Co., Ltd.	Shin Zu Shing Precision Electron (Suzhou) Co., Ltd	Subsidiary	Sale	\$ 111,636	1	Net 120 days end of the month	The product type of sales is different from that of general customers, so there is no basis for comparison of the transaction amount	The same trading terms as non-related parties	\$ 28,377	1	
	Kunshan Jengjea Computer Fittings Co., Ltd.	Subsidiary	Purchase	245,841	6	Net 120 days end of the month	The product type of purchased is different from that of general customers, so there is no basis for comparison of the transaction amount	The same trading terms as non-related parties	(87,187)	(5)	
	Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Subsidiary	Purchase	1,096,289	27	Net 120 days end of the month	The product type of purchased is different from that of general customers, so there is no basis for comparison of the transaction amount	The same trading terms as non-related parties	(613,209)	(32)	
	Dongguan Chengyue Computer Fittings Co., Ltd.	Subsidiary	Purchase	197,422	5	Net 120 days end of the month	The product type of purchased is different from that of general customers, so there is no basis for comparison of the transaction amount	The same trading terms as non-related parties	(49,792)	(3)	
	Redstar Precision Electorn (Fuqing) Co., Ltd.	Subsidiary	Purchase	111,987	3	Net 120 days end of the month	The product type of purchased is different from that of general customers, so there is no basis for comparison of the transaction amount	The same trading terms as non-related parties	(44,641)	(2)	
	Suzhou Xinglianyi Metal Technology Co., Ltd.	Related party in substance	Purchase	600,030	15	Net 120 days end of the month	The product type of purchased is different from that of general customers, so there is no basis for comparison of the transaction amount	The same trading terms as non-related parties	(353,430)	(19)	

**SHIN ZU SHING CO., LTD.**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars or RMB)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Shin Zu Shing Co., Ltd.	Parent and subsidiary	RMB 141,448	2.13	\$ -	-	RMB 26,603	\$ -
Suzhou Xinglianyi Metal Technology Co., Ltd.	Shin Zu Shing Co., Ltd.	Related party in substance	\$ 353,430	2.27	-	-	\$ 68,965	-

**SHIN ZU SHING CO., LTD.**

**INFORMATION ON INVESTMENT IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars or U.S. Dollars)**

1. Name of the investees in mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in mainland China:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2, b)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Production and sales of precision hardware, electronics, molds and plastic, etc.	US\$ 30,000	b.	US\$ 23,330	\$ -	\$ -	US\$ 23,330	US\$ 5,931	100	US\$ 5,931	US\$ 58,034	US\$ 78,154	
Zhi qun Precision Electron (Suzhou) Co., Ltd. (Note 4)	Production and sales of precision hardware, electronics, molds, etc.	US\$ 13,000	b.	US\$ 13,000	-	US\$ 13,000	US\$ -	US\$ (2)	-	US\$ (2)	US\$ -	US\$ 8,147	
Kunshan Jengjea Computer Fittings Co., Ltd.	Production and development of LCD monitor accessories and key laptop components	US\$ 5,000	b.	US\$ 7,469	-	-	US\$ 7,469	US\$ 577	100	US\$ 577	US\$ 8,326	US\$ 21,970	
Dongguan Chengyue Computer Fittings Co., Ltd.	Production and sales of computer accessories	US\$ 1,200	b.	US\$ 4,312	-	-	US\$ 4,312	US\$ 2,651	100	US\$ 2,651	US\$ 12,561	US\$ 13,643	
Dongguan Jinkun Hardware Co., Ltd. (Note 3)	Production and sales of hinges and hardware products	US\$ 700	b.	US\$ 500	-	-	US\$ 500	US\$ -	-	US\$ -	US\$ -	US\$ -	
Redstar Precision Electorn (Fuqing) Co., Ltd.	Production of shafts and other precision bearings, molds, LCD monitor accessories, key laptop and other new electronic components, self-produced products, etc.	US\$ 650	b.	US\$ 650	-	-	US\$ 650	US\$ 1,390	100	US\$ 1,390	US\$ 7,216	US\$ 7,936	
Zhi qun Precision Electron (Chongqing) Co., Ltd.	Production and sales of computer accessories	US\$ 4,000	b.	US\$ -	-	-	US\$ -	US\$ (1,168)	100	US\$ (1,168)	US\$ 2,723	US\$ -	

Note 1: The investment types are as follows:

- a. Direct investment in mainland China.
- b. Indirect investments in mainland China through subsidiaries, invested by TCC and momo, in third regions.
- c. Others.

Note 2: In the column of "Investment Gain":

- a. If it is in preparation and there is no investment gain (loss), it should state clearly.
- b. Investment Gain recognition was based on the following and should state clearly.
  - 1) Financial statements audited by an international CPA firm having a cooperative relation with CPA firms in the Republic of China;
  - 2) Financial statements audited by the CPA firm of the parent company in Taiwan;
  - 3) Other.

Note 3: Dongguan Jinkun Hardware Co., Ltd. has completed the deregistration in August 2011, but has not yet completed the deregistration to the Investment Commission.

Note 4: Zhi qun Precision Electron (Suzhou) Co., Ltd. has completed the deregistration in March 2023, but has not yet completed the deregistration to the Investment Commission.

(Continued)

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2. The limited amounts of the investment in mainland China

<b>Accumulated Investment in Mainland China as of December 31, 2023</b>	<b>Investment Amounts Authorized by the Investment Commission, MOEA</b>	<b>Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA</b>
NT\$1,165,393 (US\$36,261)	NT\$1,714,441 (US\$53,750)	NT\$9,331,955

Note: According to the Investment Commission of MOEA, the investment amount in mainland China should be limited to the greater of the net profit or 60% of consolidated net profit.

(Concluded)

**SHIN ZU SHING CO., LTD.**

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD AREA, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(In Thousands of New Taiwan Dollars)**

1. Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss:

Company Name	Related Party	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Shin Zu Shing Co., Ltd.	Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Sale	\$ 111,636	1	Adjusted for plus or minus cost	Net 120 days end of the month	The product type of sales is different from general customers, so there is no basis for comparison of the transaction amount. The amount and payment terms are the same as non-related parties.	Accounts receivable \$ 28,377	1	\$ (384)	
	Kunshan Jengjea Computer Fittings Co., Ltd.	Purchase	245,841	6	Adjusted for plus or minus cost	Net 120 days end of the month	The amount and payment terms of purchased is the same as non-related parties.	Accounts payable (87,187)	(5)		
	Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Purchase	1,096,289	27	Adjusted for plus or minus cost	Net 120 days end of the month	The amount and payment terms of purchased is the same as non-related parties.	Accounts payable (613,209)	(32)		
	Redstar Precision Electorn (Fuqing) Co., Ltd.	Purchase	111,987	3	Adjusted for plus or minus cost	Net 120 days end of the month	The amount and payment terms of purchased is the same as non-related parties.	Accounts payable (44,641)	(2)		
	Dongguan Chengyue Computer Fittings Co., Ltd.	Purchase	197,422	5	Adjusted for plus or minus cost	Net 120 days end of the month	The amount and payment terms of purchased is the same as non-related parties.	Accounts payable (49,792)	(3)		
	Suzhou Xinglianyi Metal Technology Co., Ltd.	Purchase	600,030	15	Adjusted for plus or minus cost	Net 120 days end of the month	The amount and payment terms of purchased is the same as non-related parties.	Accounts payable (353,430)	(19)		

- The amount of property transactions and the amount of the resultant gains or losses: None.
- The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
- The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds: None.
- Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

**SHIN ZU SHING CO., LTD.**

**INFORMATION OF MAJOR SHAREHOLDERS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sheng-Nan Lu	17,154,346	9
Min-Wen Lu	9,556,084	5

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

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**SHIN ZU SHING CO., LTD.**

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**SHIN ZU SHING CO., LTD.**

**STATEMENT OF CASH AND CASH EQUIVALENTS**

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars and Foreign Currency)**

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<b>Item</b>	<b>Amount</b>
Cash	
Cash on hand	\$ 180
Cash in banks	
Checking accounts	56,485
Demand deposits	294,795
Foreign-currency deposits	333,582
	Including US\$10,864 thousand @30.705
	Including EUR52 thousand @33.98
	<u>1,768</u>
	<u>\$ 686,810</u>

**SHIN ZU SHING CO., LTD.**

**STATEMENT OF TRADE RECEIVABLES**

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Explanation</b>	<b>Amount</b>
Third parties		
A Company	For goods	\$ 1,278,971
B Company	"	282,332
C Company	"	254,783
D Company	"	244,685
E Company	"	187,868
Others (Note)	"	837,276
Less: Allowance for doubtful accounts		<u>(8,003)</u>
		<u>\$ 3,077,912</u>

Note: Each account was less than 5% of the total account balance.

**SHIN ZU SHING CO., LTD.**

**STATEMENT OF INVENTORIES**

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Cost</b>	<b>Market Value (Note)</b>
Raw materials (Note)	\$ 406,305	\$ 432,463
Semi-finished goods	55,097	57,228
Work in process	374,621	862,726
Finished goods	<u>289,403</u>	<u>347,403</u>
	<u>\$ 1,125,426</u>	<u>\$ 1,699,820</u>

Note: Lower of cost or net realizable value. Net realizable value refers to the estimated selling price under normal circumstances minus the cost to complete and sell.

SHIN ZU SHING CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars and Shares)

	Beginning Balance		Increase		Decrease		Share of Profit of Subsidiaries	(Unrealized) Realized Gain on the (Transactions with Subsidiaries	Exchange Difference on Translating the Financial Statement of Foreign Exchange	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive	Ending Balance			Market Price or Net Asset Value		Pledge or Security
	Shares	Amount	Shares	Amount	Shares	Amount					Shares	% of Ownership	Amount	Unit Price	Amount	
Time Rise Corp.	37,080,000	\$ 2,977,465	-	\$ -	13,000,000	\$ 898,719	\$ 159,357	\$ (2,779)	\$ (38,248)	\$ -	24,080,000	100	\$ 2,197,076	\$ 91	\$ 2,197,076	None
Magic Timing Technology Limited	50,000	171,317	-	-	-	-	4,143	-	(53)	-	50,000	100	175,407	3,508	175,407	None
Up Hill International Limited	1,000,000	54,804	-	-	-	-	(3,811)	-	38	-	1,000,000	100	51,031	51	51,031	None
Spring Vision Technology Corp.	10	12,012	-	-	-	-	(6,384)	-	(45)	-	10	100	5,583	558,300	5,583	None
Heng Xing Investment Co., Ltd.	70,000,000	562,588	-	-	-	-	61,963	-	-	43,320	70,000,000	100	667,871	10	667,871	None
Ding Ying Investment Co., Ltd.	50,000,000	500,320	30,000,000	300,000	-	-	7,318	-	-	13,440	80,000,000	100	821,078	10	821,078	None
Amazing Power Ltd.	7,950,000	1,121,412	-	-	-	367,891	145,107	-	(12,613)	-	7,950,000	100	886,015	112	886,015	None
CJC Holding Pte Ltd.	750,000	2,089	-	-	-	-	(357)	-	40	-	750,000	100	1,772	2	1,772	None
Above Average Limited	100,000	34,377	-	-	-	-	1,700	-	(33)	-	100,000	100	36,044	360	36,044	None
Smart Point Co., Ltd.	-	-	150,000,000	460,890	-	-	14,000	-	(14,389)	-	15,000,000	100	460,501	31	460,501	None
		<u>\$ 5,436,384</u>		<u>\$ 760,890</u>		<u>\$ 1,266,610</u>	<u>\$ 383,036</u>	<u>\$ (2,779)</u>	<u>\$ (65,303)</u>	<u>\$ 56,760</u>			<u>\$ 5,302,378</u>		<u>\$ 5,302,378</u>	

Note: In March 2023, Time Rise Corp., a subsidiary of the Company, return of shares of Zhi qun Company from the remaining capital of Zhi qun Company upon its closure and repatriated the remaining funds totally NT\$395,785 thousand. Additional, accumulated surplus were repatriated in April and November 2023, totally NT\$451,045 thousand.; Amazing Power Ltd. repatriated accumulated surplus of \$331,102 thousand totally in April and October 2023.

**SHIN ZU SHING CO., LTD.**

**STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS**

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Beginning Balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>Ending Balance</b>
Cost				
Land	\$ 86,244	\$ -	\$ (13,061)	\$ 73,183
Transportation equipment	<u>40,708</u>	<u>6,464</u>	<u>-</u>	<u>47,172</u>
	<u>\$ 126,952</u>	<u>\$ 6,464</u>	<u>\$ (13,061)</u>	<u>\$ 120,355</u>
Accumulated depreciation				
Land	\$ (49,247)	\$ (14,473)	\$ 13,061	\$ (50,659)
Transportation equipment	<u>(33,679)</u>	<u>(6,383)</u>	<u>-</u>	<u>(40,062)</u>
	<u>\$ (82,926)</u>	<u>\$ (20,856)</u>	<u>\$ 13,061</u>	<u>\$ (90,721)</u>

**SHIN ZU SHING CO., LTD.**

**STATEMENT OF SHORT-TERM LOANS**

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars)**

<b>Bank</b>	<b>Ending Balance</b>	<b>Contract Period</b>	<b>Range of Interest Rates (%)</b>	<b>Loan Commitments</b>	<b>Collateral</b>
<u>Unsecured loans</u>					
HSBC Bank	\$ 745,640	2023.03.30-2024.03.29	1.59-1.62	\$ 767,625	None
Citibank	824,100	2023.07.11-2024.08.05	1.53-1.63	859,740	None
Bank of Shanghai Co., Ltd.	<u>250,000</u>	2023.12.27-2024.01.26	1.60	<u>300,000</u>	None
	<u>\$ 1,819,740</u>			<u>\$ 1,927,365</u>	

**SHIN ZU SHING CO., LTD.**

**STATEMENT OF TRADE PAYABLES  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Explanation</b>	<b>Amount</b>
A Company	Payment for goods	\$ 164,962
B Company	"	80,463
C Company	"	77,427
Others (Note)	"	<u>421,661</u>
		<u>\$ 744,513</u>

Note: Each account was less than 5% of the total account balance.

**SHIN ZU SHING CO., LTD.**

**STATEMENT OF LEASE LIABILITIES**

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Lease Term</b>	<b>Discount Rate (%)</b>	<b>Ending Balance</b>
Land	2020.05.01-2025.10.31	0.45-0.55	\$ 22,948
Transportation equipment	2020.06.30-2026.06.28	0.39-1.65	<u>7,077</u>
			30,025
Less: Current portion			<u>(18,615)</u>
Non-current portion			<u>\$ 11,410</u>

**SHIN ZU SHING CO., LTD.**

**STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Quantity (Thousand)</b>	<b>Amount</b>
Hinge product	40,971	\$ 6,909,553
MIM product	60,128	252,214
Spare parts and Others	253,608	<u>317,113</u>
		<u>\$ 7,478,880</u>

**SHIN ZU SHING CO., LTD.**

**STATEMENT OF COST OF GOODS SOLD  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

Item	Amount
Beginning raw materials	\$ 72,998
Add: Raw materials purchased	162,606
Finished goods transferred into raw materials	76,530
Return of raw material on manufacturing orders	101,823
Less: Others	(6,483)
Ending raw materials	(130,406)
Sale of raw materials	<u>(1,131)</u>
Raw materials used	<u>275,937</u>
Beginning supplies	401,936
Add: Supplies purchased	2,228,016
Finished goods transferred into supplies	1,450,450
Return of supplies on manufacturing orders	88,557
Less: Others	66,082
Sale of supplies	(137,602)
Ending supplies	<u>(275,899)</u>
Supplies used	<u>3,821,540</u>
Beginning semi-finished goods	57,452
Add: Semi-finished goods purchased	21,743
Finished goods transferred into semi-finished goods	2,762,691
Return of semi-finished goods on manufacturing orders	83,471
Less: Others	(31,608)
Ending semi-finished goods	(55,097)
Sale of semi-finished goods	<u>(2,143)</u>
Semi-finished goods used	<u>2,836,509</u>
Direct labor	597,816
Processing costs	273,649
Manufacturing expense	<u>1,374,997</u>
Manufacturing costs	9,180,448
Add: Beginning work in progress	202,175
Less: Return of work in progress on manufacturing orders	(290,068)
Ending work in process	<u>(374,621)</u>
Cost of Finished goods	8,717,934
Add: Beginning finished goods	381,831
Finished goods purchased	1,649,323
Return of finished goods on manufacturing orders	16,217
Others	1,914
Less: Others	(142,113)
Finished goods transferred out to semi-finished goods	(2,762,691)
Finished goods transferred out to raw materials	(1,450,450)
Finished goods transferred out to supplies	(76,530)
Ending finished goods	<u>(289,403)</u>
Production costs	6,046,032

(Continued)



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Item	Amount
Cost of sales for material	\$ 1,131
Cost of sales for supplies	137,602
Cost of sales for semi-finished goods	2,143
Expenses for employees' compensation	23,549
Less: Revenue from sales of scrap	<u>(3,159)</u>
Total cost of goods sold	<u>\$ 6,207,298</u>

(Concluded)

**SHIN ZU SHING CO., LTD.**

**STATEMENT OF MANUFACTURING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Explanation</b>	<b>Amount</b>
Indirect labor	Including salary and pension.	\$ 381,686
Depreciation expenses		374,536
Utilities		145,282
Supplies consumption		113,829
Insurance expenses		91,328
Others (Note)		<u>268,336</u>
		<u>\$ 1,374,997</u>

Note: Each account was less than 5% of the total account balance.

**SHIN ZU SHING CO., LTD.**

**STATEMENT OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Selling and Marketing</b>	<b>General and Administration</b>	<b>Research and Development</b>
Salary and bonus (including salary and pension)	\$ 23,294	\$ 141,349	\$ 118,698
Depreciation expenses	-	56,254	14,379
Transportation expenses	22,580	-	-
Sample fee	-	-	28,381
Utilities	-	29,830	-
Insurance expenses	-	17,547	-
Supplies consumption	-	-	62,032
Export expenses	5,179	-	-
Others	<u>17,287</u>	<u>97,466</u>	<u>46,235</u>
	<u>\$ 68,340</u>	<u>\$ 342,446</u>	<u>\$ 269,725</u>

Note: Each account was less than 5% of the total account balance.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

STATEMENT 15

**SHIN ZU SHING CO., LTD.**

**EMPLOYEE WELFARE, DEPRECIATION AND AMORTIZATION EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

Item	2023			2022		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Salaries	\$ 891,071	\$ 271,486	\$ 1,162,557	\$ 1,029,008	\$ 292,510	\$ 1,321,518
Insurance	91,238	27,741	118,979	95,109	24,850	119,959
Pension	32,858	11,855	44,713	35,975	10,429	46,404
Remuneration of directors	-	9,234	9,234	-	9,240	9,240
Other employee benefit	40,816	4,856	45,672	25,233	2,375	27,608
Depreciation expense	<u>374,536</u>	<u>91,513</u>	<u>466,049</u>	<u>427,543</u>	<u>78,759</u>	<u>506,302</u>
	<u>\$ 1,430,519</u>	<u>\$ 416,685</u>	<u>\$ 1,847,204</u>	<u>\$ 1,612,868</u>	<u>\$ 418,163</u>	<u>\$ 2,031,031</u>

Note 1: As of December 31, 2023 and 2022, the number of employees were 2,093 and 2,282 people with 8 directors not included in the employees, respectively.

Note 2:

- The average of employee benefit for the years ended December 31, 2023 and 2022 were \$658 thousand and \$666 thousand, respectively.
- The average of salary for the years ended December 31, 2023 and 2022 were \$558 thousand and \$581 thousand, respectively. The average salary decreased by 4% year over year.

Note 3: On June 18, 2019, the company's Articles of Incorporation amended by the resolution of the shareholders' meeting to set up an audit committee to replace the supervisor. Therefore, there was no compensation to the supervisor.

Note 4: The compensation policies of the company are as follow:

Directors

According to Article 19 of the company's Articles of Incorporation, if the company makes annual profits (profits refer to income before income tax) before deducting employee remuneration and directors' remuneration, no more than 2% should be allocated to directors' remuneration, and according to the company's "director's remuneration distribution method", consider the company's operating results, and consider its contribution to the company's performance, and give reasonable remuneration.

Managers

The remuneration policy for the general manager and deputy general manager is based on the company's "Company Manager Salary and Remuneration Measures", and with reference to the relevant industry standards of the position and the past company's operating performance. The payment standard, structure and system will also be Review and adjust it at any time depending on the actual operating conditions and changes in relevant laws and regulations, and do not guide managers to engage in behaviors that exceed the company's risks in pursuit of remuneration. Relevant assessment and remuneration rationality are reviewed by the Remuneration Committee, and the recommendations are submitted to the Board of Directors for discussion.

Employees

In order to maintain the competitiveness of compensation, the company will reasonably adjust the salary level with reference to the increase in the price index every year, and consider the company's operating performance and future development to formulate a reward plan. Implement the performance-based policy and give differentiated rewards based on individual performance to reward colleagues for their contributions.

**VI. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial :None.**

## Seven. Review and Analysis of Financial Position and Financial Performance, and Assessment of Risks

### I. Financial position

Unit: NTD thousands

Item	Year	2023	2022	Difference	
				Amount	%
Current assets		12,600,302	12,636,037	(35,735)	(0.28)
Property, plant and equipment		5,363,886	5,758,801	(394,915)	(6.86)
Investment property		2,422,671	2,441,877	(19,206)	(0.79)
Intangible assets		-	-	-	-
Other assets		1,165,209	603,725	561,484	93.00
Total assets		21,552,068	21,440,440	111,628	0.52
Current liabilities		5,530,459	4,967,258	563,201	11.34
Non-current liabilities		468,351	592,766	(124,415)	(20.99)
Total liabilities		5,998,810	5,560,024	438,786	7.89
Equity attributable to owners of the parent company		15,553,258	15,880,416	(327,158)	(2.06)
Share capital		1,877,483	1,877,483	-	-
Capital reserve		1,807,450	2,370,695	(563,245)	(23.76)
Retained earnings		12,214,655	11,952,637	262,018	2.19
Other equity		(346,330)	(320,399)	(25,931)	8.09
Treasury stock		-	-	-	-
Non-controlling interests		-	-	-	-
Total equity		15,553,258	15,880,416	(327,158)	(2.06)

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 assets: Mainly due to the increase in investment in domestic unlisted stocks and the payment of the deposit for the land use right of the Vietnam Factory.
2. Decrease in non-current liabilities: Mainly due to the decrease in operating profit, the decrease in deferred income tax liabilities, and the reduction of lease space by the subsidiary Kunshan Cheng Jie Computer Parts Co., Ltd., in response to the demand for operating space, and the early termination of the lease to offset the amortization of depreciation.
3. Decrease in capital reserve: Mainly due to the distribution of cash dividends from capital reserve in 2023.

## II. Financial performance

### (I) Comparison and analysis of operating results

Unit: NTD thousands

Item \ Year	2023	2022	Increase (decrease) amount	Percentage of change (%)
Net operating income	10,067,747	11,824,698	(1,756,951)	(14.86)
Operating cost	8,262,923	9,322,982	(1,060,059)	(11.37)
Gross operating profit	1,804,824	2,501,716	(696,892)	(27.86)
Operating expenses	895,940	942,423	(46,483)	(4.93)
Operating profit	908,884	1,559,293	(650,409)	(41.71)
Non-operating income and expenses	254,286	708,822	(454,536)	(64.13)
Income before tax from continuing operations	1,163,170	2,268,115	(1,104,945)	(48.72)
Income tax expense	355,766	608,931	(253,165)	(41.58)
Net income from continuing operations	807,404	1,659,184	(851,780)	(51.34)

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. Decrease in gross profit: Gross profit in operation decreased with the decrease in operating revenue. Due to the change in product mix, the sales volume of high-margin products decreased, resulting in a significant decrease in gross profit compared to the previous year.
2. Decrease in operating income: Mainly due to the decrease in operating revenue and gross profit.
3. Decrease in non-operating income and expenditure: Mainly due to the decrease in net foreign currency exchange gain in 2023 and the valuation loss of financial assets at the end of the period.
4. Net profit before tax from continuing operations: Mainly due to the decrease in gross profit in 2023 along with the decrease in operating revenue, and the decrease in net foreign currency exchange gain and valuation loss of financial assets at the end of the period.
5. Income tax expenses: Mainly due to the decrease in the net profit before tax in 2023
6. Net profit after tax of continuing operations: Mainly due to the decrease in operating revenue, the net foreign exchange gain due to exchange rate fluctuations, and the negative exchange difference on the translation of the financial statements of foreign operations in 2023.

**(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 (2023)

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
3,282,113	2,110,011	(2,727,429)	(45,341)	2,619,354	—	—

1. Increase in net cash inflow from operating activities: Although the net profit in 2023 decreased from the previous period, the strategic material preparation in Q4 2023 to increase the purchase of materials required for production resulted in a higher balance of accounts payable, resulting in an increase in net cash inflow from operating activities from the previous year.
2. Decrease in net cash outflows from investing activities: Mainly due to the increase in acquisition of financial assets in 2023 compared to the previous period, resulting in an outflow of NTD 1,044,277 thousand. However, due to the payment for the acquisition of investment property of NTD 2,212,812 thousand in 2022, the net cash outflow from investing activities in 2023 decreased from the previous year.
3. Increase in net cash outflow from financing activities: Although the Company purchased treasury shares in 2022, the amount of short-term borrowings in 2023 was reduced compared with that in the previous year, resulting in an increase in the cash dividends paid out.

**(II) Improvement plan for insufficient liquidity: None.**

**(III) Cash flow analysis for the coming year (2024):**

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
2,619,354	2,532,000	(4,364,000)	787,354	—	Bank borrowings, cash capital increase and issuance of convertible corporate bonds

1. Analysis of changes in cash flows in the coming year:  
(1) Annual cash inflow: Mainly due to the expected cash inflow from the Company's operating activities.  
(2) Annual cash outflow: Mainly used for operating expenses, paying taxes and repaying bank loans.  
2. Projected remedies for insufficient cash and liquidity analysis: In addition to the provision of cash inflows from operating activities, the Company will also resort to bank borrowings, capital increase by cash and issuance of convertible bonds to meet the shortage of cash balance.

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

The major capital expenditures of the Company and its subsidiaries in the most recent year were capital expenditures in response to customers' supply chain transfer. Through the capital increase of the subsidiary Smart Point for USD 15,000 thousand, we reinvested in the establishment of Shin Zu Shing (Beijiang) Co., Ltd. with USD 11,000 thousand, which used for leasing land and building the factory. Shin Zu Shing (Beijiang) Co., Ltd. will mainly be producing bearings for laptops and wearable products. The Company has 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 increase 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 2023	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	159,357	Stable and profitable operation	-	-
MAGIC TIMING TECHNOLOGY LIMITED	International trade	4,143	Business operation is sound	-	-
UP HILL INTERNATIONAL LIMITED	International trade	(3,811)	Mainly gains and losses recognized as daily operating expenses	Continue to strengthen control over expenses.	-
SPRING VISION TECHNOLOGY CORP.	International trade	(6,384)	Mainly gains and losses recognized as daily operating expenses	Continue to strengthen control over expenses.	-
Heng Shing Investment Co., Ltd.	General investment business	61,963	Mainly due to fluctuation in the fair value assessment of reinvested securities	-	-
Ding Ying Investment Co., Ltd.	General investment business	7,318	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.	145,107	Stable and profitable operation	-	-
CJC HOLDING PTE LIMITED	LCD monitor base bracket, pivot and accessories	(357)	Primarily serving customers nearby	Continue to expand revenue and exercise expense control.	-
ABOVE AVERAGE LIMITED	International trade	1,700	Business operation is sound	-	-
SMART POINT CO., LTD.	Long-term investment to continue to serve Taiwanese companies who	14,000	Business operation is sound	-	-

Investee	Main business items	Amount of investment income recognized in 2023	Main reason for profit or loss	Improvement plan	Investment plan for the coming year
	have relocated their manufacturing base to Vietnam, and expand the market for the Company's products				
HAMSTEAD CORPORATION	Holdings or reinvestment	USD 5,053	Mainly due to the profit of the subsidiary in Mainland China, resulting in the recognition of gain of its holding investment company	-	-
TITAN SPEED TECHNOLOGY LIMITED	Holdings or reinvestment	USD 371	Due to Group considerations, the company ceased operations.	-	-
SHINING SMART INTERNATIONAL CORP.	Holdings or reinvestment	USD (305)	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 597	Mainly due to the profit of the subsidiary in Mainland China, resulting in the recognition of gain of its holding investment company	-	-
BLOSSOM ENTERPRISE INC.	Holdings or reinvestment	USD 1,398	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 2,652	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	VND ( 69,143)	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 (345)	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.	-

Investee	Main business items	Amount of investment income recognized in 2023	Main reason for profit or loss	Improvement plan	Investment plan for the coming year
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Production, assembly, manufacturing, and trading of precision hinge components	USD 5,931	Stable and profitable operation	-	-
Zhiquan Precision Electron (Suzhou) Co., Ltd.	Design and production of molds, production, assembly, manufacturing and trading of various electronic hardware components	USD (2)	Due to Group considerations, the company ceased operations.	The cancellation registration was completed in March 2023, and the change registration with the Investment Commission was completed.	The company ceased operations in Q1 2023
Kunshan Cheng Jie Computer Parts Co., Ltd.	Development and production of LCD components and key laptop components	USD 577	Stable and profitable operation	-	-
Dongguan Chengyue Computer Parts Co., Ltd.	Production and sales of computer peripherals	USD 2,651	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 1,390	Stable and profitable operation	-	-
Shin Zu Shing Precision Electron (Chongqing) Co., Ltd.	Production and sales of computer peripherals	USD (1,168)	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 prospectus, 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: The balance of borrowings at the end of 2023 was NTD 1,819,740 thousand, which was for general operating turnover, so changes in interest rates do not have significant impact 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 2023, the value of NTD against the US dollar or other currencies and RMB against the US dollar depreciated compared to 2022, resulting in exchange gains in the foreign currency positions. The net exchange gain for 2023 amounted to NTD 72,351 thousand, representing 8.96% of net income.</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 rate fluctuations on profit or loss and achieve the effect of natural hedge.</p> <p>2. The Company will continue to keep a close</p>

Risk items	Effect upon the company's profit or loss	Measures to be taken in the future
		<p>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</p>	Concentrate on the management of the Company and refrain from high-risk and high-leverage investments.

Risk items	Status of implementation	Policy and response measures
	to make profits through long-term holding.	
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, 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.	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 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
2024	Full line automatic assembly machine	In progress	2024/06	Electromechanical integration, process technology	16 million
	Laser welding integrated development equipment	In progress	2024/10	Electromechanical integration, process technology	7 million
	Development of flexible hinge structure	In progress	2024/12	Mechanism, materials, molds, process technology	8 million

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
Light metal hinge development	In progress	2024/12	Mechanism, materials, molds, process technology	10 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 Five. VI. Cybersecurity management 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, and mitigation 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.

**(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, the general manager, 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 2023 and 2024 up to the date of publication of the annual report, the Company did not have other material risks.

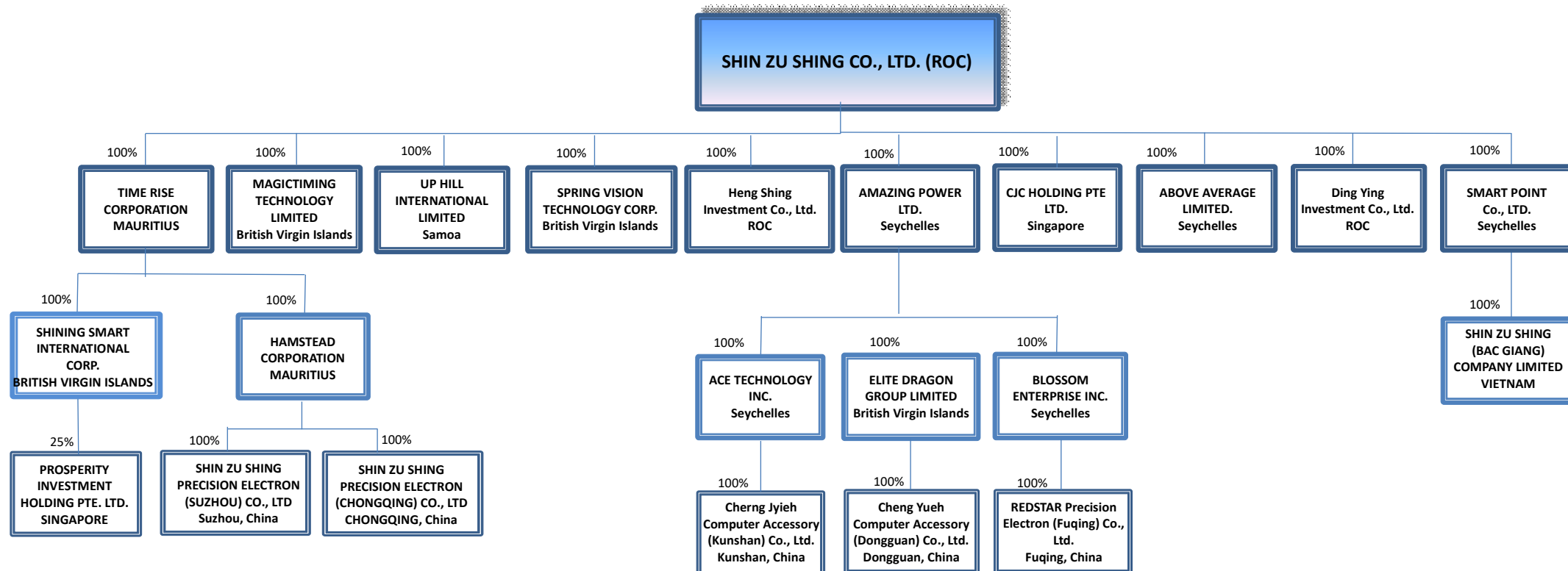
(III) If the company's director, supervisor, manager, or a major shareholder with a stake of more than 10 percent has experienced financial difficulties or lost creditworthiness within the most recent 2 fiscal years or during the current fiscal year up to the prospectus publication date, the prospectus shall note the effect on the company's financial status: None.

**VII. Any other important matters:** None.

## VIII. Special disclosures

### I. Profiles of affiliates and subsidiaries:

#### (I) Affiliates organization chart (December 31, 2023)



**(II) Basic information of the various affiliated enterprises**

Enterprise name	Date of establishment	Region	Paid-in capital	Main business or production items
Magic Timing Technology Limited	2005.01. 13	British Virgin Islands	USD 50,000	International trade
Up Hill International Limited	2006.05. 12	Samoa	USD 1,000,000	International trade
Spring Vision Technology Corp.	2007.11. 08	British Virgin Islands	USD 100,000	International trade
Heng Shing Investment Co., Ltd	2009.08. 18	New Taipei City	NTD 700,000,000	General investment
Ding Ying Investment Co., Ltd.	2022.11. 04	New Taipei City	NTD 800,000,000	General investment
Time Rise Corp.	2004.02. 17	Mauritius	USD 24,080,000	Holding company
Hamstead Corp.	2001.11. 30	Mauritius	USD 23,330,000	Holding company
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	2002.03. 05	Suzhou	USD 30,000,000	Production and sales of precision hardware, precision electronics, precision molds, and plastic items
Shin Zu Shing Precision Electron (Chongqing) Co., Ltd.	2022.09. 26	Chongqing	USD 4,000,000	Production and sales of computer peripherals and accessories
Shining Smart International Corp.	2007.11. 13	British Virgin Islands	USD 7,038,000	Holding company
Prosperity Investment Holding Pte.Ltd.	2019.10. 02	Singapore	USD 15,150,000	Holding company
CJC Holding PTE.Limited	1995. 12	Singapore	SGD 750,000	Sales of LCD bases and supports, rotating shafts, and accessories
Amazing Power Limited	2009. 01	Seychelles	USD 7,950,000	Holding company
Ace Technology Inc.	2009.01. 05	Seychelles	USD 4,710,000	Holding company
Elite Dragon Group Limited	2017.07. 19	British Virgin Islands	USD 5,000	Holding company

Enterprise name	Date of establishment	Region	Paid-in capital	Main business or production items
Blossom Enterprise Inc.	2008.11.13	Seychelles	USD 1,350,000	Holding company
Cherng Jyieh Computer Accessory (Kunshan) Co., Ltd.	2001.09.26	Kunshan	USD 5,000,000	Development of LCD elements and accessories, notebook computer key parts and components
Cheng Yueh Computer Accessory (Dongguan) Co., Ltd.	2008.04.23	Dongguan	USD 1,200,000	Production and sales of computer peripherals and accessories
REDSTAR Precision Electron (Fuqing) Co., Ltd.	2011.08.23	Fuqing	USD 650,000	Production and sales of rotating shafts and other types of precision bearings and precision molds; development of LCD elements and accessories, notebook computer key parts and components
Above Average Limited	2016.06.30	Seychelles	USD 100,000	International trade
Smart Point Co., Ltd.	2023.01.10	Seychelles	USD 15,000	Holding company
Shin Zu Shing (BAC GIANG) Company Limited	2023.09.19	Vietnam	USD 11,000	Production and sales of rotating shafts and other types of precision bearings

**(III) Information that must be disclosed concerning affiliates that are presumed to have a relationship of control and subordination: N/A.**

**(IV) Business areas covered by the affiliated enterprises' overall operations:**

Enterprise name	Main business or production items	State of division of labor
Magic Timing Technology Limited	International trade	Other business.
Up Hill International Limited	International trade	Other business.
Spring Vision Technology Corp.	International trade	Other business.
Heng Shing Investment Co., Ltd.	Holding company	Holding company
Ding Ying Investment Co., Ltd.	Holding company	Holding company
Time Rise Corp.	Holding company	Holding company
Hamstead Corp.	Holding company	Holding company
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Production and sales of precision hardware, precision electronics, precision molds, and plastic items	Production site in mainland China area and provision of nearby service to customers
Shin Zu Shing Precision Electron	Production and sales of computer peripherals	Production site in

Enterprise name	Main business or production items	State of division of labor
(Chongqing) Co., Ltd.	and accessories	mainland China area and provision of nearby service to customers
Shining Smart International Corp.	Holding company	Holding company
Prosperity Investment Holding Pte.Ltd.	Holding company	Holding company
CJC Holding PTE.Limited	Sales of LCD bases and supports, rotating shafts, and accessories	International marketing center and provision of nearby service to customers
Amazing Power Limited	Holding company	Holding company
Ace Technology Inc.	Holding company	Holding company
Elite Dragon Group Limited	Holding company	Holding company
Blossom Enterprise Inc.	Holding company	Holding company
Cherng Jyieh Computer Accessory (Kunshan) Co., Ltd.	Development of LCD elements and accessories, notebook computer key parts and components	Production site in mainland China area and provision of nearby service to customers
Cheng Yueh Computer Accessory (Dongguan) Co., Ltd.	Production and sales of computer peripherals and accessories	Production site in mainland China area and provision of nearby service to customers
REDSTAR Precision Electron (Fuqing) Co., Ltd.	Production and sales of rotating shafts and other types of precision bearings and precision molds; development of LCD elements and accessories, notebook computer key parts and components	Production site in mainland China area and provision of nearby service to customers
Above Average Limited.	International trade	Other business
Smart Point Co., Ltd.	Holding company	Holding company
Shin Zu Shing (BAC GIANG) Company Limited	Production and sales of rotating shafts and other types of precision bearings	Production site in Vietnam and provision of nearby service to customers

**(V) Names of directors, supervisors, and general managers of affiliates, and shares held or investment contributed:**

Unit: shares

Enterprise name	Title	Name or Representative	Shares held	
			Shares	%
Magic Timing Technology Limited	Institutional representative of Shin Zu Shing Co., Ltd.	Sheng-Nan Lu	50,000	100
Up Hill International Limited	Institutional representative of Shin Zu Shing Co., Ltd.	Pei-fang Lu	1,000,000	100
Spring Vision Technology Corp.	Institutional representative of Shin Zu Shing Co., Ltd.	Sheng-Nan Lu	10	100
Heng Shing Investment Co., Ltd	Institutional representative of Shin Zu Shing Co., Ltd.	Pei-fang Lu	70,000,000	100
Ding Ying Investment Co., Ltd.	Institutional representative of Shin Zu Shing Co., Ltd.	You-Qi Lu	80,000,000	100
Time Rise Corp.	Institutional representative of Shin Zu Shing Co., Ltd.	Pei-fang Lu	24,080,000	100
Hamstead Corp.	Time institutional representative of Rise Corp.	Pei-fang Lu	2,333,000	100
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	Institutional director representative of Hamstead Corp.	Chun-hung Lu	-	100
		Chao-Tsong Yuan	-	100
		Li-chuan You	-	100
Shin Zu Shing Precision Electron (Chongqing) Co., Ltd.	Institutional director representative of Hamstead Corp.	Chao-Tsong Yuan	-	100
		Jin-sheng Zhu	-	100
		Shi-jin Weng	-	100
Shining Smart International Corp.	Institutional representative of Shin Zu Shing Co., Ltd.	Sheng-Nan Lu	704	100
Prosperity Investment Holding Pte.Ltd.	Shining Institutional director representative of Smart International Corp.	Chao-Tsong Yuan	6,287,500	25
CJC Holding Pte.Limited	Institutional representative of Shin Zu Shing Co., Ltd.	You-chi Lu	750,000	100

Enterprise name	Title	Name or Representative	Shares held	
			Shares	%
Amazing Power Limited	Institutional representative of Shin Zu Shing Co., Ltd.	Sheng-Nan Lu	7,950,000	100
Ace Technology Inc.	Amazing Institutional representative of Power Limited	Pei-fang Lu	4,710,000	100
Elite Dragon Group Limited	Amazing Institutional representative of Power Limited	Chao-Tsong Yuan	5,000	100
Blossom Enterprise Inc.	Amazing Institutional representative of Power Limited	Chao-Tsong Yuan	1,350,000	100
Cherng Jyieh Computer Accessory (Kunshan) Co., Ltd.	Ace Technology Inc. Institutional director representative	You-chi Lu	-	100
		Sheng-huan Chuo	-	100
		Chao-Tsong Yuan	-	100
Cheng Yueh Computer Accessory (Dongguan) Co., Ltd.	Elite Dragon Group Limited Institutional director representative	Jin-sheng Zhu	-	100
		Yung-he Lu	-	100
		Li-chuan Yu	-	100
REDSTAR Precision Electron (Fuqing) Co., Ltd.	Blossom Institutional director representative of Enterprise Inc.	Sheng-huan Chuo	-	100
		Chao-Tsong Yuan	-	100
		Jin-sheng Zhu	-	100
Above Average Limited.	Institutional representative of Shin Zu Shing Co., Ltd.	Chao-Tsong Yuan	100,000	100
Smart Point Co., Ltd.	Institutional representative of Shin Zu Shing Co., Ltd.	Chao-Tsong Yuan	15,00,000	100
Shin Zu Shing (BAC GIANG) Company Limited	Institutional representative of Smart Point Co., Ltd.	Chao-Tsong Yuan	—	100

**(VI) Operating situation of affiliates**

Unit: NT\$1,000 (2023)

Enterprise name	Capital (original investment amount)	Assets Total value	Liabilities Total amount	Net worth	Operating revenue	Operatin g profit	Income (after tax) for the current period	EPS (NTD) (after-tax)
Magic Timing Technology Limited	1,581	175,769	362	175,407	—	(3,724)	4,143	82.87
Time Rise Corp.	827,881	2,197,076	—	2,197,076	161,035	161,034	159,357	6.62
Up Hill International Limited	33,278	57,269	6,238	51,031	—	(6,358)	(3,811)	(3.81)
Spring Vision Technology Corp.	3,220	5,583	—	5,583	—	(6,559)	(6,384)	(638,363.40)
Heng Shing Investment Co., Ltd	700,000	668,805	934	667,871	46,245	30,928	61,963	0.89
Ding Ying Investment Co., Ltd.	800,000	821,228	150	821,078	3,650	1,596	7,318	0.09
Hamstead Corp.	776,605	1,990,472	—	1,990,472	150,288	150,287	159,301	68.28
Shin Zu Shing Precision Electron (Suzhou) Co., Ltd.	957,249	2,944,336	1,162,376	1,781,960	2,748,581	205,281	186,665	N/A
Shin Zu Shing Precision Electron (Chongqing) Co., Ltd.	126,820	90,808	7,208	83,600	24,323	(35,910)	(36,353)	N/A
Shining Smart International Corp.	214,989	198,230	—	198,230	—	(10,847)	(9,545)	(13,558.89)
Prosperity Investment Holding Pte. Ltd.	191,282	689,513	1,187	688,326	—	(573)	(43,046)	(1.71)
CJC Holding Pte. Limited	13,720	1,871	99	1,772	—	(351)	(357)	(0.48)
Amazing Power Limited	472,555	886,015	—	886,015	144,754	144,754	145,107	18.25
Ace Technology Inc.	299,430	268,768	—	268,768	17,971	17,931	18,601	3.95
Elite Dragon Group Limited	151	385,841	—	385,841	82,596	82,595	82,608	16,521.56
Blossom Enterprise Inc.	34,927	232,007	—	232,007	43,315	43,275	43,546	32.26
Cherng Jyieh Computer Accessory (Kunshan) Co., Ltd.	239,344	414,990	159,337	255,653	535,770	14,519	17,953	N/A
Cheng Yueh Computer Accessory (Dongguan) Co., Ltd.	138,198	598,726	213,052	385,674	630,544	97,587	82,781	N/A
REDSTAR Precision Electron (Fuqing) Co., Ltd.	18,903	411,908	190,339	221,569	479,854	49,099	43,111	N/A
Above Average Limited	3,172	36,044	—	36,044	—	(44)	1,700	17.00
Smart Point Co., Ltd.	460,890	460,501	—	460,501	—	(394)	14,000	0.93

Shin Zu Shing (BAC GIANG) Company Limited	349,079	329,652	—	329,652	—	(6)	(89)	N/A
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Note 1: The relevant numbers of affiliated enterprises have been converted to NTD based on the exchange rate on the date reported-

Year-end exchange rate: USD = 30.7050 ; RMB = 4.3270 ; SGD = 23.2900

Average exchange rate: USD = 31.1547 ; RMB = 4.3956 ; SGD = 23.2028

**II. Status of private placement of securities in the most recent year and up to the publication date of this Annual Report: N/A.**

**III. State of subsidiaries' holdings or disposition of the company's shares in the most recent year and up to the publication date of this annual report: N/A.**

**IV. Other supplemental information: N/A.**

**Nine. Corporate events with material impact on shareholders' equity or stock prices set forth in Article 36, Paragraph 3, Subparagraph 2 of Securities and Exchange Act in the past year and up to the date of report: N/A.**

SHIN ZU SHING CO., LTD.

Institutional Representative:  
Sheng-Nan Lu