

Stock Code: 1558

ZENG HSING INDUSTRIAL 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.

Taiwan Stock Exchange Market Observation Post System:

<https://mops.twse.com.tw>

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I. Letter to the Shareholders

Dear Shareholders,

I would like to thank you all for supporting Zeng Hsing Industrial Co. Limited (hereinafter referred to as “the Company”). Over the past year, the domestic sewing machine shipments of ZENG HSING in 2023 reached 1.70 million units. The management team of ZENG HSING upheld the diligent and pragmatic spirit to steer through the tough market with all employees’ dedicated work to achieve the outstanding result of NT\$3.81 earnings per share in 2023.

In the future, the devoted team at ZENG HSING will continue to improve products and technologies, retain the long-term relationship with customers to introduce market-oriented models, and actively develop the emerging markets to promote the culture of sewing and lead the group to a new realm of production service.

The following is a report on the business results in the past year and future prospects of ZENG HSING.

1.1. 2023 Operating Results

(i) Operating plan performance (Consolidated)

In 2023, the gross profit of the consolidated business for the year amounted to NT\$7.558 billion, which increased 5.00% from NT\$7.198 billion in 2022. The consolidated net profit for the year was NT\$703 million, which decreased 11.13% from NT\$791 million in 2022 (restated).

(ii) Budget implementation (Consolidated)

The financial forecast was not disclosed publicly by the Company, as a result, there is no related statement available.

(iii) Profitability analysis (Consolidated)

	Unit: NT\$ thousands; %		
	2023	2022 (restated)	2022 (pre-restated)
Interest Income	62,278	21,790	21,790
Interest Expenses	21,309	27,635	27,635
Return on Assets (%)	5.12	5.97	6.31
Return on Shareholders’ Equity (%)	7.25	8.90	9.47
Operating Income to Paid-in Capital Ratio (%)	77.91	54.22	56.90
Pre-tax Income to Paid-in Capital Ratio (%)	105.61	118.82	121.49
Net Margin	8.33	8.49	8.69
Earnings Per Share	3.81	8.03	8.08

(iv) Research and development status (Consolidated)

Since the Company’s inception, we have continued to invest in our people and products

every year to stay competitive in the market. In 2023, NT\$327,139 thousand was spent on research and development, accounting for 4.33% of net revenue. In 2022 (restated), NT\$185,152 thousand of research and development accounted for 2.57% of net revenue, and it was primarily due to consolidating TURVO in the consolidated financial statements in September 2022.

1.2. Overview of 2024 Business Plan

1.2.1. Current Operating Policy

1.
 - Develop our corporate future vision
 - Establish strategies as guidelines
 - Integrate all the Company's resources
 - Expand brand collaboration
 - Promote strategic alliances
 - Optimize resource efficiency
 - Break through industry constraints
 - Develop new businesses
 - Set annual targets for each subsidiary of the Group
 - Implement target management and conduct regular variance analysis and reviews
 - Ensure overall business performance
2.
 - Continue to develop new products
 - Strengthen existing production lines
 - Optimize product user interfaces
 - Provide online training videos and lessons
 - Cooperate with educational entities to improve the current product functions to offer a more diverse product portfolio
3.
 - Expand branded customers collaboration
 - Provide the customer with multiple services
 - Improve customer relationship management
 - Understand customer needs and therefore increase and improve the selection of products the Company offers
 - Provide services that strengthen long-term customer value and relationships
4.
 - Continuously implement IE automation and high-level activities
 - Optimize inspection procedures to improve overall production quality and efficiency
5.
 - Deeply cultivate quality awareness, based on the promotion of quality business plans
 - Implement the “three-present” policy (on-site, on-hands, on-facts)
 - Continuously improve production quality to achieve overall quality standards

6.

- Identify key employees and develop their skillsets by planning and conducting a variety of functional trainings
- Participate in external continuous improvement competitions to allow the Company's employees to improve professional capabilities and sense of honor through learning and accumulated experience

7.

- Continue to promote eco-friendly product management
- Implement the ISO 14001 environmental management system
- Follow the EU environmental procurement policies

8.

- Continue to promote the Company's greenhouse gas system ISO 14064-1 and energy management system ISO 50001.

9.

- MES/ SPC (Manufacturing Execution System (MES), Statistical Process Control (SPC). The system was introduced to improve processes, increase production efficiency and monitor online process performance at any time.

1.2.2. Sales forecast and Basis of Forecast

The financial forecast was not disclosed publicly by the Company, as a result, there is no sales forecast available.

1.3. Future Strategies

1. Ensure revenue growth and maintain net operating margin: employ data-oriented decision-makings to carry out business/operations/talent innovation, integrate product blueprint development, consolidate existing customers, and actively develop regional customers in the sewing machine manufacturing industry to increase revenue and maintain net operating margin effectively.
2. Reduce operational risks: In response to the unknown risks caused by the external environment, the Company regularly inspects potential risks and enable the Company to prevent and manage them in advance in order to mitigate the potential impacts and losses brought by the organization's operation.
3. Investment in new products and new businesses: actively entering related industry markets, expand new products of new areas based on existing professional technique, and bring greater revenue benefits to the group.
4. Proactive regional business growth: grasp the blueprint of competitive products and changes in business models, adjust sales strategies on a rolling basis, provide pre-sales, in-sales, and after-sales services to customers, drive up regional sales volume, and generate higher revenue for the industry.
5. Consolidate existing customers: Strengthen services to improve product differentiation and competitiveness, create customer value, and increase customer reliance on the

Company.

6. Develop new product series: Develop mid-to-high-end or differentiated models with strategic thinking to capture the market share of competitive products, introduce the modular design of components, and accumulate experience to enhance technical capabilities and high quality.
7. Improve quality assurance: Strengthen the design energy and implement the computerized vehicle verification project, improve the stability and quality of the machine, and enhance the competitiveness of the computerized vehicle.
8. Operation process innovation: Pursue operation intelligence, invest resources to improve the existing operation mode and establish necessary processes to achieve operational efficiency.
9. Organizational talent development: Establish a multinational human resources system for each business group, develop new business talent teams, cultivate management trainees with systematic thinking and management skills, and explore potential talent through special assignments.

1.4. The Impact of the External Competitive Environment, Regulatory Environment, and Macro environment

1. External competitive environment

There has been a reduction in prices in the sewing machine market. Zeng Hsing needs to reduce production costs and find ways to improve process technology to reduce the pressure of declining prices.

2. Regulatory environment

Regulation changes in domestic and foreign policies in recent years have not materially affected the Company's financial performance. Zeng Hsing observes domestic and foreign political and economic situations and acts accordingly and responsibly. Zeng Hsing communicates with its CPAs, lawyers and external experts when required to make sure the Company will follow all required regulations.

3. Macro environment

Over the past year, the sewing machine market continues to be affected by inventory adjustments. The ongoing Ukraine-Russia conflict, geopolitical disputes, energy shortages, global inflation, and other issues have also impacted overall demand. Fortunately, with the dedication of all employees, the Company maintained fair operating performance. Nonetheless there is still room for improvement, such as adjusting pace, seeking opportunities for external strategic alliances, enhancing technology and precision processing technique, continuing develop automation and continuing to promote the culture of sewing in the future so that more people will have first-hand experience of the art of sewing, and that the product development and design can be directed more accurately toward meeting market demand.

We will also continue to address the issue of corporate social responsibility, uphold the welfare of the society, the environment and stakeholders, maintain the balance between the sustainable development of the environment and the Company to meet international standards, and truly become an enterprise at the international level.

On behalf of all employees of the Company, I sincerely thank all shareholders for your long-term support and recognition of the Company. We look forward to your continuous guidance and suggestions in the future.

Sincerely yours,
Chairman CHIH-CHENG LIN

General Manager TUNG-LIANG LIU

II. Company Profile

2.1. Date of Incorporation

3 January 1975

2.2. Company History

Year	Milestone
1975	◆ Established Zeng Hsing Industrial Co. Ltd on January 1975, with NT\$4,000,000 in capital.
2004	◆ In April, the Company registered to be listed on Taiwan's Emerging Stock Board. ◆ In December, the Company reinvested in Zeng Hsing Industrial Co., Ltd. in Vietnam.
2007	◆ In December, the Company increased its capital through employee stock options and cash to NT\$426,755,590 and its stocks were formally listed on the OTC stock exchange market in Taiwan. ◆ In December, the Company reinvested in Shinco Technologies Co., Ltd., an aluminum die casting and CNC processing factory, in Vietnam.
2012	◆ In April, the Company increased its capital by cash to NT\$516,691,730. ◆ Awarded Forbes Asia's 200 Best Under a Billion. ◆ In October, the Company was awarded excellent bonded factory of 2011.
2013	◆ Awarded the certification of CG6007 General Assessment Criteria for the Corporate Governance System. ◆ In July, the Company increased its capital with unappropriated retained earnings to NT\$542,526,310. ◆ In December, the Company increased its capital by cash to NT\$605,526,310.
2014	◆ In October, the Company was awarded excellent bonded factory of 2013. ◆ In October, the Company received "2nd Annual Golden Laurel Wreath Award" of Taipei Exchange. ◆ In December, the Company was listed on the Taiwan Stock Exchange.
2015	◆ In August, the Company issued its first Corporate Social Responsibility (CSR) report. ◆ In October, the Company was awarded excellent bonded factory of 2014. ◆ Implemented treasury stock buyback, and acquired 17,000 shares from August 29 to October 27. ◆ In November, Zeng Hsing in Vietnam had its 10 year anniversary and the 2nd plant in Vietnam held a grand opening ceremony.
2016	◆ Established "Riccar Handmade Flagship Store", the outlet for customer to try sewing. ◆ Certified by ISO 14001:2015 & 9001:2015 international standard and certified by TUV Rheinland. ◆ In October, the Company was awarded excellent bonded factory of 2015.

Year	Milestone
2017	<ul style="list-style-type: none"> ◆ Introduced the ISO14064-1 system to meet its corporate social responsibility. ◆ Held Groundbreaking Ceremony of the headquarters in Taiwan in September. ◆ In October, the Company was awarded excellent bonded factory of 2016.
2018	<ul style="list-style-type: none"> ◆ In May, the Company has been established for 50 years. ◆ was awarded ISO 50001 certification in June. ◆ In October, the Company was awarded excellent bonded factory of 2017. ◆ Zeng Hsing (VN II) introduced ISO energy management system.
2019	<ul style="list-style-type: none"> ◆ In October, the Company was awarded excellent bonded factory of 2018. ◆ In December, the Taiwan Operations Headquarters was completed. ◆ Zeng Hsing (VN I) introduced ISO energy management system.
2020	<ul style="list-style-type: none"> ◆ K series household sewing machine obtained carbon footprint (ISO14067) verification statement. ◆ The treasury stocks will be bought back during 2020/03/27-2020/05/26. ◆ The volunteer team was formally established. ◆ In October, the Company was awarded Excellent Bonded Factory of 2019. ◆ Introduced Authorized Economic Operator (AEO) certification system
2021	<ul style="list-style-type: none"> ◆ In May, according to the 7th "Corporate Governance Evaluation", the Company was ranked the top 6%~20% of listed companies. ◆ In October, the Company was awarded Excellent Bonded Factory of 2020/Excellent bonding operation personnel. ◆ In October, the Company obtained the Authorized Economic Operator (TWAE0) certificate. ◆ In November, the Company held the Supplier ESG Online Forum.
2022	<ul style="list-style-type: none"> ◆ In March, the Company was awarded the Certificate of Appreciation for the "Inheritance of Sewing and Embroidery Technology Activity" by the Association with Technical Degree A, R.O.C. ◆ The Company was awarded "A+ Grade" in the "2021 Resource Recycling Grading Management Plan" by the Taichung City Government. ◆ In April, the Company ranked in the top 5% for small to mid-sized companies based on market capitalization in the 8th Corporate Governance Evaluation for listed and OTC companies. ◆ In July, the Company acquired 21.56% equity in TURVO INTERNATIONAL CO., LTD. through a public tender offer, and became the largest shareholder. On 31 August 2022, after a complete reelection of directors and independent directors at the extraordinary shareholders' meeting of TURVO INTERNATIONAL CO., LTD., the Company obtained

Year	Milestone
	<p>more than half seats of directors. Additionally, the corporate representative was appointed as the chairman by the board of directors of TURVO INTERNATIONAL CO., LTD. to lead its major activities. Consequently, the Company gained control over TURVO INTERNATIONAL CO., LTD., and it has been included in consolidated financial statements since the date of obtaining control.</p> <p>◆ In October, the Company received an award for being a top-performing bonded business personnel for 2021.</p> <p>◆ In December, increased its capital by cash to NT\$665,356,310.</p>
2023	<p>◆ In May, the Company ranked in the top 5% for small to mid-sized companies based on market capitalization in the 9th Corporate Governance Evaluation for listed and OTC companies.</p> <p>◆ In October, the Company was awarded Excellent Bonded Factory of 2021/Excellent bonding operation personnel.</p> <p>◆ The Company was awarded the silver tower award in 2023 Taiwan Continuous Improvement Awards-Self-Improvement group, Autonomous Improvement (Quality Category).</p>
2024	<p>◆ “TDCC IR Platform”</p> <p>FTSE Russell, a subsidiary of London Stock Exchange, is a global representative index. The Company's ESG rating for 2023 was 2.9 (ratings from 0 to 5, 5 being the highest rating).</p>

III. Corporate Governance Report

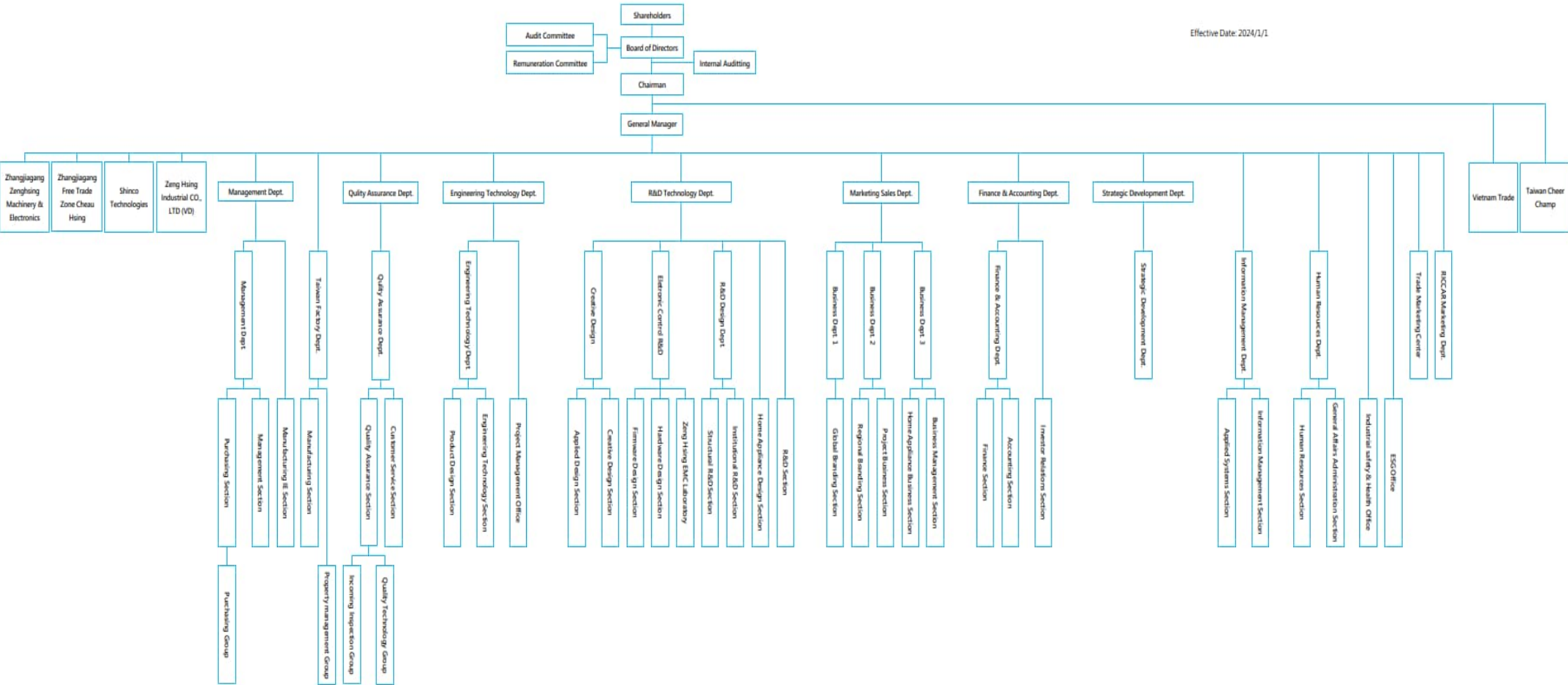
3.1 Organizational System

3.1.1. Organizational Structure

ZENG HSING INDUSTRIAL CO., LTD.

2023 Organizational Chart

Effective date: 1 January 2024



3.1.2. Major Departments and Their Scope of Operations

Department	Functions
Internal Auditing Office	<ul style="list-style-type: none"> ♦ Draw up annual group audit plan according to the competent authority's requirements. ♦ Implement, monitor and review the self-inspections of the Group's internal control. ♦ Annual group project review.
Strategic Development Department	<ul style="list-style-type: none"> ♦ Adhering to the resolutions of the board of directors to lead other managers, the department is responsible for formulating important policies of the Company and all related companies. ♦ Plan, formulate and promote the Group's medium and long-term strategies. (hereinafter referred to as "the Company") ♦ Assist with the management and development of business units and departments. ♦ The Company set forth the information strategy development plan and the overall group information system security plan. ♦ Equipment evaluation and procurement analysis for new plant investment (acquisition).
Quality Assurance Department	<ul style="list-style-type: none"> ♦ Plan group quality assurance system and policy according to group strategy. ♦ Supervise quality performance of the Group's production bases.
R&D Technology Department	<ul style="list-style-type: none"> ♦ Identify market and customer trends and research and develop the best product to satisfy customer and market demands. ♦ Integrate R&D technical resources and improve R&D efficiency
Engineering Technology Department	<ul style="list-style-type: none"> ♦ Improve production technology capability and promote output and competitiveness according to the group's mid- and long-range strategy. ♦ Supervise the work development schedule, cost, technology and quality improvement of each product. ♦ Evaluate and review the feasibility of introducing new external technology or technical cooperation.
Marketing Sales Department	<ul style="list-style-type: none"> ♦ Formulate comprehensive product pricing strategy. ♦ Formulate the future market and product blueprint.
Finance & Accounting Department	<ul style="list-style-type: none"> ♦ Master the economic pulse of the world, improve the financial structure of the group and apply appropriate financial tools for comprehensive planning. ♦ Manage group funds steadily and effectively and provide decision maker timely management information.
Management Department	<ul style="list-style-type: none"> ♦ Implement global factory integration and planning in line with company development and operational requirements. ♦ Assist with the cultivation and development of the talents to meet the short, medium, and long-term needs of the group. ♦ Formulate and promote the group's procurement policies. ♦ Establish a global logistics mechanism to plan the global production capacity layout in accordance with the Company's operational targets. ♦ Integrate the functions and operations of the emergency response team.
Zeng Hsing Industrial CO., LTD Subsidiary Taiwan Factory Department	<ul style="list-style-type: none"> ♦ Implement global factory integration, planning and factory office construction supervision and management in line with company development and operational requirements.

3.2 Directors, Supervisors and Management Team

3.2.1. Directors and Supervisors

Director and supervisor information (1)

30 April 2024

Unit: shares

Title (Note 1)	Nationality/ Country of Origin	Name	Gender Age (Note 2)	Date Elected	Term (Years)	Date First Elected (Note 3 and 6)	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 5)
							Shares	% (Note 7)	Shares	% (Note 8)	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Taiwan	CHIH- CHENG LIN	Male 61-70 years old	07/20/2021	3	12/28/2007	937,000	1.55%	1,033,080	1.55%	240,114	0.36%	0	0%	Bachelor of Industrial Engineering, Feng Chia University EMBA of National Chung Hsing University General Manager of Zeng Hsing Industrial Co., Ltd.	Chairman of Zeng Hsing Machinery & Electronics Co., Ltd. Chairman of Zhangjiagang Zeng Hsing Trading Co., Ltd. Director of Zeng Hsing Industrial Co., Ltd. (BVI) Director of Jetsun Technology Co., Ltd. (SEYCHELLES) Chairman of Zeng Hsing Industrial Co., Ltd. (VN) Chairman of Shinco Technologies Limited (VN) CEO of Jetsun Technology Company Limited Chairman of Mitsumichi Industrial Co. Ltd. Chairman of Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd. Director of Zorca Worldwide Ltd. Corporate director of TURVO INTERNATIONAL CO., LTD. Representative of Zeng HSING Industrial Co., Ltd. Chairman of Taiwan Cheer Champ Co., Ltd. Taiwan Carbon Technology Co., Ltd.	N/A	N/A	N/A	N/A

Title (Note 1)	Nationality/ Country of Origin	Name	Gender Age (Note 2)	Date Elected	Term (Years)	Date First Elected (Note 3 and 6)	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 5)
							Shares	% (Note 7)	Shares	% (Note 8)	Shares	%	Shares	%			Title	Name	Relation	
Director	Taiwan	RUEI-YI HONG	Male 51-60 years old	07/20/2021	3	12/28/2007	1,945,760	3.21%	2,023,129	3.04%	7,520	0.01%	0	0%	Master of Industrial Engineering & Management National Chin-Yi University of Technology Director of Zeng Hsing Industrial Co., Ltd.	Director of Jie Hong Ltd.	N/A	N/A	N/A	N/A
Director	Taiwan	SU- CHEN LIAO	Male 61-70 years old	07/20/2021	3	12/28/2007	876,610	1.45%	845,774	1.30%	464	0.00%	313,300	0.47%	Graduated from National Chin-Yi University of Technology Director of Zeng Hsing Industrial Co., Ltd.	Director of Long Huan Enterprise Ltd. Chairman of Shenghong Investment Co., Ltd.	N/A	N/A	N/A	N/A
Director	Taiwan	PAO- SUNG CHANG	Male 61-70 years old	07/20/2021	3	06/18/2015	200,984	0.33%	215,924	0.32%	661,619	0.99%	0	0%	EMBA of Feng Chia University Other Career Development Center Manager of Zeng Hsing Industrial Co., Ltd. New Business Development Manager of Zeng Hsing Industrial Co., Ltd. Chief Project Manager of Zeng Hsing Industrial Co., Ltd.		Director	MENG- CHUNG HO	Nephew	N/A

Title (Note 1)	Nationality/ Country of Origin	Name	Gender Age (Note 2)	Date Elected	Term (Years)	Date First Elected (Note 3 and 6)	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 5)
							Shares	% (Note 7)	Shares	% (Note 8)	Shares	%	Shares	%			Title	Name	Relation	
Director	Taiwan	MENG- CHUNG HO	Male 51-60 years old	07/20/2021	3	06/14/2019	1,065,673	1.76	1,029,262	1.55%	76,500	0.11%	0	0%	Graduated from Chia-Yi Senior Commercial Vocation school General manager of Shanghai Antu International Trading Company Supervisor of Zeng Hsing Industrial Co., Ltd General Management Office Manager of Changqing Enterprise Co., Ltd. In China Factory manager of Li Sen Co., Ltd. Vice President of Purchase management department of Hongkong Xian Yun Co., Ltd.	Chairman & General manager of Magic Outdoor International Limited	Director	PAO-SUNG CHANG	Uncle	N/A
Director	Taiwan	CHUNG- TING TSAI	Male 51-60 years old	07/20/2021	3	07/20/2021	988,888	1.63%	998,305	1.50%	488,636	0.73%	0	0%	Master of Business Administration, California State University, San Bernardino. Manager of Marketing Planning Center of Zeng Industrial Co., Ltd.	Director of Can Xin Investment Co., Ltd. Corporate director, TURVO INTERNATIONAL CO., LTD. Representative of Zeng Industrial Co., Ltd.	N/A	N/A	N/A	N/A
Director	Taiwan	CHIN- TAN LEE	Male 51-60 Years old	06/15/2022	2 years	06/15/2022	397,875	0.66%	666,608	1.00%	0	0.00%	0	0%	Industrial Management Department, Asian Eastern University of Science and Technology	Supervisor of HSIEH FENG ALUMINIUM BUSINESS CO., LTD.	N/A	N/A	N/A	N/A

Title (Note 1)	Nationality/ Country of Origin	Name	Gender Age (Note 2)	Date Elected	Term (Years)	Date First Elected (Note 3 and 6)	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 5)
							Shares	% (Note 7)	Shares	% (Note 8)	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Taiwan	MING- LIANG TARNG	Male 51-60 years old	07/20/2021	3	06/18/2015	0	0.00%	0	0.00%	0	0.00%	0	0%	Bachelor of Department of Accountancy, National Cheng Kung University Master of Department of Accountancy, National Cheng Kung University Manager of Ernst & Young LLP CFO of Dongguan Rongtai Plastic Material Co., Ltd. Partner of Sunpower Accounting	Accountant and partner of Sunshine Accounting Firm Member of Remuneration Committee and Audit Committee of Zeng HSING Industrial Co., Ltd Independent director/ Member of Audit Committee/Member of Remuneration Committee of Lagis Enterprise Co., Ltd	N/A	N/A	N/A	N/A
Independent Director	Taiwan	JUN- MING HSU	Male 61-70 years old	07/20/2021	3	06/18/2015	0	0.00%	0	0.00%	0	0.00%	0	0%	Syracuse U. (Ph. D.)- Finance (Associate Professor of Department of Business) Administration and Lecture Director of Tunghai University Dean of Department of Finance, Tunghai University	Professor, Department of Finance, Chung Hsing University Independent director of Calin Technology Co., Ltd./ Member of Remuneration Committee/ Member of Audit Committee Member Member of Remuneration Committee and Audit Committee of Zeng Hsing Industrial Co., Ltd Independent Director of SHINE TREND International Multimedia Technology CO., LTD./Member of Remuneration Committee / Member of Audit Committee	N/A	N/A	N/A	N/A

Title (Note 1)	Nationality/ Country of Origin	Name	Gender Age (Note 2)	Date Elected	Term (Years)	Date First Elected (Note 3 and 6)	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 5)
							Shares	% (Note 7)	Shares	% (Note 8)	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Taiwan	YOUNG- YAW PAI (Note 9)	Male 71-80 years old	06/20/2023	1	06/20/2023	0	0.00%	0	0.00%	0	0.00%	0	0%	Stevens Institute of Technology, USA Master Of Engineering- Mechanical	Chairman of Precision Motion Industries, Inc. Member of Remuneration Committee and Audit Committee of Zeng Hsing Industrial Co., Ltd. Corporate representative director (chairman) of CHENSU PLASTICS CO., LTD. (Representative director: Precision Motion Industries, Inc.) Corporate representative director of CHANSON METAL PROFILING CO., LTD. (Representative director: Precision Motion Industries, Inc.) Corporate representative director of Millennium Vee Hotel Taichung (Representative director: APEX DYNAMICS, INC.) Corporate representative director of YUN TAN TECHNOLOGIES CO., LTD. (Representative director: Precision Motion Industries, Inc.) Corporate representative director of EXFIRO CO., LTD. (Representative director: Precision Motion Industries, Inc.) Corporate representative director of UNION MECHATRONIC INC. (Representative director: Precision Motion Industries, Inc.) Chairman of Yuanzhou Co., Ltd.	N/A	N/A	N/A	N/A

- Note 1: The name of the corporate shareholder shall include both the names of the corporate shareholder and the representative of the entity.
- Note 2: List the actual age and express it as a range, such as 41~50 years old or 51~60 years old.
- Note 3: Fill in the time the person is first elected. If there is any interruption of the terms, please note.
- Note 4: Experiences related to the current position. For positions held in an audit certification accounting firm or related businesses in the period concerned, the title and responsible duties shall be provided.
- Note 5: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto(For example, increase the number of independent directors, and there should be more than half of the directors who do not serve as employees or managers, etc.).
- The Company does not have the situation where the chairman and the general manager are the same person; among the members of the board of directors, except that the CHUNG-TING TSAI, who is concurrently the director and deputy general manager of marketing department, the rest of the directors do not serve as employees concurrently, and none of the directors are spouses or first-degree relatives.
- Note 6: The initial appointment date starts from the date of listing.
- Note 7: The percentage shareholding held when elected is calculated based on the total shares issued in the amount of 60,535,631.
- Note 8: The current shareholding percentage is calculated based on the total shares issued in the amount of 66,535,631.
- Note 9: YOUNG-YAW PAI was newly appointed as a director on 20 June 2022.

Director information (2)

A. Disclosure of professional qualifications of directors and independence of independent directors.

Criteria Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman CHIH-CHENG LIN	<ul style="list-style-type: none"> At least 5 years of experience in business, finance, professional leadership, operations management, strategic planning, risk management, international perspective, global market judgment leadership, and working experience are required for the Company's business. Experience: Chairman and CEO of the Company. Not been a person of any conditions defined in Article 30 of the Company Act. 	NA	0
Director CHIN-TAN LEE	<ul style="list-style-type: none"> More than 5 years of experience in business, finance, and corporate business, and specialized in corporate operations with extensive industry experience. Experience: Supervisor of Hsiehfeng Aluminum Industry Co., Ltd. and director of the Company. Not been a person of any conditions defined in Article 30 of the Company Act 		0
Director RUEI-YI HONG	<ul style="list-style-type: none"> More than 5 years of experience in business, finance, and corporate business, and specialized in corporate operations with extensive industry experience. Experience: Director of Jie Hong Ltd., and director of the Company. Not been a person of any conditions defined in Article 30 of the Company Act 		0

Director SU-CHEN LIAO	<ul style="list-style-type: none"> ● More than 5 years of experience in business, finance, and corporate business, and specialized in corporate operations with extensive industry experience. ● Experience: Director and general manager of Long Huan Enterprise Ltd., Chairman of Shenghong Investment Co., Ltd., and Director of the Company. ● Not been a person of any conditions defined in Article 30 of the Company Act 		0
Director PAO-SUNG CHANG	<ul style="list-style-type: none"> ● More than 5 years of experience in business, finance, corporate business, and specialized in corporate operation with extensive industrial knowledge. ● Experience: Supervisor/Director of the Company, Chairman of Taiwan Cheer Champ Co., Ltd. ● Not been a person of any conditions defined in Article 30 of the Company Act 		0
Director MENG- CHUNG HO	<ul style="list-style-type: none"> ● More than 5 years of experience in business, finance, corporate business, and specialized in corporate operation with extensive industrial knowledge. ● Experience: Supervisor/Director of the Company, Chairman & President of Magic Outdoor International Limited ● Not been a person of any conditions defined in Article 30 of the Company Act 		0
Director CHUNG- TING TSAI	<ul style="list-style-type: none"> ● At least 5 years of experience in business, operational judgment, risk management, leadership and decision making, crisis management, industry knowledge, international market perspective, and work experience required for the Company's business. ● Experience: Director and Vice-general manager of the Company's Marketing department, Director of Can Xin Investment Co., Ltd. ● Not been a person of any conditions defined in Article 30 of the Company Act 		0

<p>Independent Director YOUNG-YAW PAI (He was newly appointed on 20 June 2023.)</p>	<ul style="list-style-type: none"> ● At least 5 years of work experience in business, finance, accounting, corporate business, and specializing in process improvement of critical components in precision machinery, and enhancement of product accuracy and quality. ● Experience: Chairman of Precision Motion Industries, Inc./ Corporate representative director (chairman) of Chensu Plastics Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Chanson Metal Profiling Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Millennium Vee Hotel Taichung (Representative director: Apex Dynamics, Inc.)/ Corporate representative director of Yun Tan Technologies Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Exfiro Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of UNION MECHATRONIC INC. (Representative director: Precision Motion Industries, Inc.)/ Chairman, Yuanzhou Co., Ltd./ Independent director and Member of Remuneration Committee and Audit Committee of the Company ● Not been a person of any conditions defined in Article 30 of the Company Act 	<p>1. Meeting Article 14-2 of Securities and Exchange Act “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” stipulated by the Financial Supervisory Commission. None of the following has occurred in the two years prior to the election or during the term of office:</p> <p>(1) An employee of the Company or any of its affiliates.</p> <p>(2) A director or supervisor of the Company’s affiliates.</p> <p>(3) Not a natural person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of over 1% of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.</p> <p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the managers listed in the first paragraph or the persons listed in the preceding two paragraphs.</p> <p>(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</p>	<p>0</p>
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Independent Director MING- LIANG TARNG	<ul style="list-style-type: none"> ● At least 5 years of working experience in accounting and passed the national examinations required for accountants, business judgment, industry knowledge, leadership and decision-making ability. ● Experience: Accountant and partner of Sunshine Accounting Firm, Member of Remuneration Committee/Independent director/Member of Audit Committee of Lung Pien Vacuum Industry Co., Ltd., Member of Remuneration Committee/Independent director/Member of Audit Committee of ZENG HSING Industrial Co., Ltd, independent director/Member of Audit Committee/Member of Remuneration Committee of Lagis Enterprise Co., Ltd ● Not been a person of any conditions defined in Article 30 of the Company Act 	<p>among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Paragraphs 1 or 2, Article 27 of the Company Act.</p> <p>(6) More than half of the directors' seats or voting shares of the Company and other companies are controlled by the same person, the director, supervisor or employee of the other company.</p> <p>(7) A chairman, general manager or equivalent position of the Company and other companies or institutions are the same person or spouse, and the directors, supervisors or employees of other companies or institutions.</p> <p>(8) A director, supervisor, manager or shareholder holding of a certain company or institution who has financial or business dealings with the Company or who holds 5% or more of the total number of outstanding shares of the Company.</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related</p>	1
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Independent Director JUN-MING HSU	<ul style="list-style-type: none"> ● At least 5 years of working experience as a professor of finance at a public university with professional qualifications, operational judgment, international market leadership and decision-making ability, specializing in financial and accounting planning professional matters, assisting companies in financial professional consulting and providing professional advice on the future development of the Company. ● Experience: Professor of Department of Finance, Chung Hsing University/Independent director of Calin Technology Co., Ltd./ Member of Remuneration Committee/ Member of Audit Committee Member/Member of Remuneration Committee and Audit Committee of Zeng Hsing Industrial Co., Ltd/ Independent Director of SHINE TREND International Multimedia Technology CO., LTD./Member of Remuneration Committee / Member of Audit Committee ● Not been a person of any conditions defined in Article 30 of the Company Act 	<p>services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, 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 Company Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <ol style="list-style-type: none"> 2. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act. 3. Not been a person of any conditions defined in Article 30 of the Company Act. 4. Serving concurrently as an independent director of no more than three public companies in Taiwan 	2
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B. Diversity and independence of the board of directors:

(A) Diversity of members of the board of directors

(a) Diversification Policy

The nomination and selection of the board members of the Company are conducted in accordance with the Company's Articles of Incorporation, adopting a “candidates nomination system”. After all director candidates are approved by the board of directors, they will be submitted to the shareholders’ meeting for approval.

To strengthen corporate governance and promote the strong development of the board composition and structure, the board of directors of the Company has resolved to establish Chapter 3 “Enhancing the Functions of the Board of Directors” of the Corporate Governance Guidelines. In particular, Article 20 provides that the composition of the board shall be diversified. It shall develop appropriate diversification policies based on its operations, business models, and development needs. These policies should include, but not be limited to basic criteria and values (gender, age, nationality, culture, and ethnicity), and professional knowledge and skills (law, accounting, industry, finance, marketing, or technology). In addition to evaluating the academic qualifications of each candidate, the board of directors also considers diverse backgrounds, proficiency and experiences, and emphasize the individual moral behavior and leadership to ensure diversity of board members.

The knowledge, skills, and competencies that the board members should possess to fulfill their duties are as follows: 1. Operational evaluation ability 2. Accounting and financial analysis proficiency 3. Management administration 4. Crisis management ability 5. Industry knowhow 6. International market perspective 7. Leadership ability 8. Decision-making ability, to achieve the ideal targets of corporate governance.

(b) Implementation of board members’ diversification policy:

The 18th board of directors of the Company (term: 20 July 2021 to 19 July 2024) consists of 10 directors, including 7 non-independent directors and 3 independent directors.

- 10 male directors
- 10 with Republic of China nationality
- 2 independent directors have served the position for over 8 years, while 1

independent director has served for less than 1 year. They have met the statutory requirements of independent directors, and they are familiar with the Company's finance and operations.

- 10 directors: they are not related by a spouse or second-degree kinship between them.
- 10 directors possess operational evaluation ability; 4 directors possess financial and legal expertise; 8 directors have management administration ability; 3 with crisis management ability; 8 with industry knowledge; 4 with international market perspective; and 10 with leadership and decision-making ability
- 5 directors aged above 60; and 5 directors aged below 60
- The ratio of directors who are concurrently employees: 10% (1 director)
- The ratio of independent directors is 30% (3 directors)
- The Company places emphasis on gender equality in the composition of the board members, with a target ratio of female director over 10%. It is anticipated that in the 19th board of directors, a female director will be added to achieve this target.
- Implementation situation of members of board of directors' diversification policy is as follow:

Title	Name	Gender	Concurrently employee of the Company	Age				Tenure of independent directors		Education	Diversified Core Competencies						
				41-50 years old	51-60 years old	61-70 years old	71-80 years old	Under 3 years	3 to 9 years		Operational evaluation	Financial and legal expertise	Management administrati on	Crisis manageme nt ability	Industry knowledge	Internation al market perspective	Leadership and decision- making ability
Chairman	CHIH-CHENG LIN	Male				●				EMBA of National Chung Hsing University	●	●	●	●	●	●	●
Director	SU-CHEN LIAO	Male				●				Graduated from National Chin-Yi University of Technology	●		●		●		●
Director	RUEI-YI HONG	Male			●					Master of Industrial Engineering & Management National Chin-Yi University of Technology	●		●		●		●
Director	MENG-CHUNG HO	Male			●					Graduated from Chia-Yi Senior Commercial Vocation school	●		●		●		●
Director	PAO-SUNG CHANG	Male				●				EMBA of Feng Chia University	●		●		●		●
Director	CHUNG-TING TSAI	Male	●	●						Master of Department of Business Management, California State University, San Bernardino	●		●	●	●	●	●
Director	CHIN-TAN LEE	Male			●					Industrial Management Department, Asian Eastern University of Science and Technology	●		●		●		●
Independent Director	YOUNG-YAW PAI (Note)	Male					●	●		Stevens Institute of Technology, USA Master Of Engineering-Mechanical	●	●	●	●	●	●	●
Independent Director	MING-LIANG TARNG	Male			●				●	Master of Department of Accountancy National Cheng Kung University	●	●					●
Independent Director	JUN-MING HSU	Male				●			●	Syracuse U. (Ph.D)-Finance	●	●				●	●

Note: The director, YOUNG-YAW PAI has been newly appointed on 20 June 2023. The director, CHIH-CHENG LIN stepped down from the position of CEO on 31 December 2023.

- (c) The specific management objectives of the Board of Directors' diversity policy and the achievement status:

Management Objectives	Achievement status
Directors who also serve as company managers shall not exceed one-third of the number of directors	Achieved
Independent directors shall be appointed for not more than three consecutive terms	Achieved
At least 1/3 of independent directors have expertise in finance, accounting, or the industry	Achieved
Gender equality in the composition of the board members	All directors were reelected in 2024, and a female director was added in the 19th board of directors.

(B) Independence of the board of directors

- (a) Structure of the board of directors:

The Company has established a director selection system, and the appointment procedures for all directors are conducted openly and fairly in compliance with the “Articles of Incorporation”, “Director Election Procedures”, “Corporate Governance Guidelines”, “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” and “Article 14-2 of the Securities and Exchange Act”. The current composition of the board of directors consists of 3 independent directors (30%) and 7 non-independent directors (70%). Among them, 1 director concurrently holds employee/managerial status (10%, not exceeding one-third of all director seats). None of the directors is related by a spouse or second-degree kinship, which complies with Paragraph 3, Article 26-3 of the Securities and Exchange Act.

- (b) Independence of the board of directors

The Company’s board of directors directs the Company's strategy, supervises management, and reports to the Company and shareholders. In various operations and arrangements of the corporate governance system, the board of directors exercises its authority in accordance with laws, articles of incorporation, or resolutions of the shareholders' meeting. The Company’s board of directors emphasizes the functions of independent operation and transparency. Both directors and independent directors are

independent individuals who exercise their powers independently. The 3 independent directors also comply with relevant laws and regulations, cooperate with the Audit Committee to review the control of existing or potential risks of the Company, and effectively supervise the implementation of internal controls, the selection (dismissal) of certified public accountants, and the adequacy of the independence and the preparation of financial statements. In addition, according to the “Director Election Regulations” of the Company, the method of selecting directors and independent directors adopts a cumulative voting system and a candidate nomination system to encourage shareholder participation. Shareholders holding a certain number of shares or more may propose a list of candidates. The qualification review of the candidates and the confirmation of whether they have violated any matters provided in Article 30 of the Company Act are carried out in accordance with the law, and relevant acceptance operations are conducted and announced to protect shareholder rights to avoid monopolization or excessive nomination rights and maintain independence.

The Company has established a performance evaluation system of the board of directors, which is conducted by an external professional independent organization every three years. Additionally, internal self-assessment and board member evaluations are conducted annually. The performance evaluation of the board of directors includes five aspects: (1) The degree of participation in the Company's operations. (2) The quality of decision making by the board of directors. (3) The composition and structure of the board of directors. (4) The election of the directors and their continuing professional education. and (5) Internal controls. Board member self-assessment includes six aspects: (1) Their grasp of the Company's goals and missions. (2) Their recognition of director's duties. (3) Their degree of participation in the Company's operations. (4) Their management of internal relationships and communication. (5) Their professionalism and continuing professional education. and (6) Internal controls. The results of these self-assessments are disclosed in the Company's annual report, official website, and announced on the Market Observation Post System after they are reported to the board of directors.

To ensure that the investing public fully understand the remaining operations of the board of directors of the Company, the relevant information has also been disclosed in the Company's annual report, official website, or announcements on the Market Observation Post System, including: (1) Attendance of members of board of directors at meetings. (2) Board meeting agendas and resolutions. (3) Continuing professional education of directors. and (4) Changes in shareholding of board members (including shareholding ratio, share transfers, and establishment of pledges) (please refer to the Market Observation Post System).

C. Succession planning for board members and key management personnel

(A) Succession planning for members of board of directors

The selection of directors in the Company should consider the overall composition of the board of directors. The composition of the board members should be diversified. It should develop appropriate diversification policies based on its operations, business models, and development needs. These policies should include, but not be limited to: (1) Basic criteria and values: gender, age, nationality, and culture. (2) Professional knowledge and skills: professional backgrounds (such as law, accounting, industry, finance, marketing, or technology) professional skills, and industry experience, etc.

The knowledge, skills, and competencies that the members of the Company's board of directors should possess to fulfill their duties are as follows: (1) Operational evaluation (2) Accounting and financial analysis proficiency (3) Management administration (4) Crisis management ability (5) Industry knowhow (6) International market perspective (7) Leadership ability (8) Decision-making ability

The Company conducts director succession plan through the following methods: (1) Recommendation of suitable candidates by current directors. (2) Recommendation of director candidates by shareholders. (3) Using the results of the board of directors' performance evaluations as a basis for nominating directors for reappointment.

To enhance the performance effectiveness of directors in their functions, the Company will move with the times and arrange annual training programs in response to changes in internal and external environmental conditions and development needs to improve the professional competence of directors.

(B) Succession planning for key management personnel

To meet the business operation and human resource development needs, and enhance overall operational efficiency, the Company regularly reviews human resource management strategy objectives, organizational development and manpower utilization, and significant human resource management systems, etc.

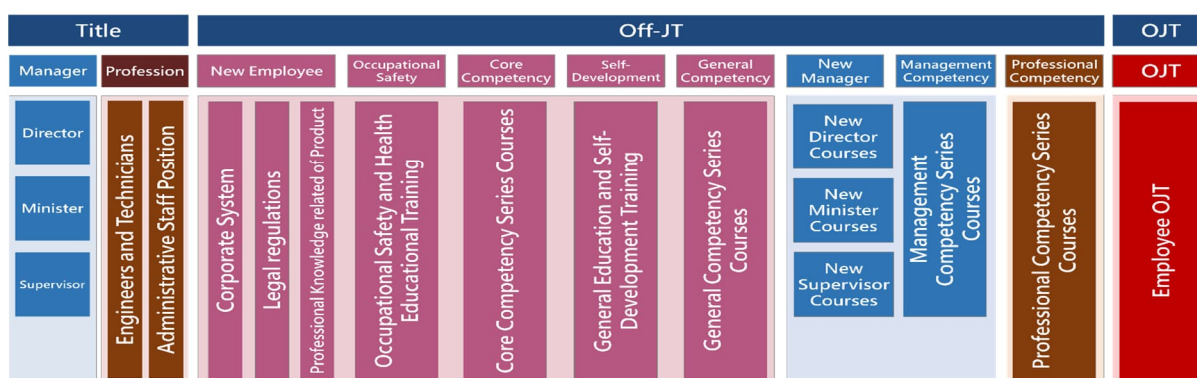
An annual review of succession plans is conducted, wherein the selection of successors not only considers their outstanding professional and managerial abilities but also ensures alignment of their values with the Company's business concept, including integrity and pragmatism, innovation, collective effort, and pursuit of well-being, etc.

The Company's key management, including assistant general managers and above, undergo practical training in company operations. In addition to daily duties, they receive training through various educational programs arranged by the Company, including core competencies, managerial skills, and professional abilities. These training initiatives were led by the group's general manager to enhance management and professional capabilities and effectively develop leadership thinking and international perspective abilities. This preparation is geared towards cultivating high-quality manpower essential for the Company's long-term development.

(C) Education training participation of director-level managers for 2023 are as follows:

Course Name	Execution Date	Training Method	Instructor	Duration (Hours)	Number of Trainees
Analysis of dispute cases under Labor Incident Act and adaptive strategies of enterprise	2023/02/10	Internal training and external presentation	SIN-JIA ZENG	2	13
Corporate honest operation lecture	2023/06/05	Internal training and external presentation	FONG-LIANG SHEN/YAO-JHONG LIU	2.5	16
TMT Strategy Learning and Growth Camp (course)	2023/07/29	Internal training and external presentation	TUNG-LIANG LIU	1	8
TMT Strategy Learning and Growth Camp (group discussion and presentation)	2023/07/29~2023/07/30	Internal training and external presentation	TUNG-LIANG LIU	15	8

Talent Development Framework Chart



3.2.2. Management Team

30 April 2024 Unit: shares

Title (Note 1)	Nationality/ Country of Origin	Name	Sex	Effective Date	Shareholding percentage		Spouse & Minor Shareholding percentage		Shareholding by Nominee Arrangement		Experience/ Education (Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Taiwan	CHIH- CHENG LIN	Male	01/01/2014	937,000	1.55%	1,033,080	1.55%	240,114	0.36%	Bachelor of Industrial Engineering, Feng Chia University EMBA of National Chung Hsing University General Manager of Zeng Hsing Industrial Co., Ltd.	Chairman of Zeng Hsing Machinery & Electronics Co., Ltd. Chairman of Zhangjiagang Zeng Hsing Trading Co., Ltd. Director of Zeng Hsing Industrial Co., Ltd. (BVI) Chairman of Zeng Hsing Industrial Co., Ltd. (VN) Chairman of Shinco Technologies Ltd. (VN) Chairman of Mitsumichi Industrial Co. Ltd. Chairman of Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd. General Manager of Jetsun Technology Company Limited Director of Jetsun	N/A	N/A	N/A	N/A

Title (Note 1)	Nationality/ Country of Origin	Name	Sex	Effective Date	Shareholding percentage		Spouse & Minor Shareholding percentage		Shareholding by Nominee Arrangement		Experience/ Education (Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
												Technology Co., Ltd (Seychelles) Director of ZORCA WORLDWIDE LTD.(BVI) Corporate director of Turvo International Co., Ltd. Corporate director of TURVO INTERNATIONAL CO., LTD. Representative of Zeng HSING Industrial Co., Ltd. Chairman of Taiwan Cheer Champ Co., Ltd. Director of Taiwan Carbon Technology Co., Ltd.				
General manager	Taiwan	TUNG- LIANG, LIU	Male	02/18/2019	54,448	0.08%	0	0.00%	0	0.00%	Master of Business Administration, Lunghwa University of Science and Technology Director of Panasonic Taiwan Co., Ltd.	General Manager of Zeng Hsing Industrial Co., Ltd. Director of Zhangjiagang Zeng Hsing Machinery & Electronics Co., Ltd. Director of Zhangjiagang Zeng Hsing Trading Co., Ltd.	N/A	N/A	N/A	N/A

Title (Note 1)	Nationality/ Country of Origin	Name	Sex	Effective Date	Shareholding percentage		Spouse & Minor Shareholding percentage		Shareholding by Nominee Arrangement		Experience/ Education (Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
												Director of Shinco Technologies Limited (VN) Director of Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd. Corporate director of Turvo International Co., Ltd. Corporate director of TURVO INTERNATIONAL CO., LTD. Representative of Zeng HSING Industrial Co., Ltd.				
Marketing department Senior vice-general manager	Taiwan	CHUNG-TING TSAI (Note 6)	Male	06/01/2016	998,305	1.50%	488,636	0.73%	0	0%	Master of Department of Business Management, California State University, San Bernardino Manager of Marketing Planning Center of Zeng Hsing Industrial Co., Ltd.	Director of Can Xin Investment Co., Ltd. Corporate director, TURVO INTERNATIONAL CO., LTD. Representative of Zeng Hsing Industrial Co., Ltd. Corporate director of Turvo International Co.,	N/A	N/A	N/A	N/A

Title (Note 1)	Nationality/ Country of Origin	Name	Sex	Effective Date	Shareholding percentage		Spouse & Minor Shareholding percentage		Shareholding by Nominee Arrangement		Experience/ Education (Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
												Ltd. Corporate director of TURVO INTERNATIONAL CO., LTD. Representative of Zeng HSING Industrial Co., Ltd				
Strategic Development department Vice-general manager	Taiwan	JUN- SHEN ZHOU	Male	11/01/2016	40,658	0.06%	0	0.00%	0	0.00%	Graduated from National Chung Hsing University, Department of Accounting Master of Executive Master of Business Administration (Enterprise Management Group), National Chung Hsing University Assistant general manager of Financial Department and Spokesperson of Bai Sha Printing, Taiwan	Director of Mitsumichi Industrial Co., Ltd. Supervisor of Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd. Director of Taiwan Carbon Technology Co., Ltd. Director of Taiwan Cheer Champ Co., Ltd.	N/A	N/A	N/A	N/A
Strategic Development department Assistant general manager	Taiwan	QIONG- MEI CHEN	Female	05/01/2016	273	0.00%	0	0.00%	0	0.00%	Master of Institute of Human Resource Management, National Sun Yat-sen University	General manager of Shinco Technologies Ltd. (VN)	N/A	N/A	N/A	N/A

Title (Note 1)	Nationality/ Country of Origin	Name	Sex	Effective Date	Shareholding percentage		Spouse & Minor Shareholding percentage		Shareholding by Nominee Arrangement		Experience/ Education (Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Audit department Deputy project manager	Taiwan	QI-FENG ZHANG (Note 4)	Male	11/13/2017	NA	NA	NA	NA	NA	NA	Graduated from Ming Chuan University, Department of Finance Assistant general manager of Zhangjiagang Zeng Hsing Machinery & Electronics CO., Ltd.	Deputy general manager of Zeng Hsing Industrial Co., Ltd..	N/A	N/A	N/A	N/A
Audit department Department manager	Taiwan	JIA-JUN XIE (Note 4)	Female	03/10/2023	2,000	0.00%	0	0.00%	0	0.00%	Master of University of Southampton International Financial Markets (MSc)	N/A	N/A	N/A	N/A	N/A
Finance & Accounting department Assistant general manager	Taiwan	TZU-HO CHUANG	Male	07/01/2020	54,021	0.08%	0	0.00%	0	0.00%	Institute of Department of Accounting & Finance, Feng Chia University Senior manager of Ernst and Young	N/A	N/A	N/A	N/A	N/A
Engineering and Technology, R&D Technology Department Assistant general manager	Taiwan	MING-TA LI	Male	03/01/2021	45,000	0.07%	7,553	0.01%	0	0.00%	Graduated from EMBA of Technology industrial Engineering & Management, National Chin-Yi University of Technology	N/A	N/A	N/A	N/A	N/A

Title (Note 1)	Nationality/ Country of Origin	Name	Sex	Effective Date	Shareholding percentage		Spouse & Minor Shareholding percentage		Shareholding by Nominee Arrangement		Experience/ Education (Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Manager of Quality Assurance Office	Taiwan	MEI-TA LIANG (Note 5)	Male	04/01/2022	NA	NA	NA	NA	NA	NA	Department of Japanese Language, Soochow University	N/A	N/A	N/A	N/A	N/A
Manager of Quality Assurance Office	Taiwan	JIN-SIOU SYUE (Note 5)	Female	03/01/2024	2,197	0.00%	0	0.00%	0	0.00%	Department of Foreign Languages and Literature, Providence University	N/A	N/A	N/A	N/A	N/A

Note 1: It shall include the information of the general managers, vice general managers, assistant managers, and heads of all departments and branches; regardless of their title, the information has to be disclosed as long as their ranking is equivalent to that of a general manager, vice general manager or assistant manager.

Note 2: For the experience relevant to the current position, such as employment at an audit certification accounting firm or an associated enterprise during the said period, the title and responsibilities shall be specified.

Note 3: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (For example, increase the number of independent directors, and there should be more than half of the directors who do not serve as employees or managers, etc.).

The director of the Company is also the CEO of the Company, because of the executive has a great influence on the Company's operations and cultivate an executive need to step by step. In order to strengthen the standing of board of directors, inside the Company has been training the fit person actively after considered the efficiency of the Company's operations and decision execution. Furthermore, the Director is closely and fully communicated about the Company's state of operation and planning policy with each director to implement corporate governance. The Company will plan to use the way of increase the number of independent directors in the future, to enhance the function of the board of directors and strengthen the function of supervision. At present, the Company has the following specific measures.

1. Among the members of the board of directors, except the CHUNG-TING TSAI, who is concurrently the director and deputy general manager of marketing department, the other directors are not employees concurrently. There is no relationship of spouse or within one degrees of kinship among all directors.

Note 4: On 10 March 2023, changing the supervisor of Audit Department: QI-FENG ZHANG has been relieved of his position as deputy manager. JIA-JUN XIE has been newly appointed as section chief.

Note 5: On 1 March 2024, change of the head of Quality Assurance Department: MEI-TA LIANG was transferred to the project manager of Management Department. JIN-SIOU SYUE has been newly appointed as manager.

Note 6: On 1 April 2024, the vice general manager, CHUNG-TING TSAI was promoted to senior vice general manager.

3.3 Remuneration of Directors, General Manager, and Deputy General Manager

3.3.1. Remuneration of general and independent directors

Unit: thousands of dollars; thousand shares

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 10)		Remunerations Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 10)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary (Note 11)
		Base Compensation (A) (Note 2)		Severance Pay (B)		Bonus to Directors (C) (Note 3) (Proposed figure)		Allowances (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay (F)		Profit Sharing- Employee Bonus (G) (Note 6) (Proposed number)						
		The company	All companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company		Companies in the consolidated financial statements (Note 7)		The company	Companies in the consolidated financial statements (Note 7)	
																Cash	Stock	Cash	Stock			
Independent Director	YOUNG-YAW PAI	380	380	0	0	0	0	20	20	0.16%	0.16%	0	0	0	0	0	0	0	0	0.16%	0.16%	N/A
Independent Director	MING-LIANG TARNG	720	720	0	0	0	0	30	30	0.30%	0.30%	0	0	0	0	0	0	0	0	0.30%	0.30%	N/A
Independent Director	JUN-MING HSU	720	720	0	0	0	0	30	30	0.30%	0.30%	0	0	0	0	0	0	0	0	0.30%	0.30%	N/A
Chairman	CHIH-CHENG LIN (Note 13)	0	0	0	0	1,000	1,600	28	53	0.41%	0.65%	5,304	5,606	0	0	979	0	979	0	2.89%	3.25%	N/A
Director	RUEI-YI HONG	0	0	0	0	500	500	28	28	0.21%	0.21%	0	0	0	0	0	0	0	0	0.21%	0.21%	N/A
Director	SU-CHEN LIAO	0	0	0	0	500	500	28	28	0.21%	0.21%	0	0	0	0	0	0	0	0	0.21%	0.21%	N/A
Director	CHIN-TAN LEE	0	0	0	0	500	500	28	28	0.21%	0.21%	0	0	0	0	0	0	0	0	0.21%	0.21%	N/A
Director	CHUNG-TING TSAI (Note 13)	0	0	0	0	500	800	28	43	0.21%	0.33%	3,227	3,227	108	108	391	0	391	0	1.68%	1.80%	N/A
Director	PAO-SUNG CHANG	0	0	0	0	500	500	28	28	0.21%	0.21%	0	0	0	0	0	0	0	0	0.21%	0.21%	N/A
Director	MENG-CHUNG HO	0	0	0	0	500	500	23	23	0.21%	0.21%	0	0	0	0	0	0	0	0	0.21%	0.21%	N/A

1. Independent directors' remuneration payment policies, systems, standards and structure, and state the relevance to the amount of remuneration according to the responsibilities, risks, time invested, etc.:
- The evaluations of directors' remuneration are made according to the Company's "Directors and Managers' Remuneration Management Measures" and "Directors and Managers' Performance Evaluation Measures", in addition to referring to the Company's overall operating performance, future operating risk of the industry and development trends. The individual performance achievement rate and contribution to the Company's performance are also considered for reasonable compensation. The director's remuneration and the ratio of after-tax net profit both complied with the Articles of Incorporation.
- The related performance evaluation and compensation reasonableness are reviewed by the Remuneration Committee and the Board of Directors. The remuneration system is reviewed from time to time depending on the actual operation and relevant laws in order to keep the balance between the Company's sustainable operation and risk control.
2. Apart from the aforementioned disclosure, the remunerations for directors of the Company providing services (such as serving as a consultant, not concurrently an employee, in the parent company/ all companies included in the financial statements /reinvestment business) to consolidated subsidiaries: None

Note 1: The names of directors should be listed separately, and the amount of each payment is disclosed in a summary.

Note 2: Refers to remuneration of directors in the most recent year (including directors' salary, duty allowance, severance pay, various bonuses, incentives, etc.)

Note 3: Refers to the amount of director's remuneration distributed by the board of directors in the most recent year.

Note 4: Refers to director's related expenses from professional practice in the most recent year.

Note 5: Refers to the collection includes salary, a duty allowance, severance pay, various bonuses, transportation allowance, special expenses, various allowances, dormitory, car, etc. for the person that are directors and are employee.

Note 6: Refers to employee compensation for persons who are concurrently directors and employees. The amount of compensation received as resolved by the board of directors in the most recent year should be disclosed. If it is not possible to estimate, the estimated amount of this year will be calculated based on the proportion of the actual distribution amount last year.

Note 7: The total amount of remuneration paid by the Company to all directors of the Company stated in the consolidated report should be disclosed.

Note 8: The total remuneration the Company pays to each director should be disclosed along with the names of the directors in the designated bracket.

Note 9: The total remuneration of each director of the Company paid by all companies in the consolidated report should be disclosed and disclose the name of the directors in the designated bracket.

Note 10: Net profit after tax refers to net profit after tax in the most recent parent company only financial statement.

Note 11: a. This column should clearly fill in the amount of remuneration received by the Company's directors from a reinvestment business outside the subsidiary or the parent company (if not, please fill in "NA").

b. If a director of a company receives remuneration from an invested entity other than a subsidiary, such remuneration received from the invested entity other than a subsidiary shall be consolidated into column I of the remuneration range table and change the name of the column to "all investment business".

c. Remuneration refers to the remuneration, wage, employee profit sharing, and allowances paid by non-consolidated affiliates to directors who are also their directors, supervisors, or managers.

Note 12: The information in the above table is the remuneration of directors in 2023. The amount of directors' remuneration approved by the board of directors on 8 March 2024 is expected to be distributed in June 2024. The remuneration of employees who served as directors in 2023 is the amount proposed for distribution.

Note 13: The director, CHIH-CHENG LIN, has been elected as the legal representative director of Turvo International Co., Ltd. on 31 August 2022. The director, CHUNG-TING TSAI, has been elected as the legal representative director of Turvo International Co., Ltd. on 31 March 2023. The above information includes director remuneration and professional allowance paid by Turvo International Co., Ltd. to CHIH-CHENG LIN and CHUNG-TING TSAI.

*The remuneration disclosed in this form is different from that required by the Income Tax Act. Therefore, the purpose of this form is for information disclosure and is not intended for taxation purposes.

3.3.2. Remuneration of the General Manager and Deputy General Manager

Unit: thousands of dollars; thousand shares

Title	Name	Salary (A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Profit Sharing- Employee Bonus (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income % (Note 8)		Compensation paid to the President and Vice President from an Invested Company Other Than the Company's Subsidiary (Note 9)
		The company	Companies in the consolidated financial statements (Note 5)	The company	Companies in the consolidated financial statements (Note 5)	The company	Companies in the consolidated financial statements (Note 5)	The company		Companies in the consolidated financial statements (Note 5)		The company	Companies in the consolidated financial statements (Note 5)	
								Cash	Stock	Cash	Stock			
Chairman	CHIH-CHENG LIN (Note 12)	2,693	2,823	0	0	3,639	4,436	979	0	979	0	2.89%	3.25%	0
General manager	TUNG-LIANG LIU (Note 12)	3,103	3,103	108	108	1,776	2,101	838	0	838	0	2.30%	2.43%	0
Deputy general manager	CHUNG-TING TSAI (Note 12)	1,885	1,885	108	108	1,870	2,185	391	0	391	0	1.68%	1.80%	0
Deputy general manager	JUN-SHEN ZHOU	1,586	1,586	99	99	1,199	1,199	297	0	297	0	1.26%	1.26%	0

* Regardless of their title, the information has to be disclosed as long as their ranking is equivalent to that of a general manager or vice general manager (e.g. president, chief executive officer, general director, etc.).

- Note.1: Names of general managers and vice general managers shall be listed separately, and individual payments made shall be disclosed through a summary. If the director is also a general manager or vice general manager, this table and the above table (1-1 or 1-2-1 and 1-2-2) shall be completed.
- Note.2: Salaries, additional pay, and service pay for general managers and vice general managers in the latest year.
- Note.3: Various prizes, awards, transportation, special expenditure, various allowances, dormitory, cars, and other actual items provided and other compensations for general managers and vice general managers in the latest year. For housing, automobiles and other transportation tools or expenses that are specific to individuals, the nature and cost of the assets provided, the actual or market-value-based rental, the cost of gasoline and other payments shall be disclosed. If a driver is assigned, please indicate the pay available for the driver but it may not be included in the calculation of remunerations. In addition, salaries recognized in accordance with IFRS 2: stock-based payment transaction, including employee stock option certificates, restricted employee shares, and participation in subscribing shares in cash capital increase, shall also be included as part of the remunerations.
- Note.4: Employee remunerations (including stock and cash) distributed to general managers and vice general managers as approved by the Board of Directors in the latest year. If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculate proportionally. In addition, the attached Table 1-3 shall be completed.
- Note.5: The total value of remunerations paid to general managers and vice general managers of the Company by all companies in the consolidated report (including the Company) shall be disclosed.
- Note.6: For the total value of various remunerations paid to each general manager and vice general manager by the Company, disclose the name of the general manager and the vice general manager in the respective bracket.
- Note.7: For the total value of various remunerations paid to each general manager and vice general manager of the Company by all companies (including the Company) in the consolidated report, disclose the name of the general manager and vice general manager in the respective bracket.
- Note.8: Net profit after tax refers to net profit after tax in the most recent individual or individual financial report.
- Note.9: a. The value of related remunerations claimed by general managers and vice general managers of the Company from reinvested businesses other than subsidiaries shall be specified in this column.
b. In the event that general managers and vice general managers of the Company claim related remunerations from reinvested businesses other than subsidiaries, the said remunerations shall be combined in Column E of the remuneration bracket table and the name of the column shall be changed to "all re-invested businesses."
c. Remunerations are the compensation, rewards (including rewards for employees, directors, and supervisors) and operational expenses, among others, claimed by general managers and vice general managers of the Company who serve as the director, supervisor, or manager at a reinvested business other than the subsidiary.
- Note.10: The amount of the pension field shall refer to the amount set aside in 2023.
- Note.11: The above table shows the employee remuneration for the 2023, which is expected to be distributed in August 2024. The proposed distribution amount is based on the actual distribution amount of last year.
- Note.12: The director, CHIH-CHENG LIN and the general manager, TUNG-LIANG LIU have been elected as the legal representative director of Turvo International Co., Ltd. on 31 August 2022. The director, CHUNG-TING TSAI, has been elected as the legal representative director of Turvo International Co., Ltd. on 31 March 2023. The above information includes director remuneration and professional allowance paid by Turvo International Co., Ltd.
- * The remunerations disclosed in this table is different from that required by the Income Tax Act. Therefore, the purpose of this table is for information disclosure and is not intended for taxation purposes.

3.3.3. Names of managerial officers who received employees' bonuses in the preceding year and the distribution

Unit: thousands of dollars

	Title (Note1)	Name (Note1)	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Manager	Chairman	CHIH-CHENG LIN	0	3,239	3,239	1.28%
	General manager	TUNG-LIANG LIU				
	Senior deputy general manager	CHUNG-TING TSAI				
	Deputy general manager	JUN-SHEN ZHOU				
	Assistant general manager	QIONG-MEI CHEN				
	Assistant general manager	TZU-HO CHUANG				
	Assistant general manager	MING-TA LEE				

Note.1: The name and title of the individual shall be disclosed but distribution of profits may be disclosed through a summary.

Note.2: Employee remunerations (including stock and cash) distributed to managers resolved by the Board of Directors in recent years. If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculate proportionally. After-tax net earnings shall refer to the amount in the most recent year. When the International Financial Reporting Standards are adopted, after-tax net earnings are those indicated in the entity or individual financial report from the most recent year.

Note.3: Pursuant to Tai-Cai-Zheng-San-Zi No. 0920001301 Letter dated 27 March 2003, managers shall refer to the following positions:

- (1) General Managers and people of equivalent ranking
- (2) Vice general managers and people of equivalent ranking
- (3) Assistant managers and people of equivalent ranking
- (4) Head of Department of Finance
- (5) Head of Accounting Department
- (6) Other people handling corporate affairs and signature rights

Note.4: If directors, general managers, and vice general managers receive employee remunerations (including stock and cash), this table needs to be completed in addition to Exhibit 1-2.

Note.5: The table above indicates 2023 employee remuneration, which is expected to be paid in August 2024. The amounts are the numbers potentially may be distributed this year referencing the actual amount distributed last year.

Note.6: On 1 April 2024, the vice general manager, CHUNG-TING TSAI was promoted to senior vice general manager.

3.3.4. Remuneration Policy

- (1) Analysis of total remuneration paid to the Company's directors, general managers, and vice general managers in the consolidated financial statements over the last two years as a percentage of the individual or individual financial reports' net profit after tax:

The total amount of directors' remuneration, general manager and vice general managers' remuneration for 2023 decreased compared to 2022, mainly due to a decrease in after-tax net profit, resulting in a reduction in distribution amounts.

The proportion of after-tax net profit for 2023 increased compared to 2022, primarily due to the Company's standards of distribution remuneration in accordance with the "Directors and Managers' Remuneration Management Measures" and "Directors and Managers' Performance Evaluation Measures". These regulations determine the distribution of directors and managers' remuneration based on fixed amounts or ratios according to the profitability of the year. Due to a decrease in after-tax net profit in 2023, the proportion increased, and the correlation between after-tax profit or loss and remuneration changes remains reasonable.

Criteria Title	The Company					Consolidated Financial Statements				
	2022			2023		2022			20223	
	Total amount	Percentage of remunerations of supervisors to net income after tax (pre-restated)	Percentage of remunerations of supervisors to net income after tax (restated)	Total amount	Percentage of remunerations of supervisors to net income after tax	Total amount	Percentage of remunerations of supervisors to net income after tax (pre-restated)	Percentage of remunerations of supervisors to net income after tax (restated)	Total amount	Percentage of remunerations of supervisors to net income after tax
Director remuneration	17,445	3.53%	3.55%	16,100	6.36%	18,146	3.67%	3.69%	17,342	6.85%
General manager and Deputy general Manager Remuneration	22,701	4.59%	4.62%	20,569	8.12%	23,800	4.81%	4.84%	22,136	8.74%

Note 1: The directors' remuneration for 2022 was presented as the second stage declared amount, while the amount for 2023 as the actual distribution.

Note 2: For 2023, the directors' remuneration was presented as the first stage declared amount, while the employees' compensation was the proposed amount.

Note 3: The parent company only financial statements for the year ended 31 December 2022 showed an after-tax net profit in the amount of NT\$494,472 thousand before restatement and NT\$491,321 thousand after restatement. The after-tax net profit in the parent company only financial statements for the year ended 31 December 2023 amounted to NT\$253,276 thousand.

Note 4: The restatement of financial statements is as follows:

- (1) The Group has restated certain information and disclosures in the consolidated financial statements for the third quarter of 2022, the year ended 31 December 2022, the first quarter of 2023, and the second quarter of 2023.
- (2) The Group acquired 21.56% equity in Turvo International Co., Ltd., and became its largest shareholder. On 31 August 2022, after a complete reelection of directors and independent directors at the extraordinary shareholders' meeting of TURVO INTERNATIONAL CO., LTD., the Company obtained more than half seats of directors. Additionally, the corporate representative was appointed as the chairman by the board of directors of TURVO INTERNATIONAL CO., LTD. to lead its major activities. Consequently, the Company gains control over TURVO INTERNATIONAL CO., LTD., and it has been included in consolidated financial statements since the date of acquisition of control.
- (3) The Group chooses to measure the non-controlling interests in TURVO INTERNATIONAL CO., LTD. using the proportionate share of identifiable net assets recognized.
- (4) The fair value assessment related to the Group's business combination has been completed. Retrospective adjustments have been made to the temporary amounts recognized on the acquisition date to reflect new information about the facts and circumstances existing at the acquisition date.

Note 5: Appointed as the representative designated by the corporate shareholder of the subsidiary, TURVO INTERNATIONAL CO., LTD., the appointment date, and the list of directors' remuneration received from TURVO are as follows:

The chairman, CHIH-CHENG LIN and the general manager, TUNG-LIANG LIU of the Company on 31 August 2022

The vice general manager of Marketing Sales Department, CHUNG-TING TSAI of the Company on 31 March 2023

- (2) The policy, criteria and composition of compensation payments, the procedures for setting compensation, and the correlation with operating performance and future risks

A. Policy, criteria and composition of remuneration.

In accordance with Article 35 of the Company's Articles of Incorporation, the remuneration of the directors for the performance of their duties shall be determined by the board of directors with reference to the normal standards of the industry in accordance with the degree of participation and value of a contribution of individual directors. In addition, in accordance with Article 35 of the Company's Articles of Incorporation, no more than 4% of the Company's profit for the year shall be set aside as directors' remuneration. The Company periodically evaluates the remuneration of directors in accordance with the "Regulations Governing the Performance of the Board of Directors", "Regulations Governing the Remuneration of Directors and Managers" and "Regulations Governing the Performance of Directors and Managers", and the related performance evaluation and reasonableness of remuneration are reviewed by the Remuneration Committee and the Board of Directors.

The remuneration of the Company's managers is determined in accordance with the "Regulations Governing the Remuneration of Directors and Managers" and the "Regulations Governing the Evaluation of the Performance of Directors and Managers", in order to appreciate and reward the managers' efforts in their work. The bonuses are also based on the Company's annual operating performance, financial position, operational position and individual performance. In addition, if the Company makes a profit in the year, 2-6% of the profit shall be allocated to employee compensation in accordance with Article 35 of the Company's Articles of Incorporation. The results of the performance evaluation conducted by the Company in accordance with the "Regulations Governing the Evaluation of the Performance of Directors and Managers" shall be used as a reference for managerial bonuses. (i) Departmental performance: The annual KPI items of each department are evaluated based on the Company's strategic objectives; (ii) Personal performance: The results are based on a comprehensive personal performance appraisal combined with departmental KPI indicators.

The Company's compensation package is determined by the Remuneration Committee's organizational structure, including cash remuneration, stock options, dividends, pension benefits or resignation benefits, various allowances and other measures with substantial incentives. The scope of the remuneration is consistent with the guidelines for directors' and managers' remuneration in the annual reports of the companies.

B. Procedures for determining the remuneration

In order to regularly evaluate the remuneration of directors and managers, the evaluation results are based on the “Performance Evaluation Method of the Board of Directors” and the “Annual Performance Evaluation Management Method” applicable to managers and employees. In addition, the compensation of the chairman and the general manager is set in relation to the Company's operating performance indicators and reported to the Remuneration Committee and the board of directors. In order to fully demonstrate the achievement of the operating performance indicators, the performance criteria for the chairman of the board of directors are set in relation to the operating performance indicators and the scope of evaluation includes the following indicators: net income before tax, customer satisfaction and corporate governance evaluation. The performance criteria for the general manager include the following performance targets: operational safety management, supervision of the execution of financial plans, revenue management, promotion of the autonomy of maintenance capabilities, enhancement of internal controls, and implementation of quality assurance and management.

The performance self-assessment results of the board of directors, directors and members of various functional committees in 2023 all met the standards. According to the results of the Company's 2023 annual manager performance evaluation, all managers' performance has reached the predetermined target requirements, and the Company's annual operating indicators evaluation results have also reached the standard.

The performance evaluation and the reasonableness of the remuneration of the directors and managers of the Company are evaluated and reported by the compensation committee and the board of directors regularly every year, with reference to the individual's performance achievement rate and contribution to the Company, the overall operational performance of the Company, the future risks and development trends of the industry, and the timely review of the remuneration system from time to time in light of the actual operating conditions and relevant laws and regulations. The actual amounts of remuneration for directors and managers for fiscal 2023 are reviewed by the Remuneration Committee and reported to the board of directors.

C. Relevance to operating performance and future risks.

The review of the payment standards and systems related to the Company's remuneration policy is based on the Company's overall operating conditions as the main consideration, and the payment standards are approved based on the performance achievement rate and contribution to improve the overall organizational team efficiency of the board of directors and management departments. In addition, the Company also make reference to industry salary standards to ensure that our management's salaries are competitive in the industry and to retain outstanding management personnel.

The performance objectives of the Company's managers are integrated with "risk management" to ensure that possible risks within the scope of responsibilities are managed and prevented, and the results of the actual performance evaluation are linked to the relevant human resources and related salary and compensation policies. The performance of the relevant decisions is reflected in the Company's profitability, which is in turn related to the performance of the management's compensation and risk management.

3.4 Implementation of Corporate Governance

3.4.1. Board of Directors

The 18th board of directors met 6 (A) times in 2023. Attendance of directors and supervisors in the meetings is as follows:

Term of office: 20 July 2021 to 19 July 2024

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】 (Note 2)	Remarks
Chairman	CHIH-CHENG LIN	6	0	100%	Re-elected on 20 July 2021 (Elected and appointed as chairman on 20 July 2021)
Director	RUEI-YI HONG	6	0	100%	Re-elected on 20 July 2021
Director	SU-CHEN LIAO	6	0	100%	Re-elected on 20 July 2021
Director	CHUNG-TING TSAI	6	0	100%	Re-elected on 20 July 2021
Director	PAO-SUNG CHANG	6	0	100%	Re-elected on 20 July 2021
Director	MENG-CHUNG HO	5	0	83%	Re-elected on 20 July 2021
Director	CHIN -TAN LEE	6	0	100%	Newly appointed on 15 June 2022
Independent director	YOUNG-YAW PAI (Note 1)	4	0	100%	Newly appointed on 20 June 2023
Independent director	MING-LIANG TARNG	6	0	100%	Re-elected on 20 July 2021
Independent director	JUN-MING HSU	6	0	100%	Re-elected on 20 July 2021

Note 1: Director YOUNG-YAW PAI has been newly appointed as a member of the 18th board of directors on 20 June 2023. In 2023, he was expected to attend 4 meetings, and he attended 4 meetings, with an attendance rate of 100%.

Other items required to be stated:

1. Where any of the following circumstances occurs with respect to the operation of the Board of Directors, meeting dates, sessions, contents of resolutions, opinions of all independent directors, and actions taken by the Company in response to opinions of independent directors shall be noted: None
 - (1) Items referred to in Article 14-3 of the Securities and Exchange Act.
 - (2) Except for the matters mentioned in the preceding paragraph, matters resolved by the Board of Directors, to which an independent director has a dissenting or qualified opinion that is on record or stated in a written statement.
2. For any recusal of directors due to conflict of interests in certain proposals, the director's name, the content of the motion, the reason for the refusal and the participation in voting shall be noted:
 - (1) On 10 March 2023, the Company amended the Regulations for Director and Executive Compensation Administration:

The Company conducted a regular review of the directors and managers' remuneration and amends the remuneration for independent directors' transportation expenses. As independent directors, MING-LIANG TARNG and JUN-MING HSU were interested parties, they recused themselves from the vote. The proposal was passed with the agreement of all attending directors after being presented by the Chairman.
 - (2) On 9 May 2023, the Company proposed an increase in investment in "FOREMOST GULF INTERNATIONAL CO., LTD (VN)": As director, RUEI-YI HONG was interested party, he recused himself from the vote. The proposal was passed with the agreement of all attending directors after being presented by the Chairman.
 - (3) On 9 May 2023, the Company amended the "Regulations for Director and Executive Compensation Administration":

The Company conducted a regular review of the directors and managers' remuneration and amends the remuneration for directors' transportation expenses. As directors, CHIH-CHENG LIN, BAI-SONG ZHANG, RUEI-YI HONG, CHIN-TAN LEE, CHUNG-TING TSAI and SU-CHEN LIAO were interested parties, they recused themselves from the vote. The proposal was passed with the agreement of all attending directors after being presented by the Chairman.
 - (4) The dismissal of the CEO of the Company on 21 December 2023:

As chairman, CHIH-CHENG LIN was interested party, he recused themselves from the vote. The proposal was passed with the agreement of all attending directors after being presented by the independent director, JUN-MING HSU served as the Chairman.
 - (5) Amendment to the "Regulations for Director and Executive Compensation Administration" and Chairman's Compensation System on 21 December 2023:

As chairman, CHIH-CHENG LIN and director, CHUNG-TING TSAI recused themselves from the vote due to interested parties and the principle of confidentiality of salary. The proposal was passed with the agreement of all attending directors after being presented by the director, JUN-MING HSU served as the Chairman.
 - (6) On 21 December 2023, the Company conducted a regular review of the salary standards and structure for executives:

As chairman CHIH-CHENG LIN and director CHUNG-TING TSAI recused themselves from the vote due to interested parties and the principle of confidentiality of salary. The proposal was passed with the agreement of all attending directors after being presented by the director, JUN-MING HSU served as the Chairman.
3. The listed company shall disclose the evaluation period and period, scope, manner and content of the evaluation of the board's self (or peer) assessment, etc. and fill in Schedule II (2) the board of directors to assess the implementation of the situation.

(2) The board of directors to assess the implementation of the situation

Assessment cycle (Note 1)	Assessment time (Note 2)	Assessment scope (Note 3)	Assessment (Note 4)	Assessment content (Note 5)
Once a year	01/01/2023-12/31/2023	Board of directors	Performance evaluation of the board of directors	<p>1. The five major assessment dimensions of performance evaluation of the board of directors with a total of 45 measurement items</p> <p>(1) Participation in the operations of the Company</p> <p>(2) Improvement of the quality of the board of directors' decision making</p> <p>(3) Composition and structure of the board of directors</p> <p>(4) Election and continuing education of the directors</p> <p>(5) Internal control</p> <p>2. Evaluation result for the current year: Excellent (96 points)</p> <p>Score range: 90-100 are classified as "Excellent"; 80-89 as "Good"; below 79 as "Needs Improvement"</p> <p>3. Operational assessment of the board of directors by self-assessment is conducted by the Finance and Accounting Department</p> <p>4. The directors thoroughly discussed at the meeting, and the meeting minutes recorded the discussion content and subsequent follow-up matters.</p> <p>5. Currently, there are 10 directors (including 3 independent directors), and 2 seats of independent directors have served three terms. In 2024, there will be a comprehensive reelection of directors. The composition of the board of directors will include an additional female director to enhance the overall diversity and independence of the board of directors.</p> <p>6. Continuously enhancing corporate governance and strengthening the functions of the board of directors to focus on safeguarding shareholders' rights, in order to achieve sustainable business operations and development.</p> <p>7. Provide or organize from time to time training courses related to the Company's industry to enable</p>

				directors to better understand the dynamics of the relevant industry to facilitate appropriate judgment.
Once a year	01/01/2023-12/31/2023	Individual board members	Self-assessment of board members	<p>1. The six major assessment dimensions of self-assessment's performance evaluation of members of the board of directors with a total of 23 measurement items</p> <p>(1) Mastery of company's objectives and tasks</p> <p>(2) Awareness of the duties and responsibilities of directors</p> <p>(3) Participation in the Company's operations</p> <p>(4) Management of internal relationships and communication</p> <p>(5) The director's professionalism and continuing education</p> <p>(6) Internal control</p> <p>2. Evaluation result for the current year: Excellent (99 points)</p> <p>When the score falls within the range of 90-100, it is classified as "Excellent"; 80-89 as "Good"; below 79 as "Needs Improvement"</p> <p>3. The assessment is conducted by the Finance and Accounting Department, utilizing a questionnaire approach. It is self-assessed by board members. 10 questionnaires were expected to be received, and 10 were actually received.</p> <p>4. The frequency of communication between directors and the certified public accountant will be increased as required.</p> <p>5. Discussion on the implementation and monitoring of the internal control system is conducted, and regular assessments are made to evaluate the effectiveness of the internal control system.</p> <p>6. The performance evaluation results of members of board of directors will serve as a reference for nominating directors and determining their individual compensation.</p>

Once a year	01/01/2023-12/31/2023	Remuneration Committee	Self-evaluation of the Remuneration Committee	<p>1. The four major assessment dimensions of performance evaluation of Remuneration Committee with a total of 22 measurement items</p> <p>(1) Participation in the Company's operations</p> <p>(2) Understanding of the responsibilities of the Remuneration Committee</p> <p>(3) Improvement in the decision-making quality of the Remuneration Committee</p> <p>(4) Composition of the Compensation Committee and selection of its members</p> <p>2. Evaluation result for the current year: Excellent (93 points)</p> <p>When the score falls within the range of 90-100, it is classified as "Excellent"</p> <p>3. The evaluation is conducted by the responsible unit - Human Resources Department responsible for scoring.</p> <p>4. The responsible unit should strengthen explanations of agenda items with independent directors before the meeting to facilitate thorough discussion at the meeting.</p> <p>5. The performance evaluation result of the Remuneration Committee members will be used as a reference for nominating directors and determining their individual compensation.</p>
Once a year	01/01/2023-12/31/2023	Remuneration Committee	Evaluation of the Remuneration Committee	<p>1. The four major assessment dimensions of performance evaluation of Remuneration Committee with a total of 22 measurement items</p> <p>(1) Participation in the Company's operations</p> <p>(2) Understanding of the responsibilities of the Remuneration Committee</p> <p>(3) Improvement in the decision-making quality of the Remuneration Committee</p> <p>(4) Composition of the Compensation Committee and selection of its members</p> <p>2. Evaluation result for the current year: Excellent (93 points)</p> <p>When the score falls within the range of 90-100, it is classified as "Excellent"</p>

Once a year	01/01/2023-12/31/2023	Audit Committee	Self-evaluation of the Audit Committee	<p>1. The five major assessment dimensions of performance evaluation of Audit Committee with a total of 22 measurement items</p> <p>(1) Participation in the Company's operations</p> <p>(2) Understanding of the responsibilities of the Audit Committee</p> <p>(3) Improvement in the decision-making quality of the Audit Committee</p> <p>(4) Composition of the Audit Committee and selection of its members</p> <p>(5) Internal control</p> <p>2. Evaluation result for the current year: Excellent (98 points)</p> <p>When the score falls within the range of 90-100, it is classified as "Excellent"; 80-89 as "Good"</p> <p>3. The evaluation is conducted by the responsible unit of Finance and Accounting Department responsible for scoring.</p> <p>4. Inquire about the topics of interest to independent directors before the meeting, include them in the meeting agenda, and thoroughly discuss them and provide suggestions at the meeting.</p> <p>5. After the completion of the audit project, the internal auditors deliver the audit report and follow-up report to the independent directors for review. It is recommended to the independent directors that they strengthen the audit direction based on the content of the audit report, increase individual communication meetings with the auditors, and supervise the implementation of internal control systems.</p> <p>6. The performance evaluation results of the Audit Committee members will be used as a reference for nominating directors and determining their individual compensation.</p>
Once a year	01/01/2023-12/31/2023	Audit Committee	Evaluation of the Audit Committee	<p>1. The five major assessment dimensions of performance evaluation of Audit Committee with a total of 22 measurement items</p> <p>(1) Participation in the Company's operations</p> <p>(2) Understanding of the responsibilities of the Audit Committee</p>

				<p>(3) Improvement in the decision-making quality of the Audit Committee</p> <p>(4) Composition of the Audit Committee and selection of its members</p> <p>(5) Internal control</p> <p>2. Evaluation result for the current year: Excellent (96 points)</p> <p>When the score falls within the range of 90-100, it is classified as “Excellent”; 80-89 as “Good”; below 79 as “Needs Improvement”</p> <p>3. The assessment is conducted by the Finance and Accounting Department, utilizing a questionnaire approach. It is assessed by the Audit Committee on the operation of the committee. 3 questionnaires were expected to be received, and 3 were actually received.</p> <p>4. The Audit Committee has been established for two and a half years now. Independent directors thoroughly discuss and provide suggestions at the meetings for the board of directors’ reference. The overall operation is on track, ensuring compliance with relevant laws, risk control, and audit matters, and fulfilling the supervisory responsibilities of the committee members.</p> <p>5. The performance evaluation results of the Audit Committee members will be used as a reference for nominating directors and determining their individual compensation.</p>
Once every three years	09/01/2022-08/31/2023	Board of directors	External evaluation: Taiwan Corporate Governance Association	<p>In accordance with the composition, guidance, authorization, supervision, communication, internal control, risk management, self-discipline of the board of directors, and other eight aspects such as board meetings and support systems, etc., the effectiveness of the board of directors is assessed through open-ended questionnaires and video interviews with relevant members.</p> <p>Assessment Results:</p> <p>A. Overall assessment of the institution</p> <p>1. The chairman of your company respects the diverse expertise of the directors. Significant board meeting agendas are thoroughly discussed, and consensus is reached before the meetings. Communication with board</p>

				<p>members is smooth, facilitating effective leadership and governance. Independent directors demonstrate professionalism and extensive experience, actively expressing their opinions at the board meetings and engaging positively with the management team and providing consultation and guidance.</p> <p>2. Your company places emphasis on the trends of sustainable development. Since 2014, it has been preparing Corporate Social Responsibility (CSR) reports. In 2023, it renamed the “CSR Office” and “CSR Committee” to “Sustainable Development Office” and “Sustainable Development Committee”, respectively. It has advanced the schedule outlined in the Financial Supervisory Commission's “Sustainable Development Roadmap for Listed Companies”, initiating greenhouse gas inventories and verifications ahead of schedule. The progress on ESG-related matters is regularly reported to the board of directors to demonstrate your company's effort in promoting ESG issues.</p> <p>3. Your company conducts regular annual discussions starting from July each year, involving the Strategic Development Department and unit managers, to formulate future operational policies, outline strategic maps, and establish short, medium, and long-term goals and strategies that can be implemented. The business plan policy is announced in October. Reporting to the board of directors at the end of each year facilitates board members’ understanding of the overall strategic direction Zeng Hsing.</p> <p>4. Your company has established a “Risk Management Committee” under the jurisdiction of the general manager in accordance with actual operational needs. This committee is responsible for supervising risk management policies and frameworks, conducting an inventory of the Company's overall operational policies, identifying potential impacts on operations and profitability, initiating various risk projects for risk assessment, reviewing various risk management mechanisms, and implementing response measures for risk loss</p>
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				<p>events, etc. Additionally, preliminary considerations for addressing recent emerging risks (such as climate change and geopolitical risks) have been incorporated into the strategic planning. Regular reporting of the risk management situation to the board of directors demonstrates your company's commitment to implementing risk and crisis management effectively.</p> <p>B. Suggestions</p> <ol style="list-style-type: none"> 1. Your company currently has 10 directors (including 3 independent directors and 2 seats of independent directors have served three terms. It is recommended that your company consider best practices in corporate governance. For the composition of the next board of directors, factors such as the tenure of independent directors, the proportion of seats, and gender diversity should be taken into account to enhance the diversity and independence of the overall board of directors. 2. Your company places emphasis on sustainable operations and development. Currently, it has established a “Sustainable Development Committee”, with the chairman serving as the steering committee. To deepen and systematically implement the vision of corporate sustainable development, it is suggested that your company consider elevating the “Sustainable Development Committee” to the functional committee level of the board of directors. This committee would be responsible for coordinating corporate social responsibility, supervising the direction of sustainable development, and implementing specific action plans. This elevation would enhance the communication and execution efficiency of strategies and actions related to corporate sustainability and social responsibility across your company's various units. 3. Your company has formulated executive compensation indicators, which have been discussed by the Compensation Committee and approved by the board of directors. It is recommended that your company gradually incorporate key ESG
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				<p>performance into the executive compensation indicators, in alignment with future ESG initiatives and work, to facilitate the Company's future sustainable operations and development.</p> <p>C. Improvement in implementation status</p> <p>1. <u>Increasing a female director in 2024:</u> Considering factors such as the tenure of independent directors, proportion of seats, and gender diversity, to enhance the overall diversity and independence of the board of directors.</p> <p>2. <u>Incorporating ESG performance into the KPI targets of executives in 2024:</u> In alignment with ESG initiatives, integrating key ESG performance into the executive compensation indicators to facilitate the Company's future sustainable operation and development.</p>
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Note 1: The implementation cycle of the board evaluations, e.g. once a year.

Note 2: The period covered by the board evaluation, e.g. to evaluate the performance of the board from 1 January 2019 to 31 December 2019.

Note 3: The scope of the evaluation includes performance evaluations of the board of directors, individual board members and functional committees.

Note 4: The manner in which the assessment is conducted includes internal self-assessment of the board of directors, self-assessment of board members, peer evaluation, assessment by external experts, professional institutions appointed, or other appropriate manner for performance evaluation.

Note 5: The assessment content includes at least the following items according to the assessment scope:

(1) Performance evaluation of the board of directors: including at least the degree of participation in the Company's operations, the quality of the board's decision-making, the composition and structure of the Board of Directors, the selection and continuous training of directors, internal control, etc.

(2) Performance evaluation of individual directors: including at least the Company's objectives and tasks, directors' recognition of responsibilities, participation in the Company's operations, internal relationship management and communication, professional and continuous training of directors, internal control, etc.

(3) Performance evaluation of functional committees: the degree of participation in the Company's operations, the responsibility recognition of the functional committees, the quality of the functional committee's decision-making, the composition of the functional committee and the selection of members, internal control, etc.

4. The objectives of enhancing the function of the board of directors for the year and the most recent year (such as the establishment of an Audit Committee, the promotion of information transparency, etc.) and the implementation assessment:

(1) Enhancing the functions

The current directors of the Company were elected on 20 July 2021. Among them, the independent directors were selected through the nomination system of candidates. None of the directors of the Company have a kinship relationship within the scope of spouse or second parent. On 12 August 2020, the Company adopted a resolution of the board of directors to revise the board meeting rules in accordance with the "Measures for the board of directors of the Public Offering Company". Subsequent operations of the board of directors

shall be governed by the “Code of Procedures for Board Meetings”. In addition, the Company approved to include the purchase of directors and supervisors' liability insurance in the Company's Articles of Incorporation on 13 June 2007 through the resolution of the shareholders' general meeting and enroll the directors and supervisors in liability insurance every year from 1 February 2010, the latest policy renewal was on 1 February 2024. In addition, during the tenure of the board members of the Company, they regularly participate in the training courses related to the topics of corporate governance organized by the institutions designated by the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies”.

The Company has formulated rules for the scope of duties of independent directors. The 18th board of directors (term: from 20 July 2021 to 19 July 2024) is composed of YOUNG-YAW PAI, MING-LIANG TARNG and JUN-MING HSU and their attendance was normal. As of 31 December 2023, the three independent directors have not served more than three consecutive terms. Their professional knowledge, accounting and financial analysis, and other professional capabilities provided the board with good recommendations on the related proposals on internal control system implementation, business and finance in the board meeting.

The Company has formed an Audit Committee from all independent directors from 20 July 2021 to assist the board of directors in supervising the Company's meetings. The Audit Committee is responsible for overseeing the operation and quality of the Company's accounting, auditing, and financial reporting processes, as well as considering the risks and reasonableness of significant financing for funds, endorsements and guarantees, and transactions to acquire or dispose of assets.

(2) Promoting information transparency

The Company and the Board of Directors approved that the financial statements of the Company and its subsidiaries are audited by Ernst & Young, and all the information required by the law is disclosed and completed correctly in time. On 13 March 2009, the board of directors approved the "Internal Material Information Processing Procedures" and on 22 December 2022, the board approved to update the “Internal Material Information Processing Operation Procedures” and appoint a dedicated staff to be responsible for the collection and disclosure of Company information, establish a spokesperson and deputy spokesperson system to ensure that all major information can be disclosed in a timely and appropriate manner. The website set up by the Company can be linked to MOPS (Market Observation Post System, TWSE) for shareholders and interested parties to access the related business and financial information of the Company.

(3) Effective exercise of the functions of the board of directors

1. The Company purchases directors' liability insurance for all directors to enable them to fulfill their duties wholeheartedly and create the best interests for the Company and shareholders.
2. As of 31 December 2023, none of the three independent directors in the Company have served for more than three consecutive terms.
3. The Company has established a corporate governance supervisor approved by the board of directors and formulated a “Standard Operating Procedures for Handling Requests Made by Directors” to assist directors in performing their duties and enhancing the efficiency of the board of directors.
4. The Company has established a “Rules for Performance Evaluation of Board of Directors” to evaluate the board of directors' performance at least once a year. And the performance evaluation of the Remuneration Committee and the Audit Committee has also been added.

3.4.2. Information on the operation of the Audit Committee

In accordance with Article 14-4 of the Securities and Exchange Act, the Company established the Audit Committee on 20 July 2021, which consists of all independent directors.

1. Professional qualifications and experience of audit committee members

Member	Professional Qualifications and Experience
Independent director MING-LIANG TARNG (Convenor)	<ul style="list-style-type: none"> At least 5 years of working experience in accounting and passed the national examinations required for accountants, business judgment, industry knowledge, leadership and decision-making ability. Experience: Accountant and partner of Sunshine Accounting Firm, Member/independent director of Remuneration Committee and convenor of Audit committee of the Company, independent director/ member of audit committee/ member of Remuneration Committee of LAGIS ENTERPRISE CO.
Independent director YOUNG-YAW PAI (Newly appointed on 20 June 2023)	<p>At least 5 years of work experience in business, finance, accounting, corporate business, specializing in the work experience such as corporate operations, management administration, crisis management ability, industry knowledge, possession of international perspective, global market assessment and decision-making and leadership ability.</p> <ul style="list-style-type: none"> Experience: Chairman of Precision Motion Industries, Inc./ Corporate representative director (chairman) of Chensu Plastics Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Chanson Metal Profiling Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Millennium Vee Hotel Taichung (Representative director: Apex Dynamics, Inc.)/ Corporate representative director of Yun Tan Technologies Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Exfiro Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of UNION MECHATRONIC INC. (Representative director: Precision Motion Industries, Inc.)/ Chairman of Yuanzhou Co., Ltd./Independent director and Member of Remuneration Committee and Audit Committee of the Company
Independent director JUN-MING HSU	<ul style="list-style-type: none"> At least 5 years of working experience as a professor of finance at a public university with professional qualifications, operational judgment, international market leadership and decision-making ability, specializing in financial and accounting planning professional matters, assisting companies in financial professional consulting and providing professional advice on the future development of the Company. Experience: Professor of the Department of Finance of National Chung Hsing University, Independent Director / Member of Remuneration Committee / Member of Audit Committee of Calin Technology Co., Ltd., Independent Director/Convenor of the Compensation and Remuneration Committee/Member of the Audit Committee of Zeng Hsing Industrial Co., Ltd., Independent Director / Member of Remuneration Committee / Member of Audit Committee of SHINE TREND International Multimedia Technology CO., LTD.

2. Main job content:

The matters considered by the Audit Committee mainly include:

- (1) Financial reports;
- (2) Audit and accounting policies and procedures;
- (3) Internal control system and related policies and procedures;

- (4) Significant asset or derivative transactions;
- (5) Significant loans, endorsements or guarantees of funds;
- (6) The raising or issuance of securities;
- (7) Derivative financial instruments and cash investment status;
- (8) Legal compliance;
- (9) Whether there are related-party transactions and potential conflicts of interest involving managers and directors;
- (10) Report of complaints;
- (11) Anti-fraud plan and fraud investigation report;
- (12) Qualifications, independence, and performance evaluation of certified public accountant;
- (13) The appointment, dismissal or compensation of a certified public accountant;
- (14) Appointment or removal of the head of finance, accounting or internal audit;
- (15) Performance of the audit committee's responsibilities;
- (16) Self-assessment questionnaire of Audit Committee's performance evaluation; and
- (17) Other matters in accordance with laws, or the articles of incorporation to be reviewed by this committee, or significant matters as stipulated by competent authorities.

The Audit Committee met five times (A) in 2023, and the independent directors were present as follows.

Title	Name	Attendance in Person (B)	By proxy	Attendance Rate (%) 【B/A】 (Notes 1 and 2)	Remarks
Convener	MING-LIANG TARNG	5	0	100%	
Members	YOUNG-YAW PAI	3	0	100% (Note 3)	Newly appointed on 20 June 2023.
Members	JUN-MING HSU	5	0	100%	

Note 1: In the event an independent director of the committee resigns before serving a full year, the resignation date should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the actual number of meetings held by the committee and the actual number of attendances by such members.

Note 2: If there is a reelection of any independent director before the end of the year, the outgoing and elected members should be added to the list and indicate whether a member is incumbent, newly-elected or reelected and the reelection date. Their attendance rate (%) should be based on the actual number of meetings held by the committee and the actual number of attendances by such members.

Note 3: Director YOUNG-YAW PAI was newly appointed on 20 June 2023. He was expected to attend 3 meetings, and he attended 3 meetings, with an attendance rate of 100%.

Other matters shall be recorded:

1. In the event the Audit Committee has any of the following occurrences, must state the date and term of the meeting, the content of the resolutions, the dissenting opinions, reservations, or significant recommendations of the independent directors, the results of the Audit Committee's resolutions, and the Company's handling of the Audit Committee's opinions.

(1) The matters listed in Article 14-5 of the Securities and Exchange Act.

Audit Committee Meeting Date	Resolution's content	Results of Audit Committee Resolutions and the Company's Handling of Audit Committee Opinions	Independent directors' dissenting opinions, reservations or significant recommendations
1 st term, 11 th meeting on 10 March 2023	The issuance of the “Statement of Internal Control”- for 2022	All motions were unanimously approved by the Audit Committee, and the board of directors approved all motions on the Audit Committee's recommendation.	None
	The Company's 2022 financial statements and consolidated financial statements.		
	Proposal for the appointment of the Company's CPA, regular evaluation of their independence and qualifications, and the situation of obtaining prior approval for non-48 audit services from Ernst & Young and its affiliates.		
	Release of non-compete restrictions on independent directors in the Company's by-election.		
	The Company's 2022 Earnings Distribution Proposal		
	The proposal for the change in the Company's internal audit supervisor.		
	The proposal for providing endorsement guarantee to Citibank (as defined in the guarantee) on behalf of the Company's subsidiary investment company for applying for a short-term credit line.		
	The proposal to cancel the fund loan from the subsidiary Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd. to Shanghai Debra Trading Company Limited.		
1 st term, 12 th meeting on 9 May 2023	Consolidated financial statements for the first quarter of 2023	All motions were unanimously approved by the Audit Committee, and the board of directors	None
	Amendment to the business plan and budget for 2023.		

	Proposal for increasing investment in the Vietnam-based company FOREMOST GULF INTERNATIONAL CO., LTD. (VN)	approved all motions on the Audit Committee's recommendation.	
	Proposal to review the shareholder proposal rights at the Company's 2023 annual general meeting.		
	Review of accepting the nomination for independent director candidates on the Company's 2023 shareholders' meeting.		
	Proposal for the renewal of the contract between the Company and Ta Ching Bills Finance Corporation.		
	Proposal for the renewal of the contract between the Company and Bank of Taiwan.		
	Proposal for the renewal of the contract between the Company and E.SUN Commercial Bank.		
	Proposal for the renewal of the contract between the Company and Mega Bills		
	Proposal for the renewal of the contract between the Company and CTBC BANK		
	The Company's proposed endorsement guarantee for the reinvestment business		
	Amendment to the Company's "Regulations for Director and Executive Compensation Administration"		
	Amendment to the Company's "Rules of Procedure for Shareholders Meetings"		
1 st term, 13 th meeting on 8 August 2023	Report of Change in the Company's CPAs	All motions were unanimously approved by the Audit Committee, and the board of directors approved all motions on the Audit Committee's recommendation.	None
	Consolidated financial statements for the second quarter of 2023		
1 st term, 14 th meeting on 9 November 2023	A. Consolidated financial statements for the third quarter of 2023	All motions were unanimously approved by the Audit Committee, and the board of directors approved all motions on the Audit Committee's recommendation.	None
	B. Review of the professional fees for the Company's CPAs		
	C. Amendments to the Company's "Codes of Ethical Conduct"		
	D. Apply for an endorsement guarantee from Mega International Commercial Bank by the Company for its 100% reinvestment in "Zeng Hsing Industrial Co., Ltd. (Vietnam)"		
	E. Apply for an endorsement guarantee from Taipei Fubon Bank by the Company for its 100% reinvestment in "Zeng Hsing Industrial Co., Ltd. (Vietnam)"		

	F. Apply for endorsement guarantee from Taipei Fubon Bank by the Company for its 100% reinvestment in “Zeng Hsing Industrial Co., Ltd. (Vietnam)”		
	G. Apply for an endorsement guarantee from Bank SinoPac by the Company for its 100% reinvestment in “Zeng Hsing Industrial Co., Ltd. (Vietnam)”		
1 st term, 15 th meeting on 21 December 2023	A. The Company’s audit plan for 2024	All motions were unanimously approved by the Audit Committee, and the board of directors approved all motions on the Audit Committee's recommendation.	None
	B. Amendments to the Company's “Procedures for the Acquisition or Disposal of Assets”		
	C. Proposal to acquire or dispose of the balance limit for derivative products for 2024		
	D. Proposal for the balance limit of acquiring or disposing derivative products in the subsidiary investments for 2024		
1 st term, 16 th meeting on 8 March 2024	A. The Company's 2023 financial statements and consolidated financial statements	All motions were unanimously approved by the Audit Committee, and the board of directors approved all motions on the Audit Committee's recommendation.	None
	B. The issuance of the “Statement of Internal Control” for 2023		
	C. Proposal to adjust the group's investment structure in response to Article 14-3 of Income Tax Act “Controlled Foreign Company (CFC)”		
	D. Zhangjiagang Zeng Hsing Machinery & Electronics Co., Ltd., a 100%-owned subsidiary of the Company, reduced capital and returned share monies		
	E. The Company's 2023 Earnings Distribution Proposal		
	F. Release of non-compete restrictions on elected directors of the 19th term of the Company		
	G. Proposal for the appointment of the Company's CPA, regular evaluation of their independence and qualifications		
	H. Planning to establish general policy for the pre-approval of non-assurance services policy		
	I. Amendment to the Company’s “Rules of Procedure for Board of Directors Meetings”		
1st term, 17th meeting on 8 May 2024	A. Consolidated financial statements for the first quarter of 2024	All motions were unanimously approved by the Audit Committee, and the board of directors	None
	B. The Company intends to purchase common		

	shares of Turvo International Co., Ltd. on the centralized market	approved all motions on the Audit Committee's recommendation.	
	C. Apply for an endorsement guarantee from CTBC Bank by the Company for its 100% reinvestment in “Zeng Hsing Industrial Co., Ltd. (Vietnam)”		
	D. Amendments to the Company's “Procedures for the Acquisition or Disposal of Assets”		

(2) Other than the preceding matters, other matters not approved by the Audit Committee and approved by two-thirds or more of all directors: None.

2. For any recusal of independent directors due to conflict of interests in certain proposals, name of the independent director, contents of resolutions, reasons for the recusal and participation in the voting shall be noted: Amendment to the Company's “Regulations for Director and Executive Compensation Administration” on 10 March 2023.

The Company regularly reviews the compensation of its directors and managers, and has revised the car allowance for independent directors from “NT\$ 3,000 per time ” to “NTD 5,000 per time”.

The proposal has been abstained from discussion and voting by independent directors MING-LIANG TARNG and JUN-MING HSU due to their personal interests.

3. Communication between independent directors and internal auditors and accountants (shall include the significant matters, manner and results of communication regarding the Company's financial and business conditions).

(1) At the quarterly audit committee meeting, the Company's internal audit supervisor communicates the audit report results to the audit committee members on a regular basis and presents an internal audit report. If there are any unusual circumstances, they will immediately notify the audit committee members. There were no such occurrences in 2023. The Company's audit committee and the head of internal audit have a good working relationship.

(2) At the quarterly audit committee meeting, the Company's certified accountants will present the results of the quarterly financial statement audit or review, as well as any other information required by applicable laws. If there are any unusual circumstances, they will immediately notify the audit committee members. There were no such occurrences in 2023. The company's audit committee and certified accountants communicated effectively.

The communication matters between independent directors and the head of internal audit or with the CPAs are as follows:

Audit Committee Meeting Date	Attendees	Significant matters communicated with the head of internal audit	Significant matters communicated with the CPAs
1 st term, 11 th meeting on 10 March 2023	Independent director: MING-LIANG TARNG Independent director: JUN-MING HSU Attendees: Chairman CHIH-CHENG LIN, general president TUNG-LIANG LIU, senior manager TZU-HO CHUANG, assistant manager QI-FENG ZHANG CPAs: WEN-BI YEN	None	<ul style="list-style-type: none"> ● The CPAs discussed the 2022 audit of the consolidated financial statements, including the audit results and key audit matters. And the communication with corporate governance and management team. ● Recent legal updates and key corporate governance measures explained by CPAs ● Explanation of EY's Audit Quality Indicators (AQI) Information ● Pre-approval explanation for non-assurance services

	TU, MING-YU HO		
1 st term, 13 th meeting on 8 August 2023	Independent director: MING-LIANG TARNG Independent director: JUN-MING HSU Independent director: YOUNG-YAW PAI Attendees: Chairman CHIH-CHENG LIN, general president TUNG-LIANG LIU, senior manager TZU-HO CHUANG, section chief JIA-JUN XIE CPAs: MING-HUNG CHEN, CHING-YA HUANG, MING-YU HO	Internal audit project report meeting	<ul style="list-style-type: none"> ● Explanation on the review of the financial statements for the second quarter of 2023 by CPAs. ● Recent legal updates and key measures explained by CPAs.
8 August 2023 (Individual meeting)	Independent director: MING-LIANG TARNG Independent director: JUN-MING HSU Independent director: YOUNG-YAW PAI Audit: JIA-JUN XIE and YU-CHING HUANG, WEI-YAN CIOU	<ul style="list-style-type: none"> ● Internal audit services execution report of the group ● Independence and objectivity report of auditors ● Other communication matters 	<ul style="list-style-type: none"> ● None
8 August 2023 (Individual meeting)	Independent director: MING-LIANG TARNG Independent director: JUN-MING HSU Independent director: YOUNG-YAW PAI CPAs: MING-HUNG CHEN, CHING-YA HUANG, MING-YU HO	None	<ul style="list-style-type: none"> ● Explanation on the review of the financial statements for the second quarter of 2023 by CPAs. ● Explanation on recent legal updates by CPAs
1 st term, 14 th meeting on 9 November 2023	Independent director: MING-LIANG TARNG Independent director: JUN-MING HSU Independent director: YOUNG-YAW PAI Attendees: Chairman CHIH-CHENG LIN, general president TUNG-LIANG LIU, senior manager TZU-HO CHUANG, section chief JIA-JUN XIE	Review of internal audit business reports	<ul style="list-style-type: none"> ● None
1 st term, 15 th meeting on 21	Independent director: MING-LIANG TARNG	Review of internal audit business reports	<ul style="list-style-type: none"> ● None

December 2023	Independent director: JUN-MING HSU Independent director: YOUNG-YAW PAI Attendees: general president TUNG- LIANG LIU, senior manager TZU-HO CHUANG, section chief JIA-JUN XIE		
1st term, 16th meeting on 8 March 2024	Independent director: MING-LIANG TARNG Independent director: JUN-MING HSU Independent director: YOUNG-YAW PAI (Director, MING- LIANG TARNG, attended the meeting on his behalf) Attendees: Chairman CHIH-CHENG LIN, general president TUNG-LIANG LIU, senior manager TZU- HO CHUANG, section chief JIA-JUN XIE CPAs: MING-HUNG CHEN, LIN YUAN TAI	Review of internal audit business reports	<ul style="list-style-type: none"> ● The CPAs discussed the 2023 audit of the consolidated financial statements, including the audit results and key audit matters. And the communication with corporate governance and management team. ● Recent legal updates and key corporate governance measures explained by CPAs ● Explanation of EY's Audit Quality Indicators (AQI) Information ● Pre-approval explanation for non-assurance services ● Article 43-3 of Income Tax Act - Challenge of Controlled Foreign Company (CFC) legislation
1 st term, 17 th meeting on 8 May 2024	Independent director: MING-LIANG TARNG Independent director: JUN-MING HSU Independent director: YOUNG-YAW PAI Attendees: Chairman CHIH-CHENG LIN, general president TUNG-LIANG LIU, senior manager TZU- HO CHUANG, section chief JIA-JUN XIE	Review of internal audit business reports	<ul style="list-style-type: none"> ● None
Results: The Audit Committee reviewed or approved the above matters, and the independent directors had no objection.			

(3) Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles”

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
I. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company formulated a formal code of practice for corporate governance according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and disclosed on TWSE and the Company’s website in accordance with regulations.	No discrepancy.
II. Shareholding structure & shareholders’ rights (I) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(I) The Company set up a spokesperson and a deputy spokesperson to deal with proposals or disputes from shareholders.	The Company set up a spokesperson and a deputy spokesperson as a conduit for communication between the Company and stakeholders.
(II) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(II) The Company keeps track of any changes to the list of the major shareholders and the ultimate owners of those shares through reporting.	No discrepancy.
(III) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	V		(III) The Company set forth “Subsidiary Supervision and Management Practices” and “Relationship and Group Enterprise Transactions Procedures” to regulate related matters accordingly, and the subsidiaries implement the relevant internal control measures. The Company conducts regular and ad-hoc audits by the Audit Department, the Financial Department or the accountant. The Company’s the Strategic Development Department and the Financial Department keep track of any regulation updates and control system from time to time.	No discrepancy.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
(IV) Does the Company establish internal rules against insiders trading with undisclosed information?	V		(IV) The Company has enacted and complied with “Procedures for Handling Material Insider Information” and “Code of Ethical Conduct” to regulate the Company’s stakeholders.	No discrepancy.
III. Composition and Responsibilities of the board of directors (I) Does the board of directors have a diversity policy, specific management objectives and implementation?	V		(I) a. The board enacted a policy on diversity based on the composition of the members. The related information is disclosed on the Company’s website and TWSE. b. The Company adopted the “Corporate Governance Principles” at the board meeting of 30 October 2014 and amended the regulations that develop a diversified policy in Chapter 3, “Strengthening Board Functions” on 30 April 2015, 9 November 2016, 12 August 2020, 10 March 2022, 22 December 2022 and 10 March 2023. The nomination and selection of members of the Company’s board of directors are in accordance with the Company’s articles of association. In order to ensure the diversity and independence of directors, the nomination will evaluate the qualifications of each candidate’s academic experience, refer to the opinions of stakeholders, and abide by the "Director and Supervisor Election Measures" and " Corporate Governance Principles". c. The diversification of the members of the board: According to the management objectives on diversity, the entire board of directors’ specialty will need to include business strategy, finance & accounting and administration and production management. Their professional background covers a wide range of industry, accounting, technology and management, etc., and has the knowledge, skills and literacy necessary to perform duties. Each director’s industry experience and expertise are diverse and complementary. Implementation situation of members of board of directors’ diversification policy: The 18 th board of directors of the Company (term: 20 July 2021 to 19 July 2024) consists of 10 directors, including 7 non-independent directors and 3 independent directors. <ul style="list-style-type: none"> ● 10 male directors ● 10 with Republic of China nationality ● 2 independent directors have served the position for over 8 years, while 1 independent director have served for less than 1 year. They have met the statutory requirements of independent directors, and they are familiar with the 	No Discrepancy.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
(II) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		<p>Company’s finance and operations.</p> <ul style="list-style-type: none"> ● 10 directors are not related by a spouse or second-degree kinship between them. ● 10 with operational evaluation; 4 with financial and legal expertise; 8 with management administration; 8 with industry knowledge; 4 with international market perspective; and 10 with leadership and decision-making ability ● 5 directors aged above 60; and 5 directors aged below 60 ● The ratio of directors with employee status is 10% (1 director) ● The ratio of independent directors is 30% (3 directors) <p>The Company places emphasis on gender equality in the composition of members of the board of directors, with a target ratio of female director over 10%. It is anticipated that in the 19th board of directors, a female director will be added to achieve this target.</p> <p>(II) The Company has set up the Remuneration Committee. On 20 July 2021, the Company also set up an Audit Committee. Other functional committees shall be established whenever deemed necessary.</p>	No discrepancy.
(III) Does the Company establish a standard to measure the performance of the board, implement it annually, report the results of the performance evaluation to the board of directors, and applies it to individual directors’ remuneration and nomination renewal?	V		<p>(III) The board of directors of the Company passed the “Board of Directors Performance Evaluation Method” on 10 August 2016 to enhance the functionality of the board’s operations by promoting self-motivation among its members. The performance evaluation of the board of directors, board members, Remuneration Committee, and Audit Committee should be conducted at least once a year. The internal evaluation should conduct an annual performance assessment at the end of each year. The board of directors, board members, Remuneration Committee, and Audit Committee and the board of directors’ external evaluation for 2023: Taiwan Corporate Governance Association performed the performance assessment and submitted the performance evaluation results to the board of directors on 21 December 2023 and 8 March 2024.</p> <p>1. <Board of directors> The five major assessment dimensions of performance evaluation with a total of 45 measurement items</p> <p>(1) Participation in the operations of the Company</p> <p>(2) Improvement of the quality of the board of directors’ decision making</p>	No differences with Article 37 of Corporate Governance Best Practice Principles.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>(3) Composition and structure of the board of directors</p> <p>(4) Election and continuing education of the directors</p> <p>(5) Internal control</p> <p>Evaluation result for the current year: Excellent (96 points)</p> <p>Score range: 90-100 are classified as “Excellent”; 80-89 as “Good”; below 79 as “Needs Improvement”</p> <ul style="list-style-type: none"> ● Operational assessment of the board of directors by self-assessment is conducted by the Finance and Accounting Department ● The directors thoroughly discussed at the meeting, and the meeting minutes recorded the discussion content and subsequent follow-up matters. ● Currently, there are 10 directors (including 3 independent directors), and 2 seats of independent directors have served three terms. In 2024, there will be a comprehensive reelection of directors. The composition of the board of directors will include an additional female director to enhance the overall diversity and independence of the board of directors. ● Continuously enhancing corporate governance and strengthening the functions of the board of directors to focus on safeguarding shareholders' rights, in order to achieve sustainable business operations and development. ● Provide or organize from time to time training courses related to the Company's industry to enable directors to better understand the dynamics of the relevant industry to facilitate appropriate judgment. <p>2. <Members of the board of directors> The six major assessment dimensions of self-assessment's performance evaluation with a total of 23 measurement items</p> <p>(1) Mastery of company's objectives and tasks</p> <p>(2) Awareness of the duties and responsibilities of directors</p> <p>(3) Participation in the Company's operations</p> <p>(4) Management of internal relationships and communication</p> <p>(5) The director's professionalism and continuing education</p> <p>(6) Internal control</p> <p>Evaluation result for the current year: Excellent (99 points)</p> <p>When the score falls within the range of 90-100, it is classified as “Excellent”; 80-89 as “Good”; below 79 as “Needs Improvement”</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<ul style="list-style-type: none"> ● The assessment is conducted by the Finance and Accounting Department, utilizing a questionnaire approach. It is self-assessed by board members. 10 questionnaires were expected to be received, and 10 were actually received. ● The frequency of communication between directors and the certified public accountant will be increased as required. <p>Discussion on the implementation and monitoring of the internal control system is conducted, and regular assessments are made to evaluate the effectiveness of the internal control system.</p> <ul style="list-style-type: none"> ● The performance evaluation results of members of board of directors will serve as a reference for nominating directors and determining their individual compensation. <p>3. <Remuneration Committee> and <Remuneration Committee members> The four major assessment dimensions of performance evaluation with a total of 22 measurement items</p> <p>(1) Participation in the Company's operations</p> <p>(2) Understanding of the responsibilities of the Remuneration Committee</p> <p>(3) Improvement in the decision-making quality of the Remuneration Committee</p> <p>(4) Composition of the Compensation Committee and selection of its members</p> <p>Evaluation result for the current year: Excellent (93 points)</p> <p>When the score falls within the range of 90-100, it is classified as “Excellent”</p> <ul style="list-style-type: none"> ● The evaluation is conducted by the responsible unit - Human Resources Department responsible for scoring. ● The responsible unit should strengthen explanations of agenda items with independent directors before the meeting to facilitate thorough discussion at the meeting. ● The performance evaluation result of the Remuneration Committee members will be used as a reference for nominating directors and determining their individual compensation. <p>4. <Audit Committee> and <Audit Committee members> The five major assessment dimensions of performance evaluation with a total of 22 measurement items</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>(1) Participation in the Company's operations</p> <p>(2) Understanding of the responsibilities of the Audit Committee</p> <p>(3) Improvement in the decision-making quality of the Audit Committee</p> <p>(4) Composition of the Audit Committee and selection of its members</p> <p>(5) Internal control</p> <p>Evaluation result for the current year: Excellent (98 points) and Excellent (96 points)</p> <p>When the score falls within the range of 90-100, it is classified as “Excellent”; 80-89 as “Good”</p> <ul style="list-style-type: none"> ● The evaluation is conducted by the responsible unit of Finance and Accounting Department responsible for scoring. ● Inquire about the topics of interest to independent directors before the meeting, include them in the meeting agenda, and thoroughly discuss them and provide suggestions at the meeting. ● After the completion of the audit project, the internal auditors deliver the audit report and follow-up report to the independent directors for review. It is recommended to the independent directors that they strengthen the audit direction based on the content of the audit report. ● Increase individual communication meetings with the auditors, and supervise the implementation of internal control systems. ● The performance evaluation results of the Audit Committee members will be used as a reference for nominating directors and determining their individual compensation. <p>5. External evaluation of the board of directors: Taiwan Corporate Governance Association</p> <p>Assessment time: 1 September 2022 to 31 August 2023</p> <p>Assessment content: In accordance with the composition, guidance, authorization, supervision, communication, internal control, risk management, self-discipline of the board of directors, and other eight aspects such as board meetings and support systems, etc., the effectiveness of the board of directors is assessed through open-ended questionnaires and video interviews with relevant members.</p> <p>Assessment Results:</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<ul style="list-style-type: none"> ● Overall assessment of the institution (1) The chairman of your company respects the diverse expertise of the directors. Significant board meeting agendas are thoroughly discussed, and consensus is reached before the meetings. Communication with board members is smooth, facilitating effective leadership and governance. Independent directors demonstrate professionalism and extensive experience, actively expressing their opinions at the board meetings and engaging positively with the management team and providing consultation and guidance. (2) Your company places emphasis on the trends of sustainable development. Since 2014, it has been preparing Corporate Social Responsibility (CSR) reports. In 2023, it renamed the “CSR Office” and “CSR Committee” to “Sustainable Development Office” and “Sustainable Development Committee”, respectively. It has advanced the schedule outlined in the Financial Supervisory Commission's “Sustainable Development Roadmap for Listed Companies”, initiating greenhouse gas inventories and verifications ahead of schedule. The progress on ESG-related matters is regularly reported to the board of directors to demonstrate your company's effort in promoting ESG issues. (3) Your company conducts regular annual discussions starting from July each year, involving the Strategic Development Department and unit managers, to formulate future operational policies, outline strategic maps, and establish short, medium, and long-term goals and strategies that can be implemented. The business plan policy is announced in October. Reporting to the board of directors at the end of each year facilitates board members' understanding of the overall strategic direction of the Company. (4) Your company has established a “Risk Management Committee” under the jurisdiction of the general manager in accordance with actual operational needs. This committee is responsible for supervising risk management policies and frameworks, conducting an inventory of the Company's overall operational policies, identifying potential impacts on operations and profitability, initiating various risk projects for risk assessment, reviewing various risk management mechanisms, and implementing response measures for risk loss events, etc. Additionally, preliminary considerations for addressing recent emerging risks (such as climate change and geopolitical risks) have been incorporated into the strategic planning. Regular 	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>reporting of the risk management situation to the board of directors demonstrates your company's commitment to implementing risk and crisis management effectively.</p> <ul style="list-style-type: none"> ● Suggestions <p>(1) Your company currently has 10 directors (including 3 independent directors and 2 seats of independent directors have served three terms. It is recommended that your company consider best practices in corporate governance. For the composition of the next board of directors, factors such as the tenure of independent directors, the proportion of seats, and gender diversity should be taken into account to enhance the diversity and independence of the overall board of directors.</p> <p>(2) Your company places emphasis on sustainable operations and development. Currently, it has established a “Sustainable Development Committee”, with the chairman serving as the steering committee. To deepen and systematically implement the vision of corporate sustainable development, it is suggested that your company consider elevating the “Sustainable Development Committee” to the functional committee level of the board of directors. This committee would be responsible for coordinating corporate social responsibility, supervising the direction of sustainable development, and implementing specific action plans. This elevation would enhance the communication and execution efficiency of strategies and actions related to corporate sustainability and social responsibility across your company's various units.</p> <p>(3) Your company has formulated executive compensation indicators, which have been discussed by the Compensation Committee and approved by the board of directors. It is recommended that your company gradually incorporate key ESG performance into the executive compensation indicators, in alignment with future ESG initiatives and work, to facilitate the Company's future sustainable operations and development.</p> <ul style="list-style-type: none"> ● Suggestions and improvement in implementation status of the Taiwan Corporate Governance Association <p>(1) Increasing a female director in 2024: Considering factors such as the tenure of independent directors, proportion of seats, and gender diversity, to enhance the overall diversity and independence of the board of directors.</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
(IV) Does the Company regularly evaluate the independence of CPAs?	V		<p>(2) Incorporating ESG performance into the KPI targets of executives in 2024: In alignment with ESG initiatives, integrating key ESG performance into the executive compensation indicators to facilitate the Company's future sustainable operation and development.</p> <p>(IV) The Company's Audit Committee evaluates the independence and competence of its CPAs on an annual basis. In addition to requiring auditors to provide a "Statement of Independence" and "Audit Quality Indicators (AQIs)," which include five aspects and 13 indicators such as professionalism, independence, quality control, supervision, and innovation ability, the Committee confirms that the auditors and their family members have no other financial interests or business relationships with the Company other than the fees for auditing and taxation. The Committee also refers to AQI information, including external and internal inspection results, performance milestones, employee satisfaction surveys, and personnel turnover rates, to confirm that the auditors and their firm have superior audit experience and training hours compared to the industry average. Furthermore, the Company will continue to introduce four digital audit tools, including an audit knowledge base system, an audit collaboration platform, digital analysis tools, and digital audit methodology support, to enhance audit quality. The most recent evaluation result was discussed and approved by the Audit Committee on 10 March 2023 and 8 March 2024, and was submitted to and approved by the board of directors on the same day. Please refer to Note 3 for the independence and suitability evaluation criteria for CPA.</p>	No discrepancy.
IV. Does the Company deploys qualified and appropriate number of corporate governance personnel and appoint personnel responsible for corporate governance matters (including but not limit to providing information for directors to perform their functions, handling work related to meetings of the board of directors and the shareholders' meetings, assisting	V		<p>The Company sets up the Investor Relations Division as a corporate governance secondary unit. On 3 March 2021, the board of directors of the Company resolved to appoint Finance & Accounting department assistant general manager TZU-HO CHUANG, as the dedicated officer (supervisor) in corporate governance, who is a qualified CPA, and meets the requirements under Article 3-1 of “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”. The main duties of corporate governance officers and units are to provide information for directors to perform their functions, help directors and supervisors comply with laws and regulations, handling work related to board meetings and the shareholders' meetings.</p> <p>The tasks undertaken in 2023 are as follows:</p> <ol style="list-style-type: none"> 1. Assisting independent directors and general directors in performing their duties, providing required information and arranging training 	No discrepancy.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEx Listed Companies” and Reasons								
	Yes	No	Summary									
directors and supervisors to follow laws, filing company registration and changes to company registration, and producing minutes of board meetings and shareholders’ meetings)?			<p>for directors.</p> <p>a. Providing board members with the latest laws and regulations regarding the Company's business areas and corporate governance-related amendments and updating them regularly.</p> <p>b. Assisting the independent directors and general directors to formulate annual refresher plans and arrange courses according to the Company's industrial characteristics and directors' academic and experience background.</p> <p>2. Assisting with the legal procedures and compliance of the board meetings and shareholders' meetings.</p> <p>a. Report to the board of directors, independent director, audit committee or supervisor the Company's corporate governance operation status and confirm whether the Company’s board meetings and shareholders’ meetings are in compliance with relevant laws and rule of corporate governance.</p> <p>b. To assist and remind directors the legal compliance requirements when they perform business or formal resolution and make a suggestion when the board of directors will make an illegal resolution.</p> <p>c. After the meeting, check the release of material information of the board of directors’ important resolution and confirm the legality and correctness of material information’s content.</p> <p>3. Formulating the agenda of the board meeting and notifying the directors 7 days prior to the meeting date. Convening a meeting and providing documents. Reminding meeting members of potential conflict of interest issues in advance if they have to recuse themselves from the meeting. The board meeting minutes should be completed within 20 days after the meeting.</p> <p>4. Registering in advance the date of the shareholders' meeting as required by relevant law. Producing meeting notice, manual and minutes within the statutory period. Registering for amendments to the Articles of Incorporation or results of the election of directors.</p> <p>5. The situation of the Company corporate governance executive training in 2023 are as follows:</p> <table><tr><th>Date</th><th>Unit</th><th>Name</th><th>Hours</th></tr><tr><td>9 May 2023</td><td>Discussion on the functions of the board of directors from the corporate fraud prevention</td><td>Securities& Futures Institute</td><td>3</td></tr></table>	Date	Unit	Name	Hours	9 May 2023	Discussion on the functions of the board of directors from the corporate fraud prevention	Securities& Futures Institute	3	
Date	Unit	Name	Hours									
9 May 2023	Discussion on the functions of the board of directors from the corporate fraud prevention	Securities& Futures Institute	3									

Evaluation Item	Implementation Status (Note 1)						Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPE _x Listed Companies” and Reasons	
	Yes	No	Summary					
			2 November 2023- 3 November 2023	Trends and regulations of ESG information disclosure related to the “Sustainable Development Action Plans for TWSE and TPE _x Listed Companies”	Accounting Research and Development Foundation	3		
			2 November 2023- 3 November 2023	Establishment of ESG sustainable strategies and enhancement of competitiveness	Accounting Research and Development Foundation	3		
			9 November 2023	Global economic outlook for 2024	Securities& Futures Institute	3		
			Total (hours)				12	
V. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company has established a communication channel with stakeholders and set up a stakeholder zone on the Company's website to respond appropriately to important CSR issues that stakeholders concern about. The communication channel is as follows: 1. The Company’s switchboard 04-2278-5177#9 2. Spokesman TZU-HO CHUANG Assistant general manager 04-2278-5177#182 spokesman@zenghsing.com.tw 3. Deputy spokesman JUN-SHEN ZHOU Vice- general manager 04-2278-5177#885 Sam_chou@zenghsing.com.tw 4. Business customer service JIA-YING LIN assistant manager 04-2278-5177#151 sales@zenghsing.com.tw 5. ESGO SHAN-MEI ZENG assistant manager 04-2278-5177#589 csr@zenghsing.com.tw 6. Management Department, SIOU-FONG WAN assistant manager 04-2278-5177#255				No Discrepancy.	
VI.Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company appointed the Stock Agent Department of SinoPac Securities Co., Ltd. as the Company's stock agency to handle the related matters of the shareholders' meeting.				No Discrepancy.	
VII. Information Disclosure (I) Does the Company have a corporate website to disclose	V		(I) The Company has disclosed related financial business and corporate governance information on TWSE and the Company's website.				No Discrepancy.	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
both financial standings and the status of corporate governance?				
(II) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(II) The Company assigns a dedicated employee to be responsible for the collection and disclosure of company information and designates someone who has a full understanding of the Company's finances, business or can coordinate the departments to provide related information as the Company spokesperson and deputy spokesperson that speak on behalf of the Company to ensure the information that may affect the decisions of shareholders and stakeholders is disclosed appropriately and timely. In the future, if an investor conference is held, the related information will also be uploaded to TWSE and the Company's website for investors' reference.	No Discrepancy.
(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	V		(III) The Company's 2023 annual financial report was published on 11 March 2024. It did not publish and report the annual financial report within two months after the end of the fiscal year. The financial reports for the first, second, and third quarters have been published and reported its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.	No Discrepancy.
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor	V		(I) Employee rights and employee wellness The Company employs employees without gender or racial discrimination. The Company considers whether the person has the professional knowledge and skills required and provides fair opportunities for applicants. In order to provide employees with a comfortable and safe working environment, the Company attaches importance to pre-employment training for employees, including workplace safety courses. In addition, the Company arranges a health check for all employees every year to fully understand the health of employees and reduce occupational injuries.	No Discrepancy.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
relations, supplier relations, rights of stakeholders, directors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?			<p>The Company implements employee welfare measures in accordance with the Labor Standards Act and relevant regulations. It also sets up an employee welfare committee, which provides subsidies for employees' weddings, funerals, illnesses and births, and holds various outings and community activities regularly to promote employees' physical and mental health and enhance the bonding among employees. The committee also implements employees' annual surplus earnings distribution and festival bonuses, which fully reflect the management philosophy of "striving for wellbeing".</p> <p>In order to secure employees' life after retirement, the Company has an employee retirement policy. The policy provides that 6% of the total salary paid must be appropriated to a pension reserves fund and deposited in the dedicated account of the Supervisory Committee of Workers' Retirement Preparation Fund. After Labor Pension Act became effective on 1 July 2005, the Company appropriates 6% of employee salary to the labor pension reserve fund each month and deposits the fund into individual labor pension accounts for employees covered by the Act. The purpose is to provide employees maximum security for retirement.</p> <p>Labor Standards Act is applicable to the Company, and all operations must comply with the act. In order to promote labor-management cooperation and improve work efficiency, the Company regularly convenes labor-management meetings in accordance with Regulations for Implementing Labor-Management Meeting to communicate and cooperate with employees. In addition, the Company emphasizes talent training and encourages employees to participate in various internal and external training courses. The internal training courses aim at the internal professional technology exchange to improve employee productivity; the external training courses provide professional training opportunities for employees, and employees are appointed to participate in these courses when needed.</p> <p>(II) Investor relations</p> <p>The Company treats all shareholders with fairness and openness. The shareholders' meeting is held every year and a notice to convene a shareholders' meeting is given to each shareholder in accordance with the Company Act and relevant laws and regulations. The Company submits reports to the shareholders' meeting when making major financial and business decisions, such as acquiring or transferring assets and endorsement or guarantees.</p> <p>The Company not only gives shareholders the opportunity to ask questions or propose for discussion at shareholders' meetings but also sets up the regulation of shareholders' meeting proceedings in accordance with the law, which provides that the Company has to properly keep the meetings minutes and fully disclose related information on TWSE. In addition, the Company sends meeting notices and annual reports to shareholders before the annual shareholders' meeting, as well as setting up a spokesperson and</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>deputy spokesperson as a channel for the Company to communicate with shareholders, investors and stakeholders, in order to ensure the right of shareholders to be fully aware of the major issues of the Company.</p> <p>Based on the principle of information disclosure, the Company establishes online reporting system of public information, appointed financial department personnel to be responsible for the collection and disclosure of company information, and handle related information announcement reporting matters in accordance with the principle of information disclosure, “List concerning what information public companies should announce to the public or report to the FSC” and “Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds”. After being reviewed and confirmed by the competent authority and responsible officer, the Company will proceed with related information announcements and declarations and provide timely information that may affect investors' decision-making. In addition, the Company sets up a company website to introduce the products and the scope of business for the public to understand the Company.</p> <p>(III) Supplier relations The Company has been deeply engaged in the field of sewing machine products for decades. Due to the long-term relationship with upstream key component suppliers, the Company has formed a stable and close production and marketing partnership with upstream key raw material suppliers. The Company also sends staff to help suppliers to improve their product quality and upgrade technology. In recent years, the supplier association has been held annually to strengthen interaction with third parties and enhance cooperation.</p> <p>(IV) Rights of stakeholders While pursuing company growth, the Company also considers stakeholders' opinions and suggestions. In order to achieve effective communication with stakeholders, the Company adopts different communication methods. Within the organization, the Company announces employee-related pay and benefits, environmental safety and health, and company policies through various office meetings or factory weekly meetings. So, employees will understand their rights and interests. In addition, the Company also has an employee welfare committee to improve benefits for employees. Outside the organization, upstream suppliers can learn about relevant laws and regulations of products through supplier assembly; downstream customers often learn about the status of the Company and products through customer service mailbox/telephone/dealer conference; other stakeholders such as investors/banks/government agencies, etc. can check the latest information through the official website of the Company, television interviews, and magazine reports, etc.</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons													
	Yes	No	Summary														
			<p>(V) Directors’, managers’, and corporate governance executive’s training records in 2023 Please refer to pages 125-126 of this annual report for a description of the training of directors, managers, and corporate governance executive.</p> <p>(VI) The implementation of risk management policies and risk evaluation measures In order to strengthen corporate governance and establish sound risk management operations, the Company analyzes and responds to high-probability and high-impact risk events related to operating objectives, correctness of financial reporting and fraud prevention in operations, and records, keeps tracks of and systematically manages by the Company’s risk management system. Operational status of risk management policy The Company has been actively promoting the implementation of its risk management mechanism, holding regular meetings of the risk management, and reporting to the board of directors once a year. The operational highlight status for 2023 are as follows:</p> <p>1. Risk Management Meeting Convened The meetings were held on 30 June 2023, 30 November 2023, and the execution status of risk management was reported to the board of directors on 21 December 2023.</p> <p>2. Amendment of Risk Management Regulations According to the Taiwan Stock Exchange announcement “Risk Management Best Practice Principles for TWSE/TPEX Listed Companies”, the amendment of risk management regulations was approved by the board of directors on 8 August 2023; formally announced to all employees on 22 August 2023.</p> <p>3. Identification and response to significant risks The departments identify various significant risk items, submit corresponding measures to the risk management team for supervision, and regularly execute and respond to risks in accordance with the plan.</p> <p>4. The execution status of required risk drills:</p> <table><tr><th>Department</th><th>Drill topic</th><th>Drill theme</th><th>Completion</th></tr><tr><td rowspan="2">Quality assurance department</td><td rowspan="2">Quality risk</td><td rowspan="2">Restricted substances exceeding limit</td><td>16 February</td></tr><tr><td>22 December</td></tr><tr><td>IT department</td><td>Information security</td><td>Damage to OA System</td><td>27 April</td></tr></table>	Department	Drill topic	Drill theme	Completion	Quality assurance department	Quality risk	Restricted substances exceeding limit	16 February	22 December	IT department	Information security	Damage to OA System	27 April	
Department	Drill topic	Drill theme	Completion														
Quality assurance department	Quality risk	Restricted substances exceeding limit	16 February														
			22 December														
IT department	Information security	Damage to OA System	27 April														

Evaluation Item	Implementation Status (Note 1)						Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons			
	Yes	No	Summary							
				risk	Drill of unauthorized software installation	31 August				
					Abnormalities in ERP system	14 November				
			Zhangjiagang plant	Firefighting and accident	Fire evacuation drill	19 May		24 November		
			Taiwan plant	Firefighting and accident	Comprehensive fire emergency response drill	20 June		12 December		
			Zeng Hsing Industrial plant in Vietnam	Firefighting and accident	Evacuation	29 June		28 December		
			Shinco Technologies plant in Vietnam	Firefighting and accident	Fire drill	15 July				
			(VII) Execution status of customer policies							
			The Company has maintained stable and good relationships with its customers and uphold a quality policy of "customer satisfaction, quality first, continuous improvement, and sustainable management." The Company provides high-quality products that meet customer needs and offer great value for their money, in order to create profits for the Company.							
			(VIII) Purchasing insurance for directors							
			The Company has passed the resolution of the regular shareholders’ meeting on 13 June 2007 to include the purchase of directors’ and supervisors’ liability insurance into the Company’s Articles of Incorporation and began annually covering the directors’ liability insurance from 1 February 2010. On 1 February 2024, the director and supervisor liability insurance were renewed.							
			(VII)Professional qualification of personnel related to financial information transparency							

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			Certified Internal Auditor: 2 people Certificate of competency for stock personnel: 2 people R.O.C. CPA: 2 person	

IX. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.				
Number	Indicators		Improvements and measures	
2.6	Does the board of directors of the Company include at least one female director? [If the number of directors of each gender reaches one-third of the total board seats, an additional point is added to the total score.]		In consideration of factors such as gender diversity, to enhance the overall diversity of the board of directors, the shareholders' meeting will conduct a comprehensive election of directors to intend to add a female director in 2024.	
2.7	Does the number of independent directors of the Company reach one-third of the total board seats? [If the number of independent directors reaches more than half of the total board seats, an additional point is added to the total score.]		The Company currently has 10 directors (including 3 independent directors). To enhance the overall diversity and independence of the board of directors, the composition of the next board of directors will consider the proportion of independent director seats to aim for one-third of the total board seats.	
3.21	Does the Company's annual report voluntarily disclose the individual remuneration of the general manager and vice general manager?		The information of individual remuneration for the general manager and vice general manager will be disclosed.	
4.4	Does the Company prepare and publish a sustainability report by the end of September in accordance with the Global Reporting Initiative (GRI) guidelines, and upload it to the Market Observation Post System and the Company's website? [If the sustainability report discloses relevant ESG information based on the SASB standards, an additional point is added to the total score.]		The Chinese version of 2023 sustainability report published in 2024 will be uploaded to the Market Observation Post System and the Company's website on 31 August 2024.	

Note.1: Regardless of whether the evaluation item is achieved or not, the Company shall state an appropriate explanation.

Note.2: A self-evaluation report is defined as the Company assessing its corporate governance evaluation items with appropriate explanations on current corporate operations and implementation.

Note.3: Independence and suitability evaluation criteria of CPAs

The independence criteria are as follows:

Evaluation item		Evaluation Results	Passed Independence Assessment
1	Whether the CPA has direct or indirect major financial stake in the Company.	No	Yes
2	Whether the CPA is involved in any financing or financial guarantee agreements involving the Company or Corporation directors.	No	Yes
3	Whether the CPA have any close business relationship or potential employment relationship with the Company.	No	Yes
4	Whether the CPA and members of the audit team hold shares in the Company.	No	Yes
5	Whether non-audit services provided by CPA to the Company have direct impact on the major items of audit services provided.	No	Yes
6	Whether the CPA sell shares or other securities issued by the Company.	No	Yes
7	Whether the CPA is representing the Company in litigation of a third party or other disputes.	No	Yes
8	Whether the CPA has familial relationships with directors, managers, or people in positions that has major impact on Corporation audits at the Company.	No	Yes
9	Whether the CPA has been appointed for audit services remained unchanged for 7 years.	No	Yes

The suitability criteria are as follows:

Evaluation item		Evaluation Results	Passed Independence Assessment
1	The formal financial statements for the first three quarters shall be completed within 45 days after the end of each quarter, or the annual financial statement shall be completed within three months after the end of the year. (Formal financial statements)	Yes	Yes
2	Whether the CPA engaged in appropriate interaction with the Audit Committee or independent directors and documented it before the audit planning and issuance of the audit opinion.	Yes	Yes
3	Whether the CPA provided constructive suggestions regarding the Company's systems and internal controls during the audit and documented them.	Yes	Yes
4	The annual tax filing and declaration form shall be completed by the end of May of the subsequent year.	Yes	Yes
5	Provide corporate tax consultation.	Yes	Yes
6	Offer tax compliance issue resolution.	Yes	Yes
7	Regularly provide proactive updates to the Company on tax regulations and securities laws, as well as updates and amendments to IFRS.	Yes	Yes
8	Communication and response to inquiries.	Yes	Yes
9	Assist in communication and coordination with competent authorities.	Yes	Yes

(4) Composition, Responsibilities and Operations of the Remuneration Committee
A. Remuneration Committee Member Information

Title/Name (Note 1)	Criteria	Professional Qualifications and Experience (Note 2)	Independent Status (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as a members of the remuneration committees
Independent Director (Convenor)	JUN-MING HSU	<ul style="list-style-type: none"> ● Possess at least 5 years of working experience as a professor of finance at a public university with professional qualifications, operational judgment, international market leadership and decision-making ability, specializing in financial and accounting planning professional matters, assisting companies in financial professional consulting and providing professional advice on the future development of the Company. ● Experience: Professor of the Department of Finance of National Chung Hsing University, Independent Director / Member of Remuneration Committee / Member of Audit Committee of Calin Technology Co., Ltd., Independent Director/Convenor of the Compensation and Remuneration Committee/Member of the Audit Committee of Zeng Hsing Industrial Co., Ltd., Independent Director / Member of Remuneration Committee / Member of Audit Committee of SHINE TREND International Multimedia Technology CO., LTD. <input type="checkbox"/> ● Not been a person of any conditions defined in Article 30 of the Company Act. 	<p>None of the following has occurred in the two years prior to the election or during the term of office:</p> <ol style="list-style-type: none"> 1. An employee of the Company or any of its affiliates. 2. A director or supervisor of the Company's affiliates. 3. Not a natural person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of over 1% of the total number of outstanding shares of the Company or ranking in the top 10 in holdings. 4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the managers listed in the first paragraph or the persons listed in the preceding two paragraphs. 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 Paragraphs 1 or 2, Article 27 of the Company Act. 6. More than half of the 	2

Independent Director	MING-LIANG TARNG	<ul style="list-style-type: none"> ● Possess at least 5 years of working experience in accounting and passed the national examinations required for accountants, business judgment, industry knowledge, leadership and decision-making ability. ● Experience: Accountant and partner of Sunshine Accounting Firm, Member of Remuneration Committee/Independent director/Member of Audit Committee of Zeng HSING Industrial Co., Ltd. /Independent director/Member of Audit Committee/Member of Remuneration Committee of Lagis Enterprise Co., Ltd. <ul style="list-style-type: none"> ● Not been a person of any conditions defined in Article 30 of the Company Act. 	<p>directors' seats or voting shares of the Company and other companies are controlled by the same person, the director, supervisor or employee of the other company.</p> <p>7. A chairman, general manager or equivalent position of the Company and other companies or institutions are the same person or spouse, and the directors, supervisors or employees of other companies or institutions.</p> <p>8. A director, supervisor, manager or shareholder holding of a certain company or institution who has financial or business dealings with the Company or who holds 5% or more of the total number of outstanding shares of the Company.</p> <p>9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the</p>	1
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Member	YOUNG-YAW PAI (He was newly appointed at 2 September 2022)	<ul style="list-style-type: none"> ● At least 5 years of work experience in business, finance, accounting, corporate business, and specialized in process improvement of critical components in precision machinery, and enhancement of product accuracy and quality. ● Experience: Chairman of Precision Motion Industries, Inc./ Corporate representative director (chairman) of Chensu Plastics Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Chanson Metal Profiling Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Millennium Vee Hotel Taichung (Representative director: Apex Dynamics, Inc.)/ Corporate representative director of Yun Tan Technologies Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Exfiro Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of UNION MECHATRONIC INC. (Representative director: Precision Motion Industries, Inc.)/ Chairman, Yuanzhou Co., Ltd. / Independent director and Member of Remuneration Committee and Audit Committee of the Company ● Not been a person of any conditions defined in Article 30 of the Company Act. 	<p>Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, 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 Company Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <p>10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company</p> <p>11. Not been a person of any conditions defined in Article 30 of the Company Act</p> <p>12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.</p>	0
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Note 1. Please specify the relevant years of service, professional qualifications and experience, and independence of each member of the Remuneration Committee in the form. If they are independent directors, please refer to the directors and supervisor's

information (1) on page 00. Please fill in the series as independent directors or others, respectively (if such person is the convener, please add a note).

Note 2. Professional qualifications and experience: Specify each member's professional qualifications and experience of the Remuneration Committee.

Note 3. Members of the Remuneration Committee should state their independence, including but not limited to whether they, their spouse or relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliated companies; The number and proportion of the Company's shares held by relatives (or in the name of others); Whether to serve as a director, supervisor or employee of a company that has a specific relationship with the Company (refer to Subparagraphs 5 to 8, Paragraph 1, Article 6, of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter"); The amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.

Note 4. Please refer to the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange for disclosure methods.

B. Information on the operation of the Remuneration Committee.

(A) Review remuneration regularly.

The function of the Remuneration Committee of the Company is to be professional and objective, to evaluate the remuneration policies and systems of directors and managers of the Company at least three times a year, and to request the meeting to submit proposals to the board of directors for their decision-making if in need.

- a. The function of the Remuneration Committee of the Company
 - (a) Review remuneration regularly and propose amendments.
 - (b) Determine and regularly check the policies, systems and standards and structure of directors, supervisors and managers for their performance and remuneration.
 - (c) Evaluate remuneration of directors and managers of the Company regularly.
- b. The Remuneration Committee Meetings shall perform functions as follows:
 - (a) Payroll management is in line with the Company's remuneration philosophy.
 - (b) Performance assessments and compensation levels of directors and managerial officers shall take into account the general pay levels in the industry, the time spent by the individual, also to be evaluated are the reasonableness of the correlation between the individual's performance and the Company's operational performance and future risk exposure.
 - (c) There shall be no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the Company's risk appetite.
 - (d) For directors and senior managerial officers, the percentage of bonus to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of the Company's business.
 - (e) No member of the Committee may participate in discussion and voting when the Committee is deciding on that member's individual compensation.

(B) The Remuneration Committee of the Company is comprised of three members.

(C) Committee members' tenure of the fifth term: From 20 July 2021 to 19 July 2024, and the Remuneration Committee held 3 meetings(A) in 2023, and members' qualifications and their attendance are listed below.

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance rate (%) B/A (Note)	Remarks
Independent Director (Convener)	JUN-MING HSU	3	0	100%	Re-elected, Date: 20 July 2021
Independent Director	MING-LIANG TARNG	3	0	100%	Re-elected, Date: 20 July 2021
Independent Director	YOUNG-YAW PAI	2	1	67%	Newly-appointed, Date: 2 September 2022

Notes regarding the Salary and Remuneration Committee:

1. If the Board of Directors does not agree with the recommendations of the Salary and Remuneration Committee, it should state the date of the board meeting, content of discussions and what the final resolution was: None.
2. Should there be objections regarding the decisions made by the Salary and remuneration committee, there should be a record or written statement of the event and there should be a record of the date, content of motion and all opinions of the members: None.

Note:

- (1) In the event any member of the committee resigns before serving a full year, the resignation date should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the actual number of meetings held by the committee and the actual number of attendances by such member.
- (2) If there is a re-election of the members before the end of the year, the outgoing and elected members should be added to the list and indicating whether a member is incumbent, newly-elected or reelected and the reelection date. Their attendance rate (%) should be based on the actual number of meetings held by the committee and the actual number of attendances by such member.

C. Major Resolutions of Remuneration Committee Meetings

Remuneration Committee	Motion and follow-up	Motion and follow-up	Motion and follow-up
5 th of 5 th term 10 March 2023	1. The 2022 director and employee remuneration distribution.	Resolution: After consultation with the chairman, all the members present agreed to pass the case. After the case was passed according to law, the case was submitted to the board of directors for approval and reported at the shareholders' meeting.	All the attending directors unanimously consented to passing the case.
	Amendment of the Company's "Regulation Governing Remuneration for Directors and Managers".	Resolution: As the independent directors MING-LIANG TARNG and JUN-MING HSU have recused themselves from the discussion and voting due to their own conflicts of interest. After consultation with the chairman, all the members present agreed to pass the case. After the case was passed according to law, the case was submitted to the board of directors for approval and reported at the shareholders' meeting.	
6 th of 5 th term 9 May 2023	1. Amendment of the Company's "Regulation Governing Remuneration for Directors and Managers".	Resolution: After consultation with the Chairman, all the members present agreed to pass the case. After the case was passed according to law, the case was submitted to the board of directors for approval and reported at the shareholders' meeting.	All the attending directors unanimously consented to passing the case.
5 th of 7 th term 21 December 2023	1. The budget for the distribution of year-end bonuses for 2023 is submitted for review. 2. The revision of the "Director and Manager Remuneration Management Regulations" and the Chairman's remuneration system is submitted for review. 3. The regular review of manager's salary standards and structures is submitted for review.	Resolution: After consultation with the chairman, all the members present agreed to pass the case. After the case was passed according to law, the case was submitted to the board of directors for approval and reported at the shareholders' meeting.	All the attending directors unanimously consented to passing the case.
5 th of 8 th term 8 March 2024	Case One : The 2023 director and employee remuneration	Resolution: After consultation with the chairman, all the members	All the attending

Remuneration Committee	Motion and follow-up	Motion and follow-up	Motion and follow-up
	distribution.	present agreed to pass the case. After the case was passed according to law, the case was submitted to the board of directors for approval and reported at the shareholders' meeting.	directors unanimously consented to passing the case.

(5) The state of the Company's promotion of sustainable development and any discrepancy from “the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reason for any such discrepancy

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
1. Does the Company set up a full-time (part-time) unit that promote sustainable development, and the board of directors authorizes the senior management to handle it, and reports the handling situation to the board of directors?	V		1.The Company has set up a ESG Committee, which is supervised by the chairman, the general manager serves as the head of the committee, and the senior managers of each department serve as members. The ESG Committee follows the committee's charter and ESG management measures to identify stakeholders and investigate issues of concern to stakeholders. Furthermore, the ESG Committee holds consensus meetings and target review meetings every year to ensure the implementation of management policies for various significant issues and discusses the implementation of ESG -related policies and the formulation of future directions with each department. The ESG Committee reports to the board of directors on the progress of ESG policy implementation every quarter, including the identification of significant ESG issues, development of ESG policies, establishment of ESG goals, and execution	No discrepancy.

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
			<p>effectiveness. The board reviews the reasonableness and implementation of the relevant strategies, confirms whether they conform to the future development trend of the Company, and adjusts or modifies them if necessary. (Please refer to VII. Other important information that helps understand the implementation of ESG development.)</p> <p>2. "The ESG Committee" reports to the Board on the progress of sustainable development initiatives. The chair of "The ESG Committee" reports quarterly to the Board on the implementation results and future work plans for sustainable development. In 2023, a total of 5 meetings were held. Agenda items included: (1) Identifying sustainability issues of concern and developing action plans in response; (2) Setting goals and revising policies related to sustainability issues; (3) Monitoring the implementation of sustainable business matters and evaluating performance.</p> <p>3. The Company's board of directors receives regular quarterly reports from the management team (including ESG reports). The executive management must propose company strategies to the board, which must assess the likelihood of success of these strategies. The board must also regularly review the progress of the strategies and urge adjustments to the management team when</p>	

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
2. Does the Company conduct risk assessment of environmental, social and corporate governance issues concerning the Company's operations by the materiality principle and formulate relevant risk management policies or strategies? (Note 2)	V		<p>necessary.</p> <p>1. This disclosure covers the Company's sustainable development performance at its main locations from January 2023 to December 2023. The risk assessment boundary is primarily based on the Company and includes existing locations in Taiwan, mainland China, and Vietnam. Subsidiaries are included in the scope based on their relevance to the core business operations and the impact of significant themes.</p> <p>2. The Sustainable Development Committee conducts analysis based on the materiality principles of the sustainability report, communicates with internal and external stakeholders, and evaluates significant ESG issues by reviewing domestic and international research reports, literature, and integrating assessment data from various departments and subsidiaries. Based on this evaluation, effective risk management policies for identification, measurement, evaluation, monitoring, and control are established, along with concrete action plans to mitigate the impact of related risks.</p> <p>3. Zeng Hsing introduced a materiality analysis in the preparation of the ESG Report, hoping to identify the sustainable issues of interest / interests of stakeholders through a systematic analysis model, as a reference basis for the disclosure of information in the report, to facilitate effective communication with different stakeholders. The major analysis model of Zeng Hsing is divided into five major steps: 1. Identify stakeholders, 2. Collect issues of</p>	No discrepancy.

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
3. Environmental issues			concern, 3. Engage experts and scholars with ESG expertise to assess Zeng Hsing's positive/negative, actual/potential impact and level of influence on the external ESG environment, and establish the prioritization of significant themes, 4. Determine the boundaries of significant themes, 5. Determine and execute response mechanisms. For more details, please refer to the Stakeholder Communication page on the ESG website.	
(1) Does the Company establish an appropriate environmental management system according to its industrial characteristics?	V		(1) The Company's Taiwan headquarters has obtained the ISO 14001: 2015 environmental management system certificate.	No discrepancy.
(2) Is the Company committed to improving the utilization efficiency of various resources and using recycled materials with low impact on environmental load?	V		(2) The Company complies with the requirements of EU environmental protection regulations, actively promotes the comprehensive control of the use of hazardous substances, ensures that the raw materials provided by the suppliers can meet the relevant regulations, and implements the product greening design to provide consumers with safe products and avoid causing environmental damage.	No discrepancy.
(3) Does the Company assess the potential risks and opportunities of climate change to the Company now and in the future, and take measures to deal with climate-related issues?	V		(3) In 2021, we referenced the Task Force on Climate-related Financial Disclosures (TCFD) framework to identify climate change risks and opportunities, assess the frequency and impact of potential risks/opportunities, and produce a matrix of risk/opportunity significance. We have implemented corresponding measures to address these risks and opportunities. This information is disclosed in the	No discrepancy.

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
(4) Does the Company count greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water use reduction, or other waste management?	V		<p>Company's CSR Report.</p> <p>(4) Greenhouse gas: Since 2016, the Company has introduced the greenhouse gas inventory system ISO 14064-1, and established organizational-level greenhouse gas inventory and verification specifications. The Company has conducted annual greenhouse gas inventories and internal audits and disclose emission levels in its CSR Report. The Company's Taiwan headquarters is obtained a third-party verification statement for ISO 14064-1 in 2023. Please refer to the Sustainability Environment page on our ESG website for information on its energy reduction achievements.</p> <p>Water resources: The total amount of water used and related management policies are disclosed in the report every year.</p> <p>Waste: The total amount of waste, resource recovery rate and related management policies are disclosed every year.</p>	No discrepancy.
<p>4. Social issues</p> <p>(1) Has the Company formulated relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?</p>	V		<p>(1) The Company acknowledges the international human rights standards such as the United Nations Universal Declaration of Human Rights, United Nations Guiding Principles on Business and Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the International Labour Organization. Through the "Zeng Hsing Human Rights Policy", the Company respects the protection established by the Universal Declaration of Human Rights and discloses it on the Company's website.</p> <p>The Company respects employees' diversity, and recruits employees based on the principle of equal work pay for equal work without regard to their gender, age, or religion. The Company commits to creating a harmonious and supportive environment in accordance</p>	No discrepancy.

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
			<p>with Labor Standards Act, Act of Gender Equality in Employment, and People with Disabilities Rights Protection Acts. The Company regularly holds labor meetings every quarter to promote a harmonious and prosperous labor-management environment. Also, the Company regularly raises awareness of workers' rights and address issues such as workplace bullying and gender discrimination to foster a friendly workplace environment.</p> <p>The Summary of the Company's human rights management policy and specific plans are as follows: 1.Taiwan Headquarters: According to the Taiwan Headquarters Education and Training Management Regulations, all new employees shall receive new employee training within 10 days after reporting to work. The content includes company introduction, operation overview, process system and friendly workplace (including discrimination) and other related instructions. In 2023, there were a total of 6 new employees, and the percentage of new employees receiving human rights policy or procedure training was 100%, with as total of 3 training hours. In addition, education and training will be implemented for the existing staff of the Taiwan headquarters. In the first and second half of 2023, a total of fourteen courses will be implemented, such as labor laws, sexual harassment prevention, employee assistance, occupational safety and health training, information security, etc. There are 314 attendees and 653 hours of human rights courses.</p> <p>2.Subsidiaries (Vietnam Responsibility, Vietnam Yuhsin, China Mechanical and Electrical): In response to the requirements of the parent company, the subsidiaries conduct annual human rights-related education and training through their human resources departments. The curriculum primarily covers topics such as human rights policies, prohibition of</p>	

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
(2) Does the Company formulate and implement reasonable employee welfare measures (including compensation, vacations and other benefits), and appropriately reflect operating performance or results in employee compensation?	V		<p>discrimination, and complaint mechanisms. The total training hours in 2023 amounted to 3,847 hours.</p> <p>(2) The Company conducts an annual salary survey and formulates a reasonable compensation policy based on the survey results, which is also integrated with the employee performance evaluation system. In addition, the Company has established relevant reward and disciplinary systems, such as work rules, proposal implementation and incentive measures, and model employee selection methods, all of which can be accessed through the Company's internal system.</p> <p>In 2023, the Company has reflected its business performance or results in employee compensation, in accordance with Article 35 of the Company's Article of Incorporation, which stipulates that 2-6% of the profits shall be allocated as employee compensation, and no more than 4% will be allocated as director compensation.</p> <p>Collective Bargaining Agreement Signing Status:</p> <p>Overseas subsidiaries, Vietnam Responsibility and China Mechanical and Electrical, have both signed applicable collective bargaining agreements covering all employees. However, Vietnam Yuhsin has not signed as the union has not made an proposal. The Taiwan headquarters union is scheduled to negotiate in the second half of 2024, thus it remains unsigned.</p> <p>The Company has established workplace diversity or gender equality promotion policies. For implementation details, please refer to Note 3.</p>	No discrepancy.

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	V		<p>(3)1. The Company has established a Safety and Health Management Committee, which holds regular meetings to review and implement employee training and education programs and continuously improve the working environment and safety measures. The Company aims to create a high-quality workplace.</p> <p>2.The Company's current verification status (as of the date of printing of the annual report) and its scope are as follows: Occupational Safety and Health Management System: In order to reduce the probability of risk occurrence, prevent workplace accidents, provide a friendly working environment, and ensure the safety of employees and contractors, Shin Hsing actively promotes the verification of Occupational Safety and Health Management Systems. In 2011, we obtained OHSAS 18001 Occupational Health and Safety Management System and TOSHMS Taiwan Occupational Safety and Health Management System verification, formally entering systematic safety and health management. In 2022, we completed the transition to ISO 45001 certification. The current validity period is from 13 June 2022 to 14 June 2025.</p> <p>3. The number of work-related accidents, the number of affected individuals, and the ratio to the total number of employees for the current year, along with relevant</p>	No discrepancy.

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
			<p>improvement measures:</p> <p>Safety Performance:</p> <p>Following the Company's safety and health policies and objectives, an annual work plan for safety audits is established to regularly audit and review the promotion of safety and health work. Appropriate protective measures are implemented for various equipment and facilities to "reduce safety and health risks." Furthermore, various safety and health management-related education and training programs are conducted to ensure the goal of "everyone's participation" is implemented in every employee's work area. Subsequently, with the spirit of "continuous improvement," efforts are made to provide all employees with a safer and more comfortable working environment.</p> <p>In 2023, there were work-related injury incidents involving both employees and contractors, resulting in a total injury index of 0.31. The related accident loss days and the number of affected individuals were both due to accidents occurring outside the factory premises, mainly traffic accidents.</p> <p>4. The number of fires, casualties, and the ratio of casualties to the total number of employees for the current year, along with</p>	

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
(4) Has the Company established effective career development training plans?	V		<p>relevant improvement measures in response to fires:</p> <p>Fire Incident Information:</p> <p>There were no fire incidents in 2023.</p> <p>However, in response to fire emergency handling, the Companythe Company conducts biannual fire emergency response training and drills to establish personnel's emergency response concepts. When a fire disaster occurs, company personnel are equipped with relevant firefighting and evacuation concepts, and all employees participate in practical drills to prepare for emergencies and reduce the impact of disasters on the Company's life, property, and continuous operation.</p> <p>(4)The headquarters establishes Training Management Regulations according to the quality manual and proposes the following year's training plans at the end of year to be reviewed by the training team. To cultivate competitiveness among employees, the Company designs internal training courses and collaborates with external training centers according to the training plan.</p> <p>1. Staff education and training</p> <p>The Taiwan headquarters of our company has a systematic training blueprint, hybrid learning course design, and a diverse talent development system. We provide rich internal and external training resources, encourage continuous learning of professional knowledge and interdisciplinary studies, and effectively enhance employees' ability to apply knowledge and skills to practical work. The average training hours for all employees in 2023 was 20.21 hours, with male employees averaging 19.13 hours and female employees averaging 21.24 hours. This indicates that the Company fully cares for all employees.</p>	No discrepancy.

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
			<p>In 2023, the Company faced the most significant operational challenges in its history. To continue improving and promoting talent development, the Company strengthened On-the-Job Training (OJT) programs, implemented a training and certification integration strategy, and continued to foster a growth-oriented organizational mindset. There were three notable highlights in education and training:</p> <p>Continued offering of 10 sewing skill assessments and hosting 3 internal multi-skilled worker competitions, extending the learning outcomes of sewing skill assessments to achieve integration of training and certification.</p> <p>Promotion of WIT Group talent training courses, where 4 Vietnamese managers attended training at the headquarters to learn professional skills, engage in group exchanges, and facilitate knowledge transfer.</p> <p>Hosting continuous improvement workshops and participating in the Taiwan Continuous Improvement Competition, allowing technical talents to benchmark and grow through project execution. The Company participated for the first time</p>	

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
(5) Does the Company comply with relevant regulations and international standards and formulate policies to protect customer rights and complaint procedures concerning the health and safety of the customers of the products and services, client privacy, marketing and labels?	√		<p>and was awarded the Silver Tower Award.</p> <p>(5) The Company complies with the requirements of international regulations, standards and environmental protection standards, and its products comply with relevant regulations such as RoHS and CE. It is also certified by EMC, GS, UL and other products. In addition, the legal requirements of customers in different countries are different. Therefore, according to the needs of customers, Zeng Hsing provides the highest degree of cooperation and exposes relevant service information and labels in products / user manuals / outside boxes. In order to assist domestic and foreign agents to have a full understanding and application of the Company's product functions, and then to troubleshoot and improve maintenance technology, irregularly provide technical service training and product training courses to domestic and foreign customers, and according to actual needs in the domestic, Hold product briefings and technical seminars outside. For consumer complaints, the Company's quality system management section will handle related customer complaint cases according to customer complaints.</p>	No discrepancy.
(6) Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights, and their implementation?	√		<p>(6) According to the procurement and supplier management measures, the supplier assessment mechanism includes environmental protection, labor practices and human rights assessment items, with a score of 10% of the total score. Investigation items such as restricted substance management and control, labor practice + human rights + environmental protection compliance, etc. The supplier needs to attach relevant supporting documents or check the actual records before scoring.</p>	No discrepancy.

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
5. Does the Company refer to the internationally prepared reporting standards or guidelines for preparing corporate social responsibility reports and other reports that disclose the Company's non-financial information? Did the pre-report report obtain the confidence or assurance opinion of the third-party verification unit?	V		The Company's CSR report is selected with reference to the contents of the Global Reporting Initiative (GRI) Standards, and the sustainability themes, related strategies, goals and measures to be disclosed in this report are analyzed and listed according to Guidelines and framework writing. The content of the report is prepared based on the GRI Standards Core Option (Core), and TUV	No discrepancy.
6. If the Company has established its Sustainable Development Best Practice Principles according to "the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" please describe the operational status and differences: Although the Company has not set up Corporate Social Responsibility Best Practice Principles, the Company implements CSR step by step taking into consideration its current status and regulations. The Company will enhance its CSR operation through amending relevant articles, strengthening and promoting corporate ethics-related training.				
7. Other important information to facilitate better understanding of the Company's implementation of promoting sustainable development: Zeng Hsing ESG policy: Promote a circular economy, continue to save energy and reduce carbon, and develop a sustainable environment. Care for employees' well-being, workplace safety and health, and maintain growth momentum. Implement corporate governance, strengthen information disclosure, and ensure sustainable operation. Maintain superior quality, provide reliable products, and improve customer satisfaction. Strengthen the supply system, maintain partnerships, and create mutual prosperity through coexistence. Promote sewing culture, maintaining public interest, and give back to local community. Zeng Hsing formally established the "ESG Office" (ESGO) in April 2018 and simultaneously formulated the ESG policy, and set up the ESG Committee in order to continue to strengthen the policy. The steering committee of the ESG Committee is the chairman and the chairman of the committee is the general manager. Each functional organization appoints department heads to serve as members and is responsible for the promotion of the relevant ESG policies of the unit. It also appoints a director-general and a secretary who are responsible for compiling and providing relevant information of the unit and completing the ESG goals according to the action plan. ESGO collects and analyzes international sustainable development trends and global risk issues every year. After investigating the needs of stakeholders each year, ESGO will propose the Company's risks and opportunities on related issues, and plan the corresponding strategies and implementation plans with the committee to avoid related operational shocks; related goals and performance are fully disclosed in the report every year. At the end of each year, ESGO holds an annual ESG target consensus meeting to discuss the latest progress and future direction of ESG-related businesses, and conduct cross-departmental communication and coordination and resource integration on the type and nature of issues to supervise project implementation progress and promote performance.				

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons															
	Yes	No	Summary																
<p>In the second quarter of each year, a goal review meeting is held, and all committee members participate in the review of the status of the CSR goals of each unit and publish it to the whole factory in the Company's internal ESG area. In September 2023, ESGO took the six major aspects of ESG policy as the main development axis and confirmed the future direction of ESG development with the highest committee and the steering committee. The followers conducted group discussions with the top executives, director generals, and secretaries of 15 functional units, and spent a total of 12 hours discussing the ESG goals of each unit. In October, all members of the ESG Committee convened to conduct a 2-hour annual ESG consensus meeting to set the 2024 ESG target. In 2024, 15 units have set a total of 78 ESG-related management goals, of which the environmental and employee aspects were the main driving directions.</p> <p>In addition, in the social feedback part, Zeng Hsing feels that the resources in the remote township are relatively scarce. Therefore, in the area of public welfare activities, the vulnerable groups in the township are the main targets of care, such as after-school tutoring and nutritious lunches for children, and support for local long-term caring centers, to improve their quality of life and receive better care. For the first time in 2021, Zeng Hsing corporated with the Digital Humanitarian Association to promote community distance health education and sewing classes through the Wacare APP developed by the Association. This APP is mainly developed for elders and caregivers in communities. It can provide health education classes, yoga classes, and one-on-one consultations with doctors in remote areas through video/live streaming to reduce medical costs and transportation costs caused by the urban-rural divide.</p> <p>In addition, Zeng Hsing established a volunteer team in 2020 and recruited Zeng Hsing employees, retired employees, relatives, friends and family members to join the charity service. The service types are divided into public welfare sewing teaching, public welfare small objects production and environmental protection activities. In 2023, a total of 24 volunteer activities were organized, including cleaning up the mountains at the Saint Eva Hill, teaching the elderly to sew in the Taiping community, and providing distance sewing lessons to the Zhuzaishan community. The cumulative service hours amounted to 1,358 hours. In addition, two volunteer training was provided, with a total of 426 training hours in 2023.</p> <p>The following table indicated the results of the donation of cash or sewing machine in 2023:</p> <table><tr><th>Item</th><th>Organization</th><th>Amount</th></tr><tr><td rowspan="10">Sewing machines</td><td>1. Miaoli County Women's Welfare Services Center</td><td rowspan="10">86 units</td></tr><tr><td>2. Tainan University of Technology</td></tr><tr><td>3. Fulong Elementary School</td></tr><tr><td>4. Yang Ming Junior High School</td></tr><tr><td>5. Mingli Elementary School</td></tr><tr><td>6. Chang-Hua Chao-Yang Elementary School</td></tr><tr><td>7. Nantou County Shin-Shing Elementary School</td></tr><tr><td>8. Jian Elementary School</td></tr><tr><td>9. Jui-Fang Elementary School</td></tr><tr><td>10. LjouGuei Primarv School</td></tr></table>					Item	Organization	Amount	Sewing machines	1. Miaoli County Women's Welfare Services Center	86 units	2. Tainan University of Technology	3. Fulong Elementary School	4. Yang Ming Junior High School	5. Mingli Elementary School	6. Chang-Hua Chao-Yang Elementary School	7. Nantou County Shin-Shing Elementary School	8. Jian Elementary School	9. Jui-Fang Elementary School	10. LjouGuei Primarv School
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Promotion Items		Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
		Yes	No	Summary	
				11. Kenting Elementary School 12. Hualien County Dongli Elementary School 13. ShuangXi Elementary School 14. Sanlun Elementary School 15. Chung-Te Elementary School 16. Taoyuan Shimen Junior High School 17. Association Asahi Charity Association of Tainan City	
	Cash			1. Wacare distance education project 2. Kuang Fu Elementary School, Zhongli 3. Chung Yie Elementary School, Taiping Dist., Taichung City 4. Chung Yie Elementary School, Taiping Dist., Taichung City 5. The Garden of Hope Foundation, Taitung Branch Office 6. CIH SIN Children's Home 7. St. Francis Xavier Children and Juvenile Center 8. Taichung Friendship Association for the Rehabilitation 9. Maria Theresia Social Welfare Foundation 10. Foundation of the Sisters of the Sacred Hearts of Jesus and Mary	0.78 million

The following table indicated the results of the volunteer team's service in 2023:

Items	Name of the event	Service Target	Service attendance	Hours	Number of volunteers
Public welfare	1. Public Welfare- Cloth menstrual pads. 2. Production of charity event care packages	None		416	90
Environmental Activities	1. Cleaning the Holy Love Villa 2. Coastal Cleanup at No. 9 Wind Turbine(held by TOPKEY)	None		524	125
Sewing Teaching	1. Taiping Seniors Activity Center Sewing Experience (*2 times) 2. Miaoli Girls' Home Summer Sewing Experience (*2 times) 3. Sewing workshops at Miaoli Women's Welfare Services Center (*2 sessions) 4. Remote Sewing Class at Chuzai Mountain Community (*2 times) 5. Remote Sewing Class at Yilan AohuaTribal Culture Health Stations (*2 times) 6. Remote Sewing Class at Fu'an community, Xizhi (*2 times) 7. Sewing experience camp at Saint Love Villa 8. Elderly courses at Saint Love Villa	Seniors, teenagers, women	287	260	70

Promotion Items		Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons		
		Yes	No	Summary			
		(*2 sessions)					
Other	1. Visit to Yunlin Volunteer Center 2. Visit to Taoyuan Volunteer Center		Volunteers from Volunteer Centers	341	158	33	
	Total			628	1,358	318	

The Company conducts risk assessment on important issues with the materiality principle of ESG to formulate a risk management policy as follows. For detailed management policies, please refer to the rated chapters of the report:

Major considerations	Management policy
Corporate Governance	Zeng Hsing group set the "Work Rules Management Measures", "Code of Ethical Conduct", "Code of Integrity Management" and "Integrity Management Operating Procedures and Behavior Guide" to guide company directors, managers and employees to comply with ethical standards. Zeng Hsing strictly prohibits any acts of corruption, bribery and extortion, and employees who commit the above acts which are found to be true will be dismissed. (For details, please refer to the ESG Report-Implementing Integrity Management)
Legal compliance	Zeng Hsing complies with various local laws and regulations, such as Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, and related regulations governing listed or OTC-listed companies, or other rules concerning business practices as the basic prerequisite for the implementation of integrity management. Zeng Hsing has passed ISO 9001, ISO 14001, ISO45001 and other certifications to ensure compliance with government regulations and customer requirements. Each system management units of the Taiwan headquarters, China Zhangjiagang, Zeng Hsing (VN) and Shinco (VN) formulates an annual audit plan every year. According to the plan, each unit will check whether the operation process complies with the requirements. Regular internal and external inspections of environmental protection, occupational safety and health regulations are carried out to ensure all operations of the Company comply with legal requirements (For details, please refer to the ESG Report- Legal compliance)
Environmental protection	Taiwan headquarters, Zeng Hsing (VN) and China Zhangjiagang formulate quality and environmental manuals in accordance with ISO14000 series (CNS 14001, CNS14004 series) standards. The purpose is to establish and formulate environmental policies and target procedures and evaluate their effectiveness to meet the ideals and characteristics of Zeng Hsing Group. The company's environmental policy is the center and takes into account environmental protection and economic needs, practice environmental protection and pollution prevention, and will assume the responsibility of the Company for environmental protection. All subsidiaries of Zeng Hsing have established a greenhouse gas inventory promotion team in accordance with ISO14064-1 to conduct related operations, hire external consultants to conduct education and training, and train qualified inventory and verification personnel, and conduct related operations in accordance with the greenhouse gas management regulations. Zeng Hsing (VN) is responsible for not only installing EMS (Energy Management System) monitoring software and hardware equipment, but also obtaining ISO50001 certification. (For details, please refer to the ESG Report- Sustainable environment)

Promotion Items		Implementation Status (Note1)		Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
		Yes	No	
Training and education	Talent is the cornerstone of a company’s growth and talent cannot be fostered quickly. The construction of the talent development system allows employees to have a clear development path, builds a sufficient talent pool for the Company, and supports the Company's strategic development. In 2015, the Taiwan headquarters began to build a Human Resources Development (HRD) system to effectively assist companies in selecting, using, training and retaining talents. The EHRD system is divided into 5 major modules, which are capabilities, functions, performance, training and dynamic talent modules. Through the gap in ability and function evaluation, the training master system can be connected for education and training to strengthen personal knowledge and abilities. All subsidiaries of Zeng Hsing offer employees diverse learning resources to ensure that each employee can enhance personal knowledge and have more potential opportunities. (For details, please refer to the ESG Report- Staff education and training)			
Occupational safety and health	Zeng Hsing group aims to provide a good and safe working environment to enable employees to work with peace of mind, reduce safety and health risks, and create a safety culture and a happy working environment. In order to effectively ensure the safety of employees, both the Taiwan headquarters and Zeng Hsing (VN) have introduced the occupational safety and health management system (ISO45001), and reviewed the safety management performance of each unit through the safety and health committee and the safety and health management review meeting under it. In addition to the requirements of occupational safety laws and regulations, the Company will improve the safety of colleagues' workplaces and equipment when using equipment, and to maintain and optimize the working environment of occupational safety and hygiene. (For details, please refer to the ESG Report- Safety culture responsibility)			

The ESG Committee reports on the progress of sustainable development initiatives to the board. The chair of the ESG Committee reports quarterly to the board on the execution results of sustainable development and future work plans. In 2023, a total of 5 meetings were held to report to the board, on 10 March, 20 June, 8 August, 9 November, and 21 December, respectively. Agenda items included: (1) Identification of sustainable issues requiring attention and development of action plans; (2) Revision of goals and policies related to sustainability issues; (3) Monitoring the implementation of sustainable business matters and assessing execution status.

ESG Highlights and Achievements in 2023:

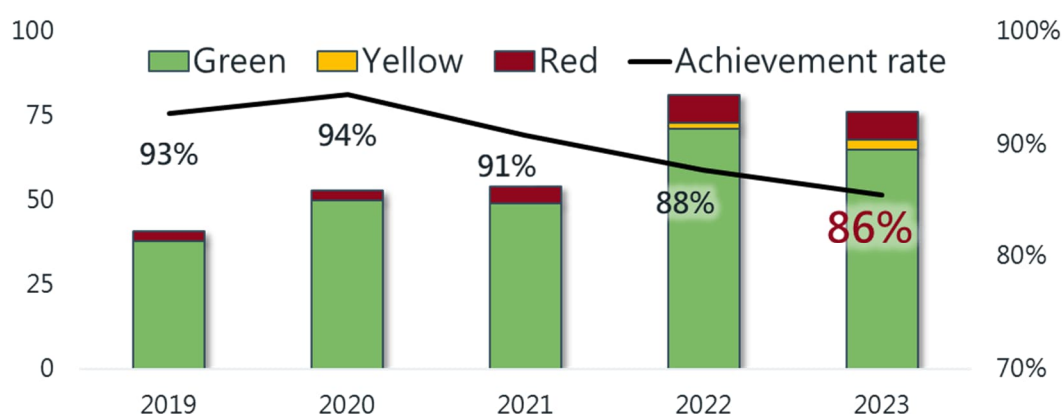
To enhance the level of importance placed on ESG initiatives by the senior management team and all employees, Shin Hsing has devised the following strategies: Short-term Goal: We plan to pilot integrating the achievement rate of ESG indicators into the performance evaluations of senior executives, including the CEO and Chairman of the Board, by 2024. This initiative will help underscore the significance of ESG goals in the Company's performance evaluations and reinforce the importance of ESG among the management team. Medium-

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	

term Goal: We anticipate formally linking ESG indicators to the performance assessments of senior executives by 2025, with ESG indicators accounting for 5% of the performance evaluation. As these assessments directly impact compensation, this will further encourage active participation by the senior management team in ESG initiatives.

Long-term Goal: We will continue to monitor the effectiveness of ESG initiatives and assess whether to expand these measures to all employees based on actual outcomes.

ESG target achievement rate over the years



2023 GROUP ESG Highlights



Note: Water intensity and emission intensity are based on data from the group's four factories/sewing machine and vacuum cleaner production units; resource recycling rate is calculated as recycling waste divided by total waste consumption. The above figures are preliminary internal results and are for reference only. The accurate data will be reflected in the ESG report after external verification is completed in June.

Note 1: “Yes” is selected for implementation, please describe the key policies, strategies, and measures that were adopted, as well as their current status. If “No” is selected, please explain the “Discrepancy from the Code of Practice for Sustainable Development of Listed Companies and Reasons for Discrepancy” column, as well as the future plans for the implementation of relevant policies, strategies, and measures. For promoting projects 1 and 2, listed companies shall disclose their governance and supervisory framework for sustainable development, including but not limited to management policies, strategy and goal-setting, and review measures. They shall also describe their policies or strategies for managing risks related to environmental, social, and corporate governance issues related to their operations, as well as their evaluation status.

Note 2: The materiality principle refers to environmental, social, and corporate governance issues that affect the Company's investors and other stakeholders.

Note 3:

Gender Equality and Diversity in 2023

Our company's gender equality and diversity policy aim to foster an open, inclusive corporate culture, eliminate gender discrimination, and promote diversity. We are committed to providing equal opportunities and treatment, ensuring that every employee is treated fairly regardless of gender, race, religion, or other characteristics. This commitment reflects our dedication to fair employment practices while fostering diversity within our teams.

Employee Ethnicity Indicators

Category	Percentage of total employees (%)	Percentage of managerial positions (%)
Republic of China (ROC) nationality	99.6%	98.2%
Foreign nationality	0.4%	1.8%
Indigenous	0.0%	0.0%

Gender Diversity Indicators

Category	Percentage (%)
Percentage of female employees (%)	51.1%
Percentage of female executives (%)	34.5%
Percentage of female frontline supervisors (%)	33.3%
Percentage of female senior executives (%)	36.8%

Other Diversity Indicators

Category		Percentage (%)
People with disabilities		0.4%
All employees	Age group: Under 30 years old	5.3%
	Age group: 30~50 years old	78.2%
	Age group: Over 50 years old	16.4%
	Total	100%

Pay Equity.

The company has established a "Compensation Committee" to provide employees with competitive compensation, and operates under a transparent and equitable compensation policy to reward employees based on operational performance.

For frontline specialists in the same job category, new hires receive the same starting salary.

Additionally, for employees with relevant expertise and work experience, compensation is determined based on factors such as the individual's educational background, skills, and certifications, without regard to gender or ethnicity.

Pay Equity Indicators	Gap
Gender pay gap in average salary	25%
Gender pay gap in median salary	13%
Gender pay gap in average variable bonus	36%
Gender pay gap in median variable bonus	22%

(6) Climate-related Information of Listed Companies

1. Implementation Status of Climate-related Information

Item	Implementation Status
<ol style="list-style-type: none"> Describe the supervision and governance of climate-related risks and opportunities by the Board of Directors and management. Explain how the identified climate risks and opportunities affect the Company's operations, strategies, and finances (short-term, medium-term, long-term). Describe the financial impact of extreme weather events and 	<p>The company has established a TCFD (Task Force on Climate-related Financial Disclosures) subgroup under the Sustainable Development Committee, which convenes at least four meetings annually and reports relevant plans and implementation progress to the Board of Directors. The responsibilities of the TCFD subgroup include reviewing the Company's sustainable development plans and tracking and evaluating their effectiveness, with the General Manager serving as the Chairperson. The TCFD subgroup identifies climate-related risks and opportunities every three years. On 31 October 2021, the TCFD subgroup identified three opportunities, one transition risk, and two physical risks</p>

Item	Implementation Status				
<p>transition actions.</p> <p>4. Explain how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.</p> <p>5. If scenario analysis is used to assess resilience to climate change risks, explain the scenarios, parameters, assumptions, analysis factors, and key financial impacts used.</p> <p>6. If there are transition plans to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transition risks.</p>	<p>requiring action. Relevant management policies were formulated accordingly (refer to Section 3.4 on Risk Management in the sustainability report for the risk-opportunity matrix).</p> <table border="1" data-bbox="805 474 1437 1881"> <tr> <th data-bbox="805 474 1121 521">Opportunities:</th><th data-bbox="1121 474 1437 521">Risks:</th></tr> <tr> <td data-bbox="805 521 1121 1881"> <p>1. Adopting more efficient transportation methods: Utilizing more efficient transportation methods and implementing green packaging design not only reduces paper usage but also enhances transportation efficiency, thereby lowering carbon emissions.</p> <p>2. Developing and/or increasing low-carbon products and services: Zeng Hsing's research and development team actively explores green designs related to sewing machines each year, such as reducing energy consumption and material usage.</p> <p>3. Changes in consumer preferences: Zeng Hsing's research and development team actively explores green designs related to sewing machines each year, such as reducing energy consumption and material usage.</p> </td><td data-bbox="1121 521 1437 1881"> <p>1. Uncertainty regarding new regulations: There may be an increase in costs related to carbon taxes and carbon trading.</p> <p>2. Extreme temperature changes: These changes may exacerbate climate disasters, resulting in production downtime losses.</p> <p>3. Extreme temperature changes: These changes may exacerbate climate disasters, resulting in production downtime losses.</p> </td></tr> </table> <p>Countermeasures Overview</p> <p>Since 2014, Zeng Hsing has gradually implemented the ISO</p>	Opportunities:	Risks:	<p>1. Adopting more efficient transportation methods: Utilizing more efficient transportation methods and implementing green packaging design not only reduces paper usage but also enhances transportation efficiency, thereby lowering carbon emissions.</p> <p>2. Developing and/or increasing low-carbon products and services: Zeng Hsing's research and development team actively explores green designs related to sewing machines each year, such as reducing energy consumption and material usage.</p> <p>3. Changes in consumer preferences: Zeng Hsing's research and development team actively explores green designs related to sewing machines each year, such as reducing energy consumption and material usage.</p>	<p>1. Uncertainty regarding new regulations: There may be an increase in costs related to carbon taxes and carbon trading.</p> <p>2. Extreme temperature changes: These changes may exacerbate climate disasters, resulting in production downtime losses.</p> <p>3. Extreme temperature changes: These changes may exacerbate climate disasters, resulting in production downtime losses.</p>
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<p>1. Adopting more efficient transportation methods: Utilizing more efficient transportation methods and implementing green packaging design not only reduces paper usage but also enhances transportation efficiency, thereby lowering carbon emissions.</p> <p>2. Developing and/or increasing low-carbon products and services: Zeng Hsing's research and development team actively explores green designs related to sewing machines each year, such as reducing energy consumption and material usage.</p> <p>3. Changes in consumer preferences: Zeng Hsing's research and development team actively explores green designs related to sewing machines each year, such as reducing energy consumption and material usage.</p>	<p>1. Uncertainty regarding new regulations: There may be an increase in costs related to carbon taxes and carbon trading.</p> <p>2. Extreme temperature changes: These changes may exacerbate climate disasters, resulting in production downtime losses.</p> <p>3. Extreme temperature changes: These changes may exacerbate climate disasters, resulting in production downtime losses.</p>				

Item	Implementation Status
	<p>14064-1 Greenhouse Gas Inventory Methodology at its four plants, conducting annual inventories and internal verifications to ensure the effective analysis and management of greenhouse gas emissions. Furthermore, in compliance with the Taiwan Stock Exchange's requirements, external verification statements will be obtained for the four plants starting in 2023 to ensure the reasonableness and accuracy of emission data. Following the implementation of greenhouse gas inventories, it was found that the Vietnam Responsibility Plant is the main source of carbon emissions for Zheng Hsing. Therefore, in 2017, an Energy Management System ISO 50001 was introduced (obtaining third-party certification in 2018) along with the installation of a power monitoring system to regularly track and manage energy consumption, aiming to optimize energy efficiency.</p> <p>The ESG Committee requires the four Zheng Hsing plants to set environmental objectives each year (such as emission intensity, carbon reduction percentage, waste reduction, water use intensity, etc.), controlling relevant data to avoid resource wastage, and contributing efforts to the environment. Additionally, solar panels have been installed at the Taiwan headquarters' new plant, generating 100,000 kWh of electricity annually, participating in government green energy policies, with an annual income of approximately NT\$400,000 from selling electricity. Furthermore, details related to green design can be found in Chapter 7.3 of the annual report, focusing on reducing energy demand for products and services, including environmentally friendly packaging materials and reduced mold steel usage.</p>
<p>7. If internal carbon pricing is used as a planning tool, the basis for price determination should be explained.</p>	<p>The Company does not utilize internal carbon pricing as a planning tool.</p>

Item	Implementation Status
8. If climate-related targets are set, information should be provided on the activities covered, scope of greenhouse gas emissions, planning schedule, progress achieved annually, etc. If carbon offsetting or Renewable Energy Certificates (RECs) are used to meet these targets, details should be given regarding the source and quantity of carbon offsets or the number of RECs exchanged.	Energy conservation and carbon reduction: Medium to long-term goal: Based on the 2020 baseline year, reduce total group greenhouse gas emissions (Category 1+2) by 42% by 2030. 2023 target: Replace old drying machines, replace factory lights with solar lights, improve the operating efficiency of air compressors. 2023 implementation status: Replaced 1 drying machine, replaced a total of 33 lights (9 in Vietnam Yuhsin, 24 in Responsibility) with solar lights, successful implementation of the air compressor operating efficiency improvement plan resulted in approximately 50% reduction in electricity consumption for air compressors. Other ongoing initiatives include controlling the temperature and activation time of chillers, regular maintenance of air conditioners to improve efficiency, and turning off lights for one hour during lunch breaks.
9.Greenhouse gas inventory and confirmation status, along with reduction targets, strategies, and specific action plans (to be filled out in sections 1-1 and 1-2).	

1-1 Company's Greenhouse Gas Inventory and Confirmation Status for the Past Two Years.

1-1-1 Greenhouse Gas Inventory Information.

Provide details on the greenhouse gas emissions for the most recent two years, including the emissions volume (metric tons CO2e), intensity (metric tons CO2e per million dollars), and the scope of data coverage.			
	Data for 2021	Data for 2022	Data Scope
Category 1 emissions (tons CO2e)	2,120	1,801	Consolidated Financial Statements of Parent and Subsidiary Companies
Category 2 emissions (tons CO2e)	18,492	14,831	Consolidated Financial Statements of Parent and Subsidiary Companies
Category 3+4+5 emissions (tons CO2e)	113,302	75,717	Consolidated Financial Statements of Parent and Subsidiary Companies
Total emissions (tons CO2e)	133,914	92,349	
Intensity (tons CO2e per product)	0.0054	0.0065	Category 1+2 Emissions
Note: The audit results for 2023 are expected to be available in June 2024; therefore, only the data for 2021 and 2022 are disclosed.			

Note 1: Direct emissions (Scope 1, emissions directly from sources owned or controlled by the Company), energy indirect emissions (Scope 2, emissions from purchased electricity, heat, or steam), and other indirect emissions (Scope 3, emissions from activities not classified as energy indirect, but from sources owned or controlled by other companies).

Note 2: The scope of direct emissions and energy indirect emissions data shall be determined in accordance with Article 10(2) of this Standard, while information on other indirect emissions may be disclosed voluntarily.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 published by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but data calculated based on revenue (in millions of New Taiwan Dollars) should be disclosed at least.

1-1-2 Greenhouse Gas Assurance Information

This section provides an explanation of the assurance status for the most recent two years up to the date of the annual report printing, including the assurance scope, assurance provider, assurance standard, and assurance opinion.			
Facility	Assurance Status in the Past 2 Years	Assurance Provider	Assurance Standard & Assurance Level
Taiwan Headquarters	Initial external assurance conducted in August 2023	TUV Rheinland Germany	ISO14064-3:2019, Reasonable assurance
Vietnam Responsibility	Expected to be completed in November 2024	TUV Rheinland Germany	ISO14064-3:2019, Reasonable assurance
Vietnam Vu Xing	Expected to undergo external assurance in 2025	TUV Rheinland Germany	-
China Mech-Elec	Expected to undergo external assurance in 2026	TUV Rheinland Germany	-

Note 1: In accordance with the provisions of Article 10(2) of this Standard, if the Company has not obtained a complete greenhouse gas assurance opinion by the printing date of the annual report, it should be noted that "Complete assurance information will be disclosed in the sustainability report." If the Company has not prepared a sustainability report, it should be noted that "Complete assurance information will be disclosed on the Market Observation Post System," and complete assurance

information should be disclosed in the subsequent year's annual report.

Note 2: The assurance provider should comply with the relevant regulations of the Taiwan Stock Exchange Corporation and the Taipei Exchange regarding assurance providers for sustainability reports.

Note 3: Disclosure content can refer to the best practice examples on the Corporate Governance Center website of the Taiwan Stock Exchange.

1-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

This section outlines the baseline year and data, reduction targets, strategies, and specific action plans for greenhouse gas reduction, as well as the progress towards achieving these reduction targets.

	Baseline Year and Expectation	Achievement in 2022	Action Plan
Cat ory 1+2	Baseline year set at 24,283 tons of CO ₂ e in 2020	Achieved -319 tons of CO ₂ e in 2022, approximately -15% compared to the baseline year 2020, excluding production decrease reasons. Mainly due to the effectiveness of energy-saving schemes such as replacing old ice-water chillers, replacing variable frequency air compressors, and injection molding machines.	Conducting annual greenhouse gas inventories for the group, assessing improvement plans for major emissions, and developing carbon reduction plans. The ESG committee requires each plant to set carbon reduction targets annually to ensure that the -42% carbon emission reduction target for 2030 can be achieved.

Note 1: Compliance should be carried out in accordance with the regulations set forth in Paragraph 2, Article 10 of this guideline.

Note 2: The base year should be the year in which the greenhouse gas inventory is completed based on the boundary of the consolidated financial statements. For example, according to Paragraph 2, Article 10 of this Guideline, companies with a capital of over NT \$10 billion are required to complete the greenhouse gas inventory for 2024 by 2025. Therefore, the base year is 2024. However, if a company completes the greenhouse gas inventory for the consolidated financial statements earlier, the base year may be the earlier year. Additionally, data for the base year may be calculated as a single year or as an average of multiple years.

Note 3: Disclosure content can be referred to on the website of the Corporate Governance Center of the Taiwan Stock Exchange for best practice examples.

(7) Ethical Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
I. Establishment of ethical corporate management policies and programs				
(I) Does the Company formulate the integrity management policy approved by the board of directors, and state in the regulations and external documents the policies and practices of integrity management, and the board and management's commitment to actively implement the operation policy?	V		(I) Integrity has been the Company's business philosophy and essential core functions for all employees. The Company has formulated “Code of Ethics”, “Code of Integrity Management”, “Procedures and Conduct Guidelines for Integrity Management” and “Employee Handbook”, which specifically regulates behavior indicators that should be paid attention to by directors, supervisors, managers, and employees of the Company and group companies and organizations when they are performing their businesses.	No discrepancy.
(II) Does the Company have established an assessment mechanism for the risk of dishonesty, regularly analyzes and evaluates business activities with a high risk of dishonesty in the business scope, and accordingly formulates a plan to prevent dishonesty, and at least covers the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" Article 7, paragraph 2 of the prevention measures?	V		(II) The Company has formulated the “Procedures and Conduct Guidelines of Integrity Management” for business activities or other business areas that have high risk for unethical conducts in Paragraph 2, Article 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, to take individual precautionary measures for individual operations.	No discrepancy.
(III) Does the Company	V		(III) The Company's “Procedures and Conduct	No discrepancy.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
specify the operating procedures, behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan?			Guidelines for Integrity Management” clearly sets out plans to prevent unethical conduct, including identification standards and procedures, and handling of violations of the” Code of Integrity Management”. Integrity management sets clear and effective reward and punishment and the appeal system is incorporated into employee performance reviews and human resources policies.	
II.Fulfill operations integrity policy (I) Does the Company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	V		(I) Before establishing a business relationship with others, the Company should first evaluate the legality of agents, suppliers, customers or other business associates, the integrity of their business policies, and whether they have records of dishonesty to ensure that their business practices are fair, transparent and will not ask for or accepting bribes. When signing a contract with others, the Company should fully understand the integrity of the other party and include compliance with business integrity in the contract. It should be clearly stated in the contract that if any party engages in unethical conduct in the course of business operation, the other party may terminate or cancel the contract at any time without any condition.	No discrepancy.
(II) Does the Company set up a special unit under the board of directors to promote the integrity management of the enterprise, and regularly (at least once a year) report to the board of directors on its integrity management policies and plans to	V		(II) The company operates in accordance with the management of integrity. The Strategic Development Division will serve as a part-time unit to promote integrity management and is responsible for the formulation and supervision of the implementation of the integrity management policy and prevention plan, and irregularly checks and evaluates whether the prevention measures established by the integrity management are operating effectively, and	No discrepancy.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
prevent dishonest behaviors and supervision and implementation?			evaluates the compliance status of the relevant business processes, prepares reports, and reports to the board of directors. The dedicated unit reported its implementation to the board of directors on 21 December 2023.	
(III) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		(III) The Company has a "Code of Ethics" in place, setting forth the conflict prevention policy and reporting channels.	No discrepancy.
(IV) Has the Company established an effective accounting system and internal control system for the implementation of integrity management, and the internal audit unit has formulated relevant audit plans based on the results of the assessment of the risk of dishonesty, and checked the compliance with the plan to prevent dishonesty, or entrust CPAs to perform the audit?	V		(IV) The Company shall establish an effective accounting system and internal control system for business activities with a higher risk of unethical conduct and review it at any time to ensure that the design and implementation of the system are continuously effective. The Internal Audit Office regularly checks the compliance with the system and prepares an audit report to be submitted to the board of directors. The Internal Audit Office can also appoint a CPA accountant or professional to provide assistance if necessary.	No discrepancy.
(V) Does the Company regularly hold internal and external educational trainings on operational integrity?	V		(V) The Company implements the integrity management policy, and the relevant implementation status in 2023 is as follows: 1. The Company conducts training in accordance with the integrity and pragmatism of "core functions"; and lists "integrity" as an evaluation item of the annual evaluation of employee functions during the Company's newcomer education	No discrepancy.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>and training,</p> <p>2. In 2023, a total of 0 external complaints were received, and 1 case was reported directly by an employee. Upon investigation, it was found that the reported incident did not align with the facts, and the complainant was unable to provide clearer evidence to support the allegation. As a result, the case was closed.</p> <p>3. Annual education and training, as well as the promotion of integrity policies, are used to raise colleagues' awareness of professional ethics and law and regulation compliance.</p> <p>Status of implementation:</p> <p>◆ Integrity Management Code and Anti-Corruption Ethics Training: The Ministry of Justice's Agency Against Corruption was invited to conduct a 2.5-hour seminar on "Current National Anti-Corruption Policies" and "Integrity Management Code and Anti-Corruption Ethics Standards" at the Taiwan headquarters on 5 June 2023. A total of 72 participants, including managers from the Taiwan headquarters (both physical and via video conference) and overseas Taiwanese managers (via video conference), attended the training session.</p> <p>4. Promotion of Anti-Corruption Policies and Reporting Channels</p> <p>Implementation Status:</p> <p>◆ Provided by the Strategic Development Department in September: Integrity management-related policies and reporting channels - informational posters have been posted and promoted at the Taiwan</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>headquarters, as well as in the Vietnam and China plants.</p> <p>Reporting mailbox: report_zh@zenghsing.com.tw</p> <p>◆ The revision of the reporting management measures is expected to be completed in the first half of 2024.</p>	
			<p>5. Promotion of Group Ethics Compliance In line with the "anti-corruption policy," in addition to signing the Integrity Management Commitment at the Taiwan headquarters, all employees in the Vietnam and China plant areas were also required to sign it this year.</p> <p>Implementation Status:</p> <p>◆ All employees in the Vietnam and China plants, totaling 1,949 (230 in Mechanical and Electrical, 1,513 in Responsible, and 206 in Yuhsing), had signed the Integrity Commitment before 8 September 2023.</p> <p>6. Promotion of Supplier Ethical Norms In 2023, ethical training for suppliers was conducted, and informational materials were produced by the Strategic Development Department, which were then distributed by the management department to notify all Taiwan suppliers.</p> <p>Implementation Status:</p> <p>◆ In December 2023, the management department sent out a total of 64 emails to all</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>Taiwan suppliers.</p> <p>7. On 21 December 2023, the Board of Directors reported on the operation and implementation of the Integrity Management Policy in 2023.</p> <p>8.Reporting system and whistleblower protection</p> <p>The Company has established specific reporting procedures for detecting and preventing unethical behavior in the “Corporate Governance Best Practice Principles” , " Ethical Corporate Management Best Practice Principles “, and " Procedures for Ethical Management and Guidelines for Conduct ." Both internal and external parties are encouraged to report any unethical or inappropriate behavior, and the ESG Office and Audit Office are designated as the responsible departments for receiving reports. The Company's website provides an effective communication channel for employees, shareholders, stakeholders, and external parties to report such incidents. The Company also discloses the direct email address for receiving reports. If a report involves a director or senior executive, it will be submitted to the ESG Office and Audit Office. The Company has also established a whistleblower protection system to ensure that the identity and content of the whistleblower are kept confidential, and the whistleblower will not suffer from any retaliation. In 2023, there were no external complaints received, and one complaint was filed directly by an employee. Following an investigation, it was found that the complaint did not align with the reported issue, and the complainant was unable to provide clearer evidence. Therefore, the case</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			was closed. From 2023 to 31 March 2024, the ESG Office's complaint corner received two complaints related to employee rights. However, effective communication and negotiation successfully resolved these issues, and no formal cases were filed. This demonstrates the Company's commitment to and concern for employee rights, as well as its ability to solve problems effectively. The Company will continue to monitor employees' needs and problems to ensure that their rights are fully protected and respected in the workplace.	
III. Operation of the integrity channel (I) Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow up?	V		(I) Integrity system: The company has established internal and external reporting channels and processing systems to implement code of ethical conduct, code of integrity management and company governance rules and ensure the legitimate rights and interests of informants and related persons. The integrity system and other related operating procedures have been approved by the board of directors and disclosed on the important rules section of the Company's website. 1. Report scope (1) Behavior in violation of the relevant provisions of the Act or regulations applicable to the Company and the Company's policies, systems or ethical code of conduct. (2) Any behavior that damages the rights or interests of the Company is likely to damage, such as fraud, embezzlement of company assets, and collection of improper benefits. (3) Any form of fraud by company management or employees. 2. Whistleblower channel: Encourage internal and external personnel to	No discrepancy.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(II) Does the Company set the standard operating procedures for the investigation of the complaint, the follow-up measures to be taken after the investigation is completed, and the relevant	V		<p>report unethical conduct. The Company will give rewards according to the severity of the incident reported. All personnel can file the report through the supervisor’s email (supervisor_huang@ zenghsing.com.tw), the telephone hotline (04-2278-5177 * 589), the dedicated e-mail (csr@zenghsing.com.tw) and a physical mailbox at the Company's security guards’ room. Every case is differentiated by its severity levels and will be handled by human resources, department managers, and labor management teams.</p> <p>Zeng Hsing Corporation adheres to the principles of integrity and pragmatism in its operations. We have established policies based on integrity and conduct ourselves with the highest moral standards. If you come across individuals engaged in acts of dishonesty, corruption, or unethical behavior, please report them to the Company's whistleblowing email at report_zh@zenghsing.com.tw.</p> <p>3. The whistleblower should provide at least the following information</p> <p>(1) The name of the whistleblower and the address, telephone number and email where the whistleblower can be contacted.</p> <p>(2) The name of the whistleblower or other information can identify the whistleblower.</p> <p>(3) Specific evidence available for investigation.</p> <p>(II) Level of acceptance of reported cases</p> <p>The “Administrative Measures on Employee Opinion Appeals” classifies the reported incidents into three levels according to the severity of the case and formulates standard specifications based on the principles of handling, responsible personnel and timeliness</p>	No discrepancy.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
confidentiality mechanism?			<p>of treatment. The reporter and the relevant personnel shall not disclose the contents of the case to the public and shall keep the incident absolutely confidential.</p> <p>1. The processing process and record keeping of the dedicated unit:</p> <p>(1) Reports involving general employees should be reported to the department supervisor and reports involving directors or senior executives should be reported to independent directors.</p> <p>(2) The Company's dedicated unit and the supervisor or person to be reported mentioned earlier should ascertain the relevant facts immediately and provide assistance from relevant departments when necessary.</p> <p>(3) If it is proved that the reported person has indeed violated relevant laws and regulations or the Company's integrity management policies and regulations, he should immediately request the reported person to stop the relevant behavior, and to deal with it appropriately, and if necessary, request damages through legal procedures to protect the Company's reputation and rights of the Company.</p> <p>(4) Written documents shall be retained for the acceptance of reports, investigation process, and investigation results, and shall be kept for five years, and their preservation shall be done electronically. Before the expiration of the retention period, in the event of a lawsuit related to the reported content, the relevant information shall be retained until the end of the lawsuit.</p> <p>(5) When the report is verified to be true, relevant units of the Company should review the relevant internal control system and operating procedures and propose</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(III) Does the Company provide proper whistleblower protection?	V		<p>improvement measures to prevent the same behavior from happening again.</p> <p>(6)The company's dedicated unit shall report the incident, its handling method, and subsequent review and improvement measures to the board of directors.</p> <p>(III) Whistleblower protection</p> <p>The relevant personnel of the Company handling the report shall make a written statement that the identity of the reporter and the contents of the report shall be kept confidential and shall undertake to protect the reporter from improper handling due to the report. The “Administrative Measures for Employee Opinion Appeals” stipulates that when handling, investigating and reporting cases, the Company and the investigating officers shall be fair and just. The investigator may face punishment if they take unfavorable actions such as dismissal, demotion, or salary reduction against the reporter of the incident.</p> <p>Cases reported in any of the following circumstances will not be accepted:</p> <p>(1)Those who did not provide contact information.</p> <p>(2)Those who did not provide specific reasons and evidence for the reported case.</p> <p>(3)The reporting matters are not within the scope of reporting applicable to this system.</p> <p>In 2023, there were no external complaints received, and one complaint was filed directly by an employee. Following an investigation, it was found that the complaint did not align with the reported issue, and the complainant was unable to provide clearer evidence. Therefore, the case was closed. From 2023 to 31 March 2024, the ESG Office's complaint corner</p>	Comply with the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			received two complaints related to employee rights. However, effective communication and negotiation successfully resolved these issues, and no formal cases were filed. This demonstrates the Company's commitment to and concern for employee rights, as well as its ability to solve problems effectively. The Company will continue to monitor employees' needs and problems to ensure that their rights are fully protected and respected in the workplace.	
IV.Strengthening information disclosure (I) Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company’s website and MOPS?	V		(I) The Company’s “Ethical Corporate Management Best Practice Principles”, “Procedures and Conduct Guidelines of Integrity Management” and “Code of Ethics” are disclosed on the MOPS. The ESG section, corporate governance and the implementation of integrity management are disclosed on the Company’s website.	No discrepancy.
V. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: The Company has formulated “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, “Ethical Corporate Management Best Practice Principles”, “Ethical Corporate Management Best Practice Principles”, “Employee Handbook” and “Administrative Measures on Employee Opinion Appeals” based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies. Every director and employee shall follow the rules and the operating conditions are in compliance.				
VI. Other important information to facilitate a better understanding of the Company’s ethical corporate management policies (e.g., review and amend its policies).: Please refer to the Company’s website (http://www.zenghsing.com.tw/csr/?lang=zh-hant) of ESG category and “ZHENG HSING ESG Report” for reviewing the results of ethical corporate management policy implementation.				

Note 1: Regardless of whether "yes" or "no" is selected for operational status, it should be described in the summary explanation field.

(8) Corporate Governance Guidelines and Regulations

Please refer to the Company website. (www.zenghsing.com.tw)

(9) Other Important Information Regarding Corporate Governance

A. The 18th Directors Continuing Education in 2023 (Course hours)

Date of the course Name of the course	Training Unit	Chairman	Director	Director	Director	Director	Director	Director	Independent	Independent	Independent
		CHIH-CHENG LIN	RUEI-YIHONG	SU-CHEN LIAO	CHIN-TAN LEE	MENG-CHUNG HO	PAO-SUNG CHANG	CHUNG-TING TSAI	YOUNG-YAW PAI	MING-LIANG TARNG	JUN-MING HSU
13 April 2023 Corporate Governance and Securities Regulations	Securities & Future Institute										3
14 April 2023 Corporate Governance Seminar	Taiwan Academy of Banking and Finance									3	
9 May 2023 Discussion on the Functions of the Board of Directors in Preventing Corporate Fraud	Securities & Future Institute	3	3	3	3		3	3		3	3
23 May 2023 Promotion Seminar on Sustainable Development Action Plans for Listed Companies	Taiwan Stock Exchange					3					
22 September to 23 September 2023 (Listed Companies) Net Zero Sustainable Talent Development Class [Central Region]	Chinese Corporate Governance Association								9		
9 November 2023 Global Economic Outlook for 2024	Securities & Future Institute	3	3	3	3	3	3	3	3	3	
Total hours of classes		6	6	6	6	6	6	6	12	9	6

Note: The independent director YOUNG-YAW PAI was newly appointed on 15 June 2023, with twelve hours of continuing education.

B. Continuing Education Status of Managers for the Year 2023

Title	Name	Course Name	Length of the curriculum	Period
Senior manager of Finance and Accounting Department (Head of Accounting Department)	TZU-HO CHUANG	Regulations Governing the Principal Accounting Officers of Issuers Continuing Education Course	12	2 November 2023 to 3 November 2023
Section chief of Finance and Accounting Department (Accounting Supervisory Agent)	YI-WEI, HUANG	Practical Compliance with Labor Laws and Case Studies	6	14 September 2023
		Practical Analysis of the Latest Sustainable Development Action Plans and Net-Zero Carbon Emissions on Financial Reports	6	6 October 2023
Section chief of Audit Office	JIA-JUN XIE	Practical Management and Audit of Business Contracts	6	28 April 2023
		Prevention and Management of Workplace Harassment and Unlawful Conduct (Bullying)	6	4 December 2023

B. Corporate Governance Executive Training in 2023:

Title	Name	Course Name	Length of the curriculum	Period
Senior manager of Finance and Accounting Department	TZU-HO CHUANG	1. Practical Compliance with Labor Laws and Case Studies	3	9 May 2023
		2. Practical Analysis of the Latest Sustainable Development Action Plans and Net-Zero Carbon Emissions on Financial Report.	3	2 November 2023, 3 November 2023
		Practical Management and Audit of Business Contracts	3	2 November 2023, 3 November 2023
		Prevention and Management of Workplace Harassment and Unlawful Conduct (Bullying)	3	9 November 2023

(10) Internal Control System

A. Statement of Internal Control System

ZENG HSING INDUSTRIAL CO., LTD.

Statement of Internal Control System

8 March 2024

Based on the findings of a self-assessment, Zeng Hsing Industrial Co., Ltd. states the following with regard to its internal control system during the year 2023:

1. Zeng Hsing Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Zeng Hsing takes immediate remedial actions in response to any identified deficiencies.
3. Zeng Hsing evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the “Regulations”). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. Zeng Hsing has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations
5. Based on the findings of such evaluation, Zeng Hsing believes that, on 31 December 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.

6. This Statement is an integral part of Zeng Hsing annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement was passed by the board of directors in their meeting held on 8 March 2024, with none of the ten attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

ZENG HSING INDUSTRIAL CO., LTD.

Chairman: CHIH-CHENG LIN

General manager: TUNG-LIANG LIU

B. Companies which CPAs professionally review the internal control system shall disclose the review report provided by the CPAs: None.

(11) 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, during 2023 or during the current fiscal year up to the publication date 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 condition of improvement: None

(12) Material resolutions of a shareholders meeting or a board of directors meeting during 2023 or during the current fiscal year up to the date of publication of the annual report:

1. Material resolutions from the 2023 Shareholders' Meeting and Implementation Status

Date	Category	Material Resolutions				
20 June 2023	Shareholders' Meeting	<div>1. The 2022 Business Report and Financial Statements. Implementation result: Approved.</div> <div>2. The 2022 surplus distribution. Implementation result: The ex-dividend base date was set on 29 July 2023 and the distribution date was set on 25 August 2023. (Cash dividend of NT\$5.5 per share will be distributed.)</div> <div>3. Approved the amendments to the “Rules of Shareholders' Meeting ”of the Company. Implementation result: They were processed in accordance with revised procedures and made public on the Company's website.</div> <div>4. Election of directors Election Results:<table><tr><td>List of elected directors</td><td>Number of votes</td></tr><tr><td>YOUNG-YAW PAI</td><td>26,293,923</td></tr></table></div> <div>5. Release of non-compete restrictions on directors Implementation result: Approved.</div>	List of elected directors	Number of votes	YOUNG-YAW PAI	26,293,923
List of elected directors	Number of votes					
YOUNG-YAW PAI	26,293,923					

2. Material Resolutions from the Board of Directors:

Date	Category	Material Resolutions
10 March 2023	Board of directors	<p>1. Approved the issuance of the "2022 Statement of Internal Control" by the Company.</p> <p>2. Approved the financial statements and consolidated financial statements for 2022.</p> <p>3. Approved the convening of the Company's 2023 Annual General Meeting of Shareholders.</p> <p>4. Approved the related matters concerning the shareholders' right of proposal in the 2023 general shareholders' meeting.</p> <p>5. Approved the Company's by-election of one director.</p> <p>6. Approved the nomination of independent director candidates for the 2023</p>

		<p>Annual General Meeting of Shareholders.</p> <ol style="list-style-type: none"> 7. Approved the nomination and consideration of director candidates by the board of directors of the Company. 8. Approved the proposal for the Company to lift restrictions on non-competition for elected additional independent directors 9. Approved the Company's remuneration for directors and employee remuneration for 2022. 10. Approved the distribution of the Company's 2022 earnings. 11. Approved the change of the Company's audit supervisor. 12. Approved the appointment and periodic evaluation of the Company's appointed CPAs, and the prior consent of Ernst & Young and its affiliated non-audit service providers regarding independence and suitability. 13. Approved the renewal of the Company's contract with Mega International Commercial Bank. 14. Approved the Company's application for short-term credit and foreign exchange and derivative financial commodity transaction limit from Citibank. 15. Approved the Company provide endorsement guarantee for the application of short-term credit limit from Citibank. 16. Approved the amendment of the Company's "Regulation on Financial Statement Preparation Process". 17. Approved the amendment to the Company's "Corporate Governance Principle." 18. Approved the amendment to the Company's " Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises". 19. Approved the cancellation of the capital loan from the subsidiary Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd. to Shanghai Debra Trading Company Limited. 20. Approved the amendment to the Company's "Regulation Governing Directors' and Managers' Remuneration".
9 May 2023	Board of directors	<ol style="list-style-type: none"> 1. Approved the consolidated financial statements for the first quarter of 2023. 2. Approved the Company's 2023 business plan and budget preparation. 3. Approved the Company's plan to increase investment in the Vietnam-based company "FOREMOST GULF INTERNATIONAL CO., LTD (VN). 4. Approved the related matters concerning the shareholders' right of proposal in the 2023 general shareholders' meeting. 5. Approved the nomination of independent director candidates for the 2023 Annual General Meeting of Shareholders. 6. Approved the renewal of the Company's contract with Ta Ching Bills Finance Corporation. 7. Approved the renewal of the Company's contract with Bank of Taiwan. 8. Approved the renewal of the Company's contract with E.SUN Commercial Bank. 9. Approved the renewal of the Company's contract with Mega Bills Finance Co. Ltd. 10. Approved the renewal of the Company's contract with CTBC BANK. 11. Approved the Company's endorsement of the guarantee for the investment business. 12. Approved the amendment to the Company's "Regulation Governing Directors' and Managers' Remuneration". 13. Approved the Company's "Rules of Procedure for Shareholders Meetings".
20 June 2023	Board of directors	<ol style="list-style-type: none"> 1. Approved the distribution of the Company's 2021 earnings. 2. Approved the renewal of the Company's contract with Taishin International Bank.
8 August 2023	Board of directors	<ol style="list-style-type: none"> 1. Approval of the change of the Company's certified public accountant. 2. Approved the consolidated financial statements for the second quarter of

		<p>2023.</p> <p>3. Approved the amendment to the Company's "Risk Management Procedures".</p> <p>4. Approved the renewal of the Company's contract with Bank SinoPac.</p> <p>5. Approved the renewal of the Company's contract with Chang Hwa Bank.</p> <p>6. Approved the amendment to the Company's "Board Meeting Rules and Regulations".</p>
9 November 2023	Board of directors	<p>1. Approved the consolidated financial statements for the third quarter of 2023.</p> <p>2. Approved the Company's audit fees.</p> <p>3. Approved the Company's adjustment and change of directors for investment businesses.</p> <p>4. Approved the amendment to the Company's "Board Performance Evaluation Method".</p> <p>5. Approved the amendment to the Company's "Code of Ethics".</p> <p>6. Approved the renewal of the Company's contract with Taipei Fubon Bank.</p> <p>7. The Company intends to apply for a short-term credit line from Citi (Taiwan) Commercial Bank and a foreign exchange and derivatives financial commodity transaction credit line.</p> <p>8. Approved the Company's wholly-owned investee, "Shin Hsing Industrial Co., Ltd. (Vietnam)", to apply for an endorsement guarantee from Mega International Commercial Bank.</p> <p>9. Approved the Company's wholly-owned investee, "Shin Hsing Industrial Co., Ltd. (Vietnam)", to apply for an endorsement guarantee from Taipei Fubon Bank.</p> <p>10. Approved the Company's wholly-owned investee, "Shin Hsing Industrial Co., Ltd. (Vietnam)", to apply for endorsement guarantee for providing a short-term credit facility from Citibank.</p> <p>11. Approved the Company's wholly-owned investee, "Shin Hsing Industrial Co., Ltd. (Vietnam)", to apply for an endorsement guarantee from Bank SinoPac.</p>
21 December 2023	Board of directors	<p>1. Approved the issuance of the "2024 Statement of Internal Control" by the Company.</p> <p>2. Approved the Company's 2024 business plan and budget preparation.</p> <p>3. Approved the Company's financial report regarding the provision for employee compensation and the ratio of remuneration for directors and supervisors.</p> <p>4. Approved the year-end bonus budget for 2023.</p> <p>5. Approved the dismissal of the CEO of the Company.</p> <p>6. Approved the amendment to the "Directors and Managers Compensation Management Regulations" and the Chairman's Compensation System.</p> <p>7. Approved the Company's regular review of manager's salary standards and structure.</p> <p>8. Approved the amendment to the Company's "Procedures for the Acquisition and Disposal of Assets".</p> <p>9. Approved the discussion on the maximum balance of the Company's financial instruments to financial institutions for the year 2024.</p> <p>10. Approved the acquisition and disposal of derivative commodities limits for the Company.</p> <p>11. Approved the balance limit for the acquisition and disposal of derivative commodities for 2024 of the Company's the investment business.</p>
8 March 2024	Board of directors	<p>1. Approved the financial statements and consolidated financial statements for 2023.</p> <p>2. Approved the issuance of the "2023 Statement of Internal Control" by the Company.</p>

		<p>3.Approved the adjustment of the Group's investment structure in response to the Controlled Foreign Company (CFC) regulations under Section 43-3 of the Income Tax Act.</p> <p>4. Approved a reduction in capital and a return of share monies by Zhangjiagang Zeng Hsing Machinery & Electronics Co., Ltd., a wholly owned subsidiary of the Company.</p> <p>5.Approved the Company's remuneration for directors and employee remuneration for 2023.</p> <p>6.Approved the distribution of the Company's 2023 earnings.</p> <p>7. Approved the convening of the Company's 2024 Annual General Meeting of Shareholders.</p> <p>8. Approved the related matters concerning the shareholders' right of proposal in the 2024 general shareholders' meeting.</p> <p>9. Approved the election of directors for the Company.</p> <p>10. Approved the nomination of independent director candidates for the 2024 Annual General Meeting of Shareholders.</p> <p>11. Approved the nomination and consideration of director candidates by the board of directors of the Company.</p> <p>12. Approved the lifting of the restriction on non-competition for the elected directors of the 19th term of the Company.</p> <p>13.Approved the appointment of the Company's certified accountants, periodic evaluation of their independence and suitability.</p> <p>14.Approved the establishment of general principles for the pre-approval of non-assurance services policy within the Company.</p> <p>15. Approved the renewal of the Company's contract with Mega International Commercial Bank.</p> <p>16. Approved the amendment to the Company's "Board Meeting Rules and Regulations".</p>
8 May 2024	Board of directors	<p>1. Approved the consolidated financial statements for the first quarter of 2023.</p> <p>2. Approved the proposal to purchase ordinary shares of Yulong Technology Co., Ltd., a subsidiary, on the centralized market.</p> <p>3. Approved the renewal of the Company's contract with Ta Ching Bills Finance Corporation.</p> <p>4.Approved the renewal of the Company's contract with Bank of Taiwan.</p> <p>5.Approved the renewal of the Company's contract with E.SUN Commercial Bank.</p> <p>6.Approved the renewal of the Company's contract with Mega Bills Finance Co. Ltd.</p> <p>7.Approved the renewal of the Company's contract with CTBC BANK.</p> <p>8. Approved the proposed renewal of the Company's transaction contract with Taishin International Commercial Bank.</p> <p>9. Approved the renewal of the Company's contract with Chang Hwa Commercial Bank.</p> <p>10. Approved the Company's proposal to apply for endorsement guarantees from CTBC Bank for its wholly-owned investee "Zeng Hsing Industrial Co., Ltd. (Vietnam)".</p> <p>11. Approved the amendment to the Company's "Procedures for the Acquisition and Disposal of Assets".</p>

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

(14) Resignation or Dismissal of the Company's Key Individuals, including the Chairman, General manager, and Heads of Accounting, Finance, Internal Audit, Head of Corporate Governance and R&D:

Title	Name	Date of Appointment	Date of Termination	Reason for Resignation or dismissal
Internal Audit	QI-FENG ZHANG	13 November 2017	10 March 2023	Internal job adjustment
Chief Executive Officer	CHIH-CHENG LIN	3 May 2017	31 December 2023	Internal job adjustment

3.5 Information Regarding the Company's Audit Fee and Independence

CPA Professional Fee Range

Currency: NT\$ thousand

Accounting Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fees	Total	Remark
Ernst & Young	MING-HUNG CHEN	1 January 2023- 31 March 2023	4,385	1,721	6,106	To work in line with the competent authority to strengthen CPA independence and implement the accountant rotation mechanism.
	WEN-BI YEN					
Ernst & Young	MING-HUNG CHEN	1 April 2023- 31 December 2023				
	CHING-YA HUANG					

Non-audit services: NT\$270 thousand for tax compliance audit, NT\$780 thousand for transfer pricing, NT\$671 thousand for the Group tax calculation and declaration.

Note: Audit period and reasons for replacement should be stated in the table separately if the Company replaces the CPA firm or CPA. The information such as the audit and non-audit fees paid shall be disclosed in appropriate spaces in the table. Non-audit fees should be accompanied by a description of the services provided.

- (1) Replacing the audit firm and the audit fee paid to the new audit firm was less than the amount paid in the previous year: None.
- (2) Audit fee reduced for more than 10% year over year, the reduced amount, proportion, and reason should be disclosed: In 2023, audit fees decreased by NT\$530 thousand compared to 2022, representing a decrease of 10.78%, primarily due to a reduction in individual entity audits.

3.6 Replacement of CPA

3.6.1 Regarding the previous CPAs

Date	Approved by the board of directors on 8 August 2023 for replacement with effect from the second quarter of 2023.		
Reason for change and explanation	To work in line with the competent authority to strengthen CPA independence and implement the accountant rotation mechanism. CPAs Ming-Hung Chen and Wen-Bi Yen, who were previously in charge of the Company's financial statement audits, will be replaced by CPA Ming-Hung Chen and CHING-YA HUANG in the second quarter report of 2023.		
Indicate whether the appointment is terminated or not accepted by the appointor or accountant	Parties		
	Criteria	CPAs	Appointed person
	Proactive termination of appointment	NA	
	No longer accept (continued) appointment		
Opinions on audit reports issued within the last two years without qualification and reasons	None		
Disagreement with the issuer	Yes		Accounting Principles or Practices
			Financial Report Disclosure
			Scope or steps of verification
			Other
	No	✓	
	Explain		
Other disclosures (Items 1.4 to 1.7 of paragraph 6 of Article 10 of this Standard should be disclosed)	No		

3.6.2 Regarding the succeeding CPAs

Accounting Firm	Ernst & Young
Name of CPA	CHING-YA HUANG
Date of Appointment	Approved by the board of directors on 8 August 2023 for replacement from the second quarter of 2023
Pre-appointment regarding the accounting treatment method or accounting principles for specific transactions, as well as the opinions and results that may be issued on the financial report	NA

Written opinions of the successor accountants on matters with which the predecessor accountants disagreed	NA
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3.6.3 The previous CPA's response to the three items of Subparagraphs 1 and 2, Paragraph 6, Article 10 of the Guidelines Governing the Public Company's Annual Report: N/A.

3.7 The Company's Chairman, President, and managers in charge of its finance or accounting operations held positions in the Company's independent auditing firm or its affiliates in the most recent year: None.

3.8 Changes in Shareholding Percentages by Directors, Supervisors, Management and Shareholders with 10% Ownership or More

3.8.1 Changes in Shareholding Percentage of Directors, Managers and Major Shareholders

Unit: shares

Title	Name	2023		As of 22 April 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	CHIH-CHENG LIN	0	0	6,073	0
Director	SU-CHEN LIAO	0	0	(45,000)	0
Director	RUEI-YI HONG	0	0	0	0
Director	PAO-SUNG CHANG	0	0	0	0
Director	MENG-CHUNG HO	0	0	0	0
Director	CHIN-TAN LEE	239,157	0	0	0
Director and marketing department deputy general manager	CHUNG-TING TSAI	(5,000)	0	0	0
Independent director	MING-LIANG TARNG	0	0	0	0
Independent director	JUN-MING HSU	0	0	0	0
Independent director	YOUNG-YAW PAI	0	0	0	0
General manager	YUNG-LIANG LIU	1,000	0	0	0
Strategic development deputy general manager	JUN-SHEN ZHOU	(20,000)	0	0	0
Strategic development department senior manager	QIONG-MEI CHEN	0	0	0	0

Title	Name	2023		As of 22 April 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Financial & accounting department deputy general manager	TZU-HO CHUANG	0	0	0	0
Engineering technology division a Vice-general manager	MING-TA LI	0	0	0	0

Note 1: Shareholders who hold more than 10% of the Company's shares should be noted as major shareholders and listed separately.

Note 2: If the counterparty of a share transfer or share pledge is a related party, further disclose the counterparty's share transfer, share pledge information.

Note 3: The independent director, YOUNG-YAW PAI was newly appointed on 20 June 2023.

3.8.2 Shares Trading with Related Parties:

Unit: New Taiwan Dollar (NTD); Shares

Name (Note 1)	Reason for Equity Transfer (Note 2)	Transaction Date (Note 3)	Counterparty	Relationship between Counterparty and the Company, Directors, Supervisors, and	Number of Shares	Transaction Price
CHIN-TAN LEE	Acquisition (inheritance)	2023.07.20	FENG-CHIN LEE	Father-son	236,157	111.5 (Closing price of the
MIN-JIE WU (Spouse of director, MENG-CHUNG HO)	Disposition (gift)	2023.12.04	ZONG-SYUAN HE	Mother-son	23,500	103

Note 1: Fill in the names of directors, supervisors, managers, and shareholders holding more than ten percent of the shares of the Company.

Note 2: Fill in acquisition or disposition.

Note 3: The transaction date is based on the reporting date.

3.8.3 Stock Rights Pledging with Related Parties: None.

3.9 The Information Show Name and Relationship between the Companies Top Ten Shareholders, or Spouses or Relatives within Two Degrees

The Information Show Name and Relationship between the Companies Top Ten Shareholders

Unit: shares

Name (Note 1)	Current Shareholding		Spouse's/ Children's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees (Note 3)		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
RUEI-YI HONG	2,023,129	3.04%	7,520	0.01%	0	0%	CHING-WEN HONG	Brother	
CHING-WEN HONG	1,428,540	2.15%	108,270	0.16%	0	0%	RUEI-YI HONG	Brother	
CHIH-CHENG LIN	1,033,080	1.55%	240,114	0.36%	0	0%	None	None	
MENG-CHUNG HO	1,029,262	1.55%	76,500	0.11%	0	0%	None	None	
CHUNG-TING TSAI	998,305	1.50%	488,636	0.73%	0	0%	YI-CHING TSAI	Brother and sister	
Canxin Investment Co., Ltd.	943,369	1.42%	N/A	N/A	0	0%	YI-CHING TSAI	Chairman of Canxin Investment Co., Ltd.	
Canxin Investment Co., Ltd. YI-CHING TSAI	509,500	0.77%	0	0.00%	0	0%	1. CHUNG-TING TSAI 2. Canxin Investment Co., Ltd.	1. Sister and brother 2. Chairman of Canxin Investment Co., Ltd.	
SU-CHEN LIAO	845,774	1.27%	464	0.00%	313,300	0.47%	SHEN-LING LIAO	Brother and sister	
Universal Microelectronics CO., LTD.	792,986	1.19%	N/A	N/A	0	0%	SHEN-LING LIAO	Chairman of Universal Microelectronics CO., LTD.	
Universal Microelectronics CO., LTD. SHEN-LING LIAO	419,592	0.63%	0	0.00%	0	0%	1. SU-CHEN LIAO 2. Universal Microelectronics CO., LTD.	1. Brother and sister 2. Chairman of Universal Microelectronics CO., LTD.	
YU-MEI LI	786,462	1.18%	0	0.00%	0	0%	JIN-FONG LI	Brother and sister	
JIN-FONG LI	764,000	1.15%	0	0.00%	0	0%	YU-MEI LI	Brother and sister	

Note 1: All the top 10 shareholders shall be listed. The names of corporate shareholders and the name of their representatives shall be listed separately.

Note 2: The shareholding percentage is calculated separately based on the number of shares held in the name of the person, his/her spouse and minors, and through nominee arrangements.

Note 3: Relationships between the aforementioned shareholders, including corporate shareholders and natural person shareholders, shall be disclosed pursuant to the Regulations Governing the Preparation of Financial Reports by Securities issuers.

3.10 Ownership of Shares in Affiliated Enterprises

As of 31 December 2023 Unit: Shares

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors or Managers		Total Ownership	
	Share	Percentage	Share	Percentage	Share	Percentage
Zeng Hsing Industrial Co., Ltd. (BVI)	13,500	100.00%	-	-	13,500	100.00%
ARCORIS PTE LTD.	7,000,000	100.00%	-	-	7,000,000	100.00%
Zorca Worldwide Ltd. (BVI)	64,700	100.00%	-	-	64,700	100.00%
Taiwan Cheer Champ Co., Ltd.	15,421,630	85.68%	-	-	15,421,630	85.68%
Jetsun Technology Co., Ltd (Seychelles)	1,200,000	100.00%	-	-	1,200,000	100.00%
Jetsun Vietnam Technology Co., Ltd.	-	100.00%	-	-	-	100.00%
Zeng Hsing Industrial Co., Ltd (VN)	-	100.00%	-	-	-	100.00%
Beauty Lady CO., Ltd. (VN)	-	100.00%	-	-	-	100.00%
Shinco Technologies Ltd. (VN)	-	100.00%	-	-	-	100.00%
Taiwan Carbon Technology Co., Ltd.	1,774,999	19.53%	-	-	1,774,999	19.53%
Mitsumichi Industrial Co., Ltd.	1,378,000	53.00%	-	-	1,378,000	53.00%
FOREMOST GULF INTERNATIONAL CO., LTD.(BVI)	15,000	30.00%	15,000	30.00%	30,000	60.00%
FOREMOST GULF INTERNATIONAL CO., LTD. (Vietnam)	-	100.00%	-	-	-	100.00%
Zeng Hsing Industrial Co., Ltd. Director of Zhangjiagang Zeng Hsing Machinery & Electronics Co., Ltd.	-	100.00%	-	-	-	100.00%
Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd.	-	100.00%	-	-	-	100.00%
Zhangjiagang Zenghsing Trading Co., Ltd.	-	100.00%	-	-	-	100.00%
Shanghai Debra Trading Company Limited	-	100.00%	-	-	-	100.00%
TURVO INTERNATIONAL CO., LTD.	14,444,000	23.96%	-	-	14,444,000	23.96%

TIPO INTERNATIONAL CO., LTD.(SAMOA)	31,133,211	100.00%	-	-	31,133,211	100.00%
T&M JOINT(CAYMAN) HOLDING CO., LTD.	4,912,749	35.71%	1,841,777	13.39%	6,754,526	49.10%
Hong Kong Xinfeng Enterprise Limited	-	100.00%	-	-	-	100.00%
MATEC SOUTHEAST ASIA(THAILAND) CO., LTD.	216,276	99.99%	-	-	216,276	99.99%
Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd.	-	100.00%	-	-	-	100.00%
Turvo International Co., Ltd. (Zhejiang)	-	100.00%	-	-	-	100.00%
TUF Technology CO., LTD.	90,000	100.00%	-	-	-	100.00%

Note: The long-term investment using equity method adopted by the Company.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

A. Issued Shares

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital (NT\$ thousand)	Capital Increased by Assets Other than Cash	Other
December 2008	10	55,000,000	550,000,000	43,464,809	434,648,090	Employee exercise the stock options in the amount of \$7,893	None	Note 1.
June 2009	10	55,000,000	550,000,000	43,478,809	434,788,090	Employee exercise the stock options in the amount of \$140	None	Note 1.
November 2009	10	55,000,000	550,000,000	46,978,809	469,788,090	Cash capital increase \$35,000	None	Note 2.
August 2010	10	55,000,000	550,000,000	48,388,173	483,881,730	Capital increase by retained earnings in the amount of \$14,094	None	Note 3.
December 2010	10	55,000,000	550,000,000	47,169,173	471,691,730	Treasury stock retired \$12,190	None	Note 4.
April 2012	10	65,000,000	650,000,000	51,669,173	516,691,730	Cash capital increase in the amount of \$45,000	None	Note 5.
July 2013	10	65,000,000	650,000,000	54,252,631	542,526,310	Capital increase by retained earnings \$25,835	None	Note 6.
December 2013	10	65,000,000	650,000,000	60,552,631	605,526,310	Cash capital increase in the amount of \$63,000	None	Note 7.
November 2018	10	85,000,000	850,000,000	60,535,631	605,356,310	Treasury stock retired \$170	None	Note 8.
November 2022	10	85,000,000	850,000,000	66,535,631	665,356,310	Cash capital increase in the amount of \$60,000 thousand	None	Note 9

Note 1: Jin-Guan-Cheng-Yi-Zi No. 0930152723 on 23 November 2004.

Note 2: Jin-Guan-Cheng-Fa-Zi No. 0980052873 on 16 October 2009.

Note 3: Jin-Guan-Cheng-Fa-Zi No. 1000031461 on 7 July 2011.

Note 4: Jin-Guan-Cheng-Jiao-Zi No. 1000053979 on 4 November 2011.

Note 5: Jin-Guan-Cheng-Fa-Zi No. 1010008472 on 21 March 2012.

Note 6: Jin-Guan-Cheng-Fa-Zi No. 1020024504 on 25 June 2013.

Note 7: Jin-Guan-Cheng-Fa-Zi No. 1020046047 on 22 November 2013.

Note 8: Jin-Guan-Cheng-Fa-Zi No. 1040044669 on 9 November 2015(Because it is not transferred to the employee within 3 years from the date of purchase, it is cancelled.)

Note 9: Jin-Guan-Cheng-Fa-Zi No. 1110357685 on 5 October 2022.

B. Type of Stock

Share Type	Authorized Capital			Remarks
	Issued Shares	Unissued Shares	Total Shares	
Registered common shares	66,535,631	18,464,369	85,000,000	Listed shares, 5,000,000 shares of which are reserved for share subscription warrants, preferred shares with warrants, or warrant bonds.

C. Information relating to shelf registration system: None

4.1.2 Shareholding structures

As of 23 April 2024 Unit: shares

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	2	8	199	26,279	94	26,582
Shareholding (shares)	26,591	760,784	4,103,766	57,315,308	4,329,182	66,535,631
Percentage	0.04%	1.14%	6.17%	86.14%	6.51%	100.00%

Note: Companies listed on the TWSE (TPEX) and emerging stock market for the first time should disclose the proportion of funds from Mainland China in the shareholding percentage: Funds from Mainland China refer to companies invested in by the people, institutions, organizations, other institutions from Mainland China, or their investment in a third region as stated in Article 3 of the Measures Governing Investment Permit to the People of the Mainland Area.

4.1.3 Shareholding Distribution Status

A. Common Shares

(NT\$10 per share in face value) As of 23 April 2024

Class of Shareholding (Unit: Shares)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	17,933	575,563	0.87%
1,000 ~ 5,000	6,880	13,212,305	19.86%
5,001 ~ 10,000	974	7,079,455	10.64%
10,001 ~ 15,000	284	3,468,947	5.21%

Class of Shareholding (Unit: Shares)	Number of Shareholders	Shareholding (Shares)	Percentage
15,001 ~ 20,000	152	2,680,022	4.03%
20,001 ~ 30,000	130	3,211,089	4.83%
30,001 ~ 40,000	68	2,333,913	3.51%
40,001 ~ 50,000	30	1,341,180	2.01%
50,001 ~ 100,000	57	3,967,300	5.96%
100,001 ~ 200,000	25	3,430,737	5.15%
200,001 ~ 400,000	26	7,193,538	10.81%
400,001 ~ 600,000	8	3,946,742	5.93%
600,001 ~ 800,000	8	5,793,381	8.71%
800,001 ~ 1,000,000	3	2,787,448	4.19%
Over 1,000,001	4	5,514,011	8.29%
Total	26,582	66,535,631	100.00%

4.1.4 List of Major Shareholders

As of 23 April 2024 Unit: Shares

Shareholder's Name	Shareholding Shares	Percentage
RUEI-YI HONG	2,023,129	3.04
CHING-WEN HONG	1,428,540	2.15
CHIH-CHENG LIN	1,033,080	1.55
MENG-CHUNG HO	1,029,262	1.55
CHUNG-TING TSAI	998,305	1.50
Canxin Investment Co., Ltd.	943,369	1.42
SU-CHEN LIAO	845,774	1.27
Universal Microelectronics CO., LTD.	792,986	1.19
YU-MEI LI	786,462	1.18
JIN-FONG LI	764,000	1.15
Total	10,644,907	16.00

4.1.5 Market Price, Net Worth, Earnings, and Others Information in Last 2 Years

Unit: NT\$, thousand shares

Items	2022 (pre-restated)	2022 (restated)	2023	As of 31 March 2024 (Note 8)
Market Price per Share (Note 1)				
Highest Market Price	149.5	149.5	127	107
Lowest Market Price	106.5	106.5	94.7	97.3
Average Market Price	131.98	131.98	110.44	101.52
Net Worth per Share (Note 2)				
Before Distribution	82.94	83.11	80.38	82.67
After Distribution	77.44	74.88	-	-

Earnings per Share (Note 3)				
Weighted Average Shares (thousand shares)	61,160	61,160	66,536	66,536
Earnings Per Share	8.08	8.03	3.81	1.42
Dividends per Share				
Cash Dividends	5.5	5.5	3.8	-
Stock Dividends				
• Dividends from Retained Earnings	None	None	None	-
• Dividends from Capital Surplus	None	None	None	-
Accumulated Undistributed Dividends (Note 4)	None	None	None	-
Return on Investment				
Price / Earnings Ratio (Note 5)	16.33	16.44	28.99	-
Price / Dividend Ratio (Note 6)	24	24	29.06	-
Cash Dividend Yield Rate (Note 7)	4.17	4.17	3.44	-

Note 1: Stating the highest and lowest market price of the common stock in each year and calculate the average market Price per year according to the annual trading value and volume.

Note 2: Please fill in information based on the number of shares issued at the end of the year, and according to Board of Directors or the following year's shareholders' meeting resolution regarding distribution.

Note 3: Earnings per share before and after adjustments if made retroactively due to distribution of bonus shares shall be stated.

Note 4: The accumulated dividend undistributed as of the current year shall be disclosed if the issuance terms of the equity securities provide that the undistributed dividend of the year may be accumulated and distributed in a year that is profitable.

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

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

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

Note 8: The data is duly audited (reviewed) by the certified public accountant in the first quarter of 2019, except market price per share

Note 9: The 2023 dividend per share has not yet been decided by the shareholders' general meeting.

The reasons for the financial statements restatement are summarized as follows:

(1) The Group has restated certain information and disclosures in the consolidated financial statements and notes for the nine-month period ended 30 September 2022, for the year ended 31 December 2022, for the three-month period ended 31 March 2023, and the six-month period ended 30 June 2023.

(2) The Group acquired a 21.56% equity stake in TURVO INTERNATIONAL CO., LTD., becoming its largest shareholder. After TURVO INTERNATIONAL CO., LTD. held an extraordinary shareholders' meeting on 31 August 2022, and fully re-elected its directors and independent directors, the Company acquired a majority of the director seats. Furthermore, the corporate representative of the Company was appointed as the chairman of the board by the board of directors of TURVO INTERNATIONAL CO., LTD., leading its major activities and exerting control over it. Therefore, it has been included in the consolidated financial

statements since the date of acquisition.

(3) The Group has chosen to measure the non-controlling interests in TURVO INTERNATIONAL CO., LTD. using the proportionate share of the identifiable net assets recognized amount.

(4) Fair value assessments related to business combinations have been completed. Retrospective adjustments have been made to provisional amounts recognized on the acquisition date to reflect new information about the facts and circumstances that existed at the acquisition date.

4.1.6 Dividend Policy and Implementation Status

A. Dividend Policy:

The Company operates in the traditional industry. Its life cycle is at maturity stage with stable profit and sound financial structure. In addition to be compliant with the Company Act and the Company's Articles of Incorporation, the Company determines its dividend distribution according to the capital planning and operation performance. The principle is to maintain a stable and balanced dividend policy. The board of directors will propose the earnings distribution (cash dividend or stock dividend) method and amount according to the operating performance, financial status and capital planning before the shareholders' meeting, but at least 50% dividends are paid out to shareholders, and the cash dividend ratio is not less than 30% of the total dividend. However, when the Company has no surplus, no dividend will be distributed.

B. Proposed dividend distribution at the shareholders' meeting:

2023 earning distribution was approved by the board of directors on 8 March 2024. The proposed distribution approved at the board meeting is as follows: Cash dividend in the amount of \$252,835, at \$3.8 per share. The proposal is pending approval at the 2024 shareholders' meeting.

C. The Company did not expect any major changes to the dividend policy.

4.1.7 Effect of stock grants planned at current shareholders' meeting on business performance and EPS: None.

4.1.8 The compensation of employee, directors and supervisor:

A. The Articles of Incorporation sets forth the ratio of and qualifications to receive compensation of employee, directors and supervisor:

If the Company is profitable, it will set aside 2% to 6% as employee bonus, and no more than 4% as remuneration to directors and supervisors. However, if the Company suffers loss, it will make up for the loss first. Employees' compensation may be distributed through shares of the Company or cash. The resolution shall be agreed by the majority of

directors present at the board meeting with more than 2/3 of board members attending the meeting and report the resolution shall be report to the shareholders' meeting.

Employees who may receive share or cash dividend include those who are employees of affiliated companies meeting certain requirements.

- B. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: There was no significant discrepancy between the actual amount distribution and the amount recognized.
- C. The Company's 2023 surplus distribution plan was approved by the board of directors on 8 March 2024. The board of directors approved the proposed distribution as follows:
 - (A) Employee profit and remunerations for directors the distribution of employee profit and remunerations for directors were passed by the board on 8 March 2024. According to the Company's Articles of Incorporation, NT\$12,000 thousand will be distributed as employee compensation, and NT\$4,000 thousand as director compensation.
 - (B) Employee remunerations distributed in stock and their ratio in the after-tax income indicated in the entity financial statement of the current term and their ratio in the overall remunerations assigned to employees: No stock compensation was distributed to employees this year.
- D. The actual distribution of employee and director compensation for the previous fiscal year (including the number of shares distributed, monetary amounts and stock price), and, if there is any discrepancy between the actual distribution and the compensation recognized, the difference, reason and the treatment:
 - (A) The Company distributes compensation to employees at NT\$20,000 thousand, director and supervisor at NT\$3,792 thousand.
 - (B) The actual compensation distributed, and the amount proposed by the board of directors: There was no significant discrepancy between the actual amount distribution and the amount recognized.

4.1.9 Buyback of Common Stock: None

4.2 Bonds: None.

4.3 Preferred Shares: None.

4.4 Global Depository Receipts: None.

4.5 Employee Stock Options

- (1) The employee stock options the Company issued and were valid have all been exercised.
- (2) As of the printing date of the annual report, names of managers who attain employee stock options, and employees who attain the top ten numbers of stock option in the amount of over NT\$30 million and the acquisition: None.

The new restricted employee shares:

- (1) The Company did not issue new restricted employee shares.
- (2) As of the printing date of the annual report, names of managers who attain restricted employee shares, and employees who attain the top ten numbers of restricted shares: None.

4.6 Status of New Share Issuance in Connection with Mergers and Acquisitions
None.

4.7 Financing Plans and Implementation:
None.

V. Operational Highlights

5.1 Business content

5.1.1 Business Scope

A. The main content of the Company's business

(A)The Company manufactures household sewing machines, sewing machine related parts, aluminum alloy die-castings, vacuum cleaner, and vacuum cleaner related parts and sales in the domestic market and foreign market.

(B)The Company handles general export trade and import trade and agency for the quotation and bidding business of products of domestic and foreign manufacturers that related to the preceding item. (Except those that are subject to special approval.)

(C)Processing, manufacturing, and trading of precision metal components for industries such as the automotive, medical, industrial, and bicycle industries. These activities are operated by the subsidiary, TURVO INTERNATIONAL CO., LTD. (hereinafter referred to as "TURVO INTERNATIONAL "), in which the Company holds a 23.96% equity interest as of 31 December 2023. For further details, please refer to Chapter V of TURVO INTERNATIONAL'S 2023 Annual Report for operational overview.

B. Company's Current Major Products

Currency: NT\$ thousands

Major Products	2022		2023	
	Amount	%	Amount	%
Sewing Machines	5,491,275	76.29	3,646,747	48.25%
Vacuum Cleaners	150,383	2.09	101,001	1.34%
Precision Metal Parts	1,015,817	14.11	3,337,485	44.16%
Other	540,770	7.51	473,044	6.26%
Total	7,198,245	100.00	7,558,277	100.00%

C. What Zeng Hsing offers

The Company has provided troubleshooting and technical training to its domestic and foreign agents. This is to allow Zeng Hsing's domestic and foreign agents to understand the full functionality and uses of their products. Also, tutorials for its customers help them understand how the product can be used most effectively in their own home.

D. The Company's Current Products and Upcoming Products

(A) Current Product

The Company currently manufactures sewing machines, household vacuums, and related parts. Other than the domestic demand, the majority of the demand for products is overseas. To enhance the Company's competitiveness, Zeng Hsing attends many exhibitions worldwide. For example, the International Hardware Fair Cologne, Dubai Exhibition, El Salvador International Business exhibition, China International Sewing Machinery & Accessories Show, and other international exhibitions.

(B) Plans for Future Products

The Company aims to integrate microcomputer and electromechanical technology to improve product quality and functionality. The Company aims to research and develop more portable products and professional sewing machines.

5.1.2 Industry Overview

A. Current situation and development of industry

Sewing machines are a form of garment machinery. The machines are intensively used in the manufacturing process of cutting and sewing. It's used mostly to manufacture clothes, shoes, hats, handbags, etc. There are two types of sewing machines: domestic or industrial, depending on the requirements of the user. Industrial sewing machines require higher speed, high precision, reliability, durability, and unitary, etc. For home models, the emphasis is put on multifunctionality, portability, usability, standard appearance, and price. The focus of the development of household sewing machines is to simplify the mechanics and increase multifunctionality and automation. There is also a greater focus on integrating sewing machines with microprocessors to allow broader use for the machines. About the sales regions, the manufacturing plants for the sewing machines are located, nearby customers. This means that customers' proximity to the manufacturer allows for better post-sale maintenance and service.

In terms of product purpose, industrial sewing machines are single model machines. They are manufactured to meet the special requirement, fast, low noise, high precision, durable, and stable. The basic models are flat sewing machines and overlock sewing machines. While the household sewing machines are multifunctional, portable, and easy to use, suitable for everyday household tailoring.

Household sewing machines are technology and labor-intensive industry. Taiwan after years of hard work has reached a considerable scale. Aside from a few Japanese factories: Janome, Brother, and Happy who have their own brands, most Taiwanese manufacturers operate under the ODM model. Most Japanese brands manufacture sewing machines that are outsourced by their parent companies. The outsourced products accounted for most of the domestic market. The manufacturers that are mainly owned by Taiwanese operators, for example, Zeng Hsing, SUNBEEN, SEWMASTER, PROCHEM PACIFIC, MERRYLOCK, and MITSUMICHI, have concentrated sales, which is due to competition between brands. Some of their ODM manufacturers may be the same but do not account for a large portion, or the ODM models are different.

Taiwanese sewing machines have always been mainly exported. The United States has steadily been the number one export destination. In 2023, the United States accounted for 28.01% of all exported sewing machines followed by Japan, Germany, Netherlands, Estonia and other countries. This indicates that the Company's sewing machines possessed high quality and value to receive recognition and affirmation from overseas sales.

Overall, the sewing machines are heading towards the middle price spectrum. From 2021 to 2023, the top 5 export destinations accounted for 64.4%, 67.51% and 65.14% of all exports in their respective years. The Company can monitor whether it can keep up with the American, Japanese, and European market demands as shown below:

Table of top 5 Countries for Taiwan Household Sewing Machine Exports from 2021 to 2023

Currency: NT\$ thousands

Rank	2021			2022			2023		
	Country	Amount	%	Country	Amount	%	Country	Amount	%
1	U.S.A.	1,204,906	27.02%	U.S.A.	850,313	32.59%	U.S.A.	676,935	28.01%
2	Japan	654,282	14.67%	Japan	433,942	16.63%	Japan	398,705	16.50%
3	Germany	493,565	11.07%	Germany	238,063	9.12%	Germany	215,225	8.91%
4	UK	289,224	6.49%	Australia	120,690	4.63%	Netherlands	144,541	5.98%
5	Canada	229,806	5.15%	Russia	118,591	4.54%	Estonia	138,667	5.74%
	Total	2,871,783	64.40%	Total	1,761,599	67.51%	Total	1,574,073	65.14%

Information Resource: Customs Administration, Ministry of Finance

Note: The statistical information includes export and re-export.

Since 1980, the government heavily promoted the information electronics and precision machinery industries to improve the industry structure and to replace the more labor-intensive industries, such as textiles, garments, and shoemaking. As the manufacturing environments changed, it was unsuitable for labor-intensive businesses to develop in Taiwan. The domestic textile industry shrunk, and production moved mainly to Vietnam. Therefore, the domestic demand for industrial and household use sewing machines started to show a downward trend.

In Taiwan, the sewing machine industry mainly produces household sewing machines, with only a few manufacturers engaging in the production and sales of industrial sewing machines.

The export amount of Taiwan sewing machines Comparison table of 2022 and 2023

HS Description		AMOUNT (NT\$ thousands)		
		2022	2023	Different Percent (%)
845210	Household Sewing Machine	2,609,319	2,416,626	-7.38%

Information Resource: Customs Administration, Ministry of Finance

Note: The statistical information included export and re-export.

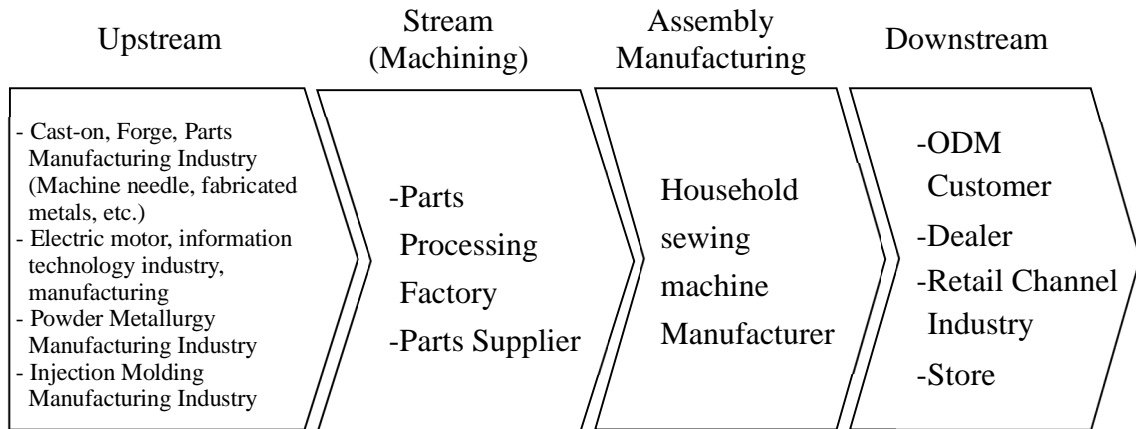
B. Association of upstream, mid-stream, and downstream industries

We offer a variety of sewing machines and though the basic operating principle is not very different, the machines are composed of hundreds of parts and the mechanisms are just as complicated.

Mechanical sewing machines use CAM to produce a variety of patterns but the number of patterns that can be produced is limited. These machines and mechanisms require a high level of precision and complexity.

Computer-based machines use stepping motor to drive and generate patterns. This type of machine is easy to make. The number of patterns available relies on the memory space in the machine. In theory, if there is enough memory, the number of patterns is unlimited.

The Company's relationship with the chain is shown below:



C. Development trend of products and market competition

Since the sewing machine was invented, the structure of the machines has not changed much. In recent years, the sewing patterns has become more intricate and diversified along with the development of technology. In household use, the popularity of fast fashion requires continuous change in design and thus computerized models are in increasing demand. In the future, the sewing patterns are expected to be more intricate taking advantage of the internet and computer technology. The use of the machine will be a step closer to a 'printing sewing machine'.

Household-use machine development aims to achieve automation, simplify the mechanical structure, increase multi-functionality and in particular, develop components with computer parts such as microprocessors and feed monitors, which is full of potential for development. Tradition machines are limited to 30 patters, whereas with computerized models, the options are limitless. Since the use of technology can improve functionality so well, household models are able to reach similar capabilities to that of industrial models. Automated machines offer a large number of functions and as a result can produce higher value in the market.

Currently the domestic market has higher demand for household-use machines. Apart from Zeng Hsing, there are other manufacturers, such as Janome, Brother, Happy, Duan Lang, Shan Ping, Zhi Guan, Xun Jia, Guang Bai, Chang Yu and Mitsumichi Industrial Co., Ltd. etc. In the international

market, the major companies are SVP Group, Janome, Brother, Bernina, Juki, Jaguary and Fei Yue, Heng Qiang and Wan Wei. SVP, Janome, Brother, Bernina, Juki and Jaguar are better-known manufacturers who have their own brands and marketing channels. They are still engaged in higher-margin models. Janome, Brother, Happy, Ruilang were reinvested by and established by Japanese companies in Taiwan. In addition to manufacturing products outsourced by the parent company, they also manufacture products for other globally-renowned companies.

The product development trend in the industry is as follows:

- (A) Automatic thread sewing and automatic thread replacement
- (B) Feeding mechanism that can reduce the problems of poor cloth feeding and sewing failure
- (C) Machines that can be more widely used for various materials
- (D) High-quality embroidery systems with input functions such as photos or paint.
- (E) Provide multiple forms of user services
- (F) Improve human-machine interface functions, such as dialog capabilities with high-function display
- (G) Strengthen mechanical and technological integration technology and development combining computer network or memory card.

In terms of competitiveness in the sewing machine industry among various countries, Japanese manufacturers have a higher market share due to their complete product lines and stable quality. The machines manufactured in China have a lower quality, sales price and profit. As a result, quality is a big part of the price of the product. Based on the current condition of the Taiwanese manufacturers, they need to take advantage of the pricing competitiveness, enhance their technology level and completeness of the product lines if it hopes to exceed Japanese standards.

5.1.3 Technology and R&D Overview

A. Research and development expenses for the most recent year and as of the printing date the end of the annual report:

Currency: NT\$ thousands

Year	2023	As of 30 April 2024
Price of R&D	327,139	85,170

B. Successful Developments

Year	Result of Research	
2022	QD80AE LB42E K75W CJ01AX BHB LB44C H710DS	Computer type horizontal full rotation sewing machine Mechanical overlock Mechanical overlock COMBO embroidery sewing machine Handheld vacuum cleaner Mechanical overlock Computer sewing machine
2023	QD61AP H10Q H7XH QbxxA CJ04BX H11J/H21J QXXNST	Double-belt mechanical sewing machine Computer type horizontal full rotation sewing machine Computer type horizontal full rotation sewing machine Mechanical type horizontal full rotation sewing machine COMBO computer type embroidery sewing machine Computer type horizontal full rotation sewing machine Mechanical type horizontal full rotation sewing machine

5.1.4 Long-term and Short-term Business Development

To respond to the future industrial development and the overall economic environment trends, the Company formulates long-term and short-term plans to guide the future direction of the Company's operations and thus enhance competitiveness. The following is a brief description of our short- and long-term plan.

A. Short-Term Business Development Plans

(A)Marketing Strategy

Strengthen existing product lines, cooperate with new product promotions and image building and continue to use the original channels to achieve synergy, develop new marketing channels to expand niche markets and overall market share.

(B)Production and Operation Strategy

a. Production Strategy: In response to the business environment, effectively utilize the production base in Taiwan, China and

Vietnam, and as a result increase product quality management.

- b. Purchasing Strategy: Gauge shifts in the business climate and market demand and adjust inventory according to the market. Avoid having to risk price fluctuation for slow moving inventory.

(C) R&D Strategy

Expand the size of the organization in order to accelerate the development of new products, Develop R&D staff to enhance talent pool.

(D) Operation Management and Financial Planning

The Company introduced the ERP information system for more efficient and accurate collection of information. Other goals include strengthening after-sales service to maintain long-term business relationships with customers, ensuring that the Company maintains stable profits, a healthy financial accounting management system to manage the Company's funding planning, and provide comprehensive information for departments of the Company to improve their performance.

B. Long-Term Business Development Plans

(A) Marketing Strategy

- a. Improve product image and value
- b. Introduce various new products to appeal to customers
- c. Plan more diversified marketing channels to launch products
- d. Strengthen technical support for customers
- e. Establish a long-term sales network to generate synergy from different products

(B) Production and procurement Strategy

- a. Establish a flexible production process to regulate production capacity and shorten production cycles.
- b. Respond quickly to the market as changes in demand can increase risk of stockpiling, therefore creating slow moving inventory.
- c. Maintain a good long-term relationship with upstream entities to obtain a stable source of supply and bargaining space for procurement, thus allowing for a competitive advantage in procurement costs.

(C) R&D Strategy

- a. Integrate industry, government and academia to develop key component
- b. Plan core products based on product development trends
- c. Establish the Company's own key technology and patents
- d. Continue to invest in the R&D of next generation products in order

- to pursue technological advantages
- e. Establish modular and standardized development techniques in order to reduce development and research time, reduce cost and increase number of new products.

(D) Operation Management and Financial Planning

- a. To meet the needs of operational growth, expand into new overseas marketing channels and build a global marketing network
- b. Create a sound management system
- c. Implement an operating philosophy within the Company
- d. Create an outstanding work culture
- e. Strive for the vision of a sustainable development
- f. Strengthen the financial structure through diverse financing channels in the capital market to bring about growth across the Company
- g. Improve the Company's financial team and overall brand.

(E) Human Resources

- a. Recruit and train senior management and technical staff at all levels to meet the long term domestic and foreign demand
- b. Enhance the training for employees' diversified skills
- c. Use human resources effectively
- d. Improve the overall industry competitiveness

5.2 Market and Sales Overview

1.2.1 Market Analysis

- A. Analyze the sales (provided) regions of the Company's main products (services)

The Company is mainly export-oriented, and the net sales in 2022 and 2023 were NT\$7,198,245 thousand and NT\$7,558,277 thousand, respectively.

Countries	2022	2023
China	847,055	2,088,633
U.S.A.	1,472,095	779,270
Germany	353,142	527,980
Turkey	210,907	493,558
Russia	232,571	390,991
Taiwan	185,883	345,141
India	159,723	287,597
Others	3,736,869	2,645,107
Total	7,198,245	7,558,277

B. Market Share

At present, the household sewing machine market is mainly in higher-earning regions such as Western Europe, North America, Japan, and Australia, etc. In terms of sewing machine export market the USA has been the number one destination for Zeng Hsing Group, followed by Russia, China and Brazil. Overall, Taiwan exported the sewing machines are heading towards in the middle of the price range spectrum. From 2021 to 2023, the top 5 export destinations accounted for 64.4%, 67.51%, and 65.14% of all exports in their respective years. In addition to the lower product prices than the major Japanese manufacturers, the high quality and outstanding after-sales service allowed Taiwan's household sewing machine industry to occupy a certain position in the global market.

Domestically, the Company is the largest household sewing manufacturer and supplier. Other manufacturers include Janome and Brother. The Company's product mainly is a household type sewing machine and the competitive advantage is the Company's understanding of customer demand, the ability to control related-technology, and good command of the organization. The development of household computer sewing machines has established basic software electronic control capabilities, which will be actively integrated to develop high value-added products.

C. Future Supply and Demand Conditions and Growth of the Market

The main uses of sewing machines are sewing household clothes, tablecloths, tapestry and home accessories. As national income increases, home decorations receive more attention in households. Sewing machines are continuously upgraded to be more multi-functional and convenient and the use is no longer limited to sewing and repairing garments. They can be used to make handbags, table mats, table towels, bed sheets and curtains. The demand for these products also continues to grow, which is favorable for the overall market growth in the future. Moreover, as a result of the economic growth in China, Indonesia and the third-world countries, which are also densely populated regions, the residents in these nations are looking to improve their quality of life therefore low-price range products are growing popular. In Europe and the US where there are aging population and focus on improving quality of life through leisure activities, the demand for sewing machines is increasing too.

In recent years, the emerging markets such as China, Russia, Eastern Europe, the Middle East, India and South America, have increasing demand for low-price range products as a result of the rapid economic development, higher national income and dense population. In markets like these, there is great potential. Computerized sewing machines are

highly regarded in the market for their automatic thread tension adjustment function, LCD display function, and more. Smart computerized embroidery sewing machines can utilize microprocessors, mobile applications, and software to enhance functionality. They not only achieve high-quality embroidery comparable to industrial sewing machines but also greatly improve applicability and ease of operation. This integration of sewing and daily life is expected to create even more growth opportunities in the future market.

D. Niches in competition

(A) Forward looking business philosophy

The Company adheres to the principles of “honesty, teamwork, innovation, and community wellbeing” and instructs employees to be realistic while maintaining enthusiastic at Company holds the philosophy of searching for the truth, Ask the employee to have enthusiasm for work to which can help gain trust from the customers and coworkers partners. The employees will utilize their professionalism and continue to integrate the resources provided and strive for innovation. On one hand, the Company is to cultivates talents and on the other hand, it is to innovate innovation helps and to establish a stable operation.

(B) Professional ODM Factory, Product Line Completeness

Zeng Hsing has more than 50 years of valuable experience in the production and sales of household sewing machines. The production lines are flexible allowing for adaptation to the market when needed. The Company successfully changed from OEM to ODM format, and the customization capability was strong and thus was well-recognized in the industry globally.

The Company produces a wide variety of household sewing machines with a complete product line, ranging from low-priced mechanical models, overlock machines, to high-priced computerized embroidery sewing all-in-one machines. Regardless of product quality, functionality, or price, they are all highly competitive, satisfying the needs of different market customers, sales channels, and end consumers.

(C) Established a complete supply chain, effectively control raw materials or cost and ensure supply stability

The Company’s management team has deeply cultivated the production of household sewing machines. As a result, the Company has accumulated a complete set of upstream key components from reliable suppliers. The Company aims to keep healthy relationships

with suppliers to form a stable and close relationship between the best production and sales partners, which overall will help control costs and ensure supply stability.

(D) Manufacturing Capability of China, Taiwan & Vietnam

Household sewing machines are a labor-intensive industry, and as a result of the rising domestic labor price, the Company invested in China and Vietnam in 1998 and 2005 respectively. The move aimed at achieving cost-effectiveness and division of labor and thus increasing production capacity and greatly enhancing the economy of scale and efficiency. In 2007, the Company invested in Vietnam to set up a die-casting factory to produce aluminum alloy metal parts to gain more competitive advantage.

(E) Improving R&D Innovation and Technology Application

The Company is focused on research and development and continuously invests in product development and quality improvement every year. The R&D teams conduct development and work using 3D design, modular design and a collaborative design platform. Hence, the Company introduced a PLM system as a product life cycle management system. The Company plans to utilize its collaboration with the industry, government and academia to develop new technology. These technologies include technological capabilities and components design to improve the technology level to produce advanced computer based sewing machines, providing high priced and high value products.

In response to the APP market trend, the Company's R&D team created an embroidery design APP that allows users to design embroidery on a phone or tablet, as well as WiFi connection technology that will enable users to transfer embroidery drawings to the embroidery machine via WiFi quickly. In addition, the Company has created a number of high-speed models to meet customer demands to bring the products closer to consumers' lives and increase customer stickiness.

(F) Product quality ensures customer satisfaction and therefore having long-term clients

The Company keeps track of developments of the industry through its strong manufacturing experience and operation capability. We aim to introduce new products to the market, meet consumer needs in real time and work closely with customers in order to understand customer needs, special specifications and production quality. Currently, the brand is leading in the industry in terms of number of

customers globally and therefore we can create long-term partnerships with our customers. The Company has been working with US customers for more than 20 years and Japanese, North American and Swiss customers for nearly 40 years. We are confident we can keep constant growth of the Company.

(G) Sound Management Standard

In order to maintain effective operation of various business activities, a sound internal control system is implemented. In 1993, the Company received the ISO9002 quality certification, becoming Taiwan's first company to be certified. In 2002, the Company received ISO9001:2000 quality management certification. With the continuous growth of the organization, the Company utilizes its internal resources available to strengthen corporate structure and works towards a complete resource management structure, aiming to significantly improve the Company's operating structure. In 2007, the Company completed the ISO14001 environmental management certification. This means that the Company complies with EU environmental management. In 2011, the Company received TOSHMS&OHSAS18011, an occupational health and safety certification. In 2016, the main office in Taiwan received certification of renewed versions of ISO 9001 quality systems and ISO 14001 (2015 version) environmental management system.

E. Pros and cons to development and responsive measures

(A) Pros

a. Improvement of national income and quality of life

With the high level of national income, home decorations will receive more attention in households. The functions of sewing machines are continuously developing to become more diversified and user friendly. The use of sewing machines is no longer limited to making items of clothing or for professional use. Non-professionals can make their own handbags, tablecloths, bedsheets, curtains and whatever else they require. With the increasing popularity and creativity of embroidery functionality, sewing crafts are becoming more widely applied, enhancing the enjoyment of life and creating various business opportunities. This trend is a favorable factor for promoting future overall market growth.

b. Low price strategy can stimulate market demand and economic growth in emerging regions

The domestic sewing machine market is mostly concentrated in Europe, the US and Japan. Domestic sewing machine retailers struggled when faced with customers who experienced economic depression, salary cuts and layoffs. For budget-conscious consumers, many vendors have adopted low prices to meet market demand. Demand for low- and mid-priced models has increased. In recent years, China, India and the third world

countries have seen economic development and as a result they look to improve their livelihoods. Thanks to the economic development, the demand of low to medium priced sewing machines has also grown. The Company has comprehensive production lines and produces low to mid-priced models for both functionality and quality, which greatly meet consumer needs. The Company also uses a triangular marketing plan, operating at production bases allows for more flexible allocation and effective cost control which makes these models very competitive which makes these models very competitive, as a result, there is an increase in demand for mid to low-priced models in the market, favorable for the Company's future development.

c. Raw Material Supplier Network

The Company's management team has been involved in the industry of sewing machine products for decades. It was over a long period of time that the key suppliers were connected to form a sincere and close partnership with these suppliers. The Company's raw materials suppliers are vital as when there are changes in the economic environment of the industry, it is down to these partnerships that the Company is able to control cost and guarantee stock for the customers.

d. Overseas Factories and Global Division of Labor

The Group's focus is on Taiwan as the center for product research and development, design, and overall operational coordination. Additionally, the Group has production bases in Taiwan, mainland China, and Vietnam, allowing for flexible scheduling and optimal capacity allocation. Overseas production bases are essential for the manufacturing, outgoing shipments and human resources in overseas sites are mature, which boosted the Company's overall competitiveness against other companies.

(B) Cons

a. Difficulty in creating a self-owned brand and marketing this brand.

As household sewing machines market channels are controlled by the larger brands, new products are hard to establish as customers are more accepting of brands they are familiar with. Japanese manufacturers have had good brand marketing, however most of their sales are within Japan. These brands struggled in the European and American sewing machine markets due to high cost and requires long-term operation of branding and establishing marketing channels. As a result, the Company currently operates the international manufacturer ODM model. The Company has entered the mainland China market to understand the markets access points while also actively training sales staff. Additionally, The Company will continue to increase the size of the R&D team and develop new product features to quickly respond to consumer needs and trends.

b. Competitors price

Household sewing machines have already matured as a product and the market competition is saturated. When faced with customers with bargaining power and pricing pressure from competitors, the industry has now entered a micro-profit age. Apart from providing the customer with high quality and competitively priced products, manufacturers have to put themselves in customers' shoes to understand the needs of the customer, develop products that are suitable for the market, assist branded customers in acquiring orders from channel distributors, create customer value and provide a variety of customer service. Similarly, the Company needs to enhance its competitive in quality through increasing variety of product lines.

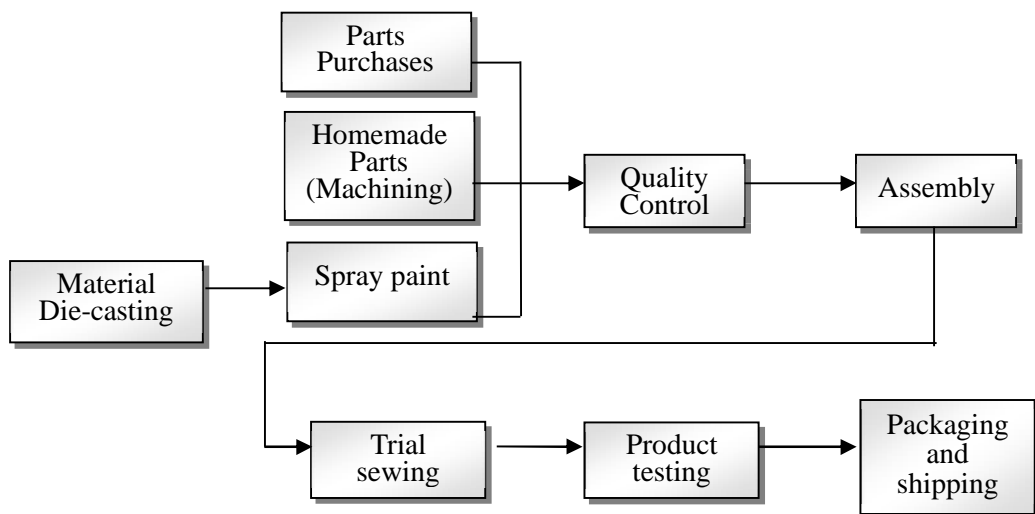
1.2.2 The products application and production process

A. The products application

Household Sewing machine: Sew clothing, tablecloths, tapestries, and other home accessories.

Household vacuum cleaner: Clean carpets and floors.

B. Production process



1.2.3 Supply status of main raw materials

The Company has a complete satellite factory system, and most of the raw material suppliers are concentrated near the production factory and have good cooperative relations, so the supply of main raw materials is stable.

Main Raw Materials	Main Suppliers	Situation
Presser Foot	Yu Hsing	Good
Placode	Li Yuan / Zheng Tong	Good
Motor	Fang Zheng / SCIENTEK	Good
Punch	Yuan Fong / Cyuan Sheng / Hua	Good

	Sheng Wu Jin	
Aluminum Ingot	Xin Guang / Jin Shan Fong	Good
ABS Plastic	Tai Long / Hui Ye	Good

1.2.4 Suppliers/customers who accounted for 10% or more of total purchase (sales)
in one of the last two fiscal years and analysis of changes

A. Major Suppliers in the Last Two Calendar Years

Currency: NT\$ thousands; %

	2022				2023				Q1 of 2024			
Item	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percentage	Relation with Issuer	Company Name	Amount	Percentage	Relation with Issuer
1	Company A	239,227	6.91%	N/A	Company A	211,404	6.02%	N/A	Company B	56,231	6.21%	N/A
2	Others	3,223,102	93.09%	-	Others	3,301,920	93.98%	-	Others	849,621	93.79%	-
	Net Purchase	3,462,329	100%		Net Purchase	3,513,324	100%		Net Purchase	905,852	100%	

Note 1: The name of the supplier with more than 10% of the total purchase amount in the last two years and the amount and proportion of the purchase are listed, however the names are coded because the contract provides that the supplier's identity shall not be revealed and the same shall apply if the transaction counterparty is an individual and a non-related party.

Description: For the past two years, more than 6% of the purchasing volume has been from a single supplier, and the proportion of purchasing from other suppliers below 6% has remained relatively stable. This indicates that the main supplier has good cooperation and a stable supply source, and there is no concentration of purchasing among suppliers.

B. Major Clients in the Last Two Years

Currency: NT\$ thousands; %

	2022				2023				Q1 of 2024			
Item	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percentage	Relation with Issuer	Company Name	Amount	Percentage	Relation with Issuer
1	Company A	3,324,398	46.18%	N/A	Company A	2,076,034	27.47%	N/A	Company A	478,840	26.54%	N/A
2	Others	3,873,847	53.82%	-	Others	5,482,243	72.53%	-	Others	1,325,671	73.46%	-
	Net Sales	7,198,245	100.00%		Net Sales	7,558,277	100.00%		Net Sales	1,804,511	100.00%	

Note 1: The name of the customer and the amount and proportion of the total sales in the last two years are listed, however the names are coded because the contract provides that the customer's identity shall not be revealed and the same shall apply if the transaction counterparty is an individual and a non-related party.

Description: In the past two years, only one customer accounted for over 10% of the total sales revenue and there was little discrepancy in the sales proportion. About 50% to 70% of customers accounted for less than 10% of total sales revenue. This indicates a stable and good cooperative relationship with the main brand customers, and efforts have been made to develop new customers to alleviate the concentration of sales.

1.2.5 Production in the Last Two Years

Output Unit: thousands. Currency Unit: NT\$

thousands

Output Major Products	Year	2022			2023		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Sewing machine		4,000	2,459	4,405,619	4,000	1,709	3,141,392

1.2.6 Sales volume in the Last Two Years

Sales unit: thousands, thousand PCS; Sales value unit: NT\$ thousands

Sales Major Products	Year	2022				2023			
		Domestic sales		International sales		Domestic sales		International sales	
		volume	Amount	volume	Amount	volume	Amount	volume	Amount
Sewing machine		11	111,508	2,776	5,379,767	9	115,088	1,702	3,531,659
Vacuum cleaner		0	9	69	150,374	0	3	41	100,998
Precision metal parts		2,495	166,074	35,542	849,743	4,728	321,605	118,526	3,015,881
Other businesses		-	116,877	-	423,893	-	114,633	-	358,410
Total			394,468		6,803,777		551,329		7,006,948

5.3 Human Resources

Year		2022	2023	As of 30 April 2024
Number of Employees	Direct	2,559	2,315	2,554
	Indirect	973	1,079	1,091
	Management	613	631	650
	Total	4,145	4,025	4,295
Average Age		35.55	35.06	34.52
Average Years of Service		13.47	12.05	12.32
Education (%)	Ph.D.	0.02	0.05	0.07
	Masters	3.26	2.93	2.96
	Bachelor's	19.28	17.19	16.02
	Senior High	31.89	28.40	25.36
	Below Senior	45.55	51.43	55.59
	Total	100.00	100.00	100.00

5.4 Environmental Protection Expenditure

- 1.4.1 Any losses suffered by the Company in the last two years and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in the environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.
- 1.4.2 In response to the EU restricted substances regulations related information: the Company's products to the European Union have been in line with the European Union restricted substances regulations related norms.

5.5 Labor Relations

5.5.1 Employees' working environment and personal safety

The Company has set up safety and health committees, meets regularly to review, and implements employees' health checks, relevant educational and training courses and continuous improvements in the working environment and safety measures to create a quality workplace. In addition, the Company obtained the environmental management system (ISO14001) certification, and the implementation of TOSHMS / OHSAS 18001 "Taiwan Occupational Safety and Health Management System", 1 was certified and registered by the Ministry of Economy Standards Inspection Bureau on 25 October 2011. The Company upholds the spirit of continuous improvement, and actively proposes and implements feasible improvement programs regarding noise and pollution prevention, safety and health management and fire drills.

5.5.2 Employees' behavior or code of ethics

The Company has set up "work rules" and "performance evaluation management regulations" with respect to employee behavior, and for employees to follow, so that employees clearly know the code of conduct. The Company also set have "Exemplary Employee Selection and Management Regulations" to encourage outstanding employees.

In order to provide guidance for directors, supervisors and managers of the Company to acknowledge the ethical standards, we have established the "Code of Conduct" according to individual situations and needs. The main points are as follows:

- A. To prevent conflicts of interest: Prevent conflicts of interest when personal interests are involved or may be involved in the overall interests of the Company.
- B. To avoiding making self-interest: avoid using company property, information or taking advantage of a job position for personal gain or making personal gain while competing with the Company.
- C. Confidentiality: should be liable for maintaining confidential the Company's related non-disclosed information.
- D. Fair trade: No information learned on the basis of his or her position may be manipulated, concealed, or misused to gain undue benefits by making false statements or other unfair transactions with respect to material matters.
- E. To protect and to use company assets appropriately: It is such person's responsibility to protect the Company's assets and ensure that they are used effectively and legally for official business.
- F. Compliance with laws and regulations: The Company management shall strengthen compliance with securities trading laws and other laws and regulations.
- G. To encourage reporting any illegal or unethical transactions in violation of the trading laws and other laws and regulations: In order to encourage employees to report violations, the Company, in accordance with the relevant processes or mechanisms, inform employees that the Company will do its utmost to protect the reporter from retaliation.

The abovementioned regulations can be accessed through the Company's website or internal network.

5.5.3 Employee benefits measures and their implementation

The Company has set up the Employee Welfare Committee and implemented various welfare measures in accordance with the Labor Standards Act and the relevant laws and regulations. The Company's main measures are as follows:

- A. Labor Insurance
- B. Employee group insurance
- C. Employee bonuses
- D. Festival allowance
- E. Subsidies for benefits such as weddings and funerals
- F. Scholarships for employees and their children
- G. Group tours and travel subsidy, employee dinner allowance, festivals activities and gifts
- H. Employee meal allowance
- I. Employee health check
- J. Club activities
- K. Holding family day
- L. Employee share ownership trust

5.5.4 Further education and training and their implementation

The Company has put in place employee training regulations. the Human Resources Department will arrange orientation for new employees so they understand the Company's business philosophy, organizational bylaws, work environment and individual rights and obligations. The full time staff will receive education and training by departments according to job needs. Through on-the-job training, internal and external training projects and book studies, etc., employees' quality of work and capability are enhanced. In 2023, 25,552 employees received trained, and the total cost of training reached NT\$1,676 thousand.

In order to encourage employees to pursue further education while on the job, employees may pursue further education in accordance with the Company policy, and when a degree is earned, the Company will award a fixed amount of bonus as encouragement.

5.5.5 The retirement system and its implementation

To protect employees' retirement, the Company, in accordance with the Labor Standards Act, shall allocate 6% of employee salary as pension reserve and deposit it in the dedicated account with the Labor Retirement Reserve Supervision Committee, and since the promulgation of the Labor Pensions Act on 1 July 2005, the Company shall set aside 6% of employee salary to be deposited in the dedicated pension account each month for employees applicable under the Act so as to provide employees maximum retirement life protection.

5.5.6 The labor-management agreements and employee rights and interests protection measures

The Company is applicable under the Labor Standards Act. All operations shall comply with the Act. The Company regularly holds labor-management meetings pursuant to the Regulations for Implementing Labor-Management Meeting to promote mutual cooperation and improve efficiency, so that the two sides can communicate and cooperate more smoothly.

5.5.7 For the most recent year and as of the date of publication of the annual report, disclose the losses suffered as a result of labor disputes(including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions) and the estimated amount and response measures that may occur now and, in the future: None.

5.6 Information security management.

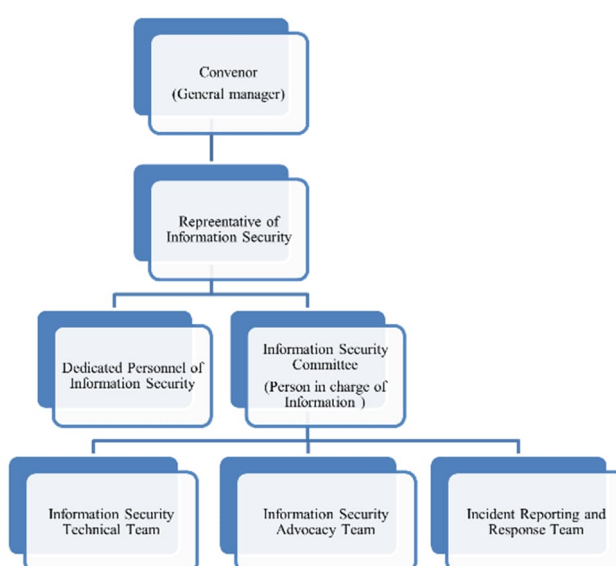
5.6.1 Describe the risk management framework of information security, information security policy, specific management plan, and resources invested in information security management, etc.

The maintenance, confidentiality, and correctness of corporate information,

if not protected, can cause great loss, so it is crucial for the Company to stipulate information security protocols. The Company hence set forth the Organization Rules of Information Security Committee and Regulations of Computer Information Management.

Based on the importance of information security, the responsible unit reports to the board of directors on the status of information security governance and implementation annually, with the most recent report due on 21 December 2023.

A. Information Security Committee Organizational Chart



B. Information security policy and specific management plan

The Information Security Committee shall hold at least two information security meetings each year, attended by the information personnel, and may convene ad-hoc meetings as necessary.

To ensure that the employees have the ability to comply with the prevention and security of information system, follow network transmission information security, and manage crisis-related matters, the Company will conduct a factory-wide training for all employees with respect to information security every year to remind employees of information security risks and related operating procedures. The training includes promotion of the information security policy, legal requirements, operating procedures, safety responsibility, security precautions or data exchange of every information system, proper storage of confidential or sensitive information, correct use of information equipment and information management system, and training of processing procedures. The Company uses the online training materials so employees can access

the information from time to time.

The Company has established a computer network system security control mechanism and uses anti-virus software internally to scan files daily to detect abnormal files so they can be cleared in real-time, while it is also forbidden to use certain applications.

Firewall intrusion prevention detection and anti-virus applications are also performed for protection and to block abnormal applications. The Company also uses a security system and adopts a policy of responsible use to manage specific applications and equipment allowing for real-time monitoring. The Company monitors the network to prevent the leakage of confidential and sensitive information or accessing abnormal websites that may lead to hacking.

C. Information security related work report

(A) Define and classify confidentiality of the working file: to implement the measures in line with AEO high quality enterprise project and group ISO method to integrate project schedule

(B) Adjustment of email approval notification settings in the security system: The information security system continuous optimization

(C) Strengthen colleagues' information security concept

(D) Authorization review of important systems (ERP, etc.) (to be implement once a year): Confirmed and executed by information management and auditors

D. Social engineering exercise results

The information management unit organizes email social engineering exercises from time to time to test whether the email is clicked due to the more exaggerated and sensational email subject, therefore ignoring the sender's information and content and clicking phishing links without suspicion.

The threat of malicious emails and phishing emails is becoming more and more serious, ranging from leaking personal account passwords, computer virus attacks, to causing the Company to lose a lot of money and affecting the Company's image. Every year, Xingxuetang will conduct online information security education and training for all plant personnel to strengthen the information security awareness of colleagues.

E. Operation of information security protection

The group's current internal information security protection mechanism

First step: Unscheduled plant wide personnel safety awareness promotion (including e-mail social engineering exercise from time to time)

Second step: Spam filtering system (blocking emails containing abnormal sources or folders)

Third step: WSG network security gateway system (blocking the network connection with information security risk concerns)

F. Implementation in 2023

(A) In 2023, two Information Security Management Committee meetings were held to review the implementation of information security management.

(B) In 2023, 0.5 hours of online information security education and training for the entire factory were handled, with 280 people participated.

(C) All external emails executed in 2023 will require approval from the supervisor for release.

5.6.2 State the losses, possible impacts and responsive measures information taken related to major information security incidents suffered in the most recent year and as of the date of printing of the annual report, and if it is not reasonably estimable, state the fact that it is not reasonably estimable: None.

5.7 Material contracts

Type of contract	Parties	Period	Major contents	Restrictions
Loan Contract	Banking of Taiwan	December 2017- December 2032	Medium and long term loan	N/A

Note: For significant contracts of Yulong Technology, a subsidiary in the consolidated financial statements of the Company, please refer to the Company's 2023 annual report.

VI. Financial information

6.1 Five-Year Financial Summary – Based on IFRS-compliant

6.1.1 Condensed Balance Sheet and Income Statement (Consolidated)

Condensed Balance Sheet (Consolidated)

Currency: NT\$ thousands

Year		2019	2020	2021	2022 (pre-restated)	2022 (restated)	2023	As of 31 March 2024 (Note 3)
Item								
Current assets		4,211,008	5,647,260	5,544,852	7,089,519	7,089,519	6,037,749	6,420,500
Property, Plant and Equipment (Note 2)		1,696,637	1,860,734	1,922,444	3,525,829	3,525,829	3,710,655	3,628,978
Intangible assets		38,951	41,002	37,636	960,552	1,650,447	1,590,148	1,574,596
Other assets (Note 2)		495,462	432,687	461,142	978,881	978,881	656,602	902,392
Total assets		6,442,058	7,981,683	7,966,074	12,554,781	13,244,676	11,995,154	12,526,466
Current liabilities	Before distribution	1,295,471	2,320,897	2,568,536	3,339,704	3,339,704	2,199,079	2,297,208
	After distribution	1,828,185	2,895,985	3,083,089	3,705,650	3,705,650	Undistributed	Undistributed

Non-current liabilities		342,608	606,308	421,510	989,876	1,157,356	1,184,587	1,284,110
Total liabilities	Before distribution	1,638,079	2,927,205	2,990,046	4,329,580	4,497,060	3,383,666	3,581,318
	After distribution	2,170,793	3,502,293	3,504,599	4,695,526	4,863,006	Undistributed	Undistributed
Equity attributable to owners of parent	Before distribution	4,761,834	4,982,834	4,908,107	5,518,560	5,529,879	5,347,899	5,500,836
	After distribution	4,229,120	4,407,746	4,393,554	5,152,614	5,163,933	Undistributed	Undistributed
Capital stock		605,356	605,356	605,356	665,356	665,356	665,356	665,356
Capital surplus		1,385,352	1,393,097	1,389,627	1,890,261	1,890,261	1,890,261	1,890,261
Retained earnings	Before distribution	2,982,511	3,279,872	3,239,338	3,165,339	3,175,236	3,058,260	3,152,845
	After distribution	2,449,797	2,704,784	2,724,785	2,799,393	2,809,290	Undistributed	Undistributed
Other equity interest		(211,385)	(295,491)	(326,214)	(202,396)	(200,974)	(265,978)	(207,626)
Treasury stock		-	-	-	-	-	-	-
Non-controlling interest		42,145	71,644	67,921	2,706,641	3,217,737	3,263,589	3,444,312
Total equity	Before distribution	4,803,979	5,054,478	4,976,028	8,225,201	8,747,616	8,611,488	8,945,148
	After distribution	4,271,265	4,479,390	4,461,475	7,859,255	8,381,670	Undistributed	Undistributed

Condensed Balance Sheet (Unconsolidated)

Currency: NT\$ thousands

Year		2019	2020	2021	2022 (pre-restated)	2022 (restated)	2023
Item							
Current assets		2,761,785	3,355,836	3,310,033	2,651,379	2,651,379	1,744,901
Property, Plant and Equipment (Note 2)		622,386	722,445	736,693	703,803	703,803	650,204
Intangible assets		27,624	24,825	24,525	26,757	26,757	19,502
Other assets (Note 2)		2,986,471	3,158,126	3,015,518	4,771,383	4,782,702	4,918,055
Total assets		6,398,266	7,261,232	7,086,769	8,153,322	8,164,641	7,332,662
Current liabilities	Before distribution	1,297,068	1,682,647	1,762,785	2,159,886	2,159,886	1,565,499
	After distribution	1,829,782	2,257,735	2,277,338	2,525,832	2,525,832	Undistributed
Non-current liabilities		339,364	595,751	415,877	474,876	474,876	419,264
Total liabilities	Before distribution	1,636,432	2,278,398	2,178,662	2,634,762	2,634,762	1,984,763
	After distribution	2,169,146	2,853,486	2,693,215	3,000,708	3,000,708	Undistributed
Capital stock		605,356	605,356	605,356	665,356	665,356	665,356
Capital surplus		1,385,352	1,393,097	1,389,627	1,890,261	1,890,261	1,890,261
Retained earnings	Before distribution	2,982,511	3,279,872	3,239,338	3,165,339	3,175,236	3,058,260
	After distribution	2,449,797	2,704,784	2,724,785	2,799,393	2,809,290	Undistributed
Other equity interest		(211,385)	(295,491)	(326,214)	(202,396)	(200,974)	(265,978)
Treasury stock		-	-	-	-	-	-
Total equity	Before distribution	4,761,834	4,982,834	4,908,107	5,518,560	5,529,879	5,347,899
	After distribution	4,229,120	4,407,746	4,393,554	5,152,614	5,163,933	Undistributed

* If the Company has prepared an individual financial report, it shall prepare separately individual condensed balance sheet and consolidated income statement for the last five years.

* Those who adopted the financial reporting standards for less than 5 years shall prepare the financial data of adopting ROC financial accounting standards.

Note 1: The year in which the financial report has not been audited by a certified accountant should be noted.

Note 2: Those who have undergone asset revaluation in the current year should include the evaluation date and the value after the reevaluation.

Note 3: As of the printing date of the report, listed companies or companies whose stocks that have been traded in the securities dealers shall disclose the financial data of the most recently reviewed period of examination

if they have been audited or reviewed by a certified accountant.

Note 4: The amount after distribution should be filled in according to the resolution of the shareholders' meeting of the following year.

Note 5: For financial data notified by the competent authority to make correction or be restated, such data should be enumerated with corrected or restated numbers, with status and causes indicated.

Condensed Statement of Comprehensive Income (Consolidated)

Currency: NT\$ thousands

Year Item	2019	2020	2021	2022 (pre- restated)	2022 (restated)	2023	As of 31 March 2024 (Note2)
Operating revenue	5,935,948	6,965,819	7,719,932	7,198,245	7,198,245	7,558,277	1,804,511
Gross profit	1,489,275	1,960,012	1,591,351	1,454,440	1,454,440	1,917,554	502,198
Income from operations	851,030	1,189,969	712,917	378,559	360,742	518,349	166,402
Non-operating income	53,501	-59,272	-35,560	429,807	429,807	184,335	83,778
Income before tax	904,531	1,130,697	677,357	808,366	790,549	702,684	250,180
Income from operations of going concerns- after tax	688,006	845,641	528,343	625,195	610,941	629,550	200,087
Income or loss from non- going concerns	-	-	-	-	-	-	-
Net income (Loss)	688,006	845,641	528,343	625,195	610,941	629,550	200,087
Other comprehensive income (income after tax)	-43,652	-82,173	-21,317	111,919	113,341	(80,977)	133,573
Total comprehensive income	644,354	763,468	507,026	737,114	724,282	548,573	333,660
Net income attributable to shareholders of the parent	675,801	832,980	525,148	494,472	491,321	253,276	94,585
Net income attributable to non-controlling interest	12,205	12,661	3,195	130,723	119,620	376,274	105,502
Comprehensive income attributable to Shareholders of the parent	632,149	750,807	503,831	613,136	611,407	197,039	152,937
Comprehensive income attributable to non- controlling interest	12,205	12,661	3,195	123,978	112,875	351,534	180,723
Earnings per share	11.16	13.76	8.68	8.08	8.03	3.81	1.42

Condensed Statement of Comprehensive Income (Unconsolidated)

Currency: NT\$ thousands

Item \ Year	2019	2020	2021	2022 (pre-restated)	2022 (restated)	2023
Operating revenue	5,415,138	6,197,136	6,798,275	5,336,553	5,336,553	3,423,569
Gross profit	1,062,307	1,305,136	1,258,277	679,250	679,250	426,599
Income from operations	628,248	839,809	766,450	137,450	137,450	(30,445)
Non-operating income	209,453	197,818	-108,955	464,672	461,521	304,156
Income before tax	837,701	1,037,627	657,455	602,122	598,971	273,711
Income from operations of going concerns- after tax	675,801	832,980	525,148	494,472	491,321	253,276
Income or loss from non-going concerns	-	-	-	-	-	-
Net income (Loss)	675,801	832,980	525,148	494,472	491,321	253,276
Other comprehensive income (income after tax)	(43,652)	(82,173)	(21,317)	118,664	120,086	(56,237)
Total comprehensive income	632,149	750,807	503,831	613,136	611,407	197,039
Earnings per share	11.16	13.76	8.68	8.08	8.03	3.81

* If the Company has prepared an individual financial report, it shall prepare separately individual condensed balance sheet and consolidated income statement for the last five years.

* Those who adopted the financial reporting standards for less than 5 years shall prepare the financial data of adopting ROC financial accounting standards.

Note 1: The year in which the financial report has not been audited by a certified accountant should be noted.

Note 2: As of the printing date of the report, listed companies or companies whose stocks that have been traded in the securities dealers shall disclose the financial data of the most recently reviewed period of examination if they have been audited or reviewed by a certified accountant.

Note 3: The amount after distribution should be filled in according to the resolution of the shareholders' meeting of the following year.

Note 4: For financial data notified by the competent authority to make correction or be restated, such data should be enumerated with corrected or restated numbers, with status and causes indicated.

6.1.2 Auditors' Opinions from 2019 to 2023

Year	Accounting Firm	CPA	Audit Opinion
2019	Ernst and Young	CHIN-YUAN TU, MING-HUNG CHEN	Unqualified opinion
2020	Ernst and Young	CHIN-YUAN TU, MING-HUNG CHEN	Unqualified opinion
2021	Ernst and Young	CHIN-YUAN TU, MING-HUNG CHEN	Unqualified opinion
2022	Ernst and Young	MING-HUNG CHEN, WEN-BI YEN	Unqualified opinion
2023	Ernst and Young	MING-HUNG CHEN, CHING-YA HUANG	Unqualified opinion

6.2 Five-Year Financial Analysis

6.2.1 Consolidated Financial Analysis

Item (Note 3)	Year (Note 1)	Financial Analysis for the Last Five Years						As of 31 March 2024 (Note 2)
		2019	2020	2021	2022 (pre- restated)	2022 (restated)	2023	
Financial structure (%)	Debt Ratio	25.43	36.67	37.53	34.49	33.95	28.21	28.59
	Ratio of long-term capital to property, plant and equipment	303.34	304.22	280.76	261.36	280.93	264	281.88
Solvency (%)	Current ratio	325.06	243.32	215.88	212.28	212.28	274.56	279.49
	Quick ratio	273.53	184.13	153.34	163.46	163.46	215.49	220.32
	Interest earned ratio (times)	215.6	205.36	76.73	30.25	29.61	33.98	61.14
Operating performance	Accounts receivable turnover (times)	5.76	6.25	6.93	4.67	4.67	4.21	4.86
	Average collection period	63.36	58.4	52.66	78.15	78.15	86.69	75.10
	Inventory turnover (times)	7.26	5.24	4.17	3.46	3.46	3.68	3.77
	Accounts payable turnover (times)	5.85	5.71	5.39	4.52	4.02	4.68	3.79
	Average days in sales	50.27	69.65	87.52	105.49	105.49	99.18	96.81
	Property, plant and equipment turnover (times)	3.80	3.92	4.08	2.64	2.64	2.09	1.97
	Total assets turnover (times)	0.90	0.97	0.97	0.70	0.68	0.60	0.59
Profitability	Return on total assets (%)	10.43	11.79	6.72	6.31	5.97	5.12	6.64
	Return on stockholders' equity (%)	14.26	17.16	10.53	9.47	8.90	7.25	9.12
	Pre-tax income to paid-in capital (%)	149.42	186.78	111.89	121.49	118.82	105.61	150.40
	Profit ratio (%)	11.59	12.14	6.84	8.69	8.49	8.33	11.09
	Earnings per share (NT\$)	11.16	13.76	8.68	8.08	8.03	3.81	1.42
Cash flow	Cash flow ratio (%)	59.39	33.14	22.12	35.78	35.78	100.23	14.35
	Cash flow adequacy ratio (%)	122.31	93.59	79.7	83.93	84.09	105.49	110.99
	Cash reinvestment ratio (%)	1.74	3.54	-0.1	5.95	5.95	15.55	2.69
Leverage	Operating leverage	2.37	2.16	3.11	5.66	5.99	5.72	4.53
	Financial leverage	1.00	1.00	1.01	1.08	1.08	1.04	1.03

1. Current ratio: Mainly due to the repayment of bank loans resulting in the decrease of current liabilities.
2. Quick ratio: Same as 1.
3. Property, plant, and equipment turnover (times): The decrease in the property, plant, and equipment turnover was mainly due to the inclusion of Turvo in the consolidated financial statements starting from September 2022, resulting in an increase in the average net value of property, plant, and equipment compared to 2022.
4. Earnings per share: Mainly due to the decrease in net profit after tax for the current year compared to 2022.
5. Cash flow ratio: Mainly because Turvo was incorporated into the consolidated financial statements starting from September 2022, resulting in an increase in operating cash flow for 2023 compared to 2022. Additionally, the reduction in bank borrowings in 2023 contributed to the increase in the cash flow ratio.
6. Cash flow adequacy ratio: Mainly because Turvo was incorporated into the consolidated financial statements starting from September 2022, resulting in an increase in operating cash flow for 2023 compared to 2022, thus increasing the liquidity ratio.
7. Cash reinvestment ratio: Same as 6.

6.2.2 Financial Analysis (Unconsolidated)

<div> <div></div> <div>Year (Note 1)</div> <div>Item (Note 3)</div> </div>		Financial Analysis for the Last Five Years					
		2019	2020	2021	2022 (pre-restated)	2022 (restated)	2023
Financial structure (%)	Debt Ratio	25.58	31.38	30.74	32.32	32.27	27.07
	Ratio of long-term capital to property, plant and equipment	777.95	731.80	698.81	814.80	816.40	886.98
Solvency (%)	Current ratio	212.93	199.44	187.77	122.76	122.76	111.46
	Quick ratio	207.86	194.57	178.94	120.42	120.42	108.72
	Interest earned ratio (times)	285.26	238.06	118.38	37.24	37.05	17.95
Operating performance	Accounts receivable turnover (times)	4.86	4.99	5.38	4.24	4.24	3.28
	Average collection period	75.14	73.13	67.90	86.01	86.01	111.25
	Inventory turnover (times)	59.01	66.51	46.23	41.41	41.41	50.22
	Accounts payable turnover (times)	6.41	7.79	9.38	9.46	9.46	4.47
	Average days in sales	6.19	5.49	7.89	8.81	8.81	7.27
	Property, plant and equipment turnover (times)	11.32	9.22	9.32	7.41	7.41	5.06
	Total assets turnover (times)	0.83	0.91	0.95	0.70	0.70	0.44
Profitability	Return on total assets (%)	10.35	12.25	7.38	6.66	6.62	3.44
	Return on stockholders' equity (%)	14.13	17.10	10.62	9.48	9.41	4.66
	Pre-tax income to paid-in capital (%) (Note7)	138.38	171.41	108.61	90.50	90.02	41.14
	Profit ratio (%)	12.48	13.44	7.72	9.27	9.21	7.40
	Earnings per share (NT\$)	11.16	13.76	8.68	8.08	8.03	3.81
Cash flow	Cash flow ratio (%)	29.28	19.14	38.18	13.75	13.75	72.52
	Cash flow adequacy ratio (%)	95.63	78.50	78.64	65.18	65.18	85.08
	Cash reinvestment ratio (%)	(5.67)	(3.81)	1.81	(3.54)	(3.54)	12.89
Leverage	Operating leverage	1.61	1.50	1.58	4.28	4.28	(11.98)
	Financial leverage	1.00	1.01	1.01	1.14	1.14	0.65

1. Interest earned ratio (times): Mainly due to the decrease in net income before income tax and interest expenses for the current year compared to 2022.
2. Accounts receivable turnover (times): Mainly due to the decrease in net sales for the current year compared to 2022.
3. Average collection period: The increase in the average collection period was mainly due to the decrease in accounts receivable turnover.
4. Inventory turnover (times): Mainly due to the decrease in net sales for the current year compared to 2022.
5. Accounts payable turnover (times): Mainly due to an increase in year-end inventory demand, resulting in an increase in average accounts payable for the current year compared to 2022.
6. Property, plant and equipment turnover (times): Same as 2.
7. Total assets turnover (times): Same as 2.
8. Return on total assets: Mainly due to a decrease in net profit after tax for the current year compared to 2022.
9. Return on stockholders' equity: Same as 8.
10. Pre-tax income to paid-in capital: Mainly due to a decrease in pre-tax net profit for the current year compared to 2022.
11. Earnings per share: Same as 8.
12. Cash flow ratio: Mainly due to the increase in net cash flow from operating activities for the current year compared to 2022.
13. Cash flow adequacy ratio: Mainly due to the increase in net cash flow from operating activities over the past five years compared to 2022.
14. Cash reinvestment ratio: Same as 12.
15. Operating leverage: Mainly due to operating losses incurred during the current year.
16. Financial leverage: Same as 15.

* If the Company has prepared an individual financial report, it shall prepare separately individual condensed balance sheet and consolidated income statement for the last five years.

* Those who adopted the financial reporting standards for less than 5 years shall prepare the financial data of adopting ROC financial accounting standards.

Note 1: The year in which the financial report has not been audited by a certified accountant should be noted.

Note 2: Those who have undergone asset revaluation in the current year should include the evaluation date and the value after the reevaluation.

Note 3: At the end of this table in the financial report, the following formula shall be shown:

1. Financial Structure analysis

(1) Debt ratio = Total Liabilities / Total Assets

(2) Long-term funds to property, plant and equipment = (Total equity + Non-current liabilities) / Property, plant and equipment, net

2. Liquidity analysis

(1) Current ratio = Current assets / Current liability

(2) Quick ratio = (Current Assets - Inventories - Prepaid expenses) / Current liability

(3) Times interest earned = Profit before Credit for Income Tax / Current interest expense

3. Operating performance analysis

(1) Average collection turnover (Including Accounts Receivable and Notes Receivable from operation) = Sales / Average trade receivables

(2) Days to collect accounts receivable = 365 / Average collection turnover

(3) Average inventory turnover = Cost of goods sold / Average inventories

- (4) Average payment turnover (Including Accounts Payable and Notes Payable from operation)
= operating costs / Average trade payables
- (5) Average days to sell inventory = 365 / Average inventory turnover
- (6) Property, plant and equipment turnover = Sales / Average property, plant and equipment, net
- (7) Total assets turnover = Sales / Average total assets
- 4. Return on investment analysis
 - (1) Rate of return on assets = [Profit + Interest expense X (1 - Tax rate)] / Average assets
 - (2) Rate of return on equity = Profit / Average total Equity
 - (3) Profit to sales = Profit / Sales
 - (4) Earnings per share = (Equity attributable to owners of parent - Dividend-preferred stock) / Weighted average outstanding shares (Note 4)
- 5. Cash flow
 - (1) Cash flow ratio = Net cash provided by operating activities / Current liability
 - (2) Cash flow adequacy ratio = 5-year net cash provided by operating activities / 5-year (Capital expense + Increase in inventories + Cash dividend)
 - (3) Cash flow reinvestment ratio = (Net cash provided by operating activities - Cash dividend) - (Property, plant and equipment, net + Long-term investments + Other non-current assets + Operating Capital) (Note 5)
- 6. Leverage
 - (1) Operating Leverage= (Net sales – Variable cost) / Operating income (Note 6)
 - (2) Financial leverage = Operating income / (Operating income – Interest expenses)

Note 4: The following factors are to be included for consideration for the calculation of earnings per share:

- 1. It is based on the weighted average common stock shares instead of the outstanding stock shares at year-end.
- 2. For capitalization with cash or treasury stock transaction, the stock circulation must be included for consideration to calculate weighted average stock shares.
- 3. For capitalization with retained earnings and capital surplus, the earnings per share calculated semi-annually and annually must be adjusted retroactively and proportionally to the capitalization but without considering the issuance period of the capitalization.
- 4. If preferred stock shares are nonconvertible and cumulative, the dividend of the year (whether it is distributed or not) shall be deducted from net income or added to the net loss. If preferred stock shares are not cumulative, preferred stock dividend shall be deducted from net income if there is any, but it needs not to be added to net loss if there is any.

Note 5: The following factors are to be included for consideration for the analysis of cash flow:

- 1. Net cash flow from operating activity shall refer to the net cash inflow from operating activity on the Statement of Cash Flow.
- 2. Capital expenditure shall refer to the cash outflow of annual capital investment.
- 3. Increase of inventory is factored in only when ending inventory exceeds beginning inventory. If the ending inventory is decreased, it is booked as zero.
- 4. Cash dividend includes the amount for common stock and preferred stock.
- 5. Gross Property, plant and equipment shall refer to the total property, plant and equipment before deducting the accumulated depreciation.

Note 6: Issuers are to have operating cost and operating expenses classified into the category of fixed and variable. If the classification of operating cost and operating expense involves estimation or discretionary judgment, it must be made reasonably and consistently.

Note 7: If the Company's shares are non-denominational or not at NT\$10 per share, and the above calculations of paid-in capital ratio may use the equity attributable to the owner of the parent company stated in the balance sheet.

6.3 Audit Committee Review Report in the most recent year

Zeng Hsing Industrial Co., Ltd.

Audit Committee Review Report

The Board of Directors has prepared and submitted to us the Company's 2023 Business Report, proposal for earnings distribution and the financial statements audited by the CPA, who issued an audit report accordingly. Pursuant to Article 219 of the Company Act, we hereby submit this report.

Sincerely,

Zeng Hsing Corporation

The 2024 Annual General Meeting of Shareholders

Audit Committee Convenor: Ming-Liang Tarng

8 March 2024

6.4 Financial Report for the most recent year:

Please refer to pages 201-320.

6.5 A parent company only financial statement for the most recent fiscal year, certified by a CPA:

Please refer to pages 321 - 422.

6.6 If the Company or its affiliates 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 situation: None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

Financial Standing Comparison and Analysis Table

Unit: NT\$ thousands

Item \ Year	2023	2022(restated)	Difference	
			Amount	%
Current Assets	6,037,749	7,089,519	-1,051,770	-14.84%
Fixed Assets	3,710,655	3,525,829	184,826	5.24%
Intangible Assets	1,590,148	1,650,447	-60,299	-3.65%
Other Assets	656,602	978,881	-322,279	-32.92%
Total Assets	11,995,154	13,244,676	-1,249,522	-9.43%
Current Liabilities	2,199,079	3,339,704	-1,140,625	-34.15%
Non-current Liabilities	1,184,587	1,157,356	27,231	2.35%
Total Liabilities	3,383,666	4,497,060	-1,113,394	-24.76%
Capital stock	665,356	665,356	0	0.00%
Additional paid-in capital	1,890,261	1,890,261	0	0.00%
Retained Earnings	3,058,260	3,175,236	-116,976	-3.68%
Other components of equity	(265,978)	(200,974)	-65,004	32.34%
Treasury stock	-	-	-	-
Non-controlling interests	3,263,589	3,217,737	45,852	1.42%
Total Stockholders' Equity	8,611,488	8,747,616	-136,128	-1.56%

1. The reasons for the changes in the increase or decrease are as follows:
(1) Other Assets: Mainly due to the decrease in prepaid equipment expenses.
(2) Current Liabilities: Mainly due to the repayment of bank loans resulting in a decrease in short-term borrowings.
(3) Total Liabilities: Same as 2.
(4) Other components of equity: The main reason was due to the decrease in exchange differences on financial statements of foreign operating entities.
2. Impact: No significant impact.

7.2 Analysis of Financial Performance

Financial Performance Comparison and Analysis Table

Currency: NT\$ thousands; %

Item \ Year	2023	2022(restated)	Difference	
			Amount	%
Net Sales	7,558,277	7,198,245	360,032	5.00%
Gross Profit	1,917,554	1,454,440	463,114	31.84%
Operating Income	518,349	360,742	157,607	43.69%
Non-operating Income and Expenses	184,335	429,807	-245,472	-57.11%
Income from continuing operations before income tax	702,684	790,549	-87,865	-11.11%
Income from continuing operations, net of tax	629,550	610,941	18,609	3.05%
Income (Loss) from Discontinued Operation	-	-	-	-
Net Income	629,550	610,941	18,609	3.05%
Total other comprehensive income, net of tax	(80,977)	113,341	-194,318	-171.45%
Total comprehensive income	548,573	724,282	-175,709	-24.26%
Stockholders of the parent	253,276	491,321	-238,045	-48.45%
Non-controlling interests	376,274	119,620	256,654	214.56%
Stockholder of the parent	197,039	611,407	-414,368	-67.77%
Non-controlling interests	351,534	112,875	238,659	211.44%
Earnings per share-basic	3.81	8.03	-4.22	-52.55%

7.2.1 Analysis of changes in financial ratios:

- A. Increase in gross profit: It was mainly due to the decrease in material prices compared to 2022, resulting in a reduction in operating costs.
- B. Increase in operating profit and loss: Same as 1.
- C. Decrease in non-operating income and expenses: It was mainly due to the decrease in foreign exchange gains.
- D. Other comprehensive profits and losses (net amount after tax) decreased in the current period: It was mainly due to the decrease in exchange differences on translation of foreign financial statements.
- E. Other comprehensive profits and losses decreased in the current period: Same as 4.
- F. Decrease in net profit attributable to owners of parent: It was mainly due to the impact of inventory destocking by end customers on the sewing machine division, resulting in an overall decline in sales volume compared to 2022.
- G. Increase in net profit attributable to non-controlling interests: It was mainly due to the inclusion of Turvo in the consolidated financial statements starting from September 2022. In 2022, only four months of net profit were consolidated, whereas this year the entire year is consolidated, resulting in the difference.
- H. Decrease in total comprehensive income attributable to owners of parent: Same as 4.
- I. Increase in total comprehensive income attributable to non-controlling interests: Same as 7.
- J. Decrease in earnings per share: Same as 6.

7.2.2 Sales Volume Forecast and Related Information:

The company has not disclosed its financial forecasts, this is not applicable.

7.2.3 The potential future impact upon the Company's financial operations as well as responsive measures:

The Company will monitor market trends from time to time, manage the production bases flexibly to adjust inventory to prevent slow-moving inventory and price fluctuation risk in raw materials, as well as keeping track of the economy and market demand to plan new product promotion, so as to expand market share and boost profit.

7.3 Analysis of Cash Flow

7.3.1 Liquidity Analysis of the most recent two years

Item \ Year	2023	2022(restated)	Variance (%)
Cash Flow Ratio (%)	100.23%	35.78%	180.13%
Cash Flow Adequacy Ratio (%)	105.49%	84.09%	25.45%
Cash Reinvestment Ratio (%)	15.55%	5.95%	161.34%
<p>Analysis of financial ratio change:</p> <ol style="list-style-type: none"> 1. Cash flow ratio: It was mainly due to the inclusion of Turvo in the consolidated financial statements since September 2022 resulted in an increase in 2023 operating cash inflows compared to 2022, and the reduction in bank borrowings in 2023, leading to an increase in the cash flow ratio. 2. Cash flow adequacy ratio: It was mainly due to the inclusion of Turvo in the consolidated financial statements since September 2022 resulted in an increase in 2023 operating cash inflows compared to 2022, leading to an increase in the cash flow adequacy ratio. 3. Cash reinvestment ratio: Same as 2. 			

7.3.2 Remedy for Liquidity Shortfall: Not applicable.

7.3.3 Cash Flow Analysis for the Coming Year

Currency: NT\$ thousands

Balance of cash at start of term (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Net Cash Flow from Financing Activities (3)	Cash Surplus (Deficit) (1)+(2)+(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
\$2,845,230	1,700,253	(2,198,027)	2,347,456	-	-
<p>Cash Flow Projection for Next Year:</p> <ol style="list-style-type: none"> 1. Operating activities: Stable operations are expected to generate net cash inflows in the coming year. 2. Investing and financing activities: Based on the capital expenditure plan and dividend policy for 2024, the Company has sufficient capital and will use bank borrowings if there is a shortage of funds due to the timing of payments and receipts and fluctuation in exchange rates. 					

7.4 Major Capital Expenditure Items

From 2023 until now, the major capital expenditure is the expansion of plants and the acquisition of additional equipment of the subsidiary, Turvo, in response to future revenue growth.

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

The Company's management make reinvestments based on factors such as the Company's operating needs, cost reductions, market share expansion, or the Company's global layout. An investment evaluation team was established by the Company's management to conduct a comprehensive evaluation of the Company's current conditions, future prospects and global trends, etc., and provide investment proposals for decision-makers.

Due to the higher manufacturing cost in the factories in China, certain products have been moved to the Vietnamese manufacturers. The Chinese factory is dedicated to improving efficiency, cut cost and as a result enhancing profit margins. In order to ensure a stable source of materials and reduce the cost of purchases to increase profits, in the future the Company will continue to improve the rationalization of production processes, increase the rate of manufacturing major parts by the Company itself, reduce costs, and strengthen the management of the supply chain.

The Company's plants in Vietnam have been operating efficiently and generated profit. Moving forward, the Company will strictly control production costs to improve efficiency and profitability.

7.6 Special Disclosure

7.6.1 Risk Assessment

A.Organizational Structure and Policies for Risk Management

Name of Group	Responsibilities
Board of Directors	<ol style="list-style-type: none">1. Manage and create appropriate business culture.2. Supervise the managers to make good use of the Company's resources to perform their duties and achieve their goals.3. Establish the Company's core values and standards and promote efficient internal and external communications.4. Ensure to exercise duties in accordance with laws, articles of

	association and resolutions of shareholders' meetings.
Remuneration Committee	<ol style="list-style-type: none"> 1. Exercise due care of a good manager and perform the duties faithfully. They should forward proposals to the board of directors for discussion. 2. Set and review regularly the annual and long-term performance goals, salary and compensation policies, systems, standards and structures of the directors and managers of the Company. 3. Regularly evaluate how the Company's directors and managers have performed in terms of achieving their targets and determine the composition and amounts of their respective salary and remuneration.
Audit Committee	<ol style="list-style-type: none"> 1. Appropriate expression of auditing the Company's financial statements. 2. Audit of the appointment (dismissal) and independence and performance of the CPA. 3. Supervise the effective implementation of the Company's internal controls. 4. Supervise the Company's compliance with relevant laws and regulations. 5. Supervise the management of existing or potential risks in the Company.
Management Committee	<ol style="list-style-type: none"> 1. Within the scope of authorization, develop management policies and determine the relevant operational matters according to the board of directors' instruction 2. Review matters related to the organizational reform 3. Evaluate and decide new plans 4. Review addition, disposal and transfer of important equipment 5. Deliberate important proposals made by various departments 6. Understand the dynamics of each department, communicate management information and achieve business performance goals 7. Review internal audit report 8. Coordinate matters among all departments
Internal Control System Self-Inspection Team	<ol style="list-style-type: none"> 1. Internal control related to the effectiveness and efficiency of operations 2. Internal control related to the reliability of financial reporting 3. Internal control related to the compliance of relevant laws and regulations.
Information Security	<ol style="list-style-type: none"> 1. Review of Information Security Management Policy 2. Formulation of Information Security Management Policy

Committee	<ol style="list-style-type: none"> 3. Coordination of responsibilities for information security matters among all departments 4. The risk supervision of information assets 5. Coordination and discussion of the information security technology, method, and procedures that should be adopted 6. Review and supervision of information security incident. 7. Permission and supervision of the corrective and preventive measures.
Risk Management Committee	<ol style="list-style-type: none"> 1. Check and identify risks that could impact operations and profits based on the Company's overall operating policy. 2. Proceed with various risk projects, conduct risk assessments, and assess the feasibility of decisions-making. 3. Examine the various risk management mechanisms and countermeasures. 4. Analysis of risk loss events and response measures 5. Comply with the competent authority's regulations or other significant risk issues.

B. Risk Management Policy

The board of directors develops and reviews the procedures, and the management team forms the management committee to regularly or irregularly review business policies, review organizational systems, evaluate and decide on new plans, and communicate management information, etc., as well as whether there are any abnormal circumstances. All departments will bear responsibilities according to hierarchy and carry out duties diligently.

The internal control system self-inspection team will review the internal control systems annually and the internal audit team evaluates the effectiveness of the self-inspection team to minimize the risk of human error.

Over the years of implementation, except for market risks which cannot be controlled in the macroeconomic environment, other risks such as financial risk, liquidity risk, credit risk, legal risk, strategic and operating risk, have all been controlled internally and effectively without faults.

7.6.2 Impact of changes in interest rates, exchange rates, and inflation on the Company's profits and losses and future countermeasures.

To meet the short-term capital requirements, the Company will consider low-cost funding from the money market while also seeking financing from financial institutions. For the medium and long-term development and financial planning, capital market can be leveraged when appropriate.

Interest risk shall refer to the fluctuation of financial instruments' fair value or future cash flow caused by changes in market interest rates. The Company's interest rate risk mainly derives from the floating interest rates loans and fixed interest rate loans. In terms of financial commodity investment, the Company invests primarily in low-risk bank deposits, notes issued under repurchase agreement and money market or bond funds to ensure funds safety and keep liquidity.

The Company's products are mainly exported overseas, and the main income is in US Dollars. The foreign currency income covers the foreign currency expenditure required for imports. In addition, financial analysts will constantly be updated on global markets information, be aware of the exchange rate trend and refer to the analysis and suggestions provided by banks. Depending on the actual funding needs and exchange rate changes, foreign exchange deposit positions may be adjusted when appropriate, and when there is greater exchange fluctuation, the Company will execute forward exchange, exchange agreement with banks to avoid further losses. The Company will keep observing the changes in the financial market, follow the Company's hedging principle to lower the aggregated exposure, and use the exchange hedging instrument properly to reduce the effect of exchange rate fluctuations on the Company's profit/loss.

As the Company operates in an export-oriented industry, exchange rate changes may affect revenue and profits. The Company's hedging measures against exchange rate changes are described below:

- The export quotation considers the fluctuation of currency exchange rates and adjusts sale price timely to reflect cost.
- Establish dedicated foreign currency accounts to reduce the impact of exchange rate fluctuation and determine appropriate timing to settle currency exchange and goods payments.

- The finance department maintains close ties with the foreign exchange departments at banks in order to keep track of the global currency exchange changes and make foreign currency denominated asset /liability hedging assessment from time to time to reduce negative impact from exchange rate changes.
- Stipulated the “Process for obtaining or disposing of assets” in accordance with regulations set forth by the Securities and Futures Bureau, Financial Supervisory Commission to govern the procedures for trading, risk management, supervision and auditing of derivative financial products, and enhance risk control with respect to the Company’s use of financial instrument to hedge against exchange rate risk.
- Always keep track of market exchange rate changes and negotiable favorable exchange rates with banks.

7.6.3 Policies of engaging in high risk and high-leverage investment, fund-lending, endorsement guarantees and derivative commodity transactions; main reasons for profit or loss and future responsive measures:

- The Company's policy is to focus on the operation of core business. In addition, the Company has established “Procedures for Acquisition or Disposal of Assets” and “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees” as guidelines for engaging in related activities. The Company has not engaged in high-risk or highly-leveraged investments.
- The Company lends money to external entities: Where there is necessary for business needs between the Company and its subsidiaries to conduct fund transfers, they will be handled in accordance with the “ Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees” established by the Company and its subsidiaries. The information regarding each fund loan to others will be announced in a timely and correct manner in accordance with legal regulations. As the Company and its affiliated enterprises have sound financial management and operate in a prudent manner, there have been no losses incurred due to fund loans.
- The Company’s endorsement guarantees for others: When necessary, the Company and its subsidiaries provide guarantees for third-party endorsements in accordance with the “ Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees” between the Company and its subsidiaries. The Company also comply with legal regulations and promptly and accurately disclose information on all endorsement guarantees. Due to the sound financial management and prudent operations of our company and its related enterprises, the Company has never suffered losses due to endorsement guarantees.
- The Company engages in derivative transactions with a conservative and prudent approach, and all transactions are made for the purpose of hedging, and such transactions are treated in accordance with the ‘Procedures for obtaining or disposing of assets.
- Future responsive measures: The Company has engaged in investing, lending money to others and the endorsement guarantee will be handled in accordance with the ‘Procedures for Acquisition or Disposal of Assets’ and ‘ Procedures

for loaning funds and endorsement guarantee'. In the future, the Company will continue to strictly control derivatives transactions based on the exchange rate risk control principles in order to reduce exchange rate risk and hedge against foreign exchange losses.

7.6.4 Future R&D Plan and Expected Costs

The Company's R&D team is focused on developing its own talents. It focuses on nurturing professionalism and skills, accumulating experience and expertise and initiate cooperation with the industry, government and academia therefore strengthening the technical capabilities and quality of the team. The Company aims to introduce 3D design software, modular design methods, collaborative design, design environment standards, and coordinated engineering. There are a number of advanced design methods such as mold flow analysis, stress analysis and motion analysis to speed up development time and enhance R&D quality so the Company can move towards developing more diversified products.

It is expected in 2024 that R&D manpower will increase. The estimated R&D expenditure is expected to account for about 3% to 5% of the revenue.

7.6.5 Impact of foreign and domestic policy changes on the Company's financial operations and corresponding measures:

In recent years, the important changes of the domestic and foreign policies and laws have not affected the Company's finances. The Company always monitors the development of domestic and foreign political and economic situations and legal changes. Furthermore, the Company has fully understand the state of development and respond to changes in the market and always maintain a high level of vigilance and have the ability to respond appropriately to changes in the market environment. If needed, the Company will immediately consult with CPAs and lawyers, thus reducing the possible impact in the future.

7.6.6 The impact of technological changes (including information security risks) and industrial changes on the Company's financial operations and corresponding measures:

The Company is committed to the research, development and manufacturing of household sewing machines and has accumulated more than 50 years of rich experience in production, sales and building flexible strategy, which is able to stay with changes in market demand while actively investing in research and development. The OEM model was transformed into the ODM model, with strong customization capabilities and excellent product quality. Product quality has been receiving acknowledgement from the world's top manufacturers. In addition, the Company is developing its front-end process and business development. The Company actively carries out the process of restructuring and cooperation, improving each branch of the Company and raising the technology threshold.

Household sewing machines production is a labor-intensive industry, and as a result of the rising domestic labor price, the Company moved its production to China and Vietnam to establish overseas production bases. The move greatly increased the production capacity of sewing machines, and also increased the proportion of household use parts, reduced product costs and therefore faced the risk of risking initial costs.

In addition to possessing the same technical ability as the rest of the industry, the Company has also developed other advanced and unique techniques to manufacture household sewing machines. The most difficult part is the integration of mechanical structure and electrical control. The Company has accumulated many years of research and development experience, obtained a number of sewing machine patents, and is committed to the research and development of new products, from the simplification of mechanical structure and the modularization of the manufacturing process to the integration of computer and mechanical technology. The Company has many years of experience in departmental adjustment and connection. The connection between products is good and there are no major technical skills related risks.

7.6.7 The impact of change in corporate image and crisis management.

The Company has been committed to long-term corporate social responsibility, public welfare, and educational activities. The Company has always adhered to the business philosophies of honesty and pragmatism. There has also always been a great focus on risk control. If there is any situation that endangers the Company's operation and requires changes, the Company's crisis management team will take necessary measures to respond. In the most recent year until the printing date of the report, the Company image has been good and there are no risks involved.

7.6.8 Expected benefits, possible risks and corresponding measure for mergers and acquisitions:

The Company has not engaged in any merger or acquisition plans in the most recent year and up to the printing date of the annual report. If the aforementioned plans are evaluated and executed in the future, they will be conducted in accordance with the Company's relevant regulations and laws.

7.6.9 Expected benefits, possible risks and corresponding measures for expanding the plant

The Company has no plans to expand the plants in the most recent year and up to

the printing date of the annual report. If the aforementioned plans are evaluated and executed in the future, they will be conducted in accordance with the Company's relevant regulations and laws.

7.6.10 The risks and countermeasures faced in the purchase or sales concentration.

The Company's largest sales customer in 2023 was NT\$2,076,034 thousand, accounting for 27.47% of total sales, and the inclusion of Turvo in the consolidated financial statements, a slight decrease in sales concentration from 46.18% in the previous year.

Sales concentration of sewing machine occurred mainly because the customer is a globally celebrated sewing machine brand. The Company's product quality, research ability, available machine model, and production scale are recognized by the customer so that the Company becomes its main ODM outsourcing manufacturer. However, the Company is well aware that sales concentration will expose the Company to higher operation risk and will take the following countermeasures:

A. Maintain good supply relationship

Customer loyalty in the brand is high, therefore, downstream companies continue to order from The Company, every well-known household sewing machine brand needs to have stable product quality and timely delivery supplier, while maintaining a good supply relationship. At the current stage of household sewing machine production, judging by the industry development patterns, the household sewing machine market will be most competitive. Due to the complexity of the machine (requiring roughly 200 or more parts), the product requires precision in assembly and high quality. Various well-known brands are likely to have unstable supply risks if they look for suppliers that run small factories.

B. Strengthen customer dependency on the Company

The main sales is in the United States. The Company has after-sales services for the models sold in the United States and originally the service was performed in the USA by clients. However, now the Company's subsidiary provided the after sales service. Because customer pays for the maintenance and shipping fees at a rate that is lower than the customer's cost if the service is done in the US. We can provide customer with new models with customized appearances every year, also we set up factories in Vietnam to provide more efficient services to EY customers.

C. Actively develop high-end computerized sewing machines

At present, the Company's computer-integrated sewing machines are mainly medium and low-end models. But with the Company's continuous dedication, computerized sewing machines have been successfully developed, which are higher-end computerized sewing machines. The Company used mainly offer household-friendly machine. As sales of higher-end computerized sewing machines were divided among different customers, concentration of customers was reduced.

D. Customized products required by customers

The Company has strong customization capabilities and has provided many customers with customized products they needed. There is a high degree of dependence from customers on the Company, thereby mitigating the risk of the Company's concentration of certain sales.

E. Develop new products with customers

In addition to customizing the products required by customers, the Company also develops new products with customers. The products that the Company has developed with customers in the past were all mechanical models. However, during the cooperation process, customers gradually agree with the Company's development of computerized sewing machine technology.

F. Develop a market for secondary appliances

In order to avoid sales concentration on a single household sewing machine product, the Company proactively developed a second product for the home appliances market. We also increased engineering manpower in line with customers' transition and continue to develop a market for new home appliances.

G. Extend product line with existing equipment

Due to the gradual increase of production costs in mainland China and the implementation of the labor contract law, the Company transferred orders that were originally produced in China to a Vietnamese subsidiary. Its product line was extended via aluminum alloy die-casting equipment and processing and plastic injection equipment.

To sum up, the Company always has a large concentration of sales due to the fact that the customer is a leading household sewing machine manufacturer in the world. The Company aims to continually improve the existing customer satisfaction and enhance the competitive advantage and customer maintenance. In addition, we will actively develop new products and develop new capacity to diversify the Company's products.

7.6.11 Directors or large shareholders holding more than 5% of shares. Company influence, risk insurance and corresponding measures:

The Company's directors or major shareholders holding more than 5% of shares did not make any significant transfer of equity in the most recent year and as of the printing date of the report. The Company's operation was very stable.

7.6.12 The impact, risks and countermeasures of the change of management rights on the Company

The Company's operations are sound and profitable. The directors or large shareholders holding more than 5% of shares in the most recent one years and as of the printing date of the report did not engage in mass transfer of equity. The management right of the Company was very stable

7.6.13 Litigation or non-litigious events

- A. Any conclusive or pending significant litigious, non-litigious cases or administrative disputes of the Company: None.
- B. The situation where the Company's directors, general managers, the de facto responsible persons, major shareholders and associates holding more than 5% of shares who are involved in any significant litigation, non-litigious proceeding, or administrative dispute that was finalized or still pending, and the result of which could have material impact upon the shareholders' equity or prices for the Company's securities: None.

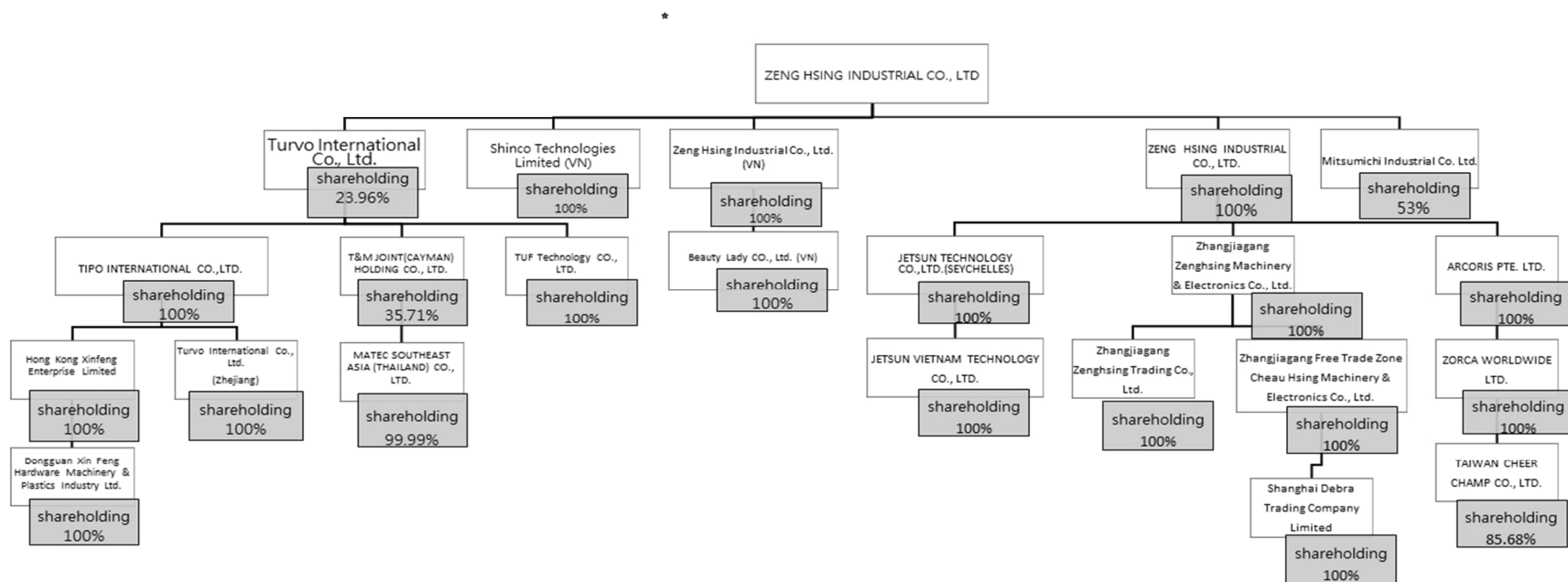
7.6.14 Other important risks: None.

7.7 Other important item: None.

VIII.Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Organizational chart



Year of the data: 31 December 2023

8.1.2 Information of associated enterprises

31 December 2023

Currency: US\$, NT\$, RMB million

Company	Date of Incorporation	Address	Capital Stock	Business Activities
Zeng Hsing Industrial Co., Ltd. (BVI)	3 December 1997	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD\$13.5	Holding company
ZORCA WORLDWIDE LTD.(BVI)	19 May 2016	Marcy Building, 2nd Floor, Purcel Estate P.O.Box 2416 Road Town British Virgin islands	USD\$6.47	Holding company
Jetsun Technology Co., Ltd. (Seychelles)	8 April 2016	Global Gateway 8, Rue De La Perle Providence Mahe Seychelles	USD\$1.20	Holding company
Arcoris Pte. Ltd.	2 February 2015	8 Cross Street #24-03/04 PWC Building Singapore (048424)	USD\$7.00	Holding company
Mitsumichi Industrial Co. Ltd.	22 June 1999	No. 259, Taiming Rd., Wuri Dist., Taichung City 414, Taiwan	NT\$26	Manufacturing household sewing machines and sport equipment
Taiwan Cheer Champ Co., Ltd.	10 June 1993	New Taipei City, Taiwan	NT\$180	Buying and selling household sewing machines
Zeng Hsing Industrial Co., Ltd. (VN)	28 January 2005	Bing Doung, Vietnam	US\$40	Manufacturing household sewing machines and sport equipment
Beauty Lady CO., Ltd. (VN)	4 November 2022	Bing Doung, Vietnam	US\$1	Import and export trade, wholesale, and retail.
Shinco Technologies Limited (VN)	14 December 2007	Bing Doung, Vietnam	US\$11.17	Material die-casting of metal of aluminum, zinc and magnesium alloy
Jetsun Technology Company Limited	17 August 2016	Bing Doung, Vietnam	US\$1.2	Research and design of filtration equipment
Zhangjiagang Zeng Hsing Machinery & Electronics Co., Ltd.	12 February 1998	Jiangsu, China	US\$6.5	Manufacturing and selling sewing machine, hand-held vacuum cleaner and their spare parts
Zhangjiagang Zeng Hsing Trading Co., Ltd.	18 October 2005	Jiangsu, China	RMB\$1	Selling household sewing machines and spare parts

31 December 2023

Currency: US\$, NT\$, RMB million

Company	Date of Incorporation	Address	Capital Stock	Business Activities
Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd.	20 June 2012	Jiangsu, China	USD\$0.5	Selling household sewing machines and spare part
Shanghai Debra Trading Company Limited	10 October 2018	Shanghai, China	RMB\$5	Selling household sewing machines and spare parts
Turvo International Co., Ltd.	29 December 1987	No. 59, Jing 2nd Rd., Wuqi Dist., Taichung City	NTD6028.8	Precision metal parts machining, manufacturing, and trading
TIPO INTERNATIONAL CO., LTD. (SAMOA)	14 May 2008	Vistra Coporate Services Centre, Ground Floor NPF Building, Beach Round, Apia, Samoa	NTD946.31	Holding company
Hong Kong Xinfeng Enterprise Limited	17 November 2004	Room 2, 4/F., Winning Commercial Building, 46 & 48 Hillwood Road, Tsimshatsui, Kowloon, Hong Kong	NTD216.81	Holding company
Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd.	25 March 1996	Guangdong, China	NTD 230.29	Precision metal parts machining, manufacturing, and trading
Turvo International Co., Ltd. (Zhejiang)	28 June 2010	Zhejiang, China	NTD 848.59	Precision metal parts machining, manufacturing, and trading
T&M JOINT (CAYMAN) HOLDING CO., LTD.	22 July 2014	P.O. Box 31119 Grand Pavilion, Hi biscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands	NTD 204.69	Holding company
MATEC SOUTHEAST ASIA (THAILAND) CO., LTD.	26 October 2012	588 Moo 7 Thatoom Srimahaphot, Prachinburi 25140, Thailand	NTD 204.64	Precision metal forging
TUF Technology CO., LTD.	25 July 2023	21F.-6, No. 402, Shizheng Rd., Xitun Dist., Taichung City	NTD 0.9	Purchase and sale

8.1.3 Disclosure of Information on Overlapping Shareholders where Control is Presumed between the Company and any Group Companies: None.

8.1.4 The business activities of the group companies primarily involve the following industries:

Selling and manufacturing household sewing machines and spare part; Selling and manufacturing Tooling equipment and spare part; Import and export trade.

8.1.5 Directors, Supervisors, and Presidents of Our Group Companies

31 December 2023

Company	Title	Name	Shareholding	
			Number of Shares	% (Investment Holding)
Zeng Hsing Industrial Co., Ltd. (BVI)	Director	CHIH-CHENG LIN	-	-%
ZORCA WORLDWIDE LTD.(BVI)	Director	CHIH-CHENG LIN	-	-%
Jetsun Technology Co., Ltd. (Seychelles)	Director	CHIH-CHENG LIN	-	-%
Arcoris Pte. Ltd.	Director	TANG TOW SIANG	-	-%
Mitsumichi Industrial Co. Ltd.	Chairman	Zeng Hsing Industrial Co., Ltd. (Represented by CHIH-CHENG LIN)	1,378,000	53%
	Director	Zeng Hsing Industrial Co., Ltd. (Represented by CHUN-SHEN CHOU)		
	Director and Managing Director	XIAN-ZHANG WANG	132,000	5.08%
	Supervisor	CUI-FEN WANG	-	-%

Company	Title	Name	Shareholding	
			Number of Shares	% (Investment Holding)
Taiwan Cheer Champ Co., Ltd.	Chairman	ZORCA WORLDWIDE LTD. (Represented by CHIH-CHENG LIN)	15,421,630	85.68%
	Director	ZORCA WORLDWIDE LTD. (Represented by CHUN-SHEN CHOU)		
	Director and general manager	MIN-CHIH TSAI	186,110	1.03%
	Supervisor	YUE-SHU LIAO	-	-%
Zeng Hsing Industrial Co., Ltd. (VN)	Chairman	CHIH-CHENG LIN	-	-%
	Director	CHANG-HSING LIN	-	-%
	General manager	TUNG-LIANG LIU	-	-%
Beauty Lady CO., Ltd. (VN)	Chairman	CHIH-CHENG LIN	-	-%
	General manager	TUNG-LIANG LIU	-	-%
Shinco Technologies Limited (VN)	Chairman	CHIH-CHENG LIN	-	-%
	Director	TUNG-LIANG LIU	-	-%
	General manager	QIONG-MEI CHEN	-	-%
Jetsun Technology Company Limited	General manager	CHIH-CHENG LIN	-	-%
Zhangjiagang Zeng Hsing Machinery & Electronics Co., Ltd.	Chairman	CHIH-CHENG LIN	-	-%
	Director	TUNG-LIANG LIU	-	-%
	Director and general manager	CHIA-WEI YU	-	-%
	Supervisor	JIA-RONG LIN	-	-%
Zhangjiagang Zeng Hsing Trading Co., Ltd.	Chairman	CHIH-CHENG LIN	-	-%
	Director	TUNG-LIANG LIU	-	-%
	Director and general manager	CHIA-WEI YU	-	-%
	Supervisor	JIA-RONG LIN	-	-%
Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd.	Chairman	CHIH-CHENG LIN	-	-%
	Director	TUNG-LIANG LIU	-	-%
	Director and general manager	CHIA-WEI YU	-	-%
	Supervisor	CHUN-SHEN CHOU	-	-%
Shanghai Debra Trading Company Limited	Chairman	CHIA-WEI YU	-	-%
	General manager and Supervisor	WEI-CEN CHEN	-	-%

Company	Title	Name	Shareholding	
			Number of Shares	% (Investment Holding)
Turvo International Co., Ltd.	Chairman	ZENG HSING INDUSTRIAL CO., LTD. (Representative: CHUN-CHANG LIU)	14,444,000	23.96%
	Director	ZENG HSING INDUSTRIAL CO., LTD. (Representative: CHIH-CHENG LIN)		
	Director	ZENG HSING INDUSTRIAL CO., LTD. (Representative: CHING-HSING SZU)		
	Director	ZENG HSING INDUSTRIAL CO., LTD. (Representative: TUNG-LIANG LIU)		
	Directoe	ZENG HSING INDUSTRIAL CO., LTD. (Representative: CHUNG-TING TSAI)	12,000	0.02%
	Director	Hongjhu Investment Co., Ltd. (Representative: TE-HWA YANG)		
	Independent director	LI-HEN HUANG,		
	Independent director	SHIH-MIN LO and	0	0%
	Independent director	CHANG-YUN I	0	0%
TIPO INTERNATIONAL CO.,LTD. (SAMOA)	Chairman	CHUN-CHANG LIU	-	-%
Hong Kong Xinfeng Enterprise Limited	Chairman	CHUN-CHANG LIU	-	-%
Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd.	Chairman	CHUN-CHANG LIU	-	-%
Turvo International Co., Ltd. (Zhejiang)	Chairman	CHUN-CHANG LIU	-	-%
T&M JOINT (CAYMAN)HOLDING CO.,LTD.	Director	CHUN-CHANG LIU	-	-%
MATEC SOUTHEAST ASIA (THAILAND) CO., LTD.	General manager	BING-HE CHEN	1	0%
TUF Technology CO., LTD.	Chairman	CHUN-CHANG LIU	-	-

8.1.6 Directors, Supervisors, and Presidents of Our Group Companies

A.Summary of subsidiaries for 2023

Unit: EPS is in NT\$, others are in thousands of NT\$

Subsidiaries Company	Capital Stock	Assets	Liabilities	Equity	Net Revenue	Income (Loss) from Operation	Net Income (Loss)	Basic Earnings (Loss) Per Share
Zeng Hsing Industrial Co., Ltd. (BVI)	451,329	535,533	0	535,533	0	(121)	7,189	532.49
ZORCA WORLDWIDE LTD.(BVI)	191,933	88,913	0	88,913	0	(235)	(22,227)	(343.53)
Jetsun Technology Co., Ltd. (Seychelles)	39,494	26,073	0	26,073	0	0	(1,491)	(1.24)
Arcoris Pte. Ltd.	218,237	128,383	0	128,383	0	(678)	(19,954)	(2.85)
Mitsumichi Industrial Co. Ltd.	26,000	129,323	33,910	95,413	146,167	24,292	20,887	8.03
Taiwan Cheer Champ Co., Ltd.	180,000	167,677	66,942	100,735	214,246	(25,948)	(25,713)	(1.43)
Zeng Hsing Industrial Co., Ltd. (VN)	1,201,379	2,441,261	381,239	2,060,022	2,590,728	48,328	87,640	-
Beauty Lady CO., Ltd. (VN)	31,168	29,222	531	28,691	1,743	(2,057)	(1,096)	-
Shinco Technologies Limited (VN)	347,158	352,551	19,011	333,540	203,743	7,030	11,806	-
Jetsun Technology Company Limited (VN)	39,494	30,863	4,790	26,073	0	(1,368)	(1,491)	-
Zhangjiagang Zeng Hsing Machinery & Electronics Co., Ltd. (China)	212,534	454,942	89,476	365,466	467,682	(6,418)	28,370	-
Zhangjiagang Zeng Hsing Trading Co., Ltd. (China)	4,692	51,394	27,451	23,943	117,974	7,183	8,118	-
Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd. (China)	14,931	121,039	24,115	96,924	288,498	19,579	16,464	-
Shanghai Debra Trading Company Limited (China)	22,088	2,350	0	2,350	10,529	(974)	52	-
Turvo International Co., Ltd.	602,881	4,903,598	1,330,409	3,573,189	1,578,873	119,507	533,958	8.86
TIPO INTERNATIONAL CO.,LTD. (SAMOA)	946,313	2,601,048	42,604	2,558,444	—	(9,255)	410,793	13.19
Hong Kong Xinfeng Enterprise Limited	216,811	1,349,468	—	1,349,468	—	(99)	232,598	—
Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd.	230,289	1,573,996	228,164	1,345,832	1,506,654	314,024	314,075	—
Turvo International Co., Ltd. (Zhejiang)	848,585	1,621,098	221,609	1,399,489	988,302	78,566	81,158	—
T&M JOINT (CAYMAN)HOLDING CO.,LTD.	204,687	18,328	2,169	16,159	—	(265)	(6,266)	—
MATEC SOUTHEAST ASIA (THAILAND) CO., LTD.	204,637	59,554	41,227	18,327	24,741	(7,761)	(5,956)	—
TUF Technology CO., LTD	900	866	—	866	—	(36)	(34)	—

B. Consolidated Financial Statements of Group Companies

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 31 December 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 Standard 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. (Please refer to pages 201-320)

C. Relationship Report: None.

8.2 Any Private Placement of Securities for the Most Recent Fiscal Year and during the Current Fiscal Year up to the date of Publication of the Annual Report

None.

8.3 Summary of Share Ownership and Disposal of Shares of the Company by Subsidiaries for the Most Recent Fiscal Year and during the Current Fiscal Year up to the date of Publication of the Annual Report

None.

8.4 There has not been any event occurred within the latest fiscal year and as of the date of the Annual Report which would materially affect the shareholder equity or price of securities of the Company according to Item 3, Paragraph 3 of Article 36 of the Securities and Exchange Act.

None.

8.5 Additional Information Required to be Disclosed

None.

Thank you for joining the shareholders' meeting,

Any suggestions and insights are welcome!

MEMO

Zeng Hsing Industrial Co., Ltd.

Chairman: CHIH-CHENG LIN