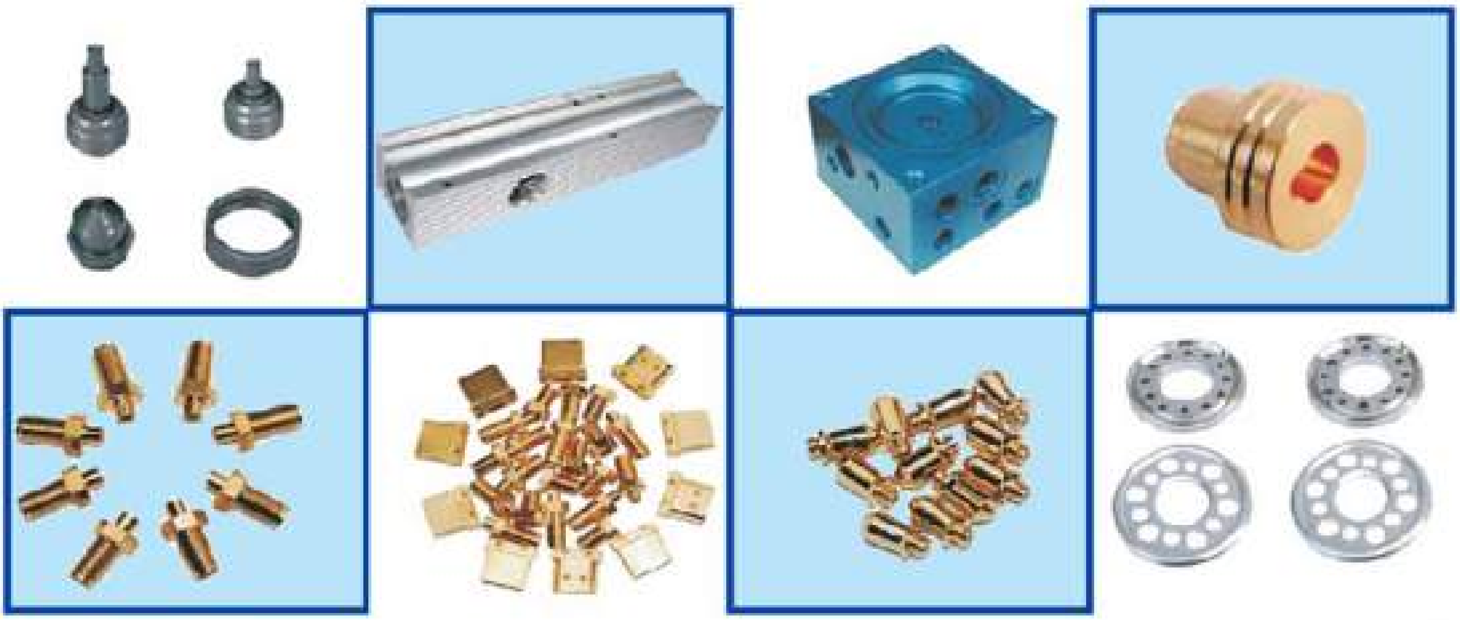
Stock code: 8431

SUPERIOR PLATING TECHNOLOGY CO.



2022 Annual Report

Printed on: May 9th, 2023

This annual report can be accessed on the following websites:
http://mops.tse.com.tw
https://thesuperiorplating.com/

1. Name, title, telephone number, and e-mail address of the spokesman or acting spokesman:

Spokesman
Name: Li, Su-Pai
Title: Chairman
Tel.: (02)2792-6918
E-mail: ir@superior-sz.com

Acting spokesman
Name: Lee, Ming-Cheng
Title: Special Assistant to Chairman
Tel.: (02)2792-6918
E-mail: ir@superior-sz.com

2. Address and telephone number of the Company's headquarters, branch offices, and factories:
Address of headquarters: 7F., No. 151, Xinhu 1st Rd., Neihu Dist., Taipei City
Tel.: (02)2792-6918

Name of Subsidiary: Superior Plating Corp.
Address: P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
Tel.: (02)2792-6918

Name of Subsidiary: Extensive Management Consultantinc Inc. (Samoa)
Address: Level,Lotemau Centre, Vaea Street, Apia, Samoa
Tel.: (02)2792-6918

Name of Subsidiary: Top-Team Technology (Shen Zhen) Ltd.
Address: Third Industrial Zone, Bitou Village, Songgang Town, Baoan District, Shenzhen City, Guangdong Province, China
Tel.: 86-755-27414250

Name of Subsidiary: Superior Drilling (HK) Limited
Address: RMS 2006-8 20/F Two Chinachem Exchange Square 338 King’s Road North Point HK
Tel.: (02)2792-6918

Name of Subsidiary: Superior Industries (Shen Zhen) Co., Ltd.
Address: Plant No. 14, Jungian Micro Pollution Industrial Zone, Songgang Town, Baoan District, Shenzhen, Guangdong Province, China
Tel.:86-755-27537901

Name of Subsidiary: Superior Plating Technology Holding (Thailand) Co., Ltd.
Address: No. 24, Lesperance Complex, Providence Industrial Estate, Mache, Seychelles
Tel.: (02)2792-6918

Name of Subsidiary: Superior Plating Technology (Thailand) Co., Ltd.
Address: 45/4-5 Moo 4, Banchang U-Thai, Ayutthaya 13210
Tel.: 66-35-9505756

3. Name, address, website, and telephone number of the agency handling shares transfer:
Name: Stock Agent Department, KGI Securities Co., Ltd.
Address: 5F., No. 2, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City
Website: https://www.kgi.com.tw/zh-tw/institutional-services/stock-agent
Tel.: (02) 2389-2999

4. Names of the certified public accountants who duly audited the annual financial report for the most recent fiscal year, and the name, address, website and telephone number of the accounting firm to which they belong:
Names of CPAs: CPA Liang, Tanti; CPA Yu, Robert
Name of Accounting Firm: Deloitte
Address: 20F., No. 100, Songren Rd., Xinyi Dist., Taipei City
Website: www.deloitte.com.tw
Tel.: (02)2725-9988

5. Name of any exchanges where the Company's securities are traded offshore, and method to access information on said offshore securities: None.

6. Company Website: https://thesuperiorplating.com/

Superior Plating Technology Co., Ltd.

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VIII. Special Disclosure

I. Letter to Shareholders

匯鑽科技股份有限公司
SUPERIOR PLATING TECHNOLOGY CO.

Superior Plating Technology Co., Ltd.
Business report

I. 2022 Business Report

(I) Business Plan Implementation Achievements

Unit: NT$ thousand; earnings per share in NT$

Item	2022	2021	Increase (decrease) ratio %
Operating revenue, net	1,131,956	1,356,663	(16.56)
Gross profit from operations	264,271	495,254	(46.64)
Profit	45,332	233,368	(80.57)
Profit attributable to the company	26,044	188,017	(86.15)
Basic earnings per share (NT$)	0.59	4.24	(86.08)

(II) Budget Implementation Status

According to the "Regulations Governing the Processing of Financial Forecast Information by Public Companies," the Company is not required to disclose its financial forecast information for 2022, so it is not applicable.

(III) Analysis of Financial Revenue, Expenditure and Profitability

Item		2022	2021
Net cash flows from (used in) operating activities (NT$ thousand)		250,115	341,210
Ratio of liabilities to total assets (%)		36.04	40.54
Solvency	Current ratio (%)	176.69	156.93
	Quick ratio (%)	175.75	153.84
Profitability	Return on total assets (%)	3.27	14.62
	Return on equity (%)	4.25	23.12
	Net profit margin (%)	4.00	17.20
	Basic earnings per share (NT$)	0.59	4.24

(IV) R&D Status:

1. Continuously expand the capabilities and business of various electroplating processes, and diversify the proportion of products in overall revenue.
2. Strive for precious metal related business and improve per capita performance.
3. Increase automatic production equipment, reduce dependence on manpower and shorten reaction speed.
4. Continuously improve the liquid medicine system, production system and equipment and improve efficiency and yield.
5. Continuously supervise the reduction of water, electricity and pollution and become a green energy enterprise.
6. Expand upstream and downstream technologies, such as raw materials development, waste recycling and treatment.
7. Expand the market related to heat dissipation for new energy vehicles.

II. 2023 Business Plan Overview

(I) Business Policy:

1. Strictly abide by local laws and regulations, stay away from legal risks and continuously invest in the improvement of the environmental safety system.
2. Recruit/cultivate talents, establish a knowledge management system and enrich team quality and quantity to facilitate business expansion.
3. Create maximum value for customers with cost and speed advantages.

(II) Important Production and Sales Policies:

1. Pay attention to materials prices and exchange rate fluctuations and make the best and fastest response.
2. Always provide feedback to customers and work together to address material cost pressures.
3. Expand new business types and applications, reduce enterprise risks and improve adaptability.

III. Future Company Development Strategies

(I) Expand factories in Thailand, Dongguan of China and Taiwan, evaluate the potential in other regions, follow up on customer needs and diversify risks.

(II) Expand the high growth/precious metal market and increase per capita performance.

(III) Increase R&D investment, recruit technical talents and enhance technical strength.

(IV) Strengthen automation and improve basic ability and response speed to cope with changing environment.

(V) Strengthen information technology and information security management.

(VI) Follow up on environmental and green energy needs of customers and laws.

IV. Impact of External Competitive Environment, Regulatory Environment and Overall Economic Environment

(I) External Competitive Environment:

1. The overall environment is shrinking, the terminal demand is declining, and the visibility is not clear.
2. The electronic industry is migrating and the supply chain is changing.
3. The international situation is tense, and exchange rates and prices are changing rapidly.
4. The green concept is gaining attention and energy prices are gradually rising.

The Company must always pay attention to external information, accelerate reaction speed, carefully control costs and more rigorously control non-immediate expenses; we need to focus more on extending new projects, stepping into new fields and adhering to our basic skills to cope with sudden environmental headwinds to accumulate strength to make a breakthrough when the opportunity comes.

(II) Regulatory Environment:

The Chinese government is continuously tightening environmental standards and effectively controlling wastewater discharge through industrial parks and recently the State Administration for Market Regulation (State Standardization Administration) has approved 343 national standards, including the "Classification of Electroplating Sludge Treatment and Disposal" and "Methods for Copper Containing Sludge Treatment and Disposal," as well as 2 national standard modification forms. Among them, the "Classification of Electroplating Sludge Treatment and Disposal" came into effect on September 1, 2020. Since 2007, the Chinese government has successively issued a number of economic and trade measures or regulations. The adjustment to processing trade policies, the revision of the "Catalogue for the Guidance of Foreign Investment Industries," the implementation of the "Enterprise Income Tax Law," the "Labor Contract Law" and other regulations will directly increase operating costs and operational difficulties. In addition, the recent imposition of bilateral trade tariffs by both the United States and China will have an operating impact on exporters. The Company will focus more on the updating and researching of laws and regulations and respond with conservative strategies to protect shareholders' equity.

(III) Impact on the Overall Business Environment:

Superior Plating Technology Group is committed to hard disk and 3C product components, auto components and medical equipment components. In 2022, due to the changes in the external business environment, the Company encountered an overall downturn, mainly due to changes in customer supply chain strategy, continuous increase in labor costs, large fluctuations in exchange rates, great changes in prices and supply and other factors, which will have an impact on the overall business environment. The specific impacts are as follows:

1. In the 3C product segment, the entry point is shrinking, with a short-term impact of sluggish consumption.
2. Due to the impact of the overall environment, there are many delays in the expansion process of new cases, but due to the team's performance being highly praised by customers during the development period, a prosperous future is expected.
3. Focus on customer supply chain transfer strategy, its dynamics and subsequent

effects.

4. The operation is expected to return to normal in the second half of 2023.

Chairman: Li, Su-Pai General Manager: Wang, Hsin-Wei Accounting Manager: Lee, Yu-Hsuan

李素白 王信為 李昱璇

II. Company Profile

1. Date of establishment: September 24, 2008.

2. Company History:

September, 2008	Taiwan Huidu Co, Ltd. was established with the paid-in capital of NT$500 thousand.
August, 2009	Conducted a capital increase of NT$299,500 thousand in cash, which increased the paid-in capital to NT$300,000 thousand.
September, 2009	Acquired 100% equity of Superior Plating Corp., and thus indirectly obtained 100% equity interests of World Honesty Enterprise Limited, Superior Drilling (HK) Limited, Superior Plating (HK) Limited, First Plating (Hong Kong) Limited, and Superior Century (Hong Kong) Limited and its subsidiaries in Mainland China, Superior Industries (Shen Zhen) Co., Ltd., Huidu Technology (Shenzhen) Co., Ltd. and HuiHuang Technology (Shenzhen) Co., Ltd.
November, 2009	Conducted a capital increase of NT$15,000 thousand in cash, which increased the paid-in capital to NT$315,000 thousand.
December, 2009	Changed the Company name to Superior Plating Technology Co., Ltd.
May, 2010	Founded HuiCheng Technology (Shenzhen) Co., Ltd. with 100% equity holding through Superior Century (Hong Kong) Limited.
July, 2010	Conducted a capital increase of NT$10,000 thousand in cash, which increased the paid-in capital to NT$325,000 thousand.
	Acquired 100% equity of Extensive Management Consultant Inc. through Superior Plating Corp., and indirectly obtained 100% equity interest of Top-Team Technology (Shen Zhen) Ltd.
December, 2010	Conducted a capital increase of NT$35,000 thousand in cash, which increased the paid-in capital to NT$360,000 thousand.
January, 2011	Became a public company by the approval of Financial Supervisory Commission (FSC)
February, 2011	Shares were listed on the Emerging Stock Board of Taipei Exchange.
October, 2012	Conducted a capital increase of NT$12,000 thousand in cash, which increased the paid-in capital to NT$372,000 thousand.
March, 2015	Conducted the initial public offering of NT$46,500 thousand in cash, which increased the paid-in capital to NT$418,500, and the shares were listed on the Taipei Exchange on March 30, 2015.
June, 2015	The first issuance of domestic secured convertible corporate bonds of NT$220,000 thousand was approved by the board of directors.
June, 2015	The indirect investment in Superior Industries (Shen Zhen) Co., Ltd. of US$6

million through the subsidiaries World Honesty Enterprise Limited and Superior Drilling (HK) Limited was approved by the board of directors.

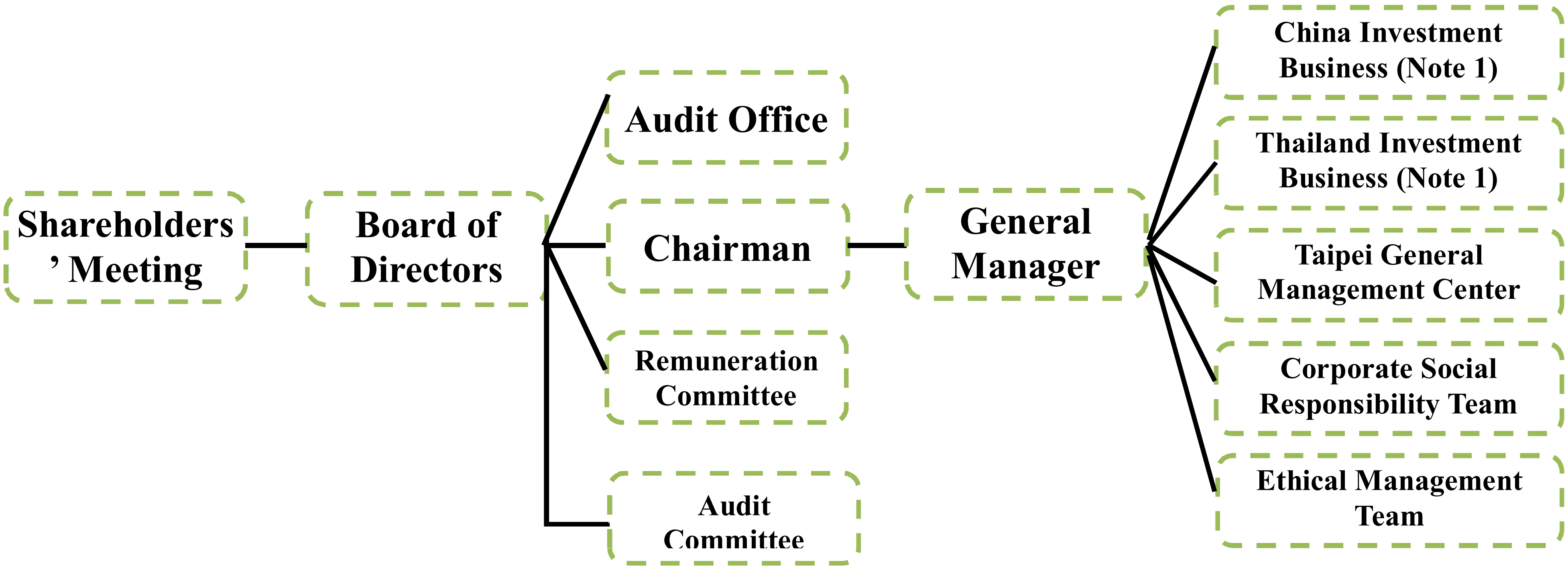
August, 2015	The first issuance of domestic secured convertible corporate bonds amounting NT$220,000 thousand was approved by the FSC.
December, 2015	Issued common shares because of employee warrant exercise, which increased the paid-in capital to NT$424,620 thousand.
January, 2016	Issued common shares because of employee warrant exercise, which increased the paid-in capital to NT$427,260 thousand.
March, 2016	Completed the capital injection to the indirect investee Superior Industries (Shen Zhen) Co., Ltd. of US$6 million through the subsidiaries World Honesty Enterprise Limited and Superior Drilling (HK) Limited.
May, 2016	Conducted a capital increase of NT$11,288,370 because of the conversion of the first domestic secured convertible corporate bonds, which increased the paid-in capital to NT$438,548 thousand.
July, 2016	Established the 100% owned offshore investment company Superior Plating Technology Holding (Thailand) Co., Ltd. in Seychells through the offshore investment company World Honesty Enterprise Limited, and subsequently founded the subsidiary Superior Plating Technology (Thailand) Co., Ltd. in Thailand through Superior Plating Technology Holding (Thailand) Co., Ltd.
August, 2016	Conducted a capital increase of NT$8,977,600 because of the conversion of the first domestic secured convertible corporate bonds, which increased the paid-in capital to NT$447,526 thousand.
November, 2016	Issued common shares as a result of employee warrant exercise, which increased the paid-in capital to NT$448,216 thousand.
January, 2017	Issued common shares as a result of employee warrant exercise, which increased the paid-in capital to NT$449,476 thousand.
March, 2017	The dissolutions of subsidiaries Hui Jin Cheng Technology (Shenzhen) Co., Ltd. and Superior Century (Hong Kong) Limited.
August, 2017	Conducted a capital decrease through the cancelation of treasury stock amounting NT$7,640,000, which decreased the paid-in capital to NT$441,836 thousand.
December, 2017	Issued common shares because of employee warrant exercise, which increased the paid-in capital to NT$442,376 thousand.
May, 2018	Conducted a capital increase of NT$222,220 because of the conversion of the first domestic secured convertible corporate bonds, which increased the paid-in capital to NT$442,598 thousand.
September, 2018	Conducted a capital increase of NT$44,440 because of the conversion of the first domestic convertible corporate bonds, which increased the paid-in capital to NT$442,642 thousand.
December, 2018	Conducted a capital increase of NT$5,422,190 because of the conversion of the

	first domestic secured convertible corporate bonds, which increased the paid-in capital to NT$448,065 thousand.
April, 2019	Conducted a capital decrease through the cancelation of treasury stock amounting NT$3,510,000, which decreased the paid-in capital to NT$444,555 thousand.
June, 2019	The equity disposal of the subsidiaries, Superior Plating (HK) Limited, Huidu Technology (Shenzhen) Co., Ltd. , First Plating (Hong Kong) Limited and HuiHuang Technology (Shenzhen) Co., Ltd. was approved by the board of directors.
March, 2021	Established Ever Superior Technologies Corporation as a joint venture with Amulaire Thermal Technology, Inc.

III. Corporate Governance Report

I. Organizational System

(I) Organizational Structure



Note (1): It manages the subordinate Sales Department, Engineering Department, Production Department, Quality Department, Administration Department and Finance and Accounting Department.

Note (2): It manages the subordinate Administration Department, Accounting Department and Finance Department.

(II) Responsibility of principle divisions:

Division		Responsibility
Audit Office		Conducting audits in accordance with rules and regulations, pointing out flaws and supervising corrective actions.
Taipei General Management Center	Administration Department	Allocation and management of fund, reimbursement, recruitment, education and training, performance management, and payroll and attendance management.
	Accounting Department	Preparing financial statements and handling accounting and tax affairs
	Finance Department	Administration, stock affairs, shareholder relations management, electronic information, long-term and short-term investment analysis and planning, and procurement.
China Investment Business	Sales Department	Product market development, orders review, sale, service, customer contact, and survey of consumer satisfaction, implementation of business plan and management of business goal achievement.
	Engineering Department	Responsible for the R&D of new technologies, coordination of the progression and recording of each R&D project, production yield analysis and process improvement.
	Production Department	Production planning, capacity and delivery schedule management, warehouse and inventory management, logistics arrangement, and production equipment planning, management and maintenance.
	Quality Department	Incoming quality control, final quality control, quality defects and customer complaints (returns) handling, calibration, outsourcing quality control, facilitation and maintenance of ISO systems.
	Administration Department	Fund allocation, administration, procurement and human resource.
	Finance and Accounting Department	Handling of accounting and tax affairs
Thailand Investment Business	Sales Department	Product market development, orders review, sale, service, customer contact, and survey of consumer satisfaction, implementation of business plan and management of business goal achievement.
	Engineering Department	Responsible for the R&D of new technologies, coordination of the progression and recording of each R&D project, production yield analysis and process improvement.
	Production Department	Production planning, capacity and delivery schedule management, warehouse and inventory management, logistics arrangement, and production equipment planning, management and maintenance.
	Quality Department	Incoming quality control, final quality control, quality defects and customer complaints (returns) handling, calibration, outsourcing quality control, facilitation and maintenance of ISO systems.
	Administration Department	Fund allocation, administration, procurement and human resource.
	Finance and Accounting Department	Handling of accounting and tax affairs

II. Information on the Company's directors, general manager, deputy general managers, assistant general managers, and the supervisors of all divisions and branch units:

(1) Director

1. Information on directors

April 11, 2023

Title	Nationality or place of registration	Name	Gender Age	Date of election	Term of office	Date first elected	Shareholding when elected		Current shareholding		Current shareholding of spouse and/or children of minor age		Shareholding in the name of others		Major experience and education	Position concurrently held in the Company and other companies	Other supervisor and/or director who is a spouse or relative within the second degree of kinship			Remark
							Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage			Title	Name	Relationship	
Chairman	Taiwan	Li, Su-Pai	Male 61-70	2020.6.30	3 years	2014.6.18	1,121,000	2.52	977,000	2.20	-	-	-	-	Chemical Engineering, Chung Yuan University . Responsible person, Superior Plating Technology Co., Ltd.	Director, the subsidiaries of the Company Chairman, Huisheng Investment Co., Ltd.	Executive Director, Superior Plating Technology (Thailand) Co., Ltd.	Lee, Ming-Cheng	Relative within the first degree of kinship	-
																	Finance Manager	Lu, Chih-Hui	Relative within the first degree of kinship	
																	Accounting Manager	Lee, Yu-Hsuan	Relative within the first degree of kinship	
Director (Note)	Taiwan	HuiSheng Investment Co., Ltd.	-	From 2022.6.22	to 2023.6.29	2009.11.24	5,597,776	12.51	5,597,776	12.51	-	-	-	-	-	-	-	-	-	-
	Taiwan	Representative: Lu, Teng-Hsi	Male 61-70	From 2022.6.22	to 2023.6.29	2015.11.03	-	-	1,000	0	1,000	-	-	-	MBA, National Kaohsiung University of Applied Sciences	-	Executive Director, Superior Plating Technology (Thailand) Co., Ltd.	Lee, Ming-Cheng	Relative within the first degree of kinship	-
																	Finance Manager	Lu, Chih-Hui	Relative within the first degree of kinship	
Director	Taiwan	ChiaChuan Investment Co., Ltd.	-	2020.6.30	3 years	2010.11.01	1,947,000	4.38	1,947,000	4.38	-	-	-	-	-	-	-	-	-	-

Title	Nationality or place of registration	Name	Gender Age	Date of election	Term of office	Date first elected	Shareholding when elected		Current shareholding		Current shareholding of spouse and/or children of minor age		Shareholding in the name of others		Major experience and education	Position concurrently held in the Company and other companies	Other supervisor and/or director who is a spouse or relative within the second degree of kinship			Remark
							Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage			Title	Name	Relationship	
	Taiwan	Representative: Wu, Chia-Chuan	Male 61-70	2020.6.30	3 years	2010.11.01	15,000	0.03	15,000	0.03	1,000	-	-	-	Mechanical Engineering, Chung Yuan University	Chairman, ChiaChuan Investment Co., Ltd.	-	-	-	-
Director	Taiwan	Yuyi Investment Co., Ltd.	-	2020.6.30	3 years	2010.11.01	1,982,000	4.46	1,976,000	4.44	-	-	-	-	-	Director, Braingenesis Biotechnology Co., Ltd.	-	-	-	-
	Taiwan	Representative: Chang, Hsiu-Hsiang	Female 61-70	2020.6.30	3 years	2010.11.01	0	-	0	-	-	-	-	-	Kainan University	Director of Yih Shan Precision Co., Ltd.; Youyi Investment Co., Ltd.; Dayi Investment Co., Ltd.; Ji Yi Industries Co., Ltd.; Runyi Industries Co., Ltd.; Hongrun Industries Co., Ltd. Vice President, Yih Shan Precision Co., Ltd. Supervisor, Longyi Industries Co., Ltd. Corporate Representative of Yihshan Precision Enterprise (Shenzhen). and Jin Jia Hung Technology Co., Ltd.	-	-	-	-
Director	Taiwan	Mingqi Investment Co., Ltd.	-	2020.6.30	3 years	2010.11.01	1,580,592	3.56	1,307,592	2.94	-	-	-	-	-	-	-	-	-	-
	Taiwan	Representative: Wu, Mao-Yuan	Male 61-70	2020.6.30	3 years	2010.11.01	-	-	-	-	-	-	-	-	Mechanical Engineering, Cheng-Shiu Junior College of Technology	Chairman, Mingqi Investment Co., Ltd. General Manager, Guangzhou Bufeng Hardware (Electronics) Limited Executive Director, Dufu Technology Corp. Berhad	-	-	-	-
Director	Taiwan	Chiou, Yu-Wen	Male 51-60	2020.6.30	3 years	2020.6.30	105,000	0.23	55,000	0.12					University of Missouri-Kansas City	-				-
Independent Director	Taiwan	Wang, Yu-Sheng	Male 51-60	2020.6.30	3 years	2014.6.18	-	-	-	-	-	-	-	-	MBA, National Chengchi University Senior Audit Associate, KPMG Listing Review Specialist, Taipei Exchange CFO, Chialin	Independent Director, Casing Macron Technology Co., Ltd. Independent Director, La Kaffa International Co., Ltd. Independent	-	-	-	-

Title	Nationality or place of registration	Name	Gender Age	Date of election	Term of office	Date first elected	Shareholding when elected		Current shareholding		Current shareholding of spouse and/or children of minor age		Shareholding in the name of others		Major experience and education	Position concurrently held in the Company and other companies	Other supervisor and/or director who is a spouse or relative within the second degree of kinship			Remark
							Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage			Title	Name	Relationship	
															Precision Industrial Co., Ltd.	Director, Shuttle Inc.				
Independent Director	Taiwan	Pang, I-Mao	Male 61-70	2020.6.30	3 years	2020.6.30	-	-	-	-	-	-	-	-	M.S. in Organic Materials Science, Tokyo Institute of Technology, Japan	Lee and Li, Attorneys-at-Law Senior Consultant	-	-	-	-
Independent Director	Taiwan	Chiang, Tsai-Lin	Female 41-50	2020.6.30	3 years	2020.6.30	-	-	-	-	-	-	-	-	Accounting, Chung Yuan University KPMG	Supervisor, Dragon Online Co., Ltd. (Corporate representative of Chinesegamer International Corp.) Supervisor, Zhilong Venture Capital Co., Ltd. (Corporate representative of Chinesegamer International Corp.) Supervisor, Celad Taiwan Inc. Supervisor, Super Game Co., Ltd. Supervisor, Xiong Le Zi Co., Ltd. (Corporate representative of Chinesegamer International Corp.) Supervisor, GameTopia Co., Ltd. Supervisor, Oriental Dragon Digital Co., Ltd.(Corporate representative of Chinesegamer International Corp.) Director, 9Splay Entertainment Technology Co., Ltd. (Corporate representative of Zhilong Venture Capital Co., Ltd.)	-	-	-	-

Note: The by-election was held in the general shareholders' meeting on June 22, 2022.

2. Major shareholders of institutional shareholders

Apr 11, 2023

Name of institutional shareholder	Major shareholders of institutional shareholders
HuiSheng Investment Co., Ltd.	Li, Su-Pai (31%), Huang, Yue-E (29%), Lee, Yu-Hsuan (21%), Lee, Ming-Cheng (19%)
ChiaChuan Investment Co., Ltd.	Wu, Chia-Chuan (50%), Hsiao, Shu-Fang (50%)
Yuyi Investment Co., Ltd.	Runyi Industries Co., Ltd.(10%) Jiyi Industries Co., Ltd.(10%) Yujun International Co., Ltd.(20%) Chengyang Industries Co., Ltd.(20%)
Mingqi Investment Co., Ltd.	Wu, Mao-Yuan (50%), Hsu, Sung-Hsiang (50%)

3. Major shareholders of any major shareholder who is an institutional shareholder:

Name of institutional shareholder	Major shareholders of institutional shareholder
Runyi Industries Co., Ltd.	Chang, Hsiu-Hsiang (39%), Yu, Yun-Hsin (59%), Yu, Feng-Yi (2%)
Jiyi Industries Co., Ltd.	Yu, Feng-Yi (53%), Yu, Li-Chien (46%), Chang, Hsiu-Hsiang (1%)
Yujun International Co., Ltd.	Songhe International Enterprise Co., Ltd. (33%) Songyuan Enterprise Co., Ltd. (33%) Junda Industries Co., Ltd. (33%)
Chengyang Industries Co., Ltd.	Derun Industries Co., Ltd. (50%) Ruilin Industries Co., Ltd. (50%)

4. Disclosure of Directors' Professional Qualification and Independence Status of Independent Directors:

Criteria / Name	Professional qualification and experience	Independence Status	Number of companies in which concurrently serving as an independent director
Chairman Li, Su-Pai	Having more than 5 years of working experience necessary for the business of the Company and currently serving as the Chairman of Superior Plating Technology Co., Ltd. Not under any of the circumstances set forth in Article 30 of the Company Act	(1) Not a director, supervisor, or employee of an institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act. (2) Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the director seats or voting shares of the Company. (3) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (4) 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 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 Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations. (5) Not a spouse or relative in second degree of kinship of other directors. (6) Not elected in the capacity of the government, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.	None
Director HuiSheng Investment Co., Ltd. Representative: Lu, Teng-Hsi	Having more than 5 years of working experience necessary for the business of the Company and currently serving as the Chairman of HuiSheng Investment Co., Ltd. Not under any of the circumstances set forth in Article 30 of the Company Act	(1) Not an employee of the Company or any of its affiliates (2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (3) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons in (2). (4) Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the director seats or voting shares of the Company. (5) Not a director, supervisor or employee of another company or institution, of which, the chairperson, general manager, or person holding an equivalent position and a person in any of those positions of the Company are the same person or are spouses. (6) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (7) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company, or a spouse thereof.	None

Criteria / Name	Professional qualification and experience	Independence Status	Number of companies in which concurrently serving as an independent director
		(8) Not a spouse or relative in second degree of kinship of other directors.	
Director ChiaChuan Investment Co., Ltd. Representative: Wu, Chia-Chuan	Having more than 5 years of working experience necessary for the business of the Company and currently serving as the Chairman of ChiaChuan Investment Co., Ltd. Not under any of the circumstances set forth in Article 30 of the Company Act	(1) Not an employee of the Company or any of its affiliates (2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (3) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons in (2). (4) Not a director, supervisor, or employee of an institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act. (5) Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the director seats or voting shares of the Company. (6) A director, supervisor or employee of another company or institution, of which, the chairperson, general manager, or person holding an equivalent position and a person in any of those positions of the Company are the same person or are spouses. (7) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (8) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company, or a spouse thereof. (9) Not a spouse or relative in second degree of kinship of other directors.	None
Director Yuyi Investment Co., Ltd. Representative: Chang, Hsiu-Hsiang	Having more than 5 years of working experience necessary for the business of the Company and currently serving as the Chairman of Yuyi Investment Co., Ltd. Not under any of the circumstances set forth in Article 30 of the Company Act	(1) Not an employee of the Company or any of its affiliates (2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (3) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons in (2). (4) Not a director, supervisor, or employee of an institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act. (5) Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the director seats or voting shares of the Company. (6) Not a director, supervisor or employee of another company or institution, of which, the chairperson, general manager, or person holding an equivalent position and a person in any of those positions of the Company are the same person or are spouses. (7) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (8) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole	None

Criteria / Name	Professional qualification and experience	Independence Status	Number of companies in which concurrently serving as an independent director
		proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company, or a spouse thereof. (9) Not a spouse or relative in second degree of kinship of other directors.	
Director Mingqi Investment Co., Ltd. Representative: Wu, Mao-Yuan	Having more than 5 years of working experience necessary for the business of the Company and currently serving as the Chairman of Mingqi Investment Co., Ltd. Not under any of the circumstances set forth in Article 30 of the Company Act	(1) Not an employee of the Company or any of its affiliates (2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (3) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons in (2). (4) Not a director, supervisor, or employee of an institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act. (5) Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the director seats or voting shares of the Company. (6) Not a director, supervisor or employee of another company or institution, of which, the chairperson, general manager, or person holding an equivalent position and a person in any of those positions of the Company are the same person or are spouses. (7) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (8) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company, or a spouse thereof. (9) Not a spouse or relative in second degree of kinship of other directors.	None
Director Chiou, Yu-Wen	Having more than 5 years of work experience in finance, accounting and fields necessary for the business of the Company. Not under any of the circumstances set forth in Article 30 of the Company Act	(1) Not an employee of the Company or any of its affiliates (2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons in (2) and (3). (5) Not a director, supervisor, or employee of an institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act. (6) Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the director seats or voting shares of the Company. (7) Not a director, supervisor or employee of another company or institution, of which, the chairperson,	None

Criteria / Name	Professional qualification and experience	Independence Status	Number of companies in which concurrently serving as an independent director
		general manager, or person holding an equivalent position and a person in any of those positions of the Company are the same person or are spouses. (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company, or a spouse thereof. (10) Not a spouse or relative in second degree of kinship of other directors. (11) Not elected in the capacity of the government, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.	
Independent Director Wang, Yu-Sheng	Having more than 5 years of work experience in finance, accounting and fields necessary for the business of the Company and serving as an Audit Committee member of the Company. Past work experience in finance and accounting at KPMG, Taipei Exchange and Chialin Precision Industrial Co., Ltd. Not under any of the circumstances set forth in Article 30 of the Company Act	(1) Not an employee of the Company or any of its affiliates (2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons in (2) and (3). (5) Not a director, supervisor, or employee of an institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act. (6) Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the director seats or voting shares of the Company. (7) Not a director, supervisor or employee of another company or institution, of which, the chairperson, general manager, or person holding an equivalent position and a person in any of those positions of the Company are the same person or are spouses. (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company, or a spouse thereof. (10) Not a spouse or relative in second degree of kinship of other directors. (11) Not elected in the capacity of the government, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.	3
Independent Director Pang, I-Mao	Having more than 5 years of work experience in law and serving as an Audit Committee member of the Company. Served as a senior	(1) Not an employee of the Company or any of its affiliates (2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.	None

Criteria / Name	Professional qualification and experience	Independence Status	Number of companies in which concurrently serving as an independent director
	consultant of Lee and Li, Attorneys-at-Law. Not under any of the circumstances set forth in Article 30 of the Company Act	(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons in (2) and (3). (5) Not a director, supervisor, or employee of an institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act. (6) Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the director seats or voting shares of the Company. (7) Not a director, supervisor or employee of another company or institution, of which, the chairperson, general manager, or person holding an equivalent position and a person in any of those positions of the Company are the same person or are spouses. (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company, or a spouse thereof. (10) Not a spouse or relative in second degree of kinship of other directors. (11) Not elected in the capacity of the government, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.	
Independent Director Chiang, Tsai-Lin	Having more than 5 years of work experience in finance, accounting and fields necessary for the business of the Company and serving as an Audit Committee member of the Company. Worked at KPMG, and currently serving as the CFO of Chinesegamer International Corp. Not under any of the circumstances set forth in Article 30 of the Company Act	(1) Not an employee of the Company or any of its affiliates (2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons in (2) and (3). (5) Not a director, supervisor, or employee of an institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act. (6) Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the director seats or voting shares of the Company. (7) Not a director, supervisor or employee of another company or institution, of which, the chairperson, general manager, or person holding an equivalent position and a person in any of those positions of the Company are the same person or are spouses.	None

Criteria / Name	Professional qualification and experience	Independence Status	Number of companies in which concurrently serving as an independent director
		(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company, or a spouse thereof. (10) Not a spouse or relative in second degree of kinship of other directors. (11) Not elected in the capacity of the government, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.	

5. Diversity Policy and Independence of the Board of Directors

(1) Diversity Policy of the Board:

According to Article 20 of the Company's "Corporate Governance Best Practice Principles", all members of the board shall have the knowledge, skills, and experience necessary to perform their duties. The Company's board of directors is composed of 9 directors, and all directors possess professional expertise in commerce, accounting and etc. Combining their experience from various backgrounds, the board is equipped with the abilities to make operational judgments, perform accounting and financial analysis, conduct management administration, conduct crisis management, lead, and knowledge of the industry, and make policy decisions with their knowledge of the industry from an international market perspective to attain diversity and complementarity.

Ability / Name of director	Title	Gender	Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry	An international market perspective	Ability to lead	Ability to make policy decision
Li, Su-Pai	Chairman	Male	V	-	V	V	V	V	V	V
Lu, Teng-Hsi	Director	Male	V	V	V	V	V	V	V	V
Wu, Chia-Chuan	Director	Male	V	-	V	V	V	V	V	V
Chang, Hsiu-Hsiang	Director	Female	V	V	V	V	V	V	V	V
Wu, Mao-Yuan	Director	Male	V	-	V	V	V	V	V	V
Chiou, Yu-Wen	Director	Male	V	V	V	V	V	V	V	V
Wang, Yu-Sheng	Independent Director	Male	V	V	V	V	V	V	V	V
Pang, l-Mao	Independent Director	Male	V	-	V	V	V	V	V	V
Chiang, Tsai-Lin	Independent Director	Female	V	V	V	V	V	V	V	V

Core criteria for diversity / Name of director	Basic composition										Industrial experience				Professional expertise				
	Nationality	Gender	Concurrently serving as an employee of the Company	Age				Term of service of independent director			Accounting and Finance	Law	Chemical Engineering	Mechanical Engineering	Accounting	Law	Finance	Operations Management	Risk Management
				31~40	41~50	51~60	61~70	Below 3 years	3~9 years	More than 9 years									
Li, Su-Pai	R.O.C.	Male	V				V						V					V	V
Lu, Teng-Hsi	R.O.C.	Male					V				V						V	V	V
Wu, Chia-Chuan	R.O.C.	Male					V							V			V	V	
Chang, Hsiu-Hsiang	R.O.C.	Female					V						V		V		V	V	
Wu, Mao-Yuan	R.O.C.	Male					V							V			V	V	V
Chiou, Yu-Wen	R.O.C.	Male				V					V				V		V	V	
Wang, Yu-Sheng	R.O.C.	Male				V			V		V				V	V		V	
Pang, l-Mao	R.O.C.	Male					V	V				V				V		V	
Chiang, Tsai-Lin	R.O.C.	Female			V			V			V				V		V	V	

The Company's board members are nominated through a rigorous selection process, which not only takes their professional expertise into account, but also stresses on their reputation for ethical conducts and leadership. In addition to the professional background of a director (including an independent director), diversity is also the focus for board member nomination. The Company's board members all have the knowledge, skills and experience to perform their duties, and, at the current stage, the targeted female member ratio is set to be 20%, to which, the Company aims to increase the ratio of female director seats.

(2) Diversity of the board of directors:

There are 9 directors in the Company's fifth term of board of directors, and, of which, 6 are directors and 3 are independent directors. Independent directors comprise 33.3% of the board members. During the two years before being elected or during their term of office, the independent directors have not been an employee, director or supervisor of the Company or any of its affiliates. My spouse, any of relatives within the second degree of kinship, or any of lineal relatives within the third degree of kinship is neither an employee, director, supervisor, or officer of the Company or any of its affiliates, nor a spouse or relative within the second degree of kinship of any of the other directors, nor elected in the capacity of the government, a juristic person, or a representative thereof under Article 27 of the Company Act.

(2) Information on the Company's general manager, deputy general managers, assistant general managers, and the supervisors of all divisions and branch units

April 11, 2023

Title	Nationality	Name	Gender	Date of inauguration	Shareholding		Shareholding of spouse and/or children of minor age		Shareholding in the name of others		Major experience and education	Position concurrently held in other companies	Officer who is a spouse or relative within the second degree of kinship			Remark
					Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage			Title	Name	Relationship	
General Manager	Taiwan	Wang, Hsin-Wei	Male	2020.08.10	-	-	-	-	-	-	Physics, National Central University	General Manager of all subsidiaries in Shenzhen (Note 1)	-	-	-	-
Deputy General Manager	Taiwan	Sung, Cheng-Hsi	Male	2011.01.18	781,000	1.76	-	-	-	-	The London School of Economics and Political Science Master's in Finance, ICMA Centre Industry Analyst, ChinaTrust	Special Assistant to Chairman	-	-	-	-
Finance Manager	Taiwan	Lu, Chih-Hui	Female	2019.06.25	16,000	0.04	83,000	0.19	-	-	Cranfield University MsCin Marketing Product Marketing Engineer, Compal Electronics, Inc. Chief specialist, Acer Inc.	Manager of Administration Department for Taiwan and all subsidiaries in Shenzhen and Thailand (Note 1)	Chairman	Li, Su-Pai	Relative within the first degree of kinship	-
													Executive Director, Superior Plating Technology (Thailand) Co., Ltd.	Lee, Ming-Cheng	Spouse	
													Accounting Manager	Lee, Yu-Hsuan	Relative within the second degree of kinship	
Internal Audit Officer	Taiwan	Chung, Lin	Female	2018.06.25	-	-	-	-	-	-	Accounting, National Changhua University of Education Audit Director, KPMG Audit Senior Associate, PwC Taiwan	None	-	-	-	-

Title	Nationality	Name	Gender	Date of inauguration	Shareholding		Shareholding of spouse and/or children of minor age		Shareholding in the name of others		Major experience and education	Position concurrently held in other companies	Officer who is a spouse or relative within the second degree of kinship			Remark
					Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage			Title	Name	Relationship	
											Auditor, Capital Securities Corp.					
Accounting Manager	Taiwan	Lee, Yu-Hsuan	Female	2019.11.07	13,000	0.03	-	-	-	-	Heriot Watt University Master of Science in Finance Audit Specialist, Deloitte	Accounting Manager of Administration Department for all subsidiaries in Shenzhen and Thailand (Note 1)	Chairman	Li, Su-Pai	Relative within the first degree of kinship	-
													Executive Director, Superior Plating Technology (Thailand) Co., Ltd.	Lee, Ming-Cheng	Relative within the second degree of kinship	
													Finance Manager	Lu, Chih-Hui	Relative within the second degree of kinship	
Corporate Governance Officer	Taiwan	Chung, Yu-Hsuan	Female	2023.01.19	2,000		-	-	-	-	Financial Engineering and Actuarial Mathematics, Soochow University	None	-	-	-	-

Note 1: The Company's subsidiaries in Shenzhen include Superior Industries (Shen Zhen) Co., Ltd. and Top-Team Technology (Shen Zhen) Ltd..

III. Remuneration to Directors, General manager and Deputy General Manager(s) for the most recent fiscal year

(I) Remuneration to Directors and Independent Directors

Unit: NT$ thousand; thousand shares

Title	Name	Remuneration to directors								Sum of A, B, C and D as a percentage of net income after tax (%)		Compensation received as an employee concurrently								Sum of A, B, C, D, E, F, and G, and that as a percentage of net income after tax (%)		Remuneration paid by investees other than the subsidiaries or by the parent company
		Compensation (A)		Pension (B)		Director's remuneration (C) (Note)		Fees for service rendered (D)				Salary, bonus and special allowance (E)		Pension (F)		Employee's compensation						
																The Company		All companies included in the financial statements				
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares	The Company	All companies included in the financial statements	
Director	Li, Su-Pai	-	-	-	-	363	363	32	32	395 1.52%	395 1.52%	961	1,586	-	-	-	-	-	-	1,356 5.21%	2,098 8.06%	NA
	Huisheng Investment Co., Ltd. Representative: Lu, Teng-Hsi	-	-	-	-	125	125	-	-	125 0.48%	125 0.48%	-	-	-	-	-	-	-	-	125 0.48%	125 0.48%	NA
	ChiaChuan Investment Co., Ltd. Representative: Wu, Chia-Chuan	-	-	-	-	136	136	-	-	136 0.52%	136 0.52%	-	-	-	-	-	-	-	-	136 0.52%	136 0.52%	NA
	Yuyi Investment Co., Ltd. Representative: Chang, Hsiu-Hsiang	-	-	-	-	136	136	10	10	146 0.56%	146 0.56%	-	-	-	-	-	-	-	-	146 0.56%	146 0.56%	NA
	Mingqi Investment Co., Ltd. Representative: Wu, Mao-Yuan	-	-	-	-	128	128	-	-	128 0.49%	128 0.49%	-	-	-	-	-	-	-	-	128 0.49%	128 0.49%	NA
	Chiou, Yu-Wen	-	-	-	-	133	133	-	-	133 0.51%	133 0.51%	-	-	-	-	-	-	-	-	133 0.51%	133 0.51%	NA
Independent Director	Wang, Yu-Sheng	660	660	-	-	45	45	12	12	717 2.75%	717 2.75%	-	-	-	-	-	-	-	-	717 2.75%	717 2.75%	NA
	Pang, I-Mao	660	660	-	-	45	45	10	10	715 2.75%	715 2.75%	-	-	-	-	-	-	-	-	715 2.75%	715 2.75%	NA
	Chiang, Tsai-Lin	660	660	-	-	45	45	10	10	715 2.75%	715 2.75%	-	-	-	-	-	-	-	-	715 2.75%	715 2.75%	NA

1. Please explain the policy, system, standards, and structure by which independent directors' remuneration is paid, and association between the amount paid and independent directors' responsibilities, the risks borne, and time committed: Authorized by the Articles of Incorporation, the board of directors determines the remuneration to directors based on their degree of involvement in the Company's operation and contribution as well as the industry standard. When the Company records a profit, the board of directors resolves the remuneration amount pursuant to the provisions of the Articles of Incorporation. If an independent director is a member of the Company's functional committee, in addition to the director's remuneration, an additional reasonable compensation will be set by taking his or her responsibility, risk borne and time committed into consideration.
2. Apart from information disclosed in the table above, the compensation received by the directors for services rendered to all companies included in the financial statements, such as serving as a non-employee consultant: NT$0.

Note: The directors' remuneration has been passed in the Company's board of directors' meeting on March 20, 2023, and it is to be reported to the shareholders' meeting.

Remuneration brackets table

Range of remuneration paid to the Company's directors	Name of director			
	Sum of first 4 items (A+B+C+D)		Sum of first 7 items (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements H	The Company	All companies included in the financial statements I
Less than NT$1,000,000	Li, Su-Pai ,Huisheng Investment Co., Ltd.Representative:Lu, Teng-His; ChiaChuan Investment Co., Ltd. representative: Wu, Chia-Chuan; Yuyi Investment Co., Ltd. representative: Chang, Hsiu-Hsiang; Mingqi Investment Co., Ltd. representative: Wu, Mao-Yuan; Chiou, Yu-Wen,Wang, Yu-Sheng; Pang, l-Mao; Chiang, Tsai-Lin	Li, Su-Pai ,Huisheng Investment Co., Ltd.Representative:Lu, Teng-His; ChiaChuan Investment Co., Ltd. representative: Wu, Chia-Chuan; Yuyi Investment Co., Ltd. representative: Chang, Hsiu-Hsiang; Mingqi Investment Co., Ltd. representative: Wu, Mao-Yuan; Chiou, Yu-Wen,Wang, Yu-Sheng; Pang, l-Mao; Chiang, Tsai-Lin	Huisheng Investment Co., Ltd.Representative:Lu, Teng-His; ChiaChuan Investment Co., Ltd. representative: Wu, Chia-Chuan; Yuyi Investment Co., Ltd. representative: Chang, Hsiu-Hsiang; Mingqi Investment Co., Ltd. representative: Wu, Mao-Yuan; Chiou, Yu-Wen,Wang, Yu-Sheng; Pang, l-Mao; Chiang, Tsai-Lin	Huisheng Investment Co., Ltd.Representative:Lu, Teng-His; ChiaChuan Investment Co., Ltd. representative: Wu, Chia-Chuan; Yuyi Investment Co., Ltd. representative: Chang, Hsiu-Hsiang; Mingqi Investment Co., Ltd. representative: Wu, Mao-Yuan; Chiou, Yu-Wen,Wang, Yu-Sheng; Pang, l-Mao; Chiang, Tsai-Lin
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	-	-	Li, Su-Pai	-
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)	-	-	-	Li, Su-Pai
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)	-	-	-	-
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)	-	-	-	-
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)	-	-	-	-
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)	-	-	-	-
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)	-	-	-	-
NT$50,000,000 (inclusive) ~	-	-	-	-

NT$100,000,000 (exclusive)				
More than NT$100,000,000	-	-	-	-
Total	8	9	9	9

(II) Remuneration to the General Manager and Deputy General Manager

Unit: NT$ thousand; thousand shares

Title	Name	Salary (A)		Pension (B)		Bonus, special allowance and etc. (E)		Employee's compensation (D) (Note)				Sum of A, B, C and D and that as a percentage of net income after tax (%)		Remuneration paid by investees other than the subsidiaries or by the parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
General Manager	Wang, Hsin-Wei	2,780	4,339	-	-	480	480	834	-	834	-	4,095 15.72%	5,654 21.71%	NA
Deputy General Manager	Sung, Cheng-Hsi													

Note: The directors' remuneration has been passed in the Company's board of directors' meeting on March 20, 2023, and it is to be reported to the shareholders' meeting.

Remuneration brackets table

Range of remuneration paid to the Company's general manager and deputy general manager	Name of general manager and deputy general manager	
	The Company	All companies included in the financial statements
Less than NT$1,000,000	-	-
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	Sung, Cheng-Hsi	-
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)	Wang, Hsin-Wei	Wang, Hsin-Wei; Sung, Cheng-Hsi
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)	-	-
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)	-	-
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)	-	-
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)	-	-
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)	-	-
More than NT$100,000,000	-	-
Total	2	2

(III) Names of managers entitled to employees' compensation and amount entitled

Unit: NT$ thousand

<table>
<tr><th>Title</th><th>Name</th><th>Amount paid in shares</th><th>Amount paid in cash</th><th>Total</th><th>Total amount as a percentage of net income after tax (%)</th></tr>
<tr><td>General Manager</td><td>Wang, Hsin-Wei</td><td rowspan="7">-</td><td rowspan="7">1,613</td><td rowspan="7">1,613</td><td rowspan="7">6.19%</td></tr>
<tr><td>Deputy General Manager</td><td>Sung, Cheng-Hsi</td></tr>
<tr><td>Finance Manager</td><td>Lu, Chih-Hui</td></tr>
<tr><td>Accounting Manager</td><td>Lee, Yu-Hsuan</td></tr>
<tr><td>Internal Audit Officer</td><td>Chung, Lin</td></tr>
<tr><td>Special Assistant to Chairman</td><td>Lee, Ming-Cheng</td></tr>
<tr><td>Corporate Governance Officer</td><td>Chung, Yu-Hsuan</td></tr>
</table>

Note 1: Individual names and titles shall be disclosed, but distribution amounts may be disclosed in total.

Note 2: State the amounts of employees' compensation for managers resolved by the board of directors for the most recent fiscal year, including shares and cash. If such amounts are unable to be estimated, an amount for current year calculated using the actual distribution ratio of the past year shall be provided. Net income after tax is the net income after tax for the most recent fiscal year; If the International Financial Reporting Standards (IFRSs) have been applied, the net income after tax is the net income after tax stated in the parent company only financial statements or individual financial statements for the most recent fiscal year.

(IV) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial statements or individual financial statements, as paid by the Company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, general managers, and deputy general managers, and analyze and describe remuneration policies, standards and packages, and the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

1. Analysis of the total remuneration, as a percentage of net income after tax stated in the parent company only financial statements or individual financial statements during the past 2 fiscal years to directors, general managers, and deputy general managers

Unit: NT$ thousand

	2022		2021	
	The Company	Consolidated financial statements	The Company	Consolidated financial statements
Total remuneration to directors	4,171	4,914	11,354	11,979
Total remuneration to directors as a percentage of net income	16.02%	18.87%	6.04%	6.37%

after tax (%)				
Total remuneration to general manager and deputy manager	4,095	5,654	9,786	11,098
Total remuneration to general manager and deputy manager as a percentage of net income after tax (%)	15.72%	21.71%	5.20%	5.90%

2. Policies, standards and packages, and the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.
   (1) Payment policy, criteria, and combination
   1) The remuneration of the Company's directors shall be determined by the board meeting in accordance with Article 19 of the Company's Articles of Association, based on the degree of participation and contribution value of individual directors in the performance of their duties; in addition, if the Company makes a profit in the current year, no more than 5% shall be allocated as the directors' remuneration in accordance with Article 28 of the Company's Articles of Association. The Company periodically evaluates the remuneration to directors. Related performance evaluations and legitimacy of compensation and remuneration have all been reviewed by the Compensation and Remuneration Committee and the Board of Directors.
   2) For the remuneration to managers, the Company defines respective allowances and prizes available at work in compliance with the Compensation Regulations in order to thank and reward employees for their devotion to work. Related prizes are approved also depending on the annual operational performance, financial standing, operational status of the Company and the performance at work of individuals. In addition, in cases of earnings for the year, 5–10% will be set aside as the remuneration to employees as required by the Article 28 of the Articles of Incorporation. The Company refers to performance evaluation results while deciding the prizes to be given out to managers. The manager performance evaluation consists of I. Financial Indicators: the contribution of each business group/department to the Company's profit according to the Company's income statements, in addition to the fulfillment of goals by the managers; and II. Non-financial indicators: implementation of the Company's core values and operational/managerial capabilities as well as involvement in sustainable operation. Based on the two major parts, the operational performance remuneration is calculated and the remuneration system is adequately reflected upon according to the actual operational status and related laws and regulations.
   (2) Procedure for deciding the remuneration
   1) Related performance evaluations and the compensation and remuneration legitimacy of directors and managers of the Company have been periodically evaluated and approved by the Compensation and Remuneration Committee and the Board of Directors each year. Besides personal performance fulfillment rate and contribution to the Company, the overall operational performance of the Company, the future risks of the industry, and the developmental trends are referred to and the remuneration system is adequately reflected upon according to the actual operational status and applicable laws and regulations from time to time, taking into consideration current corporate governance trends as a whole as well, in order to give reasonable compensation and to seek a balance between sustainable operation and risk control of the Company. The actual amount

released to be the remuneration to directors and managers for 2022 is reviewed by the Compensation and Remuneration Committee and brought forth to the Board of Directors to be finalized.

(3) Correlation with operational performance and future risks

1) The payment criteria and the system relevant to the Company's remuneration policy are reflected upon primarily taking into consideration the overall operational outlook of the Company and the payment criteria are approved reflective of the performance fulfillment rate and contribution in order to enhance the efficacy of the Board of Directors and the managing department as a whole. In addition, with reference to the compensation and remuneration criteria in the industry, it is ensured that the compensation and remuneration to the management of the Company are competitive so that outstanding management talent may be retained.

2) All the Company's manager performance goals are combined with risk control in order to ensure that possible risks within the scope of responsibility can be managed and prevented against and respective human resources and related compensation and remuneration policies are combined according to the ratings given on the basis of actual performance. Important decisions are made by the management of the Company after respective risk factors are weighed. The related decision-making performance is reflected in the Company's profitability. The compensation and remuneration of the management has to do with the performance in risk control.

IV. Implementation status of corporate governance:

(I) Operations of the board of directors

There were 8 board meetings held during 2022 [A], and the attendance of directors is as follows:

Title	Name	Actual attendance [B]	Attendance by proxy	Actual attendance rate (%) [B/A]	Remark
Chairman	Li, Su-Pai	8	0	100.00	Re-elected on 2020.6.30
Director	HuiSheng Investment Co., Ltd. Representative: Lu, Teng-Hsi	4	0	100.00	By-elected on 2022.6.22
Director	ChiaChuan Investment Co., Ltd. Representative: Wu, Chia-Chuan	8	0	100.00	Re-elected on 2020.6.30
Director	Yuyi Investment Co., Ltd. Representative: Chang, Hsiu-Hsiang	8	0	100.00	Re-elected on 2020.6.30
Director	Mingqi Investment Co., Ltd. Representative: Wu, Mao-Yuan	5	1	62.50	Re-elected on 2020.6.30
Director	Chiou, Yu-Wen	7	1	87.50	Newly elected on 2020.6.30
Independent Director	Wang, Yu-Sheng	8	0	100.00	Re-elected on 2020.6.30
Independent Director	Pang, I-Mao	8	0	100.00	Newly elected on 2020.6.30
Independent Director	Chiang, Tsai-Lin	8	0	100.00	Newly elected on 2020.6.30

Other matters required for disclosure:

1. For a board of directors' meeting that meets any of the following conditions, state the date, session, subject matter, all independent directors' opinions and how the Company responded to such opinions:
   (1) Matters provided in Article 14-3 of the Securities and Exchange Act: The Company has established the Audit Committee, so Article 14-3 of the Securities and Exchange Act does not apply. Please refer to the Operations of Audit Committee section for the explanation regarding matters provided in Article 14-5 of the Securities and Exchange Act.
   (2) In addition to matters above, any other documented objections or reservations raised by independent directors against board resolution in relation to matters other than those described above: None.
2. Regarding the situation of directors' conflict of interest recusal, the name of the director with a potential conflict of interest, subject matter, reason for conflict of interest recusal and his or her participation in vote: In a subject matter involving directors' remuneration of the board meeting, a director recuses himself or herself in the discussion or vote regarding his or her performance and compensation, and the rest directors discuss and

vote for the said matter.

3. A listed company shall disclose the status of evaluation on the board of directors' self-performance evaluation (or peer evaluation), including the evaluation frequency and period, scope of evaluation, method and contents of evaluation, and the implementation status is as follows:

Evaluation frequency	Evaluation period	Evaluation scope	Evaluation method	Evaluation contents
Once a year	2022/01/01 ~ 2022/12/31	Performance evaluation of the board of directors and individual board members	Self performance evaluation of the board of directors and individual board members	I. Criteria for self performance evaluation of the board of directors consist of the following aspects: 1. Participation in the operation of the Company 2. Improvement of the quality of the board of directors' decision making 3. Composition and structure of the board of directors 4. Election and continuing education of the directors 5. Internal control II. Criteria for self performance evaluation of individual board members include the following aspects: 1. Alignment of the goals and missions of the Company 2. Awareness of the duties of a director 3. Participation in the operation of the Company 4. Management of internal relationship and communication 5. The director's professionalism and continuing education 6. Internal control

4. Evaluation of targets for strengthening of the functions of the board during the current and immediately preceding fiscal years:
   (1) Strengthening the functions of the board of directors: The Company records on audio and video tape the entire proceedings of a board of directors meeting, prepares meeting minutes and implements board resolutions to utilize the functions of the board.
   (2) Enhancing directors' professional knowledge: The Company encourages continuing education for directors and arranges instructors to give directors lectures in the Company.
   (3) Establishing the Remuneration Committee: the Company has established the Remuneration Committee, which evaluates the reasonableness of policy, system and structure of directors' and managers' remuneration and submits to the board of directors' meeting for review.
   (4) Establishing the Audit Committee: It is responsible for oversight of the fairness of the Company's financial statements, appointment and dismissal of the external auditors and independence and performance thereof, effective implementation of the Company's internal control, compliance with related laws and regulations and control of existing or potential risks of the Company.

(5) Enhancing information transparency: The Company adopts the spokesman system, discloses information that may affects shareholders and stakeholders in a timely manner and updates such information on the Company's website and Market Observation Post System (MOPS).

(6) The Company plans to prepare the English versions of shareholders' meeting handbook and supplementary materials, annual report, annual financial statements and material information to revamp its information disclosure quality and strengthen investor relations.

(II) Operations of Audit Committee

There were 7 Audit Committee meetings held during 2022 [A], and the attendance of committee members is as follows:

Title	Name	Actual attendance [B]	Actual attendance rate (%) [B/A]	Remark
Independent Director	Wang, Yu-Sheng	7	100.00	The Audit Committee was established to replace supervisors on 2020.6.30
Independent Director	Pang, l-Mao	7	100.00	
Independent Director	Chiang, Tsai-Lin	7	100.00	

Other matters required for disclosure:

1. For an Audit Committee's meeting that meet any of the following conditions, state the date, session, subject matter, Audit Committee's resolution and how the Company responded to such opinions.

   (1) Matters under Article 14-5 of the Securities and Exchange Act.

Date and session of the Audit Committee's meeting	Subject matter	Resolution and opinion of the Audit Committee	The Company's response to Audit Committee's opinions
2022.01.06 8th meeting of the first term	Loan transfer of Dongguan Guanjie Metal Surface Treatment Co., Ltd., an investee ,of which, Superior Industries (Shen Zhen) Co., Ltd.. holds 10% of the voting shares and recognized as an investment accounted for using equity method	Passed as proposed without objection after the Chairman consulted with all committee members present	No other opinion raised by the Audit Committee
2022.01.24 9th meeting of the first term	Lease agreement between the subsidiary, Top-Team Technology and Guanjie Metal Surface Treatment Co., Ltd. for the factory area on the 2nd floor of Building A.	Passed as proposed without objection after the Chairman consulted with all committee members present	No other opinion raised by the Audit Committee
2022.03.21 10th meeting of the first term	2021 Business Report	Passed as proposed without objection after the Chairman consulted with all committee members present	No other opinion raised by the Audit Committee
	Financial Statements for 2021	Passed as proposed without objection after the Chairman consulted with all committee members present	No other opinion raised by the Audit Committee
	2021 Earnings Distribution Plan	Passed as proposed without	No other opinion raised by the

		objection after the Chairman consulted with all committee members present	Audit Committee
	2021 "Statement of Internal Control System"	Passed as proposed without objection after the Chairman consulted with all committee members present	No other opinion raised by the Audit Committee
	Amendments to the Company's "Regulations for the Acquisition and Disposal of Assets"	Passed as proposed without objection after the Chairman consulted with all committee members present	No other opinion raised by the Audit Committee
	Amendments to the Company's "Corporate Governance Principles"	Passed as proposed without objection after the Chairman consulted with all committee members present	No other opinion raised by the Audit Committee
	Change of Finance Manager	Passed as proposed without objection after the Chairman consulted with all committee members present	No other opinion raised by the Audit Committee
2022.05.12 11th meeting of the first term	Financial Statements for 2022Q1	Passed as proposed without objection after the Chairman consulted with all committee members present	No other opinion raised by the Audit Committee
	Regular evaluation of independence of the Company's external auditors	Passed as proposed without objection after the Chairman consulted with all committee members present	No other opinion raised by the Audit Committee
	Amendments to the Company's "Articles of Incorporation"	Passed as proposed without objection after the Chairman consulted with all committee members present	No other opinion raised by the Audit Committee
	Amendments to the Company's		

	“ Rules of Procedure for Shareholders Meetings”		
	Extension of loan facility between the Company and its subsidiaries	Passed as proposed without objection after the Chairman consulted with all committee members present	No other opinion raised by the Audit Committee
2022.06.22 12th meeting of the first term	Proposal of the record date for the Company’s 2021 cash dividend distribution.	Passed as proposed without objection after the Chairman consulted with all committee members present	No other opinion raised by the Audit Committee
2022.08.08 13th meeting of the first term	Financial Statements for 2022Q2	Passed as proposed without objection after the Chairman consulted with all committee members present	No other opinion raised by the Audit Committee
	Purchase of directors liability insurance for the year 2022	Passed as proposed without objection after the Chairman consulted with all committee members present	No other opinion raised by the Audit Committee
	Amendments to the “Articles of Incorporation”	Passed as proposed without objection after the Chairman consulted with all committee members present	No other opinion raised by the Audit Committee
	Extension of loan facility between the Company and its subsidiaries	Passed as proposed without objection after the Chairman consulted with all committee members present	No other opinion raised by the Audit Committee
2022.11.07 14th meeting of the first term	Financial Statements for 2022Q3	Passed as proposed without objection after the Chairman consulted with all committee members present	No other opinion raised by the Audit Committee
	Business Report for the first half of 2022	Passed as proposed without objection after the Chairman	No other opinion raised by the Audit Committee

		consulted with all committee members present	
	Earnings distribution for the first half of 2022 and relevant ex-dividend dates	Passed as proposed without objection after the Chairman consulted with all committee members present	No other opinion raised by the Audit Committee
	The Company’s 2023 annual audit plan	Passed as proposed without objection after the Chairman consulted with all committee members present	No other opinion raised by the Audit Committee
	The Company’s 2023 budget	Passed as proposed without objection after the Chairman consulted with all committee members present	No other opinion raised by the Audit Committee
	CPA fees for the year 2023	Passed as proposed without objection after the Chairman consulted with all committee members present	No other opinion raised by the Audit Committee
	Amendments to the “Procedures for Handling Material Inside Information”	Passed as proposed without objection after the Chairman consulted with all committee members present	No other opinion raised by the Audit Committee
	Acquisition of right-of-use assets from a related party.	Passed as proposed without objection after the Chairman consulted with all committee members present	No other opinion raised by the Audit Committee
	Matters with regard to the guarantee of the subsidiary, Superior Industries (Shen Zhen) Co., Ltd., for the construction loan facility made to Dongguan Guanjie Metal Surface Treatment Co., Ltd. with the amount limited to its 10% equity interest.	Passed as proposed without objection after the Chairman consulted with all committee members present	No other opinion raised by the Audit Committee

(2) In addition to matters above, any matter that has not been passed by the Audit Committee, but has been adopted with the approval of two-thirds or more of all directors: None.

2. Regarding conflict-of-interest recusal by an independent director, the name of the independent director, subject matter, reason for recusal and his or her participation in the vote.
3. Communication between independent directors and internal audit officer and CPAs (which shall include material matters, method and result of the communication on the Company's financial and business conditions).

(1) The Company's independent directors meet with CPAs regularly, and CPAs report the financial performance of the Company, financial and overall operations of its domestics and overseas subsidiaries, and result of internal control audit to the independent directors and thoroughly communicate about governance. In case of any material irregularity, a meeting may be held at any time.

(2) The Company has established the Audit Committee, which is composed of the three independent directors. The internal audit officer is invited to participate in each of the Audit Committee's meetings and report the implementation status regarding internal audit and internal control at least once a quarter. In case of any material irregularity, a meeting may be held at any time.

Matters communicated between the independent directors and internal audit officer and CPAs are provided in the table below:

Date	Attendee	Matters discussed	Discussion result
2022/3/21	Independent Director Wang, Yu-Sheng Independent Director Pang, l-Mao Independent Director Chiang, Tsai-Lin Internal Audit Officer Chung, Lin CPA Liang, Tanti	Internal Audit Report for October~December, 2021 and January, 2022 2021 Business Report Financial Statements for 2021 2021 Earnings Distribution Plan 2021 "Statement of Internal Control System" Amendments to the Company's "Regulations for the Acquisition and Disposal of Assets" Amendments to the Company's "Corporate Governance Principles" Change of Finance Manager	Passed as proposed without objection
2022/5/12	Independent Director Wang, Yu-Sheng Independent Director Pang, l-Mao Independent Director Chiang, Tsai-Lin Internal Audit Officer Chung, Lin CPA Liang, Tanti	Internal Audit Report for February~March, 2022 Financial Statements for 2022Q1 Regular evaluation of independence of the Company's external auditors Amendments to the Company's "Articles of Incorporation" Amendments to the Company's " Rules of Procedure for Shareholders Meetings" Extension of loan facility between the Company and its subsidiaries	Passed as proposed without objection
2022/8/8	Independent Director Wang, Yu-Sheng Independent Director Pang, l-Mao	Internal Audit Report for April-June, 2022 Financial Statements for 2022Q2 Purchase of directors liability insurance for the year 2022 Amendments to the "Articles of Incorporation"	Passed as proposed without objection

	Independent Director Chiang, Tsai-Lin Internal Audit Officer Chung, Lin CPA Liang, Tanti	Extension of loan facility between the Company and its subsidiaries	
2022/11/7	Independent Director Wang, Yu-Sheng Independent Director Pang, l-Mao Independent Director Chiang, Tsai-Lin Internal Audit Officer Chung, Lin CPA Liang, Tanti	Internal Audit Report for July-September, 2022 Financial Statements for 2022Q3 Business Report for the first half of 2022 Earnings distribution for the first half of 2022 and relevant ex-dividend dates The Company's 2023 annual audit plan The Company's 2023 budget CPA fees for the year 2023 Amendments to the "Procedures for Handling Material Inside Information" Acquisition of right-of-use assets from a related party. Matters with regard to the guarantee of the subsidiary, Superior Industries (Shen Zhen) Co., Ltd., for the construction loan facility made to Dongguan Guanjie Metal Surface Treatment Co., Ltd. with the amount limited to its 10% equity interest.	Passed as proposed without objection

(III) Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/ TPEx Listed Companies and the reasons
	Yes	No.	Brief description	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has established and disclosed its "Corporate Governance Principles" on its website and the MOPS.	No deviation
2. Shareholding Structure and Shareholders' Rights (1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters? If yes, have these procedures been implemented accordingly?	✓		(1) The Company has assigned the spokesman, deputy spokesman and stock affairs personnel to handle shareholders' suggestions or disputes.	(1) No deviation
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	✓		(2) The Company has the stock affairs personnel and has also appointed the stock affairs agent "Stock Agent Department, KGI Securities Co., Ltd." to assist in the regular disclose of material matters such as pledges, increase or decrease in shareholding made by shareholders who hold more than 10% of the Company's shares and directors, or other matters that may cause any change to the equity so as to grasp information on the major shareholders and the parties with ultimate control of the major shareholders.	(2) No deviation
(3) Has the Company built and implemented a risk management system and	✓		(3) The Company has adopted the "Regulations Governing Related Party Transactions" and "Regulations for the Supervision of Subsidiaries", which explicitly regulate the transactions with related parties, to build a complete firewall and attain the risk control mechanism.	(3) No deviation

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/ TPEx Listed Companies and the reasons
	Yes	No.	Brief description	
a firewall between the Company and its affiliates? (4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	✓		(4) The Company has adopted the "Rules of Procedure for Preventing Insider Trading" to prohibit any securities transaction by insiders using the undisclosed information.	(4) No deviation
3. Composition and responsibilities of the board of directors (1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	✓		(1) 1. The adoption of the Company's "Corporate Governance Principles" was passed in the 17th meeting of the third board of directors held on March 27, 2017, and Article 20 of the Principles stipulates the policy for diversity and that all members of the board shall have the knowledge, skills, and experience necessary to perform their duties. The Company's board of directors is composed of 9 directors, and all directors possess professional expertise in commerce, accounting and etc. Combining their experience from various backgrounds, the board is equipped with the abilities to make operational judgments, perform accounting and financial analysis, conduct management administration, conduct crisis management, lead, and knowledge of the industry, and make policy decisions with their knowledge of the industry from an international market perspective to attain diversity and complementarity. The Company adopts a candidate nomination system for the nomination and selection of the board members in accordance with the provision of the Articles of Incorporation. In addition to the qualification in education and experience, stakeholders' opinions are also taken into account while complying with the "Procedures for Election of Directors" and "Corporate Governance Principles" to ensure the diversity and independence of board members. 2. There are totally 9 seats in the Company's current board of directors, and, among those seats, 3 are independent directors, who account for 33.3% of the total seats. There are two female directors, who account for 22.2% of all board members while the 6 male members account for 77.8% of all board members. 3. These directors possess expertise in various fields which may, to a certain degree, benefit the Company's development and operation. The composition of the board of directors and diversity policy are disclosed on the Company's website and annual report.	(1) No deviation
(2) Has the Company voluntarily established other functional committees in addition to	✓		(2) The Company has established the Remuneration Committee and Audit Committee lawfully, and the remaining corporate governance operations are handled by the relevant divisions. It will establish other functional committees in accordance with laws and regulations in the future.	(2) No deviation

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/ TPEx Listed Companies and the reasons
	Yes	No.	Brief description	
the remuneration committee and the audit committee?				
(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?	✓		(3) The Company has adopted the "Rules for Performance Evaluation of Board of Directors" and set the performance goals. The regular annual performance evaluation on the board of directors, individual directors, Remuneration Committee and Audit Committee are conducted through self-evaluations and peer reviews to strength the efficiency of the board and functional committees. The evaluation result is subsequently reported to the board of directors. The criteria of board performance evaluation of the Company include 5 aspects as follows: (1) Participation in the operation of the Company. (2) Improvement of the quality of the board of directors' decision making. (3) Composition and structure of the board of directors. (4) Election and continuing education of the directors. (5) Internal control. The criteria of performance evaluation for individual board members cover the following: (1) Understanding of the Company and awareness of the duties. (2) Participation in the operation of the Company. (3) The director's professionalism and continuing education. (4) Internal control. The criteria of performance evaluation for the Remuneration Committee cover the following: (1) Participation in the operation of the Company. (2) Awareness of the duties of the Remuneration Committee (3) Improvement of quality of decisions made by the Remuneration Committee. (4) Makeup of the Remuneration Committee and election of its members. The criteria of performance evaluation for the Audit Committee cover the following: (1) Participation in the operation of the Company. (2) Awareness of the duties of the Audit Committee (3) Improvement of quality of decisions made by the Audit Committee. (4) Makeup of the Audit Committee and election of its members. (5) Internal control. In order to implement the compliance with the Corporate Governance Best Practice Principles, the performance evaluation result of the board of directors for the year 2022 has been reported to the board meeting on March 20, 2023, and filed before the end of the first quarter of 2023. The result is also used as reference in determining salary/compensation for individual directors and their nomination and additional office terms in accordance with the	(3) No deviation

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Corporate Governance Best Practice Principles for TWSE/ TPEx Listed Companies and the reasons</th></tr>
<tr><th>Yes</th><th>No.</th><th>Brief description</th></tr>
<tr><td></td><td></td><td></td><td>rules and methodology for evaluating the performance of its board of directors.
The suggestions to the board of directors and functional committees, and the actions for improvement are as follows:
Board of Directors:
(1) Continue to improve the attendance rate of directors in shareholders’ meetings in order to know minor shareholders’ feedback for the Company.
(2) Increase the number of the Board of Directors’ meetings where CPAs are seated in order for them to provide professional advice.
(3) Plan the dates of meetings and expected items to be discussed for the whole year at the start of the year in order for directors to make arrangements and get ready early and to more effectively rely on the directors coming up with advice specific to the field in which they specialize.
Functional Committees:
(1) It is advised that the members can evaluate the independence of CPAs with reference to the Audit Quality Indicators (AQIs) in the future.</td><td></td></tr>
<tr><td>(4) Does the Company regularly evaluate its external auditors’ independence?</td><td>✓</td><td></td><td>(4) The Company evaluates the competency and independence of its external auditors once a year by itself, and the result was reported to and passed by the board of directors’ meeting on May 9, 2023. Based on the assessment of the Company, CPA Liang, Tanti and CPA Yu, Robert of Deloitte meet the requirements for competency and independence of the Company (Note 1 and 2) and are qualified to serve as the external auditors of the Company. The statement issued by the accounting firm was also provided.
Note 1: With reference to the standards for evaluating independence of an CPA under Article 47 of the Certified Public Accountant Act and No. 10 of “The Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China”
<table>
<tr><th>No.</th><th>Evaluation item</th><th>Evaluation result</th><th>Independent or not</th></tr>
<tr><td>1</td><td>As of the latest engagement, the Company does not engage the same CPA without replacement for 7 years consecutively.</td><td>Yes</td><td>Yes</td></tr>
<tr><td>2</td><td>The CPA does not have material financial stake in the Company.</td><td>Yes</td><td>Yes</td></tr>
<tr><td>3</td><td>The CPA does not have any improper relation with the Company.</td><td>Yes</td><td>Yes</td></tr>
<tr><td>4</td><td>The CPA shall enforce the ethics, fairness and independence of its assistants.</td><td>Yes</td><td>Yes</td></tr>
<tr><td>5</td><td>The CPA shall not engage in the audit of financial statements of institution in which the CPA held a position two years before his or her practice.</td><td>Yes</td><td>Yes</td></tr>
</table></td><td>(4) No deviation</td></tr>
</table>

Evaluation item	Implementation status: Yes	Implementation status: No.	Implementation status: Brief description	Deviations from the Corporate Governance Best Practice Principles for TWSE/ TPEx Listed Companies and the reasons
			(see nested tables below)	

6	There are no others who practice under the name of the CPA.	Yes	Yes
7	The CPA does not hold any equity interest of the Company or any of its affiliates.	Yes	Yes
8	The CPA does not lend to or borrow from the Company or any of its affiliates.	Yes	Yes
9	The CPA does not have any joint investment or profit sharing with the Company or any of its affiliates.	Yes	Yes
10	The CPA does not concurrently hold a routine position in the Company or any of its affiliates and receive fixed compensation.	Yes	Yes
11	The CPA is not involved in any management position that makes decision for the Company or any of its affiliates.	Yes	Yes
12	The CPA does not concurrently engage in other businesses that may impair his or her independence.	Yes	Yes
13	The CPA is not a spouse or a relative within second degree of kinship of the Company's management personnel.	Yes	Yes
14	The CPA does not charge any commission in connection with the engagement.	Yes	Yes
15	As of now, there is no disciplinary action or event that may impair the CPA's independence.	Yes	Yes

Note 2: The criteria for evaluating competency and independence of a CPA were formulated with reference to the Audit Quality Indicators (AQIs)

Aspect	Evaluation item	Evaluation result
Professionalism	Experience in audit/ training hours/ turnover rate/ professional support	Overall evaluation result is better than peers
Quality control	CPA load/ involvement in the audit/ status of engagement quality control review (EQCR)/ ability for quality control support	Overall evaluation result is better than peers
Independence	Non-audit services/ familiarity with clients	Yes
Supervision	Flaws and corrective actions as a result of external inspections/ improvements required by the competent authority	CPA's performance is above the average

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/ TPEx Listed Companies and the reasons
	Yes	No.	Brief description	
			Innovation | Innovative plans or initiatives | Yes	
4. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer who is responsible for corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	✓		The Company has appointed the Corporate Governance Officer by a resolution of the board of directors' meeting on January 19, 2023 to protect shareholders' rights and strengthen the competency of the board of directors. The Corporate Governance Officer's major responsibilities are providing information necessary for directors and Audit Committee members to perform their duties, aiding directors and Audit Committee members in complying with laws and regulations, and organizing board meetings and annual general meetings of shareholders as required by law. The preceding corporate governance affairs shall at least cover the followings: (1) Handling matters relating to board meetings and shareholders meetings according to laws and aiding the Company in compliance with relevant laws and regulations regarding board meetings and shareholders meetings. (2) Producing minutes of board meetings and shareholders meetings. (3) Furnishing information required for business execution by directors and the latest laws and regulations update to assist directors with legal compliance. (4) Aiding in onboarding and continuous development of directors. (5) Matters relevant to shareholders. (6) Other matters set out in the Articles of Incorporation or contracts	No deviation
5. Has the Company established channels for communication with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its Company website? Does	✓		(1) The Company cares about its stakeholders, including employees, clients, investors and suppliers who are related to the Company's interest, and maintains good communication channels. It respects and maintains the stakeholders' legal rights and interests and hence provides the hotline for customer complaints at +886-2-2792-6918. (2) Stakeholders can access the Company's information on the MOPS or in the stakeholders section of the corporate governance information column under the investors section on the Company's website. (3) The Company has the spokesman and deputy spokesman who are responsible for public communication, and establishes the mailbox for stakeholders and the e-mail for whistleblowers at ir@superior-sz.com in order to provide the more accessible communication channels.	No deviation

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/ TPEx Listed Companies and the reasons
	Yes	No.	Brief description	
the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?				
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	✓		The Company has appointed Stock Agent Department of KGI Securities Co., Ltd. to handle matters related to its shareholders meetings.	No deviation
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	✓		(1) Information regarding the Company's financials, business, and corporate governance status is disclosed in detail in the "investor relation" section of its website, and there are dedicated personnel responsible for the update of information.	(1) No deviation
(2) Does the Company use other information disclosure channels (e.g., maintaining an English version of its website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investor's conference etc.)?	✓		(2) The Company has set up both Chinese and English versions of its website. It has also designated staff to handle information collection and disclosure, appointed spokespersons, and webcasted investor's conference.	(2) No deviation
(3) Does the company	✓		(3) All reports are made within the time periods announced by the competent authority, and no early announcement is made.	(3) No deviation

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/ TPEx Listed Companies and the reasons
	Yes	No.	Brief description	
publish and report its annual financial statements within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?				
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchase of liability insurance for directors and	✓		(1) Employee rights and wellness: the Company always cares about employee rights, so it regularly holds the labor-management meetings for a thorough opinion exchange between labors and management to protect employees' rights; it takes care employees' wellness and set the budget for routine employee health check. In addition to the regulated checks, it also spontaneously adjusts the check items. (2) Investor relations: The Company calls shareholders' meeting annually in accordance with laws, provides opportunities for shareholders to raise questions and proposal and appoints spokesman to handle suggestions or questions raised by shareholders. Relevant information about the Company is available in the investor relations section of its website for investors, to enhance transparency of information. The Company also discloses information as required by the competent authority for the reference of investors. (3) Supplier relations: Based on the "Purchase and Payment Cycle" of the Company's internal control system and upholding the principles of integrity, the Company has built a well-managed supply chain through the comparisons of price, quality, delivery and payment terms, and it particularly stressed on the legal compliance, labor rights, environmental protection and corporate social responsibility of suppliers with the expectation of building a better living environment and good relations with its suppliers. (4) Stakeholders' rights: The Company cares about its stakeholders, including employees, clients, investors and suppliers who are related to the Company's interest, keeps good communication channels with them, to appreciate and maintain their legal rights and interests. (5) Continuing education of directors: The Company's directors and independent directors possess professional backgrounds or practical experience and have complete the relevant continuing education courses related to corporate governance and securities laws as required. The continuing education courses of the Company's directors and	No deviation

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/ TPEx Listed Companies and the reasons
	Yes	No.	Brief description	
supervisors)?			supervisors taken during their term of office are disclosed on the MOPS (http://newmops.tse.com.tw/), and their continuing education status for 2022 is explained below.	

Title	Name	Course date	Organizer	Course name	Course hours
Chairman	Li, Su-Pai	2022/01/24	Taiwan Corporate Governance Association	Corporate M&A and Exit Mechanism	3
		2022/01/24	Taiwan Corporate Governance Association	Successful M&A deal negotiation and case study	3
Corporate director representative	Lu, Teng-Hsi	2022/06/22	Accounting Research and Development Foundation	Common mistakes in the review of financial statements and practical analysis of important internal control laws and regulations	6
Corporate director representative	Wu, Chia-Chuan	2022/01/24	Taiwan Corporate Governance Association	Corporate M&A and Exit Mechanism	3
		2022/01/24	Taiwan Corporate Governance Association	Successful M&A deal negotiation and case study	3
Corporate director representative	Chang, Hsiu-Hsiang	2022/01/24	Taiwan Corporate Governance Association	Corporate M&A and Exit Mechanism	3
		2022/01/24	Taiwan Corporate Governance Association	Successful M&A deal negotiation and case study	3
Corporate director representative	Wu, Mao-Yuan	2022/01/24	Taiwan Corporate Governance Association	Corporate M&A and Exit Mechanism	3
		2022/01/24	Taiwan Corporate Governance Association	Successful M&A deal negotiation and case study	3
Director	Chiou, Yu-Wen	2022/01/24	Taiwan Corporate Governance Association	Corporate M&A and Exit Mechanism	3
		2022/01/24	Taiwan Corporate Governance Association	Successful M&A deal negotiation and case study	3
Independent Director	Wang, Yu-Sheng	2022/01/24	Taiwan Corporate Governance Association	Corporate M&A and Exit Mechanism	3
		2022/01/24	Taiwan Corporate Governance Association	Successful M&A deal negotiation and case study	3
Independent Director	Pang, I-Mao	2022/01/24	Taiwan Corporate Governance Association	Corporate M&A and Exit Mechanism	3

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/ TPEx Listed Companies and the reasons
	Yes	No.	Brief description	

		2022/01/24	Taiwan Corporate Governance Association	Successful M&A deal negotiation and case study	3	
Independent Director	Chiang, Tsai-Lin	2022/01/24	Taiwan Corporate Governance Association	Corporate M&A and Exit Mechanism	3	
		2022/01/24	Taiwan Corporate Governance Association	Successful M&A deal negotiation and case study	3	

(6) Implementation of risk management policies and risk evaluation standards: The Company upholds the principles of sound operation and focuses on its main business, so its business strategy is set based on manageable and bearable risks, and its internal audit unit regularly or irregularly conducts audits to eliminate any potential operational risk.

(7) Implementation of customer relations policies: The Company places customers at first, so it designs and produces high quality products that satisfy customers' demands for quality and quantity, regularly reviews its relations with customers, and, through good communication, retains long-term relations with its customers.

(8) Purchase of liability insurance for directors

Insured	Insurance company	Insurance coverage (US$)	Insurance period (From to)
All directors	South China Insurance Co., Ltd.	1,000,000	From: September 1, 2 To: September 1, 2

9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority of enhancement objectives and measures planned for any matters still awaiting improvement.
The Company has continuously implemented relevant matters and measures pursuant to its internal corporate governance best practice principles based on the corporate governance evaluation result.

(IV) If the Company has a Remuneration Committee in place, the composition and operation of such committee shall be disclosed

1. Information on Remuneration Committee members

Capacity	Criteria / Name	Professional qualification and experience	Independence Status	Number of companies in which concurrently serving as a remuneration committee member
Independent Director (Convener)	Wang, Yu-Sheng	Having more than 5 years of work experience in finance, accounting and fields necessary for the business of the Company and serving as an Audit Committee member of the Company. Past work experience in finance and accounting at KPMG, Taipei Exchange and Chialin Precision Industrial Co., Ltd.	1. Not an employee of the Company or any of its affiliates 2. Not a director or supervisor of the Company or any of its affiliates. (This does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.) 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. 4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons in (2) and (3). 5. Not a director, supervisor, or employee of an institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act. 6. Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the director seats or voting shares of the Company. 7. Not a director, supervisor or employee of another company or institution, of which, the chairperson, general manager, or person holding an equivalent position and a person in any of those positions of the Company are the same person or are spouses. 8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. 9. Not a professional individual who, or an owner, partner, director, supervisor, or officer	3

Capacity	Criteria / Name	Professional qualification and experience	Independence Status	Number of companies in which concurrently serving as a remuneration committee member
			of a sole proprietorship, partnership, company, or institution that, provides audit services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any of its affiliates for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; 10. Not under any of the circumstances set forth in Article 30 of the Company Act.	
Independent Director	Pang, I-Mao	Having more than 5 years of work experience in law and serving as an Audit Committee member of the Company. Served as a senior consultant of Lee and Li, Attorneys-at-Law.	Same as above	0
Independent Director	Chiang, Tsai-Lin	Having more than 5 years of work experience in finance, accounting and fields necessary for the business of the Company and serving as an Audit Committee member of the Company. Worked at KPMG, and currently serving as the CFO of Chinesegamer International Corp.	Same as above	0

2. Operations of the Remuneration Committee

(1) There are totally three members in the Company's Remuneration Committee.

(2) The term of office of current members: From June 30, 2020 to June 29, 2023. In 2022, there were 4 [A] Remuneration Committee's meetings held, and members' qualification and attendance are listed below:

Title	Name	Actual attendance [B]	Attendance by proxy	Actual attendance %) [B/A]	Remark
Convener	Wang, Yu-Sheng	4	0	100	Acted as the convener since June 30, 2020
Member	Pang, l-Mao	4	0	100	Newly elected on 2020.6.30
Member	Chiang, Tsai-Lin	4	0	100	Newly elected on 2020.6.30

The Remuneration Committee performs the following duties and reports its suggestions to the board of directors' meeting for discussion:

1. Establishing and periodically reviewing the performance assessment standards, annual and long-term performance goals, and the policies, systems, standards, and structure for the compensation of the directors and managerial officers.
2. Periodically evaluating the compensation of directors and managerial officers.

Remuneration Committee's Meetings:

Remuneration Committee members	Subject matter	Resolution
2022.03.21	Distribution of 2021 directors' remuneration. Distribution of 2021 managerial officers' and employees' compensation. Amendments to the Company's "Rules for Performance Evaluation of Board of Directors". Adjustments of independent directors' salaries and directors' transportation allowance.	Passed by all committee members.
2022.06.22	Distribution of 2021 directors' remuneration. Distribution of 2021 managerial officers' and employees' compensation.	Passed by all committee members.
2022.08.08	Reviewing the performance assessment and the policies, systems, standards, and structure for the compensation of the directors and managerial officers. Establishment of the employee stock ownership trust of Superior Plating Technology Co., Ltd.	Passed by all committee members.
2022.11.07	Reviewing the distribution of 2022 annual bonuses for managerial officers. 2023 annual plan of the Remuneration Committee.	Passed by all committee members.

Other matters required for disclosure:

1. If the board of directors does not accept, or amends, any recommendation of the Remuneration Committee, specify the board meeting date, session, content of the recommendation(s), the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the Remuneration Committee : None in 2022.
2. With respect to any matter for resolution by the Remuneration Committee, if there is any objection or reservation of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, session, subject matter, the opinions of all members, and the measures taken with respect to the members' opinion:None in 2022.

V) Implementation Status of Sustainable Development and Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons.

Evaluation item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No.	Brief description	
I. Does the Company have the governance framework in place to help promote sustainable developments and have a unit that specializes (or is involved) in promoting sustainable developments and have the Board of Directors to empower high-ranking management to take care of it and report the progress to the Board of Directors?	V		The Company currently has the Chairman's Office that reports to the Board of Directors in place to fully take charge of sustainable development-related affairs throughout the Company and to promote business operations relevant to corporate social responsibilities jointly with the President's Office, the Finance Department, the production sites in China, and the production sites in Thailand. The Secretary reports related issues to the Board of Directors.	No deviation
II. Does the Company perform risk assessments when dealing with environmental, social, and corporate governance-related issues that concern the Company's operations according to the materiality principle and define related risk management policies or strategies?	V		The disclosed information includes the performance in sustainable development of major sites between January 2022 and December 2022. Risk assessment boundaries are mainly the Company and include existing sites in Taiwan, Mainland China, and other regions throughout Asia. Corporate sustainable operation risk assessment: Due to the fact that the Company deals with surface treatment, which is an industry that, operationally, needs to take into consideration: related environmental protection policies about waste at the production site, R&D and investment involving persistent production and environmentally friendly equipment, new process development timing and time to recover the invested funds, and community and land use change, among other factors, operationally the Company sets short-term, mid-term, and long-term risk assessment and development strategies according to the four constructs, namely, financial planning, customer and product evaluation, internal organization and resources allocation planning, and operational and managerial risk and reports to the Board of Directors on a quarterly basis as needed. The report mainly covers risk identification, assessment, preparation of risk management solutions, and introduction of countermeasures reflective of the extent of impacts and the frequency of risks, including risk control through prevention, transfer, avoidance, or undertaking. Once it is approved by the Board of Directors, the existing	No deviation

Evaluation item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No.	Brief description	
			responsible units in the Company will set up subsequent information communication and supervision mechanisms to protect the Company against damages and to ensure fulfillment of goals. Environment: For environmental management-related items, the Company now has the responsible unit (Safety & Environment) at the production sites in China and Thailand that reports to the local highest-ranking person in charge directly to realize quick integration and adjustment of administrative resources as a whole. As part of the daily operation, the responsible unit also supervises and assists related departments in complying with applicable environmental protection laws and regulations by obtaining the desired operational permit and the ISO 9001 Quality Management System and ISO 14001 Environmental Management System are introduced to each of the sites to enhance environmental protection awareness at related departments. In addition, based on customers' criteria and regulations, the Company closely monitors and manufactures products compliant with RoHS requirements. In waste processing-related issues, besides reinforcing the tracking and management of water resource systems and the internal water recycling and reutilization systems throughout each production site, the Company continues to devote to processes and equipment that help reduce and separate waste metals in terms of wastewater system management. As far as the use of electricity and promotion of energy-saving and carbon reduction at production sites are concerned, besides following the local fire prevention laws and regulations each year, continuous efforts are made to spontaneously enhance the operating efficiency of equipment and promote various energy conservation plans, including elimination of equipment that has been in use for a certain number of years, installation of power inverters to equipment, and introduction of green-energy and energy-saving equipment that helps minimize electricity and heat consumption. Society – Employer–Employee Relations: The Company has the Employee Handbook and related management regulations in places required by labor laws and regulations and the Act of Gender Equality in Employment and applicable international labor laws and regulations (including the local applicable laws and regulations and international standards and human rights evaluation	

Evaluation item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No.	Brief description	
			for subsidiaries) in order to protect the rights of employees. Devote to abiding by applicable labor and employment laws and international standards by hiring employees regardless of their gender, age, religion, ethnicity, nationality, sexual orientation, other conditions that may result in discrimination and hence are protected by law, etc. The Company precisely follows a variety of employment and labor laws and regulations by not hiring child labor and illegal labor, strictly prohibiting sexual harassment, banning forced labor, and providing employees with a safe and healthy work environment. Corporate Governance: Ensure that everyone and all operations throughout the Company are in precise compliance with applicable regulatory requirements through the defined governance organization and the consolidated internal control mechanism. Plan related continuing education opportunities for directors and provide directors with the latest developments in laws and regulations, systems, and policies on a yearly basis. Have directors covered by liability insurance in order to protect them against lawsuits or claims. Create various communication channels to facilitate proactive communications and reduce opposition and misunderstandings. Set up the investor mailbox and have the spokesperson to address and take charge of responding to concerns. Information Security: In light of the quick developments of information technology around the world and the high level of dependency that Industry 4.0 change has on IT systems, the Company also enforces the following related policies against the information security risk: In terms of the organizational system and structure, the information security unit under the IT Department manages daily deployment and maintenance and the department reports directly to the President and needs to report significant events to the Board of Directors in order to ensure effective cross-departmental integration throughout the Group on issues concerning information security. As far as the software and hardware configurations are concerned, the firewall is in place and consulting contracts are entered into with third-party information security staff and the procedure is examined periodically. High-performance anti-virus software and other protective measures are introduced to prevent malicious external attacks, computer viruses, and black mails that may impact steady operations of the Company's operating	

Evaluation item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No.	Brief description	
			systems. For key information security systems, besides the configured one active and one backup cross-support of hardware equipment, access control is also imposed on internal databases and copies are backed up on a daily basis in a remote location or computer or network. Annual inspections and disaster educational training, among other strategies, are available on a daily basis, too, to ensure that key systems do not impact production.	
III. Environmental Issues (I) Has the Company developed an appropriate environmental management system reflective of the industrial characteristics?	V		(I) In terms of environment, safety, and health, the Company meets applicable regulatory requirements and policies for environmental management systems (ISO 14001) and has labor safety and health staff and related systems in place to help reinforce safety, health, and environmental management throughout premises and discloses in substantial terms environmental protection acts to stakeholders.	No deviation
(II) Is the Company devoted to improving the energy utilization efficiency and using renewable materials with minimal impacts on the environment?	V		(II) The Company continues to enforce at respective sites the electronic paperless international documentation practice and encourages prioritized use of recycled paper if it is required to use paper. The Company investigates water recycling systems each year with the engineering R&D and production units and focuses on recycling and reuse of water resource and reducing the contents of various substances in sewage and periodically reflects upon the use of resources and energy such as water and electricity and promotes energy-saving and carbon reduction projects on premises for enhanced use efficiency of resources and energy. Metals and chemical-related waste generated during the production process are all preliminarily categorized and processed in the park before qualified suppliers compliant with local governmental laws and regulations are authorized to transport them out of the park for subsequent environmentally friendly treatment.	No deviation
(III) Does the Company evaluate potential risks and opportunities now and in the future brought about by climate change for the corporation and adopt related responsive measures?	V		(III) Climate change-related conditions such as droughts, storms, or floods pose minimal risk for the Company in terms of their potential impacts on the production site. The Company, however, constantly defines related countermeasures reflective of future risks around the world, including identifying and evaluating the environmental risk with reference to the results included in the Global Risk Report of the World Economic Forum	No deviation

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No.</th><th>Brief description</th></tr>
<tr><td>(IV) Does the Company tally the total greenhouse gas emissions, water consumption, and waste generated over the past two years and have greenhouse gas reduction, water reduction, or other waste management policies in place?</td><td>V</td><td></td><td>and the Company’s operational status and further helps mankind and the environment by constantly improving the control over its internal waste-related emissions, the energy-saving performance of its machinery and equipment, water circulation and re-utilization equipment, and reducing energy consumption and carbon emissions in honor of its duties as a global citizen.
(IV)
Greenhouse gases, water, and waste: The data are from Shenzhen and Thailand sites. Scope 1 and Scope 2 data have been verified by the third-party notary, Shenzhen Carbon Internet Technology Development Company.
<table>
<tr><th></th><th>Greenhouse gas emissions (tCo2e/ NTD 100 million revenue)</th><th>Amount of water consumed: (m^3)</th><th>Amount of wastewater (m^3)</th></tr>
<tr><td>2021</td><td>7,811.85</td><td>170,021</td><td>136,017</td></tr>
<tr><td>2022</td><td>6,992.09</td><td>151,584</td><td>121,267</td></tr>
</table>
Under constant efforts made by the Company, the amount of wastewater was successfully controlled at 80% of total water in 2022. The amount of wastewater will continue to drop in 2023. The goal is 78% of total water. Carbon emissions dropped by 10.49% in 2022 and the goal is 4.97% in 2023.
Besides proactive devotion to the R&D of energy-saving technologies, the Company communicates ideas about energy-saving and carbon reduction from time to time to its employees to increase their awareness about environmental protection. The promotion and communication policies are as follows:
Plants:
1. The defined water flow charge inside each plant is created (to clearly track the amount of water consumed and in circulation at each stage from the water inlet to the plant and the ultimate amount discharged). By clearly identifying internal water flows, it enhances the amount of usable water in circulation to accordingly reduce the amount of wastewater discharged.
2. Set up the gas tracking system to track the emissions of greenhouse gases.
3. Continue with effective remodeling of equipment on the premises to improve the efficacy.
Offices:</td><td>No deviation</td></tr>
</table>

Evaluation item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No.	Brief description	
			1. In terms of paper, the Company continues to reinforce and communicate the paperless practice and introduces electronic systems for management and execution of the operating procedures. If printing is required, two-sided printing or repeated use of recycled paper shall be adopted in order to reduce the amount of paper used. 2. For electricity, light and air-conditioners are turned off when not in use. Air-conditioning equipment carrying the energy-saving and environmental protection symbol is used at the headquarters. Air-conditioner temperatures are adjusted up by 1°C and only T5 lights are used. Keeping the lights and air-conditioners off and unplugging them wherever possible is promoted in order to conserve electricity. 3. Periodically communicate with colleagues and require that they should take public transportation tools while going on business trips or visits in order to reduce the emissions of CO_2 and N_2O generated by transportation tools. 4. Purchase environmentally friendly products, reduce the use of disposable dining ware, encourage employees to take part in external sustainable development workshops and training to improve their awareness about environmental protection and their knowledge about environmental protection-related issues.	
IV. Social Issues (I) Has the Company developed related management policies and procedures in accordance with applicable laws and regulations and the International Bill of Human Rights?	V		(I) The Company has related management regulations in places required by labor laws and regulations and the Act of Gender Equality in Employment and applicable international labor laws and regulations (including the local applicable laws and regulations and international standards and human rights evaluation for subsidiaries) in order to protect the rights of employees. Substantial management policy: Strictly ban child labor and illegal labor; strictly ban sexual harassment; and prohibit forced labor in order to protect employees with a safe and healthy work environment. Require that partners within the reach and scope of the Company and the Group ban any violation of human rights in their respective operating activities so that members within their reach are treated fairly. Meanwhile, the Company's employment policy is not differential or discriminatory and applicable labor laws and regulations in the location of each operating site are being followed periodically on a quarterly basis to ensure compliance. Meanwhile, labor–management relations are coordinated and labor–management collaboration is promoted. There are already labor–management meetings	No deviation

Evaluation item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No.	Brief description	
			and the Employee Welfare Committee in place to boost harmonious labor–management relations. The Company also has all employees covered by related labor/health insurance, group insurance and creates a gender-equal workplace according to the Act of Gender Equality in Employment. Employees are entitled to menstruation leave, maternity leave (paternity leave), childcare leave with position held without pay, and family care leave, among other benefits, and equality in compensation and employment conditions, training, and promotions is fulfilled.	
(II) Does the Company define and enforce reasonable employee welfare measures (including compensation, leave, and other benefits, among others) and the operational performance or accomplishments are adequately reflected in the employees' compensation?	V		(II) The Company, since it was traded over the counter for the first time, has been following the Articles of Incorporation: "In cases of profits for the year, the Company shall set aside 5% to 10% to be the remuneration to employees." By rewarding and sharing with employees, net profits from corporate operations are combined with employee performance and reflected in employees' compensation and remuneration in order to encourage employees to better tie their own interest to the interest of the corporate team. The Company also established the Employee Stock Ownership Fund Committee. A full-time employee who has worked for a year or more can decide an amount allocated monthly for the subscription of the Company's stock, and the Company will allocate 200% of the said amount as the stock ownership incentive bonus. In addition, as far as the treasury stock policy is concerned, the Company prioritizes colleagues for preferred stock subscription opportunities so that they may share operational results further as shareholders. Other employee benefits include year-end gathering over a meal, three-festival gifts, and various wedding/funeral/celebration subsidies. All are comparable to market practices or are adjusted reflective of benefits adopted by counterparts. The focus remains on the combination of the Company's net profits and personal interest/performance. The Company is devoted to providing its employees with a respectful and safe workplace. We enforce diversified hiring and fair pay and promotion opportunities in order to ensure that employees are not discriminated against, harassed, or treated unfairly because of their ethnicity, gender, religion, age, political preference, or other conditions protected by applicable laws and regulations. Female employees accounted for 21% of all in 2022 and female officers 13%.	No deviation
(III) Has the Company provided a safe and healthy work environment for the employees, and related	V		(III) The Company completely follows the Labor Standards Act and local requirements. Newcomers are entitled to complete orientation that covers environment, safety, and	No deviation

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No.</th><th>Brief description</th></tr>
<tr><td>education on occupational safety and health for the employees at regular intervals?</td><td></td><td></td><td>health, fire prevention, safety of special equipment, safety of hazardous chemicals, and safety in a confined space, among other basic safety educational training in order to improve their basic awareness about safety. In cases of accidents that lead to injuries, there is the abnormality and accident management system to ensure that employees have a safe and healthy work environment. In addition, all staff is entitled to fixed annual health exams. There were 0 employees at Superior Plating Technology Co., Ltd. who died or suffered occupational hazards while on duty in 2022.
The educational training provided in 2022 is shown in the table below:
<table>
<tr><th>Type of training</th><th>Total number of classes (class)</th><th>Number of attendees (person)</th><th>Total number of hours (hour)</th></tr>
<tr><td>Newcomer fire prevention and occupational health training</td><td>45</td><td>325</td><td>325</td></tr>
<tr><td>Shift leader training on how to put out small fires</td><td>2 (May/November)</td><td>32</td><td>2 (1 per training)</td></tr>
<tr><td>Fire prevention emergency response drills</td><td>2 (June/December)</td><td>560</td><td>2 (1 per training)</td></tr>
<tr><td>Special equipment safety emergency response drills and training</td><td>1</td><td>15</td><td>0.5</td></tr>
<tr><td>Training on safety in a confined space</td><td>1</td><td>10</td><td>0.5</td></tr>
<tr><td>Safety on safety with hazardous chemicals</td><td>1</td><td>12</td><td>0.5</td></tr>
<tr><td>Training on safety with hazardous waste</td><td>1</td><td>16</td><td>0.5</td></tr>
</table>
To cope with COVID-19, the Company had one PCR test site set up on its premises as</td><td></td></tr>
</table>

Evaluation item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No.	Brief description	
			arranged by the government; all staff and contract service providers to work on the premises were asked to be periodically screened for COVID-19 as required by the government and all tested negative. The Company cooperated fully with the government's anti-pandemic policy and adjusted dynamically its latest anti-pandemic measures to ensure that employees were healthy, safe, and corporate operations were free of concerns.	
(IV) Has the Company established an effective training program that helps employees develop skills over the course of their career?	V		(IV) In career development and professional skills, the Company currently has the Human Resources Development (HRD) Unit under the Human Resources Department to take charge of system configuration and daily implementation and it must plan the responsibilities of respective departments and respective positions, including examining the SOPs for daily routines on a quarterly basis, planning the educational training for newcomers that lasts for two months and up to them being approved at the end of the probation period and rotational workshops of reserve cadres, periodic external ISO system quality training, internal VA/VE contest grouped discussion for improved professional skills development, and periodic internal project sharing by the engineering R&D unit for product processes and quality cases.	No deviation
(V) Does the Company comply with laws and international standards concerning customer health and safety, customer privacy, marketing, and labelling of products and services and define related policies and complaint-filing procedures to protect the rights of consumers or customers?	V		(V) The Company follows applicable laws and regulations and international guidelines in the marketing and labelling of products and services and keeps optimal communications with customers and has complaint-filing channels open. In terms of product service, corresponding complaint-filing windows are also provided at different levels and to the responsible unit in an effort to quickly address customer complaints.	No deviation
(VI) Does the Company define supplier management policies and require that suppliers follow applicable regulations in issues such as environmental protection, occupational safety and health, or	V		(VI) The Company has a defined supplier management policy for the management of its existing suppliers. Before a supplier is included in the list of procurement, quality of the supplier's raw materials and regular materials and their production procedure and lead time are evaluated and site visits will take place when the pandemic control in the specific country is not a concern. Once supply begins, besides asking the supplier to obtain the latest product inspection qualified documentation meeting the local regulatory	No deviation

Evaluation item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No.	Brief description	
human rights of workers and how are they implemented??			requirements, the Company periodically evaluates the supplier's supply records and financial standing each year. Records of compliance with applicable regulations in terms of environmental protection, occupational safety and health, or human rights of workers, among others, will also be included in the Company's procurement evaluation. If the Company finds that a supplier is in violation of its corporate social responsibility policy or the various international conventions on human rights such as the UN "Universal Declaration of Human Rights," "Global Compact," and "International Labour Convention," and is likely to significantly destroy the society or the environment, the Company will also strictly review and suspend or terminate business interactions.	
V. Does the Company prepare the Corporate Sustainability report to disclose non-financial information in accordance with internationally recognized sustainability report preparation standards and guidelines? Has the aforementioned report obtained the confirmation letter or assured opinions from a third party?		V	Despite the fact that the Company is yet to issue the Corporate Social Responsibility Report, its applicable environmental policies, human rights regulations, corporate governance, health and safety, and ethical norms follow the GRI Standards and spontaneously evaluates the implementation status.	No deviation
VI. If the Company has established its own sustainable development principles according to the Sustainable Development Best-Practice Principles for TWSE/TPEx-Listed Companies, please describe the differences between its implementation and the established principles: Although the Company does not have its Corporate Social Responsibility Best-Practice Principles in place, it has proactively and persistently promoted and fulfilled its corporate social responsibilities in three major fields, namely, corporate governance, environmental protection, and public interest. Applicable regulations are also defined in the respective personnel, environmental protection, and safety and health operating standards in compliance with regulatory requirements.				
VII. Other Important Information to Help Understand Implementation Status in the Promotion of Sustainable Developments: No				

(VI) Implementation Status of Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No.	Brief description	
1. Establishment of ethical corporate management policies and programs (1) Does the company have an ethical corporate management policy approved by its Board of Directors, and the Articles of Incorporation and publicly available documents address its ethical corporate policy and measures, and implementation of such policy committed by the Board of Directors and the senior management?	✓		(1) In order to establish a corporate culture of ethical management and strengthen its growth, the Company has established the "Procedures for Ethical Management" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies". All board members and management personnel shall exercise the due care of good administrators in their jobs and perform their duties seriously and prudentially.	(1) No deviation
(2) Whether the Company has established an assessment mechanism for the risk of unethical conducts, regularly analyzes and evaluates business activities with a higher risk of unethical conduct within its business scope, has formulated a program to prevent unethical conducts covering at least the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	✓		(2) In addition to the "Procedures for Ethical Management" adopted in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", the Company has also adopted the "Procedures for Preventing Insider Trading" to be observed by related personnel while performing duties. It signs the "Guarantee Agreement" with its suppliers to declare its commitment in preventing unethical conducts and have the guarantee for integrity made by suppliers.	(2) No deviation
(3) Does the Company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the said program?	✓		(3) The Company prescribes the handling measures for unethical conducts in the "Procedures for Ethical Management", and promotes the importance of ethical conducts to employees at any time pursuant to such handling measures. Any violations will be handled in accordance with relevant regulations. The channels for appeals are also stated in the "Guarantee Agreement" with its suppliers.	(3) No deviation
2. Implementation of Ethical Management (1) Does the Company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	✓		(1) The Company has the assessment systems for customers and suppliers for confirming their authenticity and searching past transactions to ensure that there is no material abnormality. The Company also signs the "Integrity Agreement" required by its customers while requesting its suppliers to sign	(1) No deviation

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No.	Brief description	
			the "Guarantee Agreement" and requiring the compliance with the ethical conduct clauses by both parties.	
(2) Has the Company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	✓		(2) The promotion of ethical corporate management of the Company is facilitated by the General Manager Office or relevant responsible units. The board of directors and management actively practice the ethical management principles in both internal operations management or external business activities, and the audit unit periodically conducts audits on the supervision and control of relevant policies and reports the results to the board of directors. In order to implement ethical management and actively prevent unethical conducts, the Company has adopted the "Procedures for Ethical Management and Guidelines for Conduct".	(2) No deviation
(3) Has the Company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	✓		(3) The Company has the policies related to recusal in its "Procedures for Ethical Management" in place and the channel for appeals, which allows relevant personnel to explain any potential conflict of interest with the Company, set up.	(3) No deviation
(4) Does the Company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire external accountants to perform the audits?	✓		(4) The Company has a prudential accounting system and the dedicated accounting unit where all of its financial statements are audited by external auditors to ensure the fairness of financial statements; the internal audit personnel also conduct audits following the audit plan to confirm the effective operation of the Company's internal control system.	(4) No deviation
(5) Does the Company provide internal and external ethical corporate management training programs on a regular basis?	✓		(5) The Company declares its commitment in compliance with the regulations for ethical management in all meetings and internal announcements with the hope of actual practice. The average training time per person in 2022 is around 1 hour.	(5) No deviation
3. Implementation of Whistleblowing System (1) Has the Company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling reports from	✓		(1) When employees are aware of any conducts violating laws and regulations, they may report to the internal audit officer or other proper personnel, and the reported conduct will be specifically verified. If such a conduct is verified, the employee who made such a report will be rewarded as an incentive; relevant matters are handled by the Audit Office dedicatedly.	(1) No deviation

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No.	Brief description	
whistleblowers? (2) Has the company established standard operation procedures for investigating the matters reported, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	✓		(2) The Company's "Procedures for Ethical Management" encourage that when an employee discover any conduct that violates laws and regulations, he or she may report to the internal audit officer or other appropriate personnel, and confidential and protective measures shall be established subsequently.	(2) No deviation
(3) Has the Company adopted proper measures to protect whistleblowers from retaliation for whistleblowing?	✓		(3) For all whistleblowing cases, the Company protects whistleblowers from retaliations.	(3) No deviation
4. Enhancement of information disclosure Does the Company disclose its ethical corporate management policies and the results of their implementation on its website and the MOPS?	✓		The Company has adopted the "Ethical Corporate Management Best Practice Principles" and disclosed them on its website and the MOPS. There is dedicated unit responsible for the facilitation of policies related to ethical management.	No deviation
5. If the Company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation: None.				
6. Other important information to facilitate a better understanding of the status of operation of the Company's ethical corporate management policies (e.g., the Company's reviewing and amending of its ethical corporate management best practice principles): None.				

(VII) If the Company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched: The Company discloses relevant information on the MOPS and in the investor relations section of its website for investors' reference.

(VIII) Other significant information that will provide a better understanding of the state of the Company's implementation of corporate governance may also be disclosed:

1. The Company discloses material information to investors in a timely manner and periodically holds investors conference to explain its operational status.
2. The Company has established the "Regulations Governing the Procedures for Preventing Insider Trading".
3. Employee ethical code of conduct:
   (1) In its Work Rules, the Company explicitly states that employees shall neither conduct unlawful affairs, nor seek to reap illicit gains for themselves or others by taking advantage of their duties, nor take any gifts or other improper gains. Relevant penalties for violation are also prescribed in the Company's Regulations for Employee Rewards and Punishments to ensure its ethical management practice.

(2) In the orientation for new employees, the Company stresses on the promotion of business core values, of which, one is the "integrity", and emphasizes on the importance of work ethics in order to make them be aware of the Company's commitment in and policy of ethical management. Meanwhile, by integrating with the employee appraisal system, proper rewards and punishments can be administered in a timely manner.

(3) The Company's Work Rules cover following contents

I. Employees shall follow the following work rules during their service in the Company.
  1. All employees represent the Company publicly and thus shall do their best to maintain the Company's public image.
  2. Performing duties faithfully, complying with the Company's policies, system, bylaws and regulations, and obey the orders of supervisors within their scope of responsibility.
  3. Separating self from business, appreciating each other's personality, being sincere and collaborating to achieve business goals.
  4. Following the reassignment made by the Company for business needs without any excuses.
  5. Striving for accuracy for the performance of duties, and do not fear difficulties, avoid or delay for no reason.
  6. Information on salaries is confidential and shall not be disclosed or enquired.
  7. Gambling, fighting, drug use or any immoral conducts are prohibited at the workplace.
  8. Without the consent of the Company, employees shall not read any documents, mails and accounting books unrelated to their jobs. (Employees shall not leak the documents processed by themselves to any irrelevant third party.)
  9. Obeying relevant regulations regarding employee safety and health to maintain the safety and health of the workplace and surrounding environment.

II. There shall not be any the following practices between the Company's business owner, owner's family members, or the Company's representatives and its employees, or between employees:
  1. Insulting, despising or discriminating attitude or behavior due to gender difference.
  2. Inappropriate, unpleasant, offensive language related to sex, physical touching or requests for sex.
  3. Promise of return in exchange of sexual activities or conducts related to opposite gender.
  4. Threats or punishments for requests of sexual activities or sex-related conducts.
  5. Raping or sexual assaults.
  6. Discrimination against women at workplace is not advised, such as displaying or posting erotica and etc.

III. For preventing sexual harassments in workplace and maintain gender equality and dignity, the "Preventive Measures, and Regulations Governing Reporting and Punishments for Sexual harassments" was adopted to provide accesses for reporting and investigation. Once verified, the Company will administer punishments, ranging from admonition, minor mistake, major mistake, relocation or demotion, depending on severity, or terminate a labor contract according to Article 12 of the Labor Standard Act. For cases involving any criminal liability, the Company may transfer such cases to the judicial institute for action.

IV. In response to the prevention of sexual harassments, a sexual harassment investigation team was formed in accordance with the "Preventive Measures, and Regulations Governing Reporting and Punishments for Sexual harassments".

(IX) Implementation of internal control system

1. Statement of Internal Control: Please see below.

Superior Plating Technology Co., Ltd.
Internal Control System Declaration

Date: March 20, 2023

For the Company's internal control system of 2022, it is hereby declared as follows according to self-assessment findings:

I. The Company knows that establishing, enforcing, and maintaining an internal control system is the responsibility of the Company's Board of Directors and managers and has such a system in place already. It is meant to reasonably ensure fulfillment of the operational efficacy and efficiency (including profits, performance, and protection of asset security), reporting reliability, timeliness, transparency, and compliance with applicable regulations and laws and regulatory requirements, among other goals.

II. The internal control system has its inherited restrictions that cannot be overcome with improved design. An effective internal control system can also only reasonably ensure the fulfillment of the three goals stated above and its effectiveness may change as the environment or situation changes. There is a self-surveillance mechanism, however, built inside the internal control system of the Company that helps the Company take corrective action against deficiencies confirmed.

III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in "Governing Regulations for Public Company's Establishment of Internal Control System" (hereinafter called "Governing Regulations") that are related to the effectiveness of internal control systems. The items adopted in the Governing Regulations for determining the internal control system are the five constitutional elements of the internal control system divided according to the management and control process: 1. control environment, 2. risk assessment, 3. control process, 4. information and communication, and 5. supervision. Each element further encompasses several items. For the above-mentioned items, refer to the requirements in the "Governing Regulations."

IV. The Company has already adopted the aforesaid items to check the effectiveness in the design and implementation of its internal control system.

V. Based on the evaluation results in the preceding paragraph, the Company believes that as of December 31, 2022, for its internal control systems (covering supervision and management of subsidiaries), which include understanding of the effectiveness of operations and the extent to which efficiency goals are achieved, the reporting is reliable, timely, transparent, and compliant with relevant laws and regulations, and the design and implementation of relevant internal control systems are effective to reasonably ensure the achievement of the objectives above.

VI. This declaration constitutes a major part of the Company's Annual Report and the Company's Prospectus that are made available to the public. In case of falsification or concealment, among other illegal conditions, with the above-mentioned released contents, liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Act will be sought.

VII. This Declaration was approved at the meeting of the Company's Board of Directors on March 20, 2023 with _ directors expressing dissent out of the _ directors in attendance.

Superior Plating Technology Co., Ltd.

Chairman: Li, Su-Pai Signature 李素白

General Manager: Wang, Hsin-Wei Signature 王信為

2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: N/A

(X) 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 the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, the penalty, the main shortcomings, and condition of improvement: None.

(XI) Material resolutions of shareholders' meetings or board of directors' meetings during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

1. Material resolutions of the shareholders meetings:

Shareholders' meeting	Date	Material resolution
2022 general shareholders' meeting	2022.06.22	1. Ratification of 2021 annual final accounting books and statements. 2. Ratification of 2021 earnings distribution plan. 3. Amendments to part of the "Procedures for Making Endorsements/Guarantees". 4. Amendments to part of the "Regulations for the Acquisition and Disposal of Assets" 5. Amendments to the "Articles of Incorporation". 6. Amendments to the " Rules of Procedure for Shareholders Meetings" 7. By-election of one director for the Company's fifth board of directors

2. Material resolutions of the board of directors' meetings:

Date	Material resolution
2022.06.22	The record date for the Company's 2021 cash dividend distribution was proposed for discussion.
2022.08.08	The 2022Q2 Financial Statements were proposed for discussion. The purchase of director's liability insurance for the year 2022 was proposed for discussion. The amendments to the "Articles of Incorporation" were proposed for discussion. The proposal was submitted to the shareholders' meeting for discussion. The extension of loan facility between the Company and its subsidiaries was proposed for discussion. The review of the performance assessment and the policies, systems, standards, and structure for the compensation of the directors and managerial officers was proposed for discussion. The establishment of the employee stock ownership trust of Superior Plating Technology Co., Ltd. was proposed for discussion. The addition of loan facility of the Company with the First Bank was proposed for discussion.
2022.10.06	The fifth share repurchase was proposed for resolution. The proposal was submitted to the shareholders' meeting for reporting.
2022.11.07	The 2022Q3 Financial Statements were proposed for discussion. The Business Report for the first half of 2022 was proposed for discussion. The proposal was submitted to the shareholders' meeting for reporting. The earnings distribution for the first half of 2022 and relevant ex-dividend dates were proposed for discussion. The proposal was submitted to the shareholders' meeting for reporting. The Company's 2023 annual audit plan was proposed for discussion. The Company's 2023 budget was proposed for discussion. The CPA fees for the year 2023 was proposed for discussion. The review of the distribution of 2022 annual bonuses for managerial officers was proposed for discussion. The amendments to the "Procedures for Handling Material Inside Information" were proposed for discussion.

Date	Material resolution
	The 2022 self-assessment form for directors was proposed for discussion. The amendments to the "Regulations for the Transfer of Shares Repurchased to Employees" for the Company's fifth share repurchase were proposed for discussion. The acquisition of right-of-use asset from a related party was proposed for discussion. The matters with regard to the guarantee of the subsidiary, Superior Industries (Shen Zhen) Co., Ltd., for the construction loan facility made to Dongguan Guanjie Metal Surface Treatment Co., Ltd. with the amount limited to its 10% equity interest were proposed for discussion. The addition of loan facility of the Company with the KGI Bank was proposed for discussion. The renewal of loan facility of a subsidiary with the KGI Bank was proposed for discussion. The renewal of loan facility of a subsidiary with the KGI Bank was proposed for discussion. The renewal of loan facility of the Company with the Cathay United Bank was proposed for discussion. The 2023 annual plan of the Remuneration Committee was proposed for discussion.
2023.01.19	The addition of loan facility between the Company's subsidiaries was proposed for discussion. The appointment of the Corporate Governance Officer was proposed for discussion. The addition of loan facility of the Company with the KGI Bank was proposed for discussion.
2023.03.20	2022 Business Report for discussion. 2022 Financial Statements for discussion. Earnings Distribution Proposal for the second half of 2022 for discussion. 2022 "Internal Control System Declaration" for discussion. Distribution of 2022 remuneration to directors for discussion. Distribution of 2022 remuneration to independent directors for discussion. Total budget for the distribution of 2022 remuneration to managers and employees for discussion. Revision of some articles of the Company's "Procedure for Endorsement and Guarantee" for discussion. Re-election of the Company's directors (including independent directors) for approval. Nomination and review of the list of directors (including independent directors) nominated by the Board of Directors for discussion. Lifting of business strife limitation for new directors for discussion. Time, venue, and cause of the 2023 General Shareholders' Meeting for discussion. Limits of funds lent between the Company and its subsidiaries for discussion. Line of credit for an extension of the financing loan with the First Bank for discussion.
2023.05.09	The 2023Q1 Financial Statements were proposed for discussion. Regular assessment of the independence of visa accountants for discussion. The company's cancellation of treasury shares for discussion. Subsidiary Top-Team Technology (Shen Zhen) Ltd. and Superior Industries (Shen Zhen) Co., Ltd. purchased machinery and equipment for discussion.

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

(XIII) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the Company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer:

Summary of resignations and dismissals of the Company's relevant personnel

May 09 2023

Title	Name	Date of inauguration	Date of dismissal	Reason of resignation or dismissal
Finance Manager	Sung, Cheng-Hsi	2011.01.18	2022.03.21	Change in position

V. Information on the professional fees of the attesting CPAs:

Unit: NT$ thousand

Name of accounting firm	Name of CPA Name	Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remark
Deloitte	Liang, Tanti Yu, Robert	2022.01.01-2022.12.31	2,550	350	2,900	-

Non-audit public expenditure is the taxation/certification charge and costs of review of the Annual Report during the shareholders' meeting, and review of the IT environment.

(1) When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: N/A.

(2) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed:N/A.

VI. Information on replacement of CPAs: None

VII. Where the Company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.

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

(I) Change in equity interests by a director, managerial officer or major shareholder

Unit: Shares

Title	Name	2022		Current fiscal year up to April 11	
		Increase (decrease) in shareholding	Increase (decrease) in share pledged	Increase (decrease) in shareholding	Increase (decrease) in share pledged
Chairman	Li, Su-Pai	12,000			(500,000)
Director	HuiSheng Investment Co., Ltd. Representative: Lu, Teng-Hsi		(1,000,000)		(1,720,000)
Director	ChiaChuan Investment Co., Ltd. Representative: Wu, Chia-Chuan				
Director	Yuyi Investment Co., Ltd. Representative: Chang, Hsiu-Hsiang				200,000
Director	Mingqi Investment Co., Ltd. Representative: Wu, Mao-Yuan			(10,000)	
Director	Chiou, Yu-Wen				
Independent Director	Wang, Yu-Sheng				
Independent Director	Pang, l-Mao				
Independent Director	Chiang, Tsai-Lin				
General Manager	Wang, Hsin-Wei				
Deputy General Manager	Sung, Cheng-Hsi				
Manager of the Administration Department and Finance Department	Lu, Chih-Hui				
Special Assistant to Chairman	Lee, Ming-Cheng				

Assistant Manager of the Internal Audit Department	Chung, Lin				
Manager of Accounting Department	Lee, Yu-Hsuan				
Corporate Governance Officer	Chung, Yu-Hsuan				
Shareholder with a stake of more than 10 percent	HuiSheng Investment Co., Ltd.		(1,000,000)		(1,720,000)

(II) Where the counterparty in any such transfer of equity interests is a related party: None.

(III) Where the counterparty in any such pledge of equity interests is a related party: None.

IX. Relationship information on any of the Company's top 10 shareholders who is a related party or a relative within the second degree of kinship of another:

April 11, 2023; unit: shares; %

Name	Personal shareholding		Shareholding of spouse and/or children of minor age		Total shareholding in the name of others		The name and relationship of any of the Company's top 10 shareholders who is a related party or a relative within the second degree of kinship of another.		Remark
	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Name	Relationship	
HuiSheng Investment Co., Ltd.	5,559,776	12.51	-	-	-	-	-	-	-
Representative Li, Su-Pai	977,000	2.20	-	-	-	-	-	-	-
Yuyi Investment Co., Ltd.	1,976,000	4.44	-	-	-	-	-	-	-
Representative:Chang, Hsiu-Hsiang	-	-	-	-	-	-	-	-	-
ChiaChuan Investment Co., Ltd.	1,947,000	4.38	-	-	-	-	-	-	-
Representative:Wu, Chia-Chuan	15,000	0.03	1,000	-	-	-	-	-	-
WORLDWIDE FREIGHT TERMINAL INC.	1,500,000	3.37	-	-	-	-	-	-	-
Representative:Chang,: You, Gu-Jia-Zhen	234,000	0.53	-	-	-	-	-	-	-
Mingqi Investment Co., Ltd.	1,307,592	2.94	-	-	-	-	-	-	-
Representative: Wu, Mao-Yuan	-	-	-	-	-	-	-	-	-
Lin, Ren-Nong	1,114,000	2.51	-	-	-	-	-	-	-
Li, Su-Pai	977,000	2.20	-	-	-	-	-	-	-
Sung, Cheng-Hsi	781,000	1.76	-	-	-	-	-	-	-
Xir, Wen- Fu	612,000	1.38	-	-	-	-	-	-	-
Shen, Chen- Jiao-E	553,000	1.24	-	-	-	-	-	-	-

X. The total number of shares and total equity stake held in any single enterprise by the Company, its directors and managerial officers, and any companies controlled either directly or indirectly by the Company

Unit: Thousand shares; %

Investee (Note 1)	Investment by the Company		The Company, managerial officers, and any companies controlled either directly or indirectly by the Company		Total investment	
	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage
Superior Plating Corp.	11,271	100	-	-	11,271	100
Ever Superior Technologies Corporation	6,300	35	-	-	6,300	35
Extensive Management Consultant Inc. (Samoa)	1,000	100			1,000	100
Superior Drilling (HK) Limited	89,000	100			89,000	100
Superior Plating Technology Holding (Thailand) Co. Ltd.	4,830	78			4,830	78
Superior Plating Technology (Thailand) Co. Ltd.	2,192	66			2,192	66
Superior Industries (Shen Zhen) Co., Ltd.	Note 2	100			Note 2	100
Top-Team Technology (Shen Zhen) Ltd.	Note 2	100			Note 2	100
Dongguan Guanjie Metal Surface Treatment Co., Ltd.	Note 2	10	-	-	Note 2	10

Note 1: It is a long-term investment accounted for using equity method.
Note 2: It is a limited company, so there is no share.

IV. Funding

I. Capital and shares

(I) Sources of capital:

Unit: thousand shares; NT$ thousand

Year/Month	Issued price	Authorized capital		Paid-in capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Sources of capital:	Capital paid in by property other than cash	Other
2008/09	10.00	50	500	50	500	Initial capital of NT$500 thousand at incorporation	None	Note 1
2009/08	14.62	50,000	500,000	22,500	225,000	Capital increase of NT$224,500 thousand	None	Note 2
2009/08	30.00	50,000	500,000	30,000	300,000	Capital increase of NT$75,000 thousand	None	Note 2
2009/11	30.00	50,000	500,000	31,500	315,000	Capital increase of NT$15,000 thousand	None	Note 3
2010/07	41.00	50,000	500,000	32,500	325,000	Capital increase of NT$10,000 thousand	None	Note 4
2010/11	41.00	50,000	500,000	36,000	360,000	Capital increase of NT$35,000 thousand	None	Note 5
2012/10	32.00	50,000	500,000	37,200	372,000	Capital increase of NT$12,000 thousand	None	Note 6
2015/03	35.50	50,000	500,000	41,850	418,500	Capital increase of NT$46,500 thousand	None	Note 7
2015/12	10.00	50,000	500,000	42,462	424,620	Common shares issuance of NT$6,120 thousand for the exercise of employee warrants	None	Note 8
2016/01	10.00	50,000	500,000	42,726	427,260	Common shares issuance of NT$2,640 thousand for the exercise of employee	None	Note 9

Year/Month	Issued price	Authorized capital		Paid-in capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Sources of capital:	Capital paid in by property other than cash	Other
						warrants		
2016/05	10.00	50,000	500,000	43,855	438,548	Common shares issuance of NT$11,288 thousand for the convention of convertible corporate bonds	None	Note 10
2016/08	10.00	50,000	500,000	44,753	447,526	Common shares issuance of NT$8,978 thousand for the convention of convertible corporate bonds	None	Note 11
2016/11	10.00	50,000	500,000	44,822	448,216	Common shares issuance of NT$690 thousand for the exercise of employee warrants	None	Note 12
2017/01	10.00	50,000	500,000	44,948	449,476	Common shares issuance of NT$1,260 thousand for the exercise of employee warrants	None	Note 13
2017/08	10.00	50,000	500,000	44,184	441,836	Cancellation of treasury shares amounting NT$7,640 thousand	None	Note 14
2017/12	10.00	50,000	500,000	44,238	442,376	Common shares issuance of NT$540 thousand for the exercise of employee warrants	None	Note 15
2018/05	10.00	50,000	500,000	44,260	442,598	Common shares issuance of NT$222 thousand for the convention of convertible corporate bonds	None	Note 16

Year/Month	Issued price	Authorized capital		Paid-in capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Sources of capital:	Capital paid in by property other than cash	Other
2018/09	10.00	50,000	500,000	44,264	442,642	Common shares issuance of NT$44 thousand for the convention of convertible corporate bonds	None	Note 17
2018/12	10.00	50,000	500,000	44,807	448,065	Common shares issuance of NT$5,422 thousand for the convention of convertible corporate bonds	None	Note 18
2019/04	10.00	50,000	500,000	44,455	444,555	Cancellation of treasury shares amounting NT$3,510 thousand	None	Note 19

Note 1: Fu-Chan-Ye-Shang-Letter No.09789527310 on September 24, 2008.
Note 2: Fu-Chan-Ye-Shang-Letter No.09887649200 on August 18, 2009.
Note 3: Fu-Chan-Ye-Shang-Letter No.09890431520 on November 20, 2009.
Note 4: Fu-Chan-Ye-Shang-Letter No.09986541500 on August 4, 2010.
Note 5: Fu-Chan-Ye-Shang-Letter No.09990876710 on December 27, 2010.
Note 6: Jin-Guan-Zheng-Fa-Letter No. 1010035355 issued by the Financial Supervisory Commission on August 10, 2012.
Note 7: Zheng-Gui-Shen-Letter No.1030035753 issued by Taipei Exchange on January 12, 2015.
Note 8: Fu-Chan-Ye-Shang-Letter No.10490143810 on December 1, 2015.
Note 9: Fu-Chan-Ye-Shang-Letter No.10580339810 on January 22, 2016.
Note 10: Fu-Chan-Ye-Shang-Letter No.10585626900 on May 20, 2016.
Note 11: Fu-Chan-Ye-Shang-Letter No.10591445000 on August 23, 2016.
Note 12: Fu-Chan-Ye-Shang-Letter No.10594457800 on November 22, 2016.
Note 13: Fu-Chan-Ye-Shang-Letter No.10651042500 on January 25, 2017.
Note 14: Fu-Chan-Ye-Shang-Letter No.10657377200 on August 21, 2017.
Note 15: Fu-Chan-Ye-Shang-Letter No.10660555910 on December 5, 2017.
Note 16: Fu-Chan-Ye-Shang-Letter No.10749333000 on May 24, 2018.
Note 17: Fu-Chan-Ye-Shang-Letter No.10753017300 on September 5, 2018.
Note 18: Fu-Chan-Ye-Shang-Letter No.10755978400 on December 3, 2018.
Note 19: Fu-Chan-Ye-Shang-Letter No.10848311410 on April 20, 2019.

Unit: Thousand shares

Type of stock	Authorized capital			Remark
	Outstanding shares	Unissued shares	Total	
Common stock	44,455	5,545	50,000	Shares listed on the TPEx

(II) Shareholder structure

April 11, 202

Shareholder Structure Quantity	Government agency	Financial institution	Other corporations	Individual	Foreign institution and outsider	Treasury stock	Total
Number of people	-	1	143	11,870	27	1	12,042
Number of shares held	-	20,000	13,652,711	29,262,770	565,001	955,000	44,455,482
Shareholding ratio	-	0.04%	30.71%	65.83%	1.27%	2.15%	100.00%

(III) Diffusion of ownership

1. Common stock

April 11, 2023

Shareholding classification	Number of shareholders	Number of shares held	Shareholding ratio
1–999	7,251	58,353	0.13%
1,000–5,000	4,003	7,318,597	16.46%
5,001–10,000	386	3,132,345	7.05%
10,001–15,000	121	1,539,613	3.46%
15,001–20,000	74	1,362,000	3.06%
20,001–30,000	75	1,930,000	4.34%
30,001–40,000	38	1,372,000	3.09%
40,001–50,000	17	791,384	1.78%
50,001–100,000	33	2,323,000	5.23%
100,001–200,000	22	3,169,107	7.13%
200,001–400,000	7	2,222,692	5.00%
400,001–600,000	5	2,507,023	5.64%
600,001–800,000	2	1,393,000	3.13%
800,001–1,000,000	2	1,932,000	4.35%
1,000,001 and more	6	13,404,368	30.15%
Total	12,042	44,455,482	100.00%

2. Preferred stock: None.

(IV) List of major shareholders

April 11, 2023

Shares / Name of major shareholde	Number of shares held	Shareholding ratio
HuiSheng Investment Co., Ltd.	5,559,776	12.51%
Yuyi Investment Co., Ltd.	1,976,000	4.44%
ChiaChuan Investment Co., Ltd.	1,947,000	4.38%
WORLDWIDE FREIGHT TERMINAL INC.	1,500,000	3.37%
Mingqi Investment Co., Ltd.	1,307,592	2.94%
Lin, Ren-Nong	1,114,000	2.51%
Li, Su-Pai	977,000	2.20%
Sung, Cheng-Hsi	781,000	1.76%
Xir, Wen- Fu	612,000	1.38%
Shen, Chen- Jiao-E	553,000	1.24%

(V) Share prices, the Company's net worth per share, earnings per share, dividends per share, and related information for the past 2 fiscal years.

Year / Item			2021	2022	Current fiscal year up to March 31, 2023
Market price per share	Highest		99.0	78.7	69.3
	Lowest		49.9	46.0	49.35
	Average		67.38	58.72	54.376
Net worth per share	Before distribution		21.38	20.11	19.90
	After distribution		19.55	20.01	-
Earnings per share	Weighted average shares		44,414 thousand shares	43,825 thousand shares	43,501 thousand shares
	Earnings per share		2.40	0.59	(0.24)
Dividend per share	Cash dividend		1.8	0.30169192	-
	Stock dividend	Dividend from retained earnings	-	-	-
		Dividend from capital surplus	-	-	-
	Accumulated undistributed dividend		-	-	-
Return on investment analysis	Price/earnings ratio		15.89	99.53	N/A
	Price/dividend ratio		37.43	194.64	N/A
	Cash dividend yield		2.67	0.51%	N/A

Note: The board of directors is authorized under the Articles of Incorporation to distribute cash dividends by a special resolution.

(VI) Company's dividend policy and implementation status

1. The dividend policy prescribed in the Articles of Incorporation:

   The Company is in the growth stage of its business life cycle when it shall consider the effects of future business expansion, capital needs and taxation on the Company and its shareholders, so its dividend policy is mainly based on the capital needs arising from the future capital budget, and the cash dividend of its future dividend distribution will not be less than 5% in principle.

2. The dividend distribution plan proposed in this shareholders' meeting:

Item / Year	Cash dividend Per Share	Stock dividend
2022	NT$0.30169192	NT$0

Note: The distribution for 2022 of NT$0.30169192 per share from earnings in cash is provided based on the resolutions made in the board of directors' meetings on August 8, 2022 and March 20, 2023.

3. Explanation for any expected material change in dividend policy: None.

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted in this shareholders' meeting: N/A.

(VIII) Employees' and directors' compensation

1. The percentages or ranges with respect to employees' and, directors' compensation set forth in the Company's Articles of Incorporation:

   If the Company records profit before tax in a fiscal year, it shall appropriate 5%~10% as the employees' compensation distributed in shares or cash by a resolution of the board of directors. Employees who are entitled to the compensation include employees of its affiliates who meet certain requirements; the Company may appropriate no more than 5% of the aforementioned profit as the directors' compensation by a resolution of the board of directors' meeting. The distribution of employees' and directors' compensation shall be first reported to the shareholders' meeting. However, if there is any accumulated losses, it shall first offset the losses and then appropriate employees' and directors' compensation according to the aforementioned percentages.

2. The basis for estimating the amount of employees' and directors' compensation, for calculating the number of shares to be distributed as employees' compensation, and the accounting treatment of the discrepancy:

   If there is any change of the amounts after the announcement date of annual financial statements, it is treated as changes in accounting estimates and recognized in the following year.

3. Compensation distributions approved by the board of directors:
   (1) The amount of any employees' and directors' compensation distributed in cash or shares. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment: The estimated employees' and directors' compensation for the year 2022 were NT$2,167 thousand and NT$1,156 thousand, respectively.
   (2) The amount of any employees' compensation distributed in stocks, and the amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employees' compensation: N/A.

4. The actual distribution of employees' and directors' compensation for the previous fiscal year, and,

if there is any discrepancy between the actual distribution and the recognized employees' and directors' compensation, additionally the discrepancy, cause, and how it is treated: The actual distribution of employees' and directors' compensation for 2021 was NT$25,272 thousand, which was NT$1,382 thousand less than the estimated figure in 2021, and the discrepancy was treated as the changes in accounting estimates and adjusted to the profit or loss for the year 2022.

(IX) Shares repurchases by the Company:

May 09, 2023

Repurchase No.	The 5th
Purpose f repurchase	Share transfer to employees
Repurchase period	2022/10/07~2022/12/02
Repurchase price range	35.00~55.00
Types and number of shares bought back	368,000 shares
Amount of shares bought back	NT$19,049,076
The number of shares already repurchased as a percentage of the number of shares intended to be repurchased (%)	51.76%
The number of repurchased shares that have been cancelled or transferred	-
Accumulated number of the Company's shares held by the Company	955,000 shares
The accumulated number of the Company's shares held by the Company as a percentage of the total number of issued shares (%)	0.02

II. Issuance of Corporate Bonds: None.
III. Issuance of Preferred Shares: None.
IV. Issuance of Global Depository Receipts: None.
V. Issuance of Employee Share Warrant: None.
VI. Issuance of Restricted Shares: None.
VII. Issuance of new shares in connection with mergers or acquisitions: None.
VIII. Implementation of Capital Allocation Plans: None.

V. Overview of Business Operation

I. Business overview

(I) Scope of Operation

1. Main scope of operation:
   Superior Plating Technology is a professional surface treatment R&D and peripheral package advisory service provider.

   Main scope of operation:

   I. R&D and processing of metal and plastic surface treatment technologies.

   II. Surface treatment-related package measures advisory service, including environmental protection, automation, and management.

2. Operational weight:

Unit: NTD thousand; %

Main product	2022	
	Amount of sales	Operational weight (%)
Net processing income	1,130,870	99.90
Net labor income	1,086	0.10
Total	1,131,956	100.00

3. Current products (services) of the Company:
   The Company mainly provides various types of professional surface treatment services to manufacturers of parts and components such as those of hard disk drives, adapters, automobiles, communication devices, medical devices, and 3C products, including chemical nickel plating, semi-bright nickel, bright nickel, chemical polishing, pearl nickel, tin nickel, and continuous gold and nickel plating, among others.
4. New products (services) to be developed:
   It is expected that the Company will invest 2.5–5% of its revenue in R&D for **2023**; it, however, will be adequately planned and adjusted reflective of the global market condition and the actual operational status of the Company.
   For the future, the R&D plan includes continuous enhancement of the specifications of existing products and proactive development of techniques or matching equipment needed go to with the local governmental policy or reflective of the market trends in the coming years as follows:
   (1) Low-cost chemical nickel technologies.
   (2) Development of roll-to-roll continuous electroplating techniques.
   (3) Development of special noble metal electroplating techniques.
   (4) Surface treatment required for thermal modules.
   (5) Metal recycling and refining equipment.
   (6) Industrial wastewater and waste solution-reducing equipment.

(II) Industrial Overview

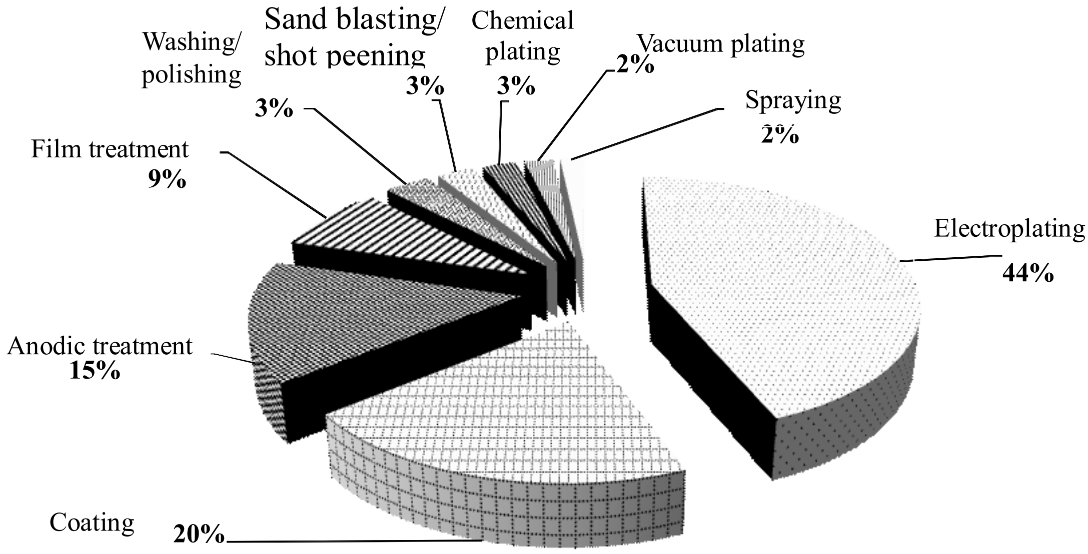
1. Current Status and Development of the Industry

The surface treatment industry is not only known for being technology-intensive and high value-added, but also crucial and university to add to the value of various types of terminal products. This is why, the surface treatment industry has been reputed as “product beautician.” The main characteristics of the surface treatment industry in our country are described as follows:

(1)Surface treatment mainly exists as a small-to-medium-sized enterprise or an internal department of a complete plant. It is, however, precision manufacturing in nature and hence most of the enterprises are professional technology-oriented OEM plants. Surface treatment is one of the metal product processing techniques and is auxiliary to various types of products. Therefore, adding value to products is crucial to this industry

(2)Surface treatment is an indispensable industry. Most of the practitioners set up their presence near the product supply chain. It is an industry highly clustered.

(3)The electroplating sector accounts for a majority, about 44%



Structure of surface treatment suppliers in our country
Source: Taiwan Surface Finishing Association, Metal Industries Research & Development Centre (MII-ITIS)

The surface treatment industry in our country had a production value of NTD 158.4 billion in 2021, including domestic sales of NTD 67.2 billion, a growth of 37.3% from the preceding year, and exports of NTD 67 billion, a significant growth of 83% from the preceding year. The domestic metal surface treatment industry consists of hot-dip zinc-coated steel coils, color steel coils, other plated steel coils, and other metals and metal products. Hot-dip zinc-coated steel coils, in particular, had a production value of NTD 77.8 billion, a growth of 81% from the preceding year. The production value of color steel coils was NTD 28.6 billion, a growth of 53% from the preceding year. The production of other plated steel coils was NTD 16.5 billion, a growth of 60% from the preceding year. As for the other metal and metal products, the production value was NTD 35.5 billion, a growth of 42% from the preceding year.

2. Industrial structure

(1) Industrial correlation chart and representative manufacturers

A. Upstream:

The upstream materials for the surface treatment industry mainly consists of substrates and modifiers or coating materials. Substrates are the fundamental castings such as blocks and tablets obtained by refining various types of metals and alloys by the metal parts and components manufacturers or the various types of crude embryos such as boards, bars, blocks, tablets, and sticks. They are further processed to become parts and components of specific shapes and properties in order to meet the needs of applied products in the downstream. As for modifiers or coating materials, they are the various surface treatment chemicals produced by the surface treatment raw material manufacturers and sold to metal surface processors reflective of the surface treatment technique and quality criteria. At present, a majority of chemical agents used in domestic wet processes still come from Europe and America, such as the world's largest solution supplier ATOTECH. To successfully introduce the Company's products into domestic production lines, two R&D centers have been set up. Representative domestic manufacturers, on the other hand, include Shou-Jen Plating Materials Co., Huan Yu Chemical Industry Co., Ltd., and Taiwan Uyemura Co., Ltd. In terms of the supply of dry materials, Solar Applied Materials Technology Corp is the only company of scale and mainly supplies metal target products while most of the others are from America, Japan, and Europe.

B. Peripherals:

The surface treatment equipment sector is a peripheral support sector crucial to the surface treatment industry. It is indispensable. Due to the fact that the process technology in the surface treatment industry is quite diverse and diversified, it has given rise to respective specialized professional equipment manufacturers, too. Representative ones include Peruse Technologies Co., Ltd., Hung Li Machinery Industrial Co., Ltd., Process Advance Technology Ltd., Rich Sou Technology Co., Ltd., Worldclean Industrial Co., Ltd., Ei Dorado Crop., Dah Young Vacuum Equipment Co., Ltd., and Uvat Technology Co., Ltd.

C. Midstream:

Surface treatment practitioners obtain metal materials or metal parts and components from their upstream and obtain surface treatment raw materials from the raw material supplier. A suitable surface treatment technique, such as electroplating, chemical plating, hot-dip plating, chemical treatment and vapor disposition, is selected reflective of the various characteristics required for different fields of application, such as corrosion resistance, wear resistance, adhesion, conductivity, and thermal transmission, etc. to apply the top film over the metal materials or metal parts and components.

D. Distribution network:

Basically, metal surface treatment plants can be divided into two major categories: professional surface treatment and general product manufacturing surface treatment (that is, as a side business). The former mainly makes profits through surface treatment and processing while the latter is only part of the production system. Many automotive, motorcycle, home appliance, furniture, and electronics manufacturers, for example, have an electroplating or coating department that is responsible for the surface treatment of all or part of self-owned parts or products.

Product manufacturers are known for their relatively abundant funds and there are more self-owned parts or products requiring surface treatment and they are stable, with higher quality requirements; therefore, investment expenditure on the equipment is relatively significant. As a result, automotive and motorcycle manufacturers of scale have transformed towards automation. Among the professional plants, on the other hand, due to funds and market, only a few dare to increase their investments and have automatic equipment. Product plants, however, focus mainly on creating the overall value of products, unlike professional surface treatment plants that emphasize the cost and profit of surface treatment.

E. Downstream:
The downstream to apply surface treatment is generally machinery equipment manufacturers, metal structure and construction component manufacturers, metal container manufacturers, screw, nut, and rivet manufacturers, computer and peripheral equipment manufacturers, home appliance manufacturers, automotive and their parts, ships and their parts manufacturers and repairers, etc.

Surface Treatment Industrial Correlation in our Country

	Product chain	**Industry/representative manufacturer**
Upstream	Processing solutions, coatings, and targets	ATOTECH Taiwan, MACDERMID Taiwan, Shou-Jen, Huan Yu Chemical, Taiwan Uyemura, Merck Taiwan, Yong-Ji, Kuang-Yang
Peripherals	Surface treatment equipment and peripherals	Yui-Tai, Hung-Li, Process Advance, Rich Sou, Worldclean Yi-Du, Dah Young Vacuum, Longpian
Mid-stream	Carbon penetration, nitrogen penetration, electroplating, coating, spraying, vacuum plating, polishing, shot peening	Poteng, Weisu, Superior, Xieshun, Fulong, Fuye, Taiwan Totai, Yiyang, Teyi, Meishangmei, Hantai, Dechun
Distribution network	Product manufacturers	Mainly the domestic OEM market and then the self-owned distribution network of product manufacturers.
Downstream	Transport, machinery, construction, furniture, electronic and mechanical, medical devices	Yulong, Ford, Giant, Merida, Acer, Asus, Foxconn, Victor Taichung Machinery, AUO, Chi Mei, Globe Union, Taiwan Fu Hsing, KMC, King Slide, United Orthopedic.

Source: Industries Research & Development Centre (MII-ITIS)

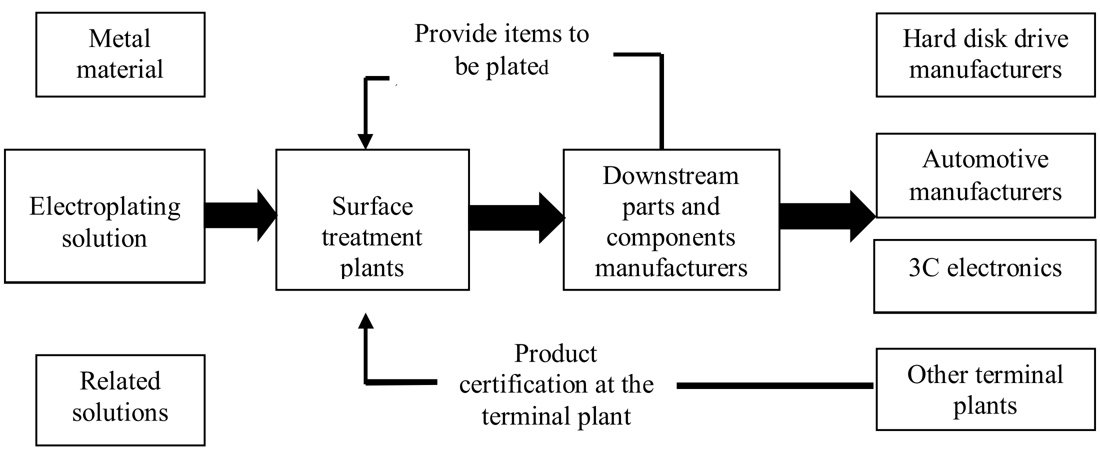
Despite the fact that electroplating can bring about extremely high value-added for products, practitioners need to pay huge costs associated with environmental pollution during the production process. In terms of the cost, most expensive raw materials need to be imported, such as gold, silver, nickel, and tin. Among the test instruments, 75% are imported, too. Once prices of international raw materials or regular materials or foreign exchange rates climb, the practitioners will bear undesirable impacts such as the production cost. Therefore, to save the cost, a lot of them are relocated in Mainland China and Southeast Asia.

Surface treatment has been playing a crucial role in both traditional industries and modern high-tech industries. There are few domestic surface treatment technologies independently researched and developed. Most of them rely on foreign suppliers or dealers. In other words, it is inevitable for the quality of our products to be inferior to that of those from other countries. The reputation and value added of the products can hardly be enhanced. To enhance the surface treatment industry, great efforts are required to enhance the surface treatment technology. The government shall also devote itself to developing related talent and encourage the R&D to help enhance the industry.

In terms of operation and production, it is a must to increase the scale of the industry. General professional manufacturers are not of a large scale. Their operation is relatively decentralized. As a result, the cost of products is relatively high and there are no competitive advantages in the market; it can hardly attract investors. A surface treatment industrial park shall be established for centralized management to facilitate technical upgrade and transformation so that industry clusters can form in both the upstream and the downstream. Another strength of the surface treatment industrial park is the improvement and control of pollution. Electroplating is a sector known for its relatively high ratio of pollution treatment cost to total investment (for a small electroplating plant, the investment in building environmental protection treatment facilities accounts for about 75% of the overall electroplating production investment). Therefore, with centralized management of the manufacturers, pollutants can be managed centrally, too and the sewage discharge system can be set up to ensure the safety of the water environment in surrounding watersheds. The ecological circular economy industry chain of "resources consumption ➔ product ➔ regeneration of resources" can take shape in the park. This way the domestic industry will be able to compete with its foreign counterparts and bring about greater business opportunities.

(2) Correlation among upstream, mid-stream, and downstream of the industry

The supply chain for the surface treatment industry can mainly be divided into upstream material suppliers, downstream parts and components manufacturers, and terminal product manufacturers. Surface treatment plants are in the mid-stream and can be further divided into captive shops under the product manufacturing sector and job shops that mainly takes production orders. In the past there were more professional processing plants while for the past few years, to reduce the transport cost and shorten the lead time, parts and components manufacturers have begun to have their in-house facilities for self-production. The processed products, however, are limited to more low-end parts and components. Parts and components having gone through surface treatment, on the other hand, are handed first to the parts and components manufacturers for fine assembly and to the terminal manufacturers for general assembly. The overall production and manufacturing processes are managed through the supply chain.



3. Various development trends of main terminal products of the Company

(1) HDD:

Internal parts and components of the hard disk drive include the disk, the disk holder, the spindle motor, the read/write head, the head-positioning actuator, and the voice coil motor while external ones are the top cover and the bottom cover. Those requiring the electroless nickel include head hold, VCM top/bottom covers, tightening ring, and gasket. Since the hard disk drive technology and capacity are constantly increasing, requirements for the surface treatment precision of parts and components are constantly enhanced, too. If the film is not evenly thick, particles will form and it will impact the operation or shorten the life span of the HDD. The electroless plated layer, on the other hand, is more even compared to traditional electroplating and no foreign matters are generated at the end of plating and it is more resistant to corrosion. Therefore, it better suits the surface treatment of such precision parts.

Demand has remained high for the HDD industry over the past few years. Despite the impact on the HDD market for PCs and NBs as a result of the increasingly popular solid state drives (SSD) and tablet computers, cloud and big data centers will continue to grow, mobile equipment will reach out to the world, the IoT ecology will be developed and grow, video-based monitoring will be applied more extensively each day, and consumer electronic equipment and cryptocurrency block chains will continue to grow and all of these will continue to drive the huge demand for future data storage solutions and accordingly drive further grows in the demand for high-storage capacities. The demand for storage in HDDs and SSDs will spread further, too. Despite the increase of the solid state technology on many terminal markets, it is determined that in a foreseeable future, greater-capacity storage solutions will be needed on the market for cloud, traditional business, customers, and consumers and HDDs, compared to SSDs, can provide the most cost-effective, reliable, and energy-saving greater-capacity storage equipment.

Keys for the drive data to grow include 1. Sliding cost, 2. Technological advancement (such as VR and drones, self-driving vehicles), 3. Big data analysis adopted by enterprises to drive growth in digital content, 4. Construction and development of an excessive number of cloud data centers, 5. Heated demand for safety monitoring, 6. And smart city, among others. Due to these factors, it is estimated that the nature and amount of the created content will require greater and higher-capacity storage equipment. By effectively and economically storing, managing, distributing, analyzing, and backing up such content, it helps drive the demand for data storage solutions to grow. All of these exercise positive influences on the demand for HDDs.

The Seagate -IDC Whitepaper entitled “Data Age 2025” show that by 2025, global data will surge to 163ZB, which will be 10 times that of 2016. Big data, cloud computing, artificial intelligence, and edge computing nowadays are dealing mainly with massive data. More and more data are marked, integrated, and analyzed. The HDD, as the best container for data storage, impacts the quality and safety of data storage with its quality. A good or bad performing HDD directly impacts subsequent data “processing.” Therefore, one has to admit that supported by relatively superior performance, SSDs, with their characteristics of quick transmission, being seismic and stable, have indeed gradually become a new choice on the storage market.

As cloud computing, AI, edge computing, and the IoT constantly mature, the overall global data will grow geometrically. Future application scenarios will surely be more diversified and complex. The characteristics of hot data and cold data will be more distinct, too. For quick data like hot data, storage equipment needs to have outstanding performance parameters in order to maximize the efficacy of data and to create even greater value. In other words, SSDs are very suitable for storing hot data. For the sophisticated cold data, on the other hand, the requirements for the storage equipment mainly focus on the capacity, safety, and stability while there are no excessive requirements for the actual performance. HDDS that are absolutely superior in terms of cost hence become the best choice. As is shown in the figure below, the world in the future is one where SSD+HDD exist together through division of labor. SDDS deal with hot data while HDDs are responsible for greater storage demand.

Source: Western Digital

According to the Trendfocus Report, shipments of mechanical HDDs in 2022 nearly dropped to half; all manufacturers saw significantly reduced shipment size. Shipments from Seagate and Western Digital nearly reduced to half, too.

Such data led to the significantly reduced sales in 2022 of the three magnates in the HDD sector. The shipment of HDDs of Seagate in 2022 dropped by 43.7% and that of Western Digital was equally awful – dropping by 43.0%. The year-on-year shipment of Toshiba dropped by 39.3% in 2022.

Vendor	HDDs in million	Q/Q change	Y/Y change	Market share
Seagate	15.10 - 15.60	-3.9% -0.7%	-43.7% -41.7%	42.9 - 42.9%
Toshiba	7.80 – 8.0	-2.6% -0.1%	-39.3% -37.7%	22.2% – 22.0%
WDC	12.30 - 12.80	-16.2% -12.7%	-43.0% -40.7%	34.9% - 35.2%
TOTAL	35.20 - 36.40	-8.3% - 5.2%	-42.5 -40.5%	100%

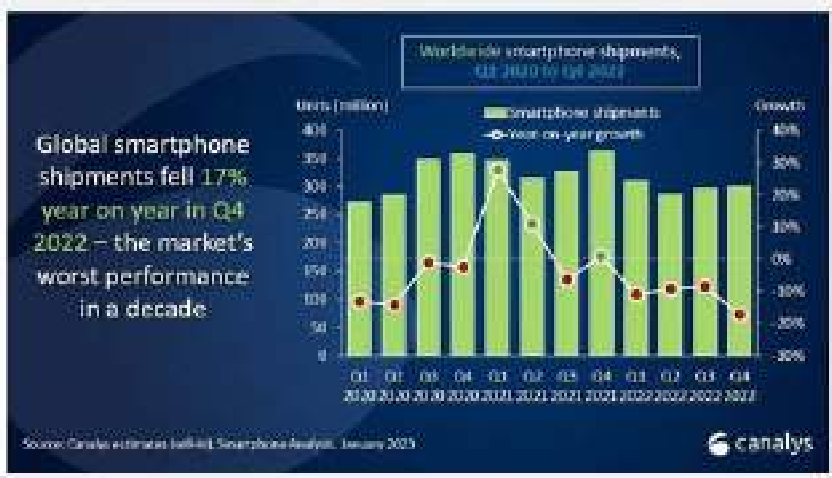
▲ 图源 Trendfocus

Generally speaking, shipments of HDDs in 2022 dropped by 42.5% to about 35 million or 36 million.

Trendfocus believes that the biggest disaster for HDD storage manufacturers now is the dropping demand for corporate cloud storage. In 2022, cloud storage companies merged and their inventories were modified. The year-on-year number of HDDs purchased in the fourth quarter dropped by 10 million to 11 million.

(2) 3C sector:

A. Global smart phone market



Worldwide smartphone shipments and growth
Canalys Preliminary Smartphone Market Pulse: 2022

Vendor	2021 market share	2022 market share
Samsung	20%	22%
Apple	17%	19%
Xiaomi	14%	13%
OPPO	11%	9%
vivo	10%	9%
Others	28%	28%

Preliminary estimates are subject to change on final release
Note: percentages may not add up to 100% due to rounding
Source: Canalys estimates (sell-in shipments), Smartphone Analysis, January 2023

The shipments throughout 2022 dropped by 11.3% to 1.21 billion sets, the lowest since 2013. It is mainly because of the significantly reduced demand from consumers, inflation, and economic uncertainty.

B. PC market

全球台式机和笔记本电脑出货量（市场份额和年增长率）
Canalys 个人电脑分析统计数据：2022 年全年

厂商（公司）	2022 年出货量	2022 年市场份额	2021 年出货量	2021 年市场份额	年增长率
联想	68,125	23.9%	82,200	24.1%	-17.1%
惠普	55,206	19.4%	74,022	21.7%	-25.4%
戴尔	49,746	17.4%	59,300	17.4%	-16.1%
苹果	27,160	9.5%	28,961	8.5%	-6.2%
华硕	20,616	7.2%	21,473	6.3%	-4.0%
其他	64,237	22.5%	75,081	22.0%	-14.4%
合计	**285,090**	**100.0%**	**341,037**	**100.0%**	**-16.4%**

注：出货量单位为"千台"，由于四舍五入的关系，百分比合计可能无法达到 100%。
来源：Canalys 个人电脑分析统计数据（出货量），2023 年 1 月

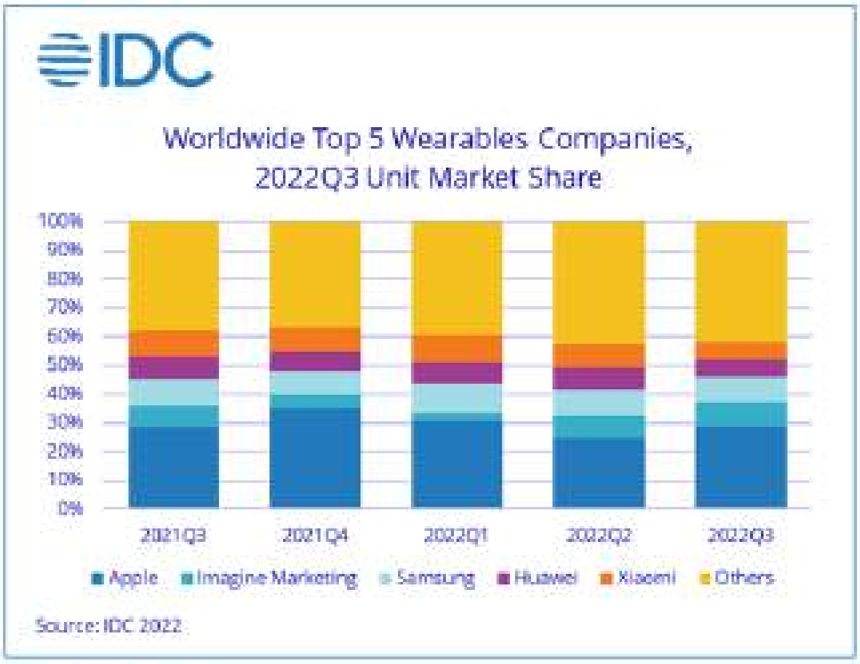
The total shipment size of personal computers (desktop and notebook) throughout 2022 was 285 million sets, a decline of 16% from 2021. That of desktop computers, in particular, dropped by 7% to 61.3 million sets and that of notebook computers by 19% to 223.8 million sets.

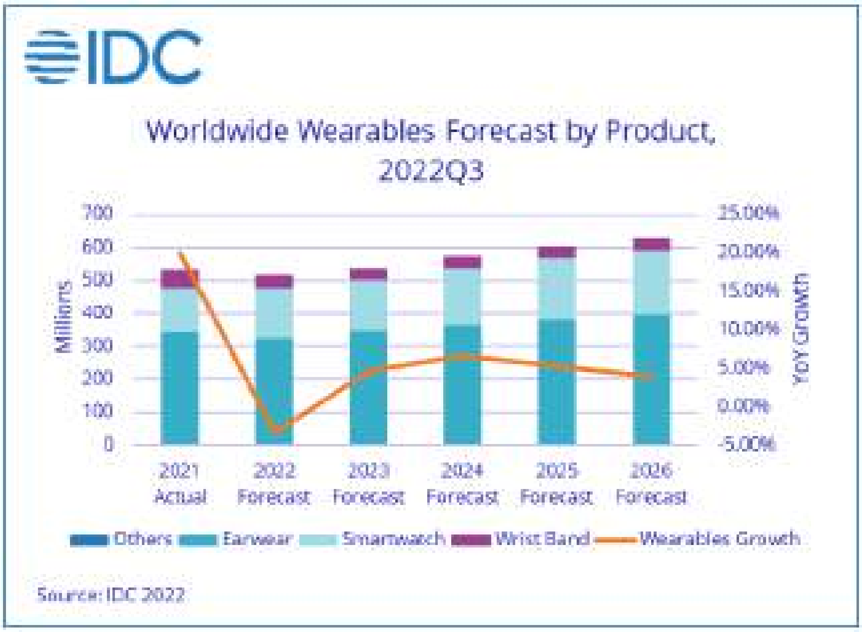
The high growth phase for PCs driven by COVID-19 has come to an end. Despite the recent decline, the shipment size of PCs throughout 2022 was up to 292 million sets, higher than the pre-pandemic level. IDC indicates that the PC market is faced with a demand issue. Most users have relatively new PCs while the global economy is getting worse.

Many large PC suppliers are cautious about the 2023 outlook. Nevertheless, it is generally believed on the market that part of the PC market will resume growths by the end of 2023 while the overall market will in 2024. For the commercial segment, in particular, there are several growth-driving factors, including that updates for Windows 10 will soon be no longer available.

C. Smart Wearables Market

IDC released its forecast report about the shipment size of wearable devices around the world in 2022. Although the third quarter of 2022 saw a year-on-year growth of 1.7% on the wearables market, it is estimated that global shipments throughout 2022 will drop by 3.3% to 515.6 million sets. The sluggishness in 2022 is the result of the drastic growths on the market and the challenging global macroeconomic environment for the first two years of the pandemic. IDC, however, expects that the improving economic situation and additional demand from emerging markets will drive new growths in 2023 and the shipment size is expected to reach 539 million sets.





or the future, one can expect that the wearables market will grow soundly at a five-year GAGR of 5.1% and the shipment size will reach 628.3 million sets by the end of 2026.

4. Competition

Given the increasing prices of electroplating automatic surface treatment equipment (for HDD parts and components that require a higher level of cleanness, semi-conductor-equivalent clean room equipment is required and it means higher capital expenditure), the greater difficulty encountered in personnel training each day, the difficulty in obtaining an environmental protection license, and the defect rate management, in addition to the technical threshold that depends on the product (HDDS are precision parts, for example, and hence have a higher threshold) and the fact that downstream manufacturers screen suppliers not only based on quality and throughput but also on their scale, experience, and preferred raw material purchase prices, many small plants have been sold as a result of a shortage in purchase orders and gone out of business.

For HDD parts and components, the surface treatment certification procedures is strict and includes questionnaires, site visits and interviews, document review, product prototyping, price negotiation, and contract preparation and shall meet screening standards for the throughput, technology, equipment, cost, and ISO certification. An initial certification process usually takes around 6 to 12 months (sometimes longer and up to 2 years). In addition, the geographical nature of this sector is relatively powerful and demands a short lead time. Therefore, surface treatment plants mostly keep long-term and steady partnerships with their downstream assembly service providers. The Company, for example, has been in collaboration with Seagate for up to 20 years and with Toshiba and WD also for more than 12 years.

On the 3C market, the Group is in the leading position given its abundant experience and topnotch processes, technologies, and equipment, complete production lines, throughput scale, and technicality for the surface treatment of metals in Taiwan and in China and Southeast Asia. The quality of products and technicality are certified by leading heavyweights in the US, indicating that the manufacturing technical capabilities and quality are quite comparable to compete on the international market and answer to the strict requirements from international heavyweights for quality and efficacy

(III) Technical and R&D Overview

1. Technical level and research and development in the scope of business operation

(1) Definition and classification of surface treatment:

Any technology to change the composition on the surface of a material or give it new features taking advantage of physical or chemical reactions is referred to as surface treatment technology. The processing can generally be divided to six major categories, namely change of the surface shape, surface coating pattern, surface chemical reaction, surface coating and penetration, implantation of other elements through the surface and only change of the surface property

Type of surface treatment	**Description**
Change of surface shape	Etching or grinding is applied to smoothen the bumpy shape on the surface.
Surface coating pattern	The surface of the base material is covered by a processing layer that differs in composition from the base material. There is a distinct border line between this covering layer and the base material and hence the adhesiveness between the two is crucial.
Surface chemical reaction	Aluminum anodizing, for example, helps form the corrosion-resistant and wear-resistant oxidative layer on the surface of the aluminum material.
Surface coating and penetration	Hot-dip plating or pervasion is applied to change the composition on the surface of the base material to a certain depth and to form a hardened layer. This approach is free of the issue of detachment between the base material and the surface hardened layer.
Implantation of other elements through the surface	Vacuum carburizing and ion nitriding, for example, exactly take advantage the pervasion of carbon and nitrogen and penetrate them through the surface of the base material
Only change of the surface property	High-frequency hardening, for example, is applied to harden the surface and to enhance the wearable nature of the material

Source: Industries Research & Development Centre (MII-ITIS

(2) Surface treatment technology and purpose:

Surface treatment aims primarily to give the surface of a material new properties so that the value of the product is enhanced, including the surface shape, mechanical, electromagnetic optics, thermal, physical, chemical, and decorative properties. Different surface treatment technologies are generated as a result of different properties, including electroplating (wet plating), grinding, cleaning, coating, and dry plating that has been developing quickly over the past few years. Corresponding purposes of these processing technologies are shown in the table below:

Surface treatment method			Primary purpose
Major category		Medium category	
Washing	Rinsing	Wet rinsing, dry rinsing	Removal of grease
	Removal of rust	Dip rust removal, sandblasting, liquid honing, drum grinding	Removal of obstacles, removal of rust
Grinding		Mechanical grinding, chemical grinding, electrolyte grinding, GMP	Smoothing and toning
Etching		Chemical etching, electrolyte etching, dry etching	Creation of surface shape
Shot peening		Medium/Low-speed spot peening, high-speed spot peening	Fatigue tolerance, removal of obstacles
Printing		Letterpress, intaglio, offset printing, stencil printing	Surface decoration
Coating		Spray coating, electrostatic coating, electric coating, powder coating	Corrosion resistance and decoration
Lamination		Resin lamination, glass lamination	Corrosion resistance and wear resistance
Wet plating		Electroplating, chemical plating	Decoration, corrosion resistance, and wear resistance
Chemical treatment		Phosphate treatment, ferric phosphate treatment, chromate treatment	Corrosion resistance and sliding property
Anodizing		Anodizing of steel and iron, non-ferric metal anodizing	Corrosion resistance, wear resistance, coloration
Dry plating (gaseous phase)		Physical vapor deposition (PVD), chemical vapor deposition (CVD)	Wear resistance, sliding property, optical property
Iron implantation		High-performance implantation, medium-performance implantation	Electrical property, wear resistance, heat tolerance
Hot-dip plating		Hot-dip zinc-coated, hot-dip aluminum-coated	Corrosion resistance
Surface thermal treatment		Surface hardening, carburizing hardening, oxidation, pervasion	Wear resistance, fatigue tolerance, and sliding property
Spray coating		Thermal spray coating, plasm spray coating	Wear resistance, corrosion resistance, and heat tolerance

Source: Industries Research & Development Centre (MII-ITIS)

(3) Introduction to the coating technology:

Coating is one of the most commonly applied surface treatment technologies. There are dry plating and wet plating. The two are different in that wet plating takes advantage of chemical solutions in the coating process while dry plating does not. The categorization and strengths and weaknesses are summarized as follows:

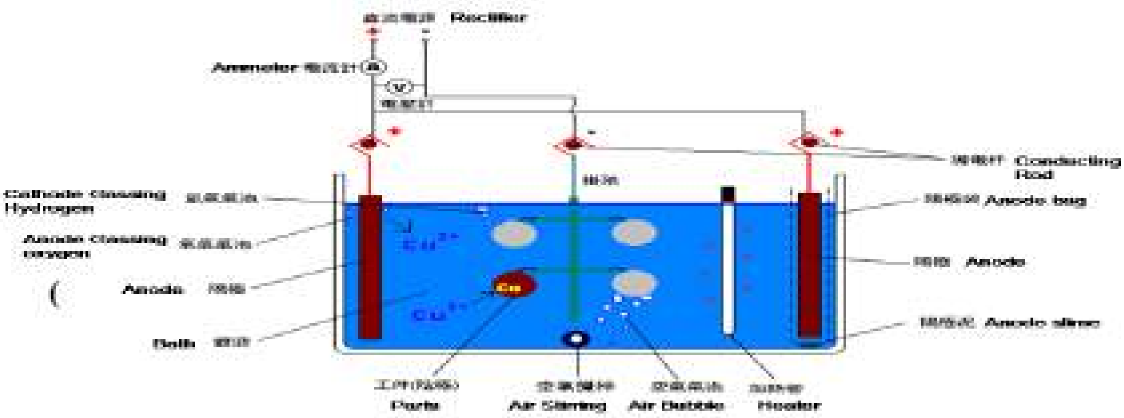
Technology	Wet plating	Dry plating
Categorization	Traditional electroplating, dip electroplating, electroless plating	Physical vapor deposition (PVD), chemical vapor deposition (CVD)
Strengths	Low equipment cost and mature technology	No generation of waste gas or wastewater, among other sources of pollution and environmental protection is not so much as an issue
Weaknesses	Serious environmental protection issue and required purchase of waste gas and wastewater treatment equipment	Inability to process large items or items with complex shapes, thin plated layer, and relative undesirable dropping

Source: Industries Research & Development Centre (MII-ITIS)

2. The Company mainly deals with wet plating, which can be divided into:

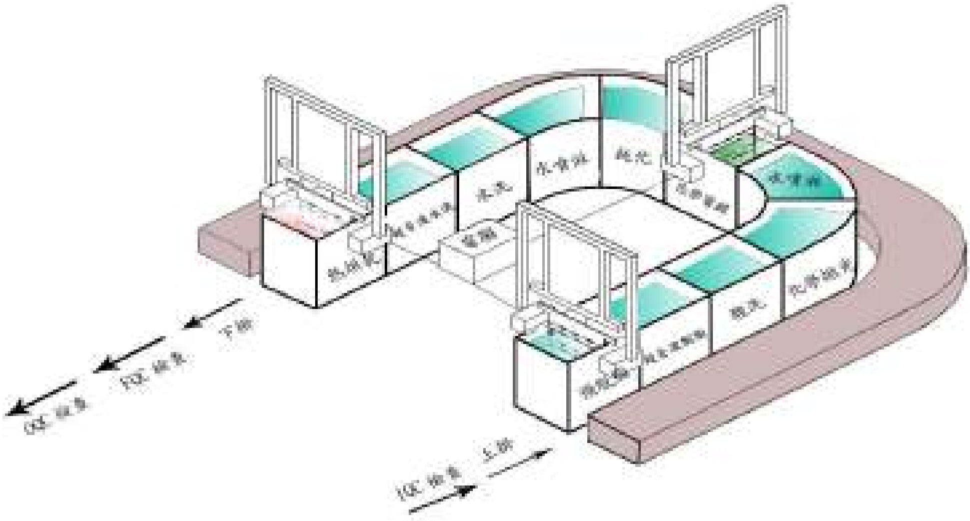
(1) Electroplating

Electroplating is an electrolysis process where the metal sheets to be plated work like the anode and the electrolyte solution is usually the iron solution for the metals to be plated. The target of plating, on the other hand, works like the cathode. After direct-current voltage is entered between the anode and the cathode, the metal ions in the electrolyte solution swim to the cathode. After reduction, they are plated onto the cathode. Meanwhile, the metals at the anode dissolve to provide the electrolyte solution with more metal ions. Parts, furniture, and household supplies of many industrial machines are often plated with a metal layer, which is meant to prevent corrosion, boost aesthetics, and further enhance the rigidity, wear tolerance, and conductivity, among other unique properties. Materials that are often adopted for the electroplated layer include metals such as copper, zinc, tin, chromium, nickel, gold, and silver and alloys such as copper-zinc, copper-tin, tin-zinc, and tin-nickel. In addition, to ensure that the atoms between the base material (that is the target of plating) can be bonded closely, the plated workpiece usually go through treatments such as decaling, degreasing, and de-oxidation.



(2) Electroless plating

It is also known as electroless plating. No additional current is needed. The base metal contained in the base material to be plated does not need to dissolve in the plating bath to facilitate electroplating. There has to be, however, appropriate reducing agent in the plating solution. The rationale is oxidation of the reducing agent in the plating solution and the metal ions to be plated, on the other hand, are reduced to metals and bind to the surface of the workpiece. The plating layer of electroless plating, on the other hand, can be plated to the required thickness and can be applied to non-conductive materials such as glass, ceramics, and plastics under specific conditions. It is known for an even plating layer and low porosity, among other strengths, and has been widely applied to automobiles, dies, and military and 3C electronics products.



(3) Immersion plating

It means that the workpiece is immersed in the plating bath and there will be several base metals in the workpiece that will be dissolved in the plating bath and an equivalent number of metals in the plating bath will be analyzed and plated onto the workpiece. Generally speaking, this approach can only render a rather thick plating layer and the reaction stops as soon as the whole base material is covered by the plating layer. The applicable conditions for dip plating are that the metal to be plated has to have a higher positive standard electrode potential than the metal to be plated onto. As a result, it is possible to plate metals such as silver, copper, and gold onto steel and iron, not zinc or cadmium.

(4) Multi-layer plating

It is electroplating where multiple layers of different metals in terms of their property or composition are deposited one after another onto the same base. It aims primarily to reduce the overall thickness of the noble metal layer under the premise that the electroplating feature is maintained or to plate corrosion-resistant metals onto the base. Only key portion of the parts are selectively plated with functional noble metals in order to optimize the efficacy and cost, such as nickel and gold or nickel and silver to be plated onto the surface of a copper material

3. R&D expenditure spent each year over the past five years:

Unit: NTD thousand; %

Fiscal Year / Item	2018	2019	2020	2021	2022	First quarter of 2023

R&D expenditure	9,212	8,019	10,049	11,219	11,095	1,939
Net operating income	1,012,959	785,125	1,039,891	1,356,633	1,131,956	201,114
Ratio of R&D expenditure to operating income	0.91	1.02	0.97	0.83	0.98	0.96

4. Technologies or products successfully developed over the past year:

Fiscal Year	Technologies or products successfully developed over the past six years
2017	Titanium-alloy automotive parts chemical nickel, 3C vibration grinding technique, automatic appearance inspection of products
2018	Passivation surface treatment technology for stainless steel and copper materials, selective gold plating for adapters
2019	Development of pearl nickel plug products Introduction of USB automatic up-hanging machines Titanium-alloy cleaning and passivation
2020	Introduction of hanging devices of novel design and automatic up-hanging machine for workpieces USB-C shell-series automatic aligners New-generation wastewater recycling technology
2021	Introduction of USB-C shell-series automatic down-hanging machines New-generation adapter terminal gold and silver plating technology Industrial thick waste solution-reducing equipment Development and application of electrolysis and nickel recycling technology in wastewater and waste solution Development of the chemical plating process for headsets and introduction of automatic inspection and automatic arrangement Development of local electroplating techniques of heat-dissipating products Development and mass production of automotive heat sink low-phosphorus chemical plating nickel process
2022	Introduction of platen washers Introduction of spacers Waste chemical nickel solution, installation of the nickel electrolysis system Installation of the electroplating nickel refining system Recycling of post-production line water for reuse, drainage of water out of the platen washing basin, setup of the water supply and drainage systems for platen washing equipment Setup of the waste nitric acid nickel extraction system Setup of the activated carbon nickel extraction system Installation of the silver-plating line silver-recycling system

(IV) Long/Short-term business development plans

1. Short-term development plan:
   (1) Watch closely situational changes to ensure non-disrupted supply.
   (2) Watch closely fluctuations in materials and the exchange rate and respond optimally and in

the quickest way.
(3) Deepen customer relations and extend the scope of surface treatment horizontally.
(4) Enter new markets for applications such as wearables, electric vehicles, and high-frequency devices, among others.
(5) Develop automation and reduce dependency on manpower.
(6) Examine the technical control and parameters one by one and remove high-performance consumption and production bottlenecks.
(7) Deepen existing collaborative relations with customers and maximize the ratios of secured processing business and provide customers with total solutions.

2. Long-term development plan:
Increase the ratio of highly profitable products in the portfolio and proactively reinforce the driving factors for revenue growths in the future (such as non-metal surface treatment). The expected development plan is as follows:
(1) Expand the premises in Thailand, Dongguan, and Taiwan and evaluate possibilities in other areas; follow up on customer demand and decentralize risk.
(2) Nurture R&D and management talent and introduce new applications and models; enhance one's own competitive advantages to optimize new process flows.
(3) Reinforce one's own green competitive advantages, reduce energy consumption, recycle resources, and follow up on carbon peaks and carbon neutralization.
(4) Introduce smart production systems.
(5) Reinforce information-based information security management.
(6) Proactively research and develop environmentally friendly materials and technologies with environmental protection and energy conservation as the goals in order to meet applicable environmental protection regulations of green products.
(7) Strengthen the circulation and utilization of resources, reduce business waste, and continue to enhance energy efficiency.

II. Market and business summary

(I) Market analysis:

1. Where products (services) are primarily sold or supplied

Unit: NTD thousand; %

Region	2021		2022	
	Amount	Ratio (%)	Amount	Ratio (%)
Mainland China	1,049,621	77.37	837,534	73.99
Thailand	303,429	22.37	285,730	25.24
Other	3,583	0.26	8,692	0.77
Total	1,356,633	100.00	1,131,956	100.00

2. Market share:
Since the surface treatment industry is processing-oriented and the required processing is extensive and complex, there are currently no official authorities available to conduct the industrial market share research. As a result, it is impossible to get the market share correctly. In light of the revenue or the allowed pollution discharge, however, the Group shall be the largest professional surface treatment service provider in South China and a primary surface treatment supplier of HDD key parts and components

3. Future supply and demand and growth on the market

The two major types of business as of the end of 2022 of the Group were the surface treatment of HDD parts and components and 3D product charger adapters/connector terminals, which accounted for around 33% and 37%, respectively, of the overall revenue. In other words, the supply and demand condition and the growth potential will mainly rely on the HDDs and 3C products.

(1) HDD sector

A. Persistent growths in the demand for HDDs over the past few years

Over the past few years, the market for 2.5” HDDs in PC-related fields have been gradually replaced by SDDs. The demand for 3.5” HDDs, however, has been steadily growing, thanks to the development trends such as personal and family NASs, small-to-medium-sized enterprise small servers, cloud storage and computing, IoT, and 5G applications as well as video-based monitoring, among other corporate storage applications.

Impacted by the pandemic over the past few years, along with the work-from-home policy adopted by enterprises, the demand for video-conferencing and big data, cloud storage has surged significantly. The demand for large enterprises to set up their large data centers has grown accordingly, too. Storage businesses continue to develop high-capacity HDDs, including 18TB and 20TB that are designed specifically for the corporate high-capacity HDD market of a super scale specific for the cloud setting and design technically dual-read head for enhanced operating speed in response to the demand for quick access by those working remotely.

B. Supply

At present, international manufacturers continue to be integrated on the global market. Related service providers have also developed towards integrating services. Therefore, in fields such as IT, netcom, and consumer electronics, it is more desired to rely on assistance from processors in order to expedite the time to release of products to the market. At present, international heavyweights are constantly expanding the scope of outsourcing. Superior Plating, with its outstanding cost control, manufacturing techniques, production yield control, and production flexibility, among other competitive advantages, in addition to flexible leverage, quality R&D and innovation, and outstanding managerial experience, will help the Group secure processing orders. In addition, the rising awareness of environmental protection and the focused review of high-energy-consuming and highly polluting sectors in China have led to the requirement for conforming pollution discharge licensing in related sectors. Given this threshold, chances to obtain an electroplating license in the future will significantly drop. High access barriers are in place for the surface treatment industry. Competitors can hardly access this industry over the short term. The supply in the future will focus on some businesses.

C Constantly enhanced precision requirements for HDD parts and components with the increased storage capacity per unit

Internal parts and components of the hard disk drive include the disk, the disk holder, the spindle motor, the read/write head, the head-positioning actuator, and the voice coil motor while external ones are the top cover and the bottom cover. Those requiring the electroless plating include the head hold, voice coil motor, tightening ring, and gasket. Given the constantly enhanced HDD technology and capacity, requirements for precision in surface treatment of parts and components are constantly increased, too. As the quantity of HDD digitigrade pieces climbs, undesirable thickness control will impact the dimensions and lead to an increase in the parts scrap rate. Uneven thickness, on the other hand, will give rise to particles during operation that will shorten the life span of HDDs. Due to the fact that the Group has had more than ten years of experience in process control in the HDD sector and has introduced additional smart analysis equipment over the past few years, it is technically leading now.

(2) 3C sector

A. Demand for 5G mobile phone and tablet computer fast-charging drives up the USB-C load rate

The penetration of high-end smart phones and tablets, under the 5G network setting and the rapid developments of high-definition audiovisual streaming is gradually increasing. With the increased demand from consumers for audiovisual streaming for 5G phones, the screen and 5G streaming drive up the power-consuming rate. As a result, it has become mainstream for high-end smart phones and tablets to use USB-C as their main support fast-charging specification. The Group mainly supplies American customers with USB-C and plug surface treatment and has been able to provide beautiful-looking and wear-resistant and plug/unplug-tolerant special types of plating given its extended joint technical R&D with its customers that help extend the lifespan of customers' chargers.

B. Increased demand for wearable devices help boost the demand for fast-charging

The market sales of wearable devices such as TWS headsets and smart watches have been steadily growing and it has driven an increase in the demand for fast-charging. These mobile devices are known for being compact, light, and easily portable and their ability to persistently connect with smart phones to be carried at all times by modern people. While addressing the demand for wearing for an extended period of time and network connection over an extended period of time, how to enable fast-charging for wearable devices has also become something that product developers are concerned about. Due to the fact that USB-C is known for its properties such as high-speed transmission and fast-charging, it helps streamline the demand for connecting holes and wiring harness of smart wearables and also further optimize product volumes and specifications. Wearable devices are still at their fast-growing stage. As is estimated by foreign research and survey, the shipments of smart wearables this year will reach around 225 million sets, an annual growth of 25.8% and they will double in 2022 to reach 453 million sets.

C. Supply

Currently, with both China and the EU indicating that USB-C has become an internationally acceptable specification, the Council of Europe has introduced the restriction over small-to-medium-sized electronic products in the future out of the main appeal over reduced electronic waste since September 2021 and USB Type-C (USB-C) will become the main connection design. It includes the charger, the mobile phone, the tablet computer, the digital camera, the headset, the Bluetooth speaker, and the hand-held game consoles and will reach out to e-books, keyboards, notebook computers, and electronic toys, among others. All of them need to come with the USB-C port in order to avoid generating additional electronic garbage. As a result, respective primary smart phone and tablet computer suppliers, in response to the said appeal, have also gradually enhanced the ratio of their own products configured with the USB-C port

4. Competitive niche

(1) **Highly experienced R&D team**

Among the Group's R&D staff of the Group, as of the end of 2021, those with a college or higher-level diploma accounted for about 72% and major cadres had a mean number of years working in related R&D fields exceeding 10. The R&D team includes the new process development one and the original process improvement one so that the Group can maintain its competitive advantages on the market for existing products while at the same time adhering to persistent expansion of its operation over the long term to create new momentum for the growths of the Group. Besides proactively recruiting outstanding elites in the industry, constant efforts are made to ensure persistent advancement in the R&D technology through collaboration and exchange among internal knowledge management, internal/external educational training, and academic units of the Company, among other series of R&D development plans.

The R&D team has been devoted over the past few years to the development of process surface treatment machinery and equipment, breakthroughs in the wastewater treatment technology, and continued to apply for patents and certifications in respective regions to protect its intellectual properties. The subsidiary in Shenzhen was certified as a national high-tech enterprise in 2021.

(2) **Cross-national production site**

The Group has production sites in Shenzhen, Dongguan of South China and in Thailand. They are capable of diversified techniques such as chemical plating, chemical polishing, continuous plating, hung plating, and precision washing to be imposed onto base materials that are zinc, nickel, silver plates, copper and steel/iron pieces, or aluminum alloys. Diversified plating can satisfy the needs of customers in China and in Southeast Asia at once. Meanwhile, when production cannot successfully begin at a certain operating site due to natural disasters or manned catastrophes, production can be quickly relocated to the other sites to keep the supply chain steady

(3) **Optimal customer base and diversified portfolio**

The Group is a service provider of professional surface treatment, with customers mainly being well-known brand developers around the world whose financial standing and corporate operation are both quite robust and the Group maintains long-lasting optimal partnerships with these major customers and is well received by the customers in both quality and service.

As IT and consumer electronic products and the digital demand for cloud-based service quickly grow, products include not only 3D peripheral parts and components but also servers, electric vehicles, automotive and medical devices. The portfolio is diversified, wide-ranging, and deep-reaching to serve customers where products in different categories or of different properties are sold

(4) **Competitive advantages that connect management, business operation, production, and quality in one**

The Group's management consists exclusively of professionals in the industry that have many years of experience in related fields and have complete track records in business operation and administration, R&D, and finance. Members on the team work perfectly with one another and share the same beliefs. They have better control over the overall organizational leverage and are key to the robust developments of the Group.

The Company emphasizes joint developments of processes with customers. Despite the relatively lengthy devotion to R&D, it helps form close relations with customers and upstream and downstream contractors and by jointly developing processes, the Group also enjoys technical advantages because it increases the entry threshold that keeps competition off the market.

In addition, out of its commitment to quality and the environment, the Company has been certified for ISO 9001, ISO 14001, and TS 16949 and has precisely enforced all quality control requirements in actual operations. Therefore, quality of products of the Company is quite stable and they have been recognized by major customers each year.

5. Advantageous and disadvantageous factors for future developments and countermeasures

(1) Advantageous factors

A. **Geographical location**

<u>a. Complete supply chain system for the IT industry in South China</u>

The IT electronics industry in South China has been complete as a whole after having gone through multiple industrial developments and systematic changes. Given the balanced distribution throughout the industry, collaboration among sectors have been optimal and they are able to support one another. As a result, the IT electronics industry is becoming more capable each day in its overall external marketability and has become a focus of procedure for related products around the world

b. Complete supply chain system for the HDD sector in Thailand

With the relocation of the HDD supply chain over the past years, Thailand has become one of the largest HDD production sites in the world. Nearly all upstream and downstream HDD contractors have presence set up in Thailand. Subsidiaries in Thailand, enjoying the geographical advantages, are able to approach customers directly and also can secure opportunities for joint developments on the emerging markets with customers taking into consideration their deployments in emerging countries

B. Mature developments of the parts and components sector and steady supply of key parts and components

Manufacturers of peripheral 3C products such as HDDs are capable of competing internationally, including precision metal parts and printed circuit boards. With the IT sector developing completely and advancing quickly, it is a driving force to boost the autonomy over IT products.

C. Persistent growths on the market

As IT and consumer electronics products and the digital demand for cloud-based service quickly grow, persistent growths are seen in the main scope of operation of the Group, such as HDD parts and components and 3C electronic products surface treatment, too. As the demand for video-based monitoring, IoT, and big data continues to climb, the development of cloud storage technology is likely drive up demand on the HDD market. According to statistics of a research institute, the global data storage size in 2021 will be 40 times that in 2009 (0.8ZB->35ZB) and expansions continue at a CAGR of 3.9%.

Also because of the demand from consumers for smart phones and smart wearable devices, manufacturers of 3C electronic products are constantly innovating on specifications and features to motivate consumers to purchase the new products

D. Robust R&D and innovation capabilities

The Company's R&D team is devoted to the R&D and innovation of products. By updating its production equipment, solution formula and improving its process and processing procedure and design, it is help improving the production technique and high-yield processing service is introduced ahead of counterparts for enhanced operational efficiency and quality

(2) Disadvantageous factors

A. **Main raw materials tend to be affected by fluctuating prices internationally of gold, silver, and nickel, among other metals and the supply chain experiences a shortage due to the international situation**

Primary raw materials for the Group include electrolysis nickel solution, nickel boards, solder balls, silver boards, and potassium gold cyanide. Their prices change with international pricing tendency for nickel, silver, and gold, among others. In other words, if prices of the said metals climb, the importing prices of related raw materials climb as well and so does the production cost.

Meanwhile, over the past few years, COVID-19, Indonesia tariff policy, or the production policy adopted in China to restrict mining of phosphate rocks have all impacted the supply of raw materials to result in significant price volatilities on the market and to accordingly drive up the production cost.

Countermeasures:

1. The management and the purchase unit are monitoring trends in prices of

related metals around the world at any time in order to control the purchase price and inventory size of raw materials and ensure that there are two or more suppliers of key production raw materials to ensure supply of such raw materials.

2. Long-term collaboration agreements are entered into with key suppliers to ensure supply of materials and competitive purchase prices. If necessary, the finance unit may take related hedging measures taking into consideration the financial standing of the Company.
3. The sales unit, on the other hand, will adequately reflect the cost in the processing price and quotation.

B. **Potential shortage of labor and shortage of professional design and R&D talent in the automation sector**

As economies grow in China and in Thailand, young workers are unwilling to work in factories. The shortage in labor leads to an increase in the base wage and according to the production cost for the sector.

Countermeasures:

The Group has been proactively developing automatic production equipment to significantly replace the existing workforce and to lessen the cost impacts brought about by rising base wages. Meanwhile, the subsidiary in Shenzhen flexibly allocates workers from other premises in high and low seasons to minimize the impacts of shortage in labor. The subsidiary in Thailand also introduces foreign workers to ensure steady workforce

C. **Lengthy cycle of new process development and lengthy time to recovery of invested funds**

Due to the fact that the Group emphasizes joint development of processes with customers in order to reinforce its own competitive advantages, the unique and non-universal specifications of these processes are associated with a relatively long development cycle and accordingly relatively long time to recovery of invested funds by the Group.

Countermeasures:

Before jointly developing processes with customers, the Group sets short-term, mid-term, and long-term risk assessment and development strategies according to the four constructs, namely, financial planning, customer and product evaluation, internal organization and resources allocation planning, and operational and managerial risk and reports to the Board of Directors on a quarterly basis as needed. Once it is approved by the Board of Directors, the existing responsible units in the Company will set up subsequent information communication and supervision mechanisms to protect the Company against damages and to ensure fulfillment of goals.

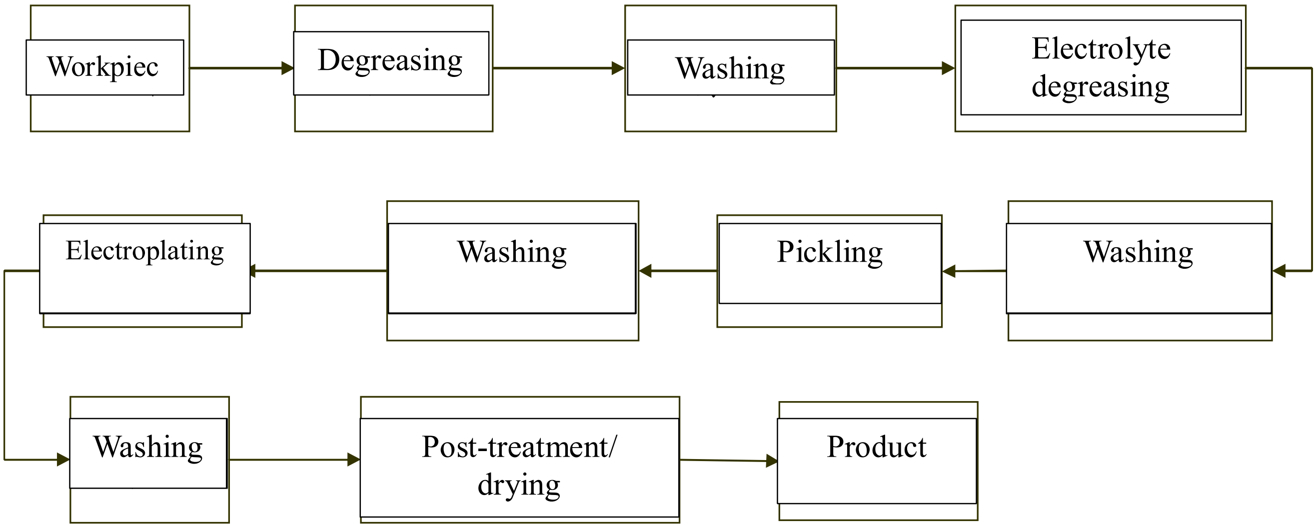
(II) Important purposes and production processes of main products

1. Important purposes of products

NO.	Products	Substrate Material
1	EN Plating(High-P、Mid-P、Low-P)	Steel、Copper、Stainless Steel、Aluminum
2	Precision Cleaning	Stainless Steel、Aluminum
3	Acid Cleaning	Aluminium
4	Passivation	Copper、Stainless Steel
5	Chemical Polish	Copper、Aluminum
6	Gold Plating	Steel、Copper、Stainless Steel

NO.	Products	Substrate Material
7	Immersion gold plating	Steel、Copper、Stainless Steel
8	Continuous gold electroplating	Steel、Copper、Stainless Steel
9	Continuous Sliver electroplating	Steel、Copper
10	IC package plating frame	Copper、Stainless Steel
11	PNP plating for copper and stainless base materials	Copper、Stainless Steel
12	Pearl nickel	Copper、Stainless Steel
13	Bright nickel	Copper、Stainless Steel

2. Production processes



(III) Supply of main raw materials

Main raw material	Sources of materials of main suppliers and overview of suppliers
Electroless nickel	There are both qualified domestic and international suppliers with steady lead time and quality; the supply is optimal.
Sodium hypophosphite	Subsidiary purchases unilaterally from overseas, with steady lead time and quality; the supply is optimal.
Silver boards	Subsidiary purchases unilaterally from overseas, with steady lead time and quality; the supply is optimal.
Pure solder balls	Subsidiary purchases unilaterally from overseas, with steady lead time and quality; the supply is optimal.
Potassium gold cyanide	Subsidiary purchases unilaterally from overseas, with steady lead time and quality; the supply is optimal.
Sulfuric acid	Subsidiary purchases unilaterally from overseas, with steady lead time and quality; the supply is optimal.
Nitric acid	Subsidiary purchases unilaterally from overseas, with steady lead time and quality; the supply is optimal.
Passivation solution	Subsidiary purchases unilaterally from overseas, with steady lead time and quality; the supply is optimal.
Pearl nickel supplement	Subsidiary purchases unilaterally from overseas, with steady lead time and quality; the supply is optimal.
Sulfuric acid	Subsidiary purchases unilaterally from overseas, with steady lead time

nickel	and quality; the supply is optimal.
Nickel boards	Subsidiary purchases unilaterally from overseas, with steady lead time and quality; the supply is optimal.

(IV) Description of major changes to the gross profit rate by the primary product or department over the past two years

Unit: NT$ thousand

Item / Fiscal Year	Net operating income	Operating costs	Gross profit	Gross profit rate (%)
110年度	1,356,633	861,379	495,254	36.51
111年度	1,131,956	867,685	264,271	23.35
Explanation: The reduced revenue of the Group in 2022 and the gross profit rate from the preceding year were mainly caused by the dropping uptime as a result of adjustment in purchase orders by primary customers in 2022.				

V) List of main suppliers and customers

1. Names of customers with 10% or more sales and the values and ratios of the sales in any of the past two years:

Unit: NT$ thousand

	2021				2022				As of First quarter of 2023			
Item	Name	Amount	Percentage in the net sales throughout the year (%)	Item	Name	Amount	Percentage in the net sales throughout the year (%)	Item	Name	Amount	Percentage in the net sales throughout the year (%)	Item
1	RACPT 001	233,406	17.21	None	RABIT 001	176,117	15.59	None	RABIT 001	37,393	18.59	None
2	RABIT 001	187,668	13.84	None	RACPT 001	163,564	14.45	None	RACPT 001	37,088	18.44	None
3	D Group	132,384	9.76	None	HW	132,638	11.72	None	HW	30,315	15.07	None
4	Other	803,175	59.19	None	Other	659,637	58.24	None	Other	96,318	47.90	None
	Net sales	1,356,633	100	-	Net sales	1,131,956	100.00	-	Net sales	201,114	100.00	-

Information on the changes (increase/decrease):

(1) RACPT001: The amount of sales dropped because of reduced demand associated with the effort to lower the terminal inventory level.

(2) RACPT001: The amount of sales dropped because of reduced demand associated with the effort to lower the terminal inventory level.

(3) The customer’s rise in market share led to the increase in the amount of sales and its inclusion in the list of major customers

2. Names of suppliers with 10% or more purchases and the values and ratios of purchases in any of the past two years:

Unit: NT$ thousand

2021	2022				As of First quarter of 2023				2021			
Relationship with the issuer	Name	Amount	Relationship with the issuer	Name	Amount	Relationship with the issuer	Name	Amount	Relationship with the issuer	Name	Amount	Relationship with the issuer
1	ACH001	45,836	14.47	None	ACH001	40,799	14.19	None	TP671	4,829	12.31	None
2	TP047	32,768	10.35	None	TP052	30,091	10.47	None	TP052	4,793	12.22	None
3	TP052	30,656	9.68	None	TP671	24,150	8.40	None	TP716	3,758	9.58	None
4	Other	207,437	59.48	None	Other	192,407	66.94	None	Other	25,847	65.89	None
	Net purchases	316,697	100.00	–	Net purchases	287,447	100.00	–	Net purchases	39,227	100.00	–

Information on the changes (increase/decrease):

(1) ACH001: The amount of purchases, on the other hand, dropped slightly because of reduced demand.

(2) TP052: The amount of purchases did not experience obvious changes.

(3) TP671: The supplier is a raw material manufacturer and hence is competitive in prices and hence the ratio of purchases from the said supplier was increased in 2022

(VI) Production volume and value over the past two years

Unit: thousand sets; NT$ thousand

Fiscal Year / Production volume/value / Main product	2021			2022		
	Production capacity (Mpcs)	Production volume (Mpcs)	Production capacity (Mpcs)	Production volume (Mpcs)	Production capacity (Mpcs)	Production volume (Mpcs)
Electroplating nickel	936	594	776,488	936	348	573,300
Chemical nickel	556	192	537,813	556	197	509,165
Continuous plating and others	5,412	217	42,332	7,035	212	49,491
Total	6,904	1,003	1,356,633	8,527	757	1,131,956

(VII) Sales volumes/values over the past two years

Unit: thousand sets; NT$ thousand

Fiscal Year Sales volume/value / Main product	2021				2022			
	Import		Export		Import		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Net processing income	-	-	1,092,440	1,353,050	-	-	756,647	1,123,264
Other	-	3,583			-	8,692	-	-
Total	-	3,583	1,092,440	1,353,050	-	8,692	756,647	1,123,264

III. Number of employees for the past two years and up to the date when the Annual Report was printed, their mean years in service, mean age, and distribution of their education levels

Unit: Person; Age; Year; %

Fiscal Year		2021	2022	For the current year up to the date when the Annual Report was printed
Number of employees	Direct and indirect production staff	555	536	571
	Staff of the Management Department	165	117	115
	R&D staff	35	29	31
	Total	755	682	717
Mean age			38.0	37.2
Mean years in service			6.2	5.7
Ratio of education distribution	Post-graduate school	–	-	-
	Graduate school	1.59%	1.61%	1.61%
	College/university	15.89%	22.29%	23.75%
	Senior high school	14.04%	20.67%	21.70%
	Below senior high school	68.48%	55.43%	58.06%

IV. Information on Environmental Protection Expenditure

(I) Explain how the application, payment, or setup status of those that should apply for a permit for setting up polluting facilities or discharging pollutants or pay pollution control and prevention fees or and set director, independent exclusive units or staff to take charge of environmental protection as required abide law:

The subsidiary of the Company in Shenzhen applied for the pollution discharge permit and information of the staff at the responsible unit for environmental protection is as follows:

1. Pollution discharge permit

Name of Company	Issued by	Effective duration of the permit
Superior Industries (ShenZhen) Co., Ltd.	Bao’an Environmental Protection And Water Authority	1141225
Top-Team Technology (Shen Zhen) Ltd.	Bao’an Environmental Protection And Water Authority	1141226

2. Environmental protection personnel

Name of Company	Name	Applicability	Title of qualification certificate
Superior Industries (Shenzhen) Co., Ltd.	Yang Lin-Chun	Sewage treatment	Sewage treatment Identification certificate

Name of Company	Name	Applicability	Title of qualification certificate
Top-Team Technology (Shenzhen) Co., Ltd.	Tang Hua	Sewage treatment	Sewage treatment Identification certificate

(2) Applicable investments of the Company in primary equipment to prevent environmental pollution and their purposes and possible benefits:

December 31, 2022 Unit: NT$ thousand

Name of Company	Equipment Name	Quantity	Date received	Investment cost	Purpose and Expected possible benefits
Superior Industries (ShenZhen) Co., Ltd.	Sewage prevention and control equipment	1 set	December 8, 2004	49,138	Purpose: Purification of electroplating sewage Efficacy: Compliance with environmental protection criteria in the effluent
Superior Industries (ShenZhen) Co., Ltd.	Sludge dryer equipment	1 set	November 1, 2019	BOT	Purpose: Sludge dehydration and reduction Efficacy: Reduced amount of sludge and reduced cost of clearing the sludge
Superior Industries (ShenZhen) Co., Ltd.	Low-temp vaporization equipment	1 set	07/31/2020	1,056	Purpose: vaporization of high-concentration waste solution Efficacy: amount of high-concentration waste solution to be cleared reduced by 70%
Superior Industries (ShenZhen) Co., Ltd.	Recycling equipment for waste nickel	1 set	December 15, 2021	1,056	Purpose: Recycling of nickel in waste nickel solution Efficacy: Reduced processing cost of waste solution and transformation of waste nickel to valuable substances and to make profits accordingly
Top-Team Technology (Shen Zhen) Ltd.	Sewage prevention and control equipment	1 set	March 27, 2017	41,577	Purpose: Purification of electroplating sewage Efficacy: Compliance with environmental protection criteria in the effluent
Top-Team Technology (Shen Zhen) Ltd.	Recycling equipment for waste nickel	1 set	2022/1/15	BOT	Purpose: Recycling of nickel in waste nickel solution Efficacy: Reduced processing cost of waste solution and transformation of waste nickel to valuable substances and to make profits accordingly
Superior Plating Technology (Thailand) Co., Ltd	Distillation Equipment	3 set	June 2021	261	Purpose: vaporization of high-concentration waste solution Efficacy: amount of high-concentration waste solution to be cleared reduced by 50%

(III) How the Company improved environmental pollution over the past two years and up to the date when the Annual Report was printed and the handling process in case of any dispute over pollution: None.

(IV) The total value of losses (including compensation) and dispositions of the Company over the past two years up to the date the Annual Report was printed and disclosure of future countermeasures (including improvement measures) and possible expenses (including estimated values of possible losses, dispositions, and compensation if no countermeasures were not adopted; if they cannot be reasonably estimated, descriptions of facts that they cannot be reasonably estimated should be provided): None.

(V) Explain current pollution status and the impacts of its improvement on the Company's earnings, competitive advantages, and capital expenditure and the expected major capital expenditure on environmental protection for the coming two years: None

V. Labor relations

(I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests:

1. Employee benefit plans and implementation thereof
   (1) Bonuses, subsidies and benefits: Establishing compensation and benefits including the job subsidies, task subsidies, seniority bonuses, attendance bonuses, environment subsidies, night-shift subsidies, high-temperature subsidies, license subsidies, meal subsidies, annual bonuses, employee bonus, and employee stock ownership trust, among others.
   (2) Labor insurance: The Company has made the payments for social insurance and Housing Provident Fund in compliance with relevant laws and regulations to ensure that its employees receive corresponding benefits and compensation in case of retirement, illness, maternity, injury, unemployment and house purchase, and it has additionally purchased the group accident insurance to stop employees' worries and provide a more comprehensive protection.
   (3) Health checks: The Company cares about employees' health, so it organizes one free health check for all employees every year and periodical health check for employees at specific positions to have a better understanding about employees' health.
   (4) Other benefits: The Company provides free housing and meals to its employees, as well as free parking spaces and screening room; it gives holiday gifts to employees on traditional holidays, organizes regular employee birthday parties every month, and occasionally arranges recreational activities, team-building, annual dinners and lotteries.
   (5) Workplace diversification policy: The Company is devoted to providing its employees with a respectful and safe workplace. We enforce diversified hiring and fair pay and promotion opportunities in order to ensure that employees are not discriminated against, harassed, or treated unfairly because of their ethnicity, gender, religion, age, political preference, or other conditions protected by applicable laws and regulations. Female employees accounted for 21% of all in 2022 and female officers 13%.
2. Employee continuing education and training and implementation thereof
   The Company understands the importance of human resources development and believes that continuous development of employees' competences fuels its growth, so it is committed to the constant improvement of the education and training system. Through the initiation of diverse and multi-dimensional education and training, employees' overall skills and experience are enhanced, and thus it maximizes the exploitation of human resource, driving the systematic facilitation of learning organization. The Company provides the following education and trainings:
   (1) Training plan: Founded on the Company's development goals, formulating plans targeting various professions and competences by referring to the surveys of employees' personal development goals and training needs.
   (2) Training activities are categorized as follows:
      A. New employee orientation
         Trainings including guidance and care, company overview, business concept, business culture, regulations and systems, attendance management, and salary and benefit system.
      B. On-the-job training
         General training courses that involve the entire company and all levels of employees, including organizational knowledge training, safety and health education, fire drills, quality knowledge trainings and etc.
      C. Management skill trainings

Training courses for mastering in a management position, including topics in upward management, issue analysis and solving, and skill training for team leaders.

D. Professional skills training

Professional skills training required for all technical/professional units, such as engineering technique courses, equipment engineering/maintenance courses, and finance and accounting courses.

E. External training

Assigning relevant personnel to attend external training courses, including the trainings for the latest firefighting safety, labor and taxation regulations and licenses.

3. Retirement system and implementation thereof

The Company's retirement system observes the provisions of the Labor Standards Act and relevant laws and regulations and adopts the individual pension account system where the employer shall deposit 6% of an employee's salary into his or her pension account at the Bureau of Labor Insurance every month. In addition to regular reserves made to the pension account required by the Labor Standards Act and Labor Pension Act, the Company also established the Employee Stock Ownership Fund Committee. A full-time employee who has worked for a year or more can decide an amount allocated monthly for the subscription of the Company's stock, and the Company will allocate 200% of the said amount as the stock ownership incentive bonus.

4. Labor-management agreements

The Company especially pays attention in building a harmonious labor-management environment and thus has a thorough document management system, of which, employees' rights, duties and welfare are clearly stated in various regulations. Moreover, it periodically reviews the welfare in order to practically maintain employees' rights and interests. The Company also endeavors to initiate and explore diverse communication channels between labors and management by establishing the labor union, female employee committee (to strengthen the protection for rights and interests of female employees), and labor-management dispute mediation committee (which is an organization to mediate labor-management disputes and handle employees' requests in a timely manner to ensure resolution of labor-management disputes at early stage), to bridge the communication between employees and management and enable their interactions. Through the implementation of multiple measures, it protects employees' rights and interests more thoroughly. Meanwhile, the Company cares about employees' opinions, so it has set up the General Manager's mailbox and employee opinion box, and proposed the complaint and appeal mechanism allowing full expression of employees' opinions and thoughts, to understand their opinions regarding business management, leadership, welfare system and work environment and maintain a good labor-management relation. In addition, since the Company's establishment, there has never been any material labor-management dispute.

5. Measures for employee rights and interests protection

The Company has a thorough document management system, of which, employees' rights and duties and welfare are clearly stated in various regulations. Moreover, it periodically reviews that welfare in order to protect employees' rights and interests.

(II) Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.

VI. Information and Communication Security Management

(I) It describes the information and communication security risk management framework, information and communication security policies, specific management plans, and resources invested in information and communication security management.

1. Security Risk Management Structure

(1) The unit responsible for information and communication security risk management of the Company is the IT Department.
(2) The IT Department now consists of four sub-departments, namely, MIS, ERP & Programming, Cyber Security, and Automation Technology. Cyber Security, in particular, is exclusively responsible for information security-related affairs throughout the Group and directly reports to the President the Board of Directors on major matters.
(3) The responsibilities of Cyber Security include internal netcom of the parent company and the subsidiaries and external network information security configurations, periodic risk assessment and planning of information and communication security tasks as part of daily production and operation, planning of the machine room information security environment hardware at the corporate level, and software annual plan and budget allocation, internal rules for employees to use computers and software/hardware settings, and monthly and quarterly information security system management and internal training and communication, among other working procedures. The audit unit provides supervisory advice according to the Audit Plan and prepares the audit report periodically and submits it to the Board of Directors. CPAs also inspect the IT operating setting on a yearly basis.

2. Information and Communication Security Policy
The IT Department first performs the risk assessment of possible hazards such as phishing mails, ransomware, intentional internal destruction, and malicious external invasion and then defines related strategies reflective of possible injuries for each category. The policy and system regulations can primarily be divided into the daily employee computer use regulations, the information security setting management guidelines for fundamental staff at the IT Department, and the information security strategic deployment of the management that includes file backup and rescue management and domestic and internal serial breakpoint, etc.
3. Substantial management solutions
(1) Create a proper firewall: Record, observe, and control the inflows and outflows of network, the gateway transmission speed and frequency, and the software periodically.
(2) Email host management: The domain keys identified mail (DKIM) system and domain-based message authentication reporting and conformance (DMARC) are adopted as the primary means to block blackmailing and virus mails. Meanwhile, the password needs to be changed periodically once every three months and abnormal flows or mails from suspicious IPs are monitored at all times in the system.
(3) ERP system access setting: The people and units with access to the ERP programs are clearly defined and the irreversible mode is adopted for the data (that is, modification is subject to permissions from a higher-ranking officer). The ERP host system is backed up on a daily basis and the host is set up in a location with strict access control to ensure that external staff is unable to easily modify or damage it through the network or in the field.
(4) Backup of cloud database and access to data: Besides the fact that respective departments have distinct reading access (restricted parallel cross-over among departments), the access to data is also clearly defined for people within the same department with different rankings (restricted vertical cross-over within the department). The database host is also managed for its readability through the firewall to ensure that the database will not be freely read and invaded by an external network. In addition, the database will be backed up in different hosts periodically to ensure undisrupted production data and operations.
(5) Anti-virus software: Besides the above-mentioned control, at present, the Company's individual computers and central control host are installed with corresponding anti-virus software for preventive purpose and the actual data in the performance of respective major anti-virus software in blocking viruses for the year were mainly referred to while the candidate anti-virus software was being rated.
(6) Third-party information security management consultants: Besides the IT team of the

Group, there are also third-party groups to periodically give advice on and evaluate the overall information security setting of the Company.

4. Resources devoted to the management of information and communication security

   Information security is now an important corporate operation issue. The corresponding information security management items and resources devoted are as follows:

   (1) Exclusive manpower: There is the "Corporate Security Office" to take charge of planning information security, introducing technologies and related audits throughout the Company in order to protect and continue to reinforce information security.
   (2) Customer satisfaction: There were no major information security events and no complaints about violations of or losses of customer data.
   (3) Educational training: All newcomers completed the information security educational training program before they report to work and all employees completed two online information security educational training and evaluations. Throughout the year, a total of four social engineering phishing mail tests were performed.
   (4) Information security announcement: The information security announcement is prepared each month to communicate important requirements and precautions in the protection of information security.

(II) List the losses as a result of major information and communication security events, their possible impacts, and countermeasures over the past year up to the date when the Annual Report was printed; if reasonable estimation is impossible, why it is impossible shall be specified: None.

VII. Important Contracts

Nature of contract	Parties to the contract	Start/End dates of contract	Main contents	Restrictions
Lease	Superior Plating Technology Co., Ltd. ChiaChuan Investment Co., Ltd.	December 1, 2022 – November 30, 2025	House (rental)	Lease
Lease	Top-Team Technology (Shen Zhen) Ltd. Shenzhen Bitou Co., Ltd.	February 1, 2020 – January 31, 2023	Workshops and dormitory (rental)	Lease
Lease	Superior Plating Technology(Thailand) TICON Property Fund	January 1, 2023 – December 31, 2025	Workshops (rental)	Lease
Lease	Chailease Auto Rental Co., Ltd.	November 23, 2021 – August 22, 2024	Automotive lease	Lease
Lease	Dongguan Guanjie Metal Surface Treatment Co., Ltd.	March 1, 2021 – March 1, 2026	Workshops and dormitory (rental)	Lease
Legal contract	Cheng Yang International Law Firm	September 13, 2022 – September 12, 2023	Executive legal counsel	Legal contract
Legal contract	Guanghe Law Firm	January 1, 2023 – December 31, 2023	Executive legal counsel	Legal contract
IT Equipment Maintenance Contract	YU DING TECHNOLOGY CO., LTD.	December 1, 2022 – November 30, 2023	IT Equipment Maintenance	IT Equipment Maintenance Contract
Project Contract	TIME INVESTOR RELATIONS CONSULTANTS LTD.	August 1, 2021 – December 31, 2023	Project Service Contract	Project Contract

VI. Financial Status

I. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years

(I) Condensed balance sheets and statements of comprehensive income

1. Condensed balance sheets - IFRSs

Unit: NT$ thousand

Item \ Year		Financial data for the past 5 fiscal years (Note 1)					Current fiscal year up to March 31, 2023(Note 2)
		2018	2019	2020	2021	2022	
Current assets		687,140	621,332	793,005	989,189	781,886	720,335
Property, plant and equipment		574,715	475,925	461,836	520,987	534,447	527,369
Intangible assets		6,383	4,789	3,478	2,974	2,156	2,035
Other assets		140,839	237,338	217,178	312,291	335,710	320,055
Total assets		1,409,077	1,339,384	1,475,497	1,825,441	1,654,199	1,569,794
Current liabilities	Before distribution	449,968	449,727	498,112	630,333	435,131	335,710
	After distribution	449,968	449,727	533,625	709,296	439,481	-
Non-current liabilities		10,835	82,081	44,882	109,162	171,457	148,952
Total liabilities	Before distribution	496,319	531,808	542,994	739,495	606,588	528,758
	After distribution	496,319	531,808	621,957	818,458	610,938	-
Equity attributable to owners of parent		830,002	732,037	834,232	947,097	881,470	870,004
Share capital		448,065	444,555	444,555	444,555	444,555	444,555
Capital surplus		501,463	408,316	324,954	325,322	325,322	325,322
Retained earnings	Before distribution	(84,132)	(83,362)	102,599	255,103	193,410	178,471
	After distribution	(84,132)	(83,362)	67,086	176,140	189,060	-
Other equity interest		(31,096)	(37,472)	(34,757)	(44,326)	(29,231)	(25,758)
Treasury shares		(4,298)	-	(3,119)	(33,557)	(52,586)	(52,586)
Non-controlling interest		82,756	75,539	98,271	138,849	166,141	171,032
Total equity	Before distribution	912,758	807,576	932,503	1,085,946	1,047,611	1,041,036
	After distribution	912,758	807,576	896,990	1,006,983	1,043,261	-

Note 1: The financial data for the years from 2018 to 2022 were audited by CPAs.
Note 2: The financial data for 2023Q1 were reviewed by CPAs.

2. Condensed statements of comprehensive income - IFRSs

Unit: NT$ thousand

Item \ Year	Financial data for the past 5 fiscal years (Note 1)					Current fiscal year up to March 31, 2023(Note 2)
	2018	2019	2020	2021	2022	
Operating revenue	1,012,959	785,125	1,039,891	1,356,633	1,131,956	201,114
Gross profit	34,742	52,828	302,283	495,254	264,271	45,073
Operating income	(92,006)	(72,636)	158,181	295,555	88,178	3,844
Non-operating income and expenses	(14,224)	(28,402)	(11,916)	(24,685)	(26,594)	(5,789)
Net income before tax	(106,230)	(101,038)	146,265	270,870	61,584	(1,945)
Net income from continuing operations	(105,460)	(103,143)	129,205	233,368	45,332	(6,310)
Loss from discontinued operations	-	-	-	-	-	-
Net income (loss) for the current period	(105,460)	(103,143)	129,205	233,368	45,332	(6,310)
Other comprehensive income for the current period (net of tax)	(1,966)	(2,969)	(1,159)	(24,580)	25,693	4,085
Total comprehensive income for the current period	(107,426)	(106,112)	128,046	208,788	71,025	(2,225)
Net income attributable to owners of parent	(80,885)	(82,205)	106,603	188,017	26,044	(10,589)
Net income attributable to non-controlling interest	(24,575)	(20,938)	22,602	45,351	19,288	4,279
Total comprehensive income attributable to owners of parent	(83,942)	(88,581)	109,318	178,448	41,139	(7,116)
Total comprehensive income attributable to non-controlling interest	(23,484)	(17,531)	18,728	30,340	29,886	4,891
Earnings per share	(1.82)	(1.85)	2.40	4.24	0.59	(0.24)

Note 1: The financial data for the years from 2018 to 2022 were audited by CPAs.
Note 2: The financial data for 2023Q1 were reviewed by CPAs.

3. Condensed parent company only balance sheets - IFRSs

Unit: NT$ thousand

Item \ Year		Financial data for the past 5 fiscal years (Note 1)					Current fiscal year up to March 31, 2023(Note 2)
		2018	2019	2020	2021	2022	
Current assets		322,557	226,454	202,187	112,628	82,786	N/A
Investments accounted for using equity method		462,774	455,721	581,975	925,022	891,872	
Property, plant and equipment		1,614	1,162	1,227	1,331	1,467	
Intangible assets		6,305	4,781	3,478	2,974	2,156	
Other assets		59,232	73,320	64,613	71,88	44,681	
Total assets		852,482	761,438	853,480	1,113,837	1,022,962	
Current liabilities	Before distribution	22,453	27,783	18,279	149,225	100,774	
	After distribution	22,453	27,783	53,792	228,188	105,124	
Non-current liabilities		27	1,618	969	17,515	40,718	
Total liabilities	Before distribution	22,480	29,401	19,248	166,740	141,492	
	After distribution	22,480	29,401	54,761	245,703	145,842	
Share capital		448,065	444,555	444,555	444,555	444,555	
Capital surplus		501,463	408,316	324,954	325,322	325,322	
Retained earnings	Before distribution	(84,132)	(83,362)	102,599	255,103	193,410	
	After distribution	(84,132)	(83,362)	67,086	176,140	189,060	
Other equity interest		(31,096)	(37,472)	(34,757)	(44,326)	(29,231)	
Treasury shares		(4,298)	-	(3,119)	(33,557)	(52,586)	
Non-controlling interest		-	-	-	-	-	
Total equity	Before distribution	830,002	732,037	834,232	947,097	881,470	
	After distribution	830,002	732,037	798,719	868,134	877,120	

Note 1: The financial data for the years from 2018 to 2022 were audited by CPAs.
Note 2: The Company only prepares the annual parent company only financial statements.

4. Condensed parent company only statements of comprehensive income - IFRSs

Unit: NT$ thousand

Item \ Year	Financial data for the past 5 fiscal years (Note 1)					Current fiscal year up to March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue	42,132	34,159	16,282	20,928	33,077	N/A (Note 2)
Gross profit	21,962	14,981	2,158	4,456	16,265	
Operating income	7,256	(1,507)	(25,777)	(40,266)	(10,190)	
Non-operating income and expenses	(89,039)	(84,771)	143,446	245,383	35,766	
Net income before tax	(81,783)	(86,278)	117,669	205,117	25,576	
Net income from continuing operations	(80,885)	(82,205)	106,603	188,017	26,044	
Loss from discontinued operations	-	-	-	-	-	
Net income (loss) for the current period	(80,885)	(82,205)	106,603	188,017	26,044	
Other comprehensive income for the current period (net of tax)	(3,057)	(6,376)	2,715	(9,569)	15,095	
Total comprehensive income for the current period	(83,942)	(88,581)	109,318	178,448	41,139	
Earnings per share	(1.82)	(1.85)	2.40	4.24	0.59	

Note 1: The financial data for the years from 2018 to 2022 were audited by CPAs.
Note 2: The Company only prepares the annual parent company only financial statements.

(II) Name of the CPAs and the auditor's opinions given thereby for the past 5 fiscal years

Year	Name of accounting firm	Name of CPA	Opinion
2018	Deloitte	Yu, Robert; Chen, Chao-Mei	Unqualified opinion
2019	Deloitte	Chen, Chao-Mei; Yu, Robert	Unqualified opinion
2020	Deloitte	Chen, Chao-Mei; Yu, Robert	Unqualified opinion
2021	Deloitte	Liang, Tanti; Yu, Robert	Unqualified opinion
2022	Deloitte	Liang, Tanti; Yu, Robert	Unqualified opinion

II. Financial analyses for the past 5 fiscal years

1. Analysis of consolidated financial data -IFRSs

Item	Fiscal Year	Financial analyses for the past 5 fiscal years (Note 1)					Current fiscal year up to March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Financial structure %	Debt to assets ratio	35.22	39.71	36.80	40.51	36.67	33.68
	Ratio of long-term capital to property, plant and equipment	166.88	186.93	211.63	229.39	228.10	225.65
Solvency %	Current ratio	152.71	138.16	159.20	156.93	179.69	189.66
	Quick ratio	143.42	128.34	154.74	146.55	163.32	170.38
	Times interest earned	(14.44)	(7.79)	16.33	28.23	5.37	0.39
Operating performance	Accounts receivable turnover (times)	2.90	2.27	3.01	2.82	2.90	3.02
	Average collection days	125.86	160.79	121.26	129.43	125.86	120.86
	Inventory turnover (times)	39.48	34.62	56.87	30.5	17.34	12.34
	Accounts payable turnover (times)	10.48	8.50	7.96	9.82	12.00	11.92
	Average days in sales	9.24	10.54	6.42	11.97	21.05	29.58
	Property, plant and equipment turnover (times)	1.76	1.65	2.25	2.60	2.12	1.53
	Total asset turnover (times)	0.72	0.59	0.70	0.74	0.68	0.51
Profitability	Return on total assets (%)	(6.94)	(6.84)	9.72	14.62	3.25	(0.93)
	Return on equity (%)	(11.12)	(11.99)	14.85	23.12	4.25	(2.42)
	Ratio of income before tax to paid-in capital (%)	(23.71)	(22.73)	32.90	60.93	13.85	(0.44)
	Net profit margin (%)	(10.41)	(13.14)	12.42	17.20	4.00	(3.14)
	Earnings per share (NT$)	(1.82)	(1.85)	2.40	4.24	0.59	(0.24)
Cash flow %	Cash flow ratio	(0.38)	4.59	25.90	54.13	57.48	17.71
	Cash flow adequacy ratio	58.84	26.17	25.61	77.79	123.77	150.74
	Cash reinvestment ratio	(0.11)	1.70	9.17	18.43	10.20	3.53
Leverage	Operating leverage	(1.69)	(2.30)	2.58	2.09	4.58	20.23
	Financial leverage	0.93	0.86	1.06	1.03	1.19	5.87

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

1. Decreased interest protection multiples, return on assets (ROA), return on equity (ROE), ratio of net profit before tax to paid-in capital, earnings per share, and operating leverage: due to dropping operating gains and net profit before tax of 2022.
2. Decreased inventory turnover ratio and increased average sales days: due to the increase in the mean inventory of 2022.
3. Increased turnover ratio of accounts payable: due to the reduced mean accounts payable of 2022.
4. Increased cash flow adequacy ratio: due to the increase in net cash flows from the operating activities over the

Item \ Fiscal Year	Financial analyses for the past 5 fiscal years (Note 1)					Current fiscal year up to March 31, 2023 (Note 2)
	2018	2019	2020	2021	2022	
past five years. 5. Decreased cash re-investment ratio: due to the decline in long-term investments of 2022.						

Note 1: The financial data for the years from 2018 to 2022 were audited by CPAs.
Note 2: The financial data for 2023Q1 were reviewed by CPAs.

2. Analysis of parent company only financial data -IFRSs

Item		Financial analyses for the past 5 fiscal years (Note 1) 2018	2019	2020	2021	2022	Current fiscal year up to March 31, 2023 (Note 2)
Financial structure %	Debt to assets ratio	2.64	3.86	2.26	14.97	13.83	N/A
	Ratio of long-term capital to property, plant and equipment	51,426.83	63,137.26	68,068.54	72,472.73	62,862.17	
Solvency %	Current ratio	1,436.59	815.08	1,106.12	75.48	82.15	
	Quick ratio	1,436.34	815.08	1,106.12	75.41	82.12	
	Times interest earned	(56.59)	(500.62)	1,033.18	(312.16)	98.25	
Operating performance	Accounts receivable turnover (times)	1.24	1.24	0.86	2.47	4.28	
	Average collection days	294.51	294.35	422.86	147.53	85.21	
	Inventory turnover (times)	-	-	-	-	-	
	Accounts payable turnover (times)	-	-	-	-	-	
	Average days in sales	-	-	-	-	-	
	Property, plant and equipment turnover (times)	22.83	24.61	13.63	16.36	23.64	
	Total asset turnover (times)	0.05	0.04	0.02	0.02	0.03	
Profitability	Return on total assets (%)	(8.65)	(10.17)	13.21	19.06	2.46	
	Return on equity (%)	(9.44)	(10.53)	13.61	21.11	2.85	
	Ratio of income before tax to paid-in capital (%)	(18.25)	(19.41)	26.47	46.14	5.75	
	Net profit margin (%)	(191.98)	(240.65)	654.73	898.40	78.74	
	Earnings per share (NT$)	(1.82)	(1.85)	2.40	4.24	0.59	
Cash flow %	Cash flow ratio	40.93	(4.77)	(114.33)	(18.57)	(49.24)	
	Cash flow adequacy ratio	84.01	20.86	(49.95)	(3,995.09)	(9,443.57)	
	Cash reinvestment ratio	1.16	(0.19)	(2.64)	(2.88)	(5.39)	
Leverage	Operating leverage	3.03	(9.94)	(0.18)	(0.17)	(5.15)	
	Financial leverage	1.24	0.90	1.00	1.02	0.97	

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

1. Decreased interest protection multiples, total return on assets (ROA), return on equity (ROE), ratio of net profit before tax to paid-in capital, net profit rate, and EPS: due to dropping operating gains and net profit before tax of 2022.
2. Increased turnover ratio of accounts receivable and decreased average collection days: due to the decline in accounts receivable in 2022.
3. Increased turnover ratio of real estate properties, plants, and that of overall assets: due to the increase in the net sales of 2022.
4. Decreased cash flow ratio: due to the declined cash flows of operating activities in 2022.

Item \ Fiscal Year	Financial analyses for the past 5 fiscal years (Note 1)					Current fiscal year up to March 31, 2023 (Note 2)
	2018	2019	2020	2021	2022	
5. Decreased cash flow adequacy ratio: due to the decline in cash flows from operating activities over the past five years. 6. Decreased cash re-investment ratio: due to the decline in operating funds and non-current assets of 2022.						

Note 1: The financial data for the years from 2018 to 2022 were audited by CPAs.
Note 2: The Company only prepares the annual parent company only financial statements.

The formulas used in this table are as follows:

1. Financial structure
   (1) Debt to assets ratio = total liabilities / total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Times interest earned = earnings before tax and interest expenses / current interest expenses.
3. Operating performance
   (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
   (2) Average collection days = 365 / accounts receivable turnover.
   (3) Inventory turnover = cost of goods sold / average inventory
   (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
   (5) Average days in sales = 365 / inventory turnover.
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
   (7) Total asset turnover = net sales / average total assets.
4. Profitability
   (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
   (2) Return on equity = net income after tax / average total equity.
   (3) Net profit margin = net income after tax / net sales.
   (4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding.
5. Cash flow
   (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
   (3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).
6. Leverage:
   (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income.
   (2) Financial leverage = operating income / (operating income – interest expenses)

III. Audit committee's report for the most recent year's financial statements.

Superior Plating Technology Co., Ltd.

The Audit Committee Report

The board of directors has prepared the financial statements, consolidated financial statements, earnings distribution proposal and operating report of the Company for 2022, which have been audited and certified by Deloitte Taiwan and audited by the Audit Committee. We deem them to have complied with the relevant laws and regulations of the Company Law and therefore submit the report above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Please review and approve.

To

2023 General Shareholders' Meeting of Superior Plating Technology Co., Ltd.

Audit Committee convener: Wang, Yu-Sheng

王裕生

March 20, 2023

IV. Financial statements for the most recent fiscal year

Representation Letter

Affiliated enterprises subject to the preparation of consolidated financial statements of affiliated enterprises under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises" were identical to the affiliated companies subject to the preparation of consolidated financial statements under International Financial Reporting Standards No. 10 (IFRS 10) for fiscal year 2022 (from January 1 to December 31, 2022). All mandatory disclosures of the consolidated financial statements of affiliated enterprises have been disclosed in the consolidated financial statements; therefore, no separate consolidated financial statements of affiliated enterprises were prepared.

Declared by

Company Name: SUPERIOR PLATING TECHNOLOGY CO., LTD.

Responsible person: Li, Su-Pai

March 20, 2023

Independent Auditor's Report

To the Board of Directors and Shareholders of Superior Plating Technology Co., Ltd.:

Audit Opinion

We have audited the accompanying consolidated financial statements of SUPERIOR PLATING TECHNOLOGY CO., LTD. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on the results of our audits, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as from January 1 to December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Audit Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant and the Auditing Standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. The auditors of the firm, subject to the independence regulations, have maintained independence from the Group in accordance with the Code of Ethics and perform other obligations of such Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters for the Group’s consolidated financial statements for the year ended December 31, 2022 are stated as follows:

<u>Authenticity of processing revenue from specific customers</u>

Since SUPERIOR PLATING TECHNOLOGY CO., LTD. is an OTC listed company, the management is under pressure to achieve the financial objectives. One of the important indicators for judging profitability and operating performance is the operating revenue, and revenue recognition is naturally riskier. As a result of the decrease in demand in the overall market, the Group’s revenue declined in 2022 as compared to the previous year. However, the sales revenue from certain customers with significant sales amount still kept growing, and their total sales revenue accounted for approximately 29% of the consolidated sales revenue, which had a significant impact on the consolidated financial statements and was therefore listed as a key audit matter for the year ended December 31, 2022. For a description of the revenue recognition policy, please refer to Note 4 (13) to the consolidated financial statements.

We have performed the following audit procedures:

1. Understand the Group’s relevant internal control system and operating procedures concerning the transaction cycle as described in the previous paragraph. Based on this, we designed the internal control audit procedures in response to the occurrence of the relevant revenue to confirm and evaluate whether the design and implementation of the relevant internal control procedures are effective.
2. Evaluate whether the relevant background, transaction amounts and credit limits for the aforesaid specific customers are reasonable based on their company scale.
3. We randomly selected samples from the aforesaid specific customers’ processing revenue statement to examine the incoming material orders, shipping orders, sales invoices and subsequent receipts to confirm the authenticity of the transactions.

Other Matters

SUPERIOR PLATING TECHNOLOGY CO., LTD. has prepared the parent company only financial statements for 2022 and 2021, to which we have also issued an independent auditor’s report with an unqualified opinion along with the section on other matters and provided it for reference.

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

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

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

Those charged with governance, Including the Audit Committee, are responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ROC Audit Standard, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

We also provide the governance units with statements that we have complied with relevant matters that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of auditors.

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

Deloitte Taiwan

CPA Liang, Tanti

Financial SupervisoryCommission Approval Document No.
Jin-Guan-Zheng-Shen-Zi No. 1100356048

CPA Yu, Robert

Securities and FuturesBureau Approval Document No.
Tai-Cai-Zeng-VI No. 0930128050

March 30, 2023

SUPERIOR PLATING TECHNOLOGY CO., LTD. and Subsidiaries

Consolidated Balance Sheets

December 31, 2022 and 2021

Unit: NT$ thousand

Code	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 286,013	18	$ 299,191	16
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	68,407	4	18,949	1
1120	Financial assets at fair value through other comprehensive profit or loss - current (Notes 4 and 8)	264	-	600	-
1150	Notes receivable (Notes 4, 9 and 23)	-	-	1,048	-
1170	Accounts receivable (Notes 4, 5, 9 and 23)	288,701	18	480,447	26
1180	Accounts receivable - related parties (Notes 4, 5, 23 and 30)	2,027	-	3,851	-
1200	Other receivables (Notes 4 and 9)	22	-	18	-
1220	Current tax assets (Notes 4 and 25)	12,707	1	12,313	1
130X	Inventory (Notes 4 and 10)	54,080	3	45,977	3
1410	Prepayment	17,150	1	19,455	1
1476	Other financial assets - current (Notes 4, 16 and 31)	47,678	3	97,989	5
1479	Other current assets (Note 16)	4,837	-	9,351	1
11XX	Total current assets	781,886	48	989,189	54
	Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	27,432	2	30,020	2
1550	Investments accounted for using equity method (Notes 4, 12, 30 and 31)	82,940	5	101,013	5
1600	Property, plant and equipment (Notes 4, 13 and 31)	534,447	32	520,987	29
1755	Right-of-use assets (Notes 4, 14, 30 and 31)	128,783	8	92,011	5
1780	Other intangible assets (Notes 4 and 15)	2,156	-	2,974	-
1840	Deferred tax assets (Notes 4 and 25)	10,821	1	15,974	1
1990	Other non-current assets (Notes 4, 16, 30 and 31)	69,571	4	73,273	4
15XX	Total non-current assets	856,150	52	836,252	46
1XXX	Total assets	$ 1,638,036	100	$ 1,825,441	100
Code	**Liabilities and Equity**				
	Current liabilities				
2100	Short-term borrowings (Notes 4, 17 and 31)	$ 182,379	11	$ 270,930	15
2130	Contract liabilities - current (Notes 4 and 27)	76	-	874	-
2170	Accounts payable (Note 18)	61,755	4	76,592	4
2180	Accounts payable - related parties (Note 30)	2,049	-	4,227	-
2200	Other payables (Notes 19 and 27)	129,018	8	182,866	10
2220	Other payables - related parties (Note 30)	-	-	2,664	-
2230	Current tax liabilities (Notes 4 and 25)	22,930	2	33,248	2
2280	Lease liabilities - current (Notes 4, 14 and 30)	22,247	1	26,366	2
2320	Current portion of long-term borrowings (Notes 4, 17 and 31)	8,639	1	12,188	1
2399	Other current liabilities (Note 19)	6,038	-	20,348	1
21XX	Total current liabilities	435,131	27	630,333	35
	Non-current liabilities				
2540	Long-term borrowings (Notes 4, 17 and 31)	65,124	4	49,308	3
2550	Provisions - non-current (Notes 4 and 20)	3,092	-	3,008	-
2570	Deferred tax liabilities (Notes 4 and 25)	6,559	-	13,622	1
2580	Lease liabilities - non-current (Notes 4, 14 and 30)	80,519	5	43,224	2
25XX	Total non-current liabilities	155,294	9	109,162	6
2XXX	Total liabilities	590,425	36	739,495	41
	Equity attributable to owners of the Company (Notes 4 and 22)				
	Share capital				
3110	Common stock	444,555	27	444,555	24
3200	Capital surplus	325,322	20	325,322	18
	Retained earnings				
3310	Legal reserve	31,384	2	10,260	1
3320	Special reserve	35,029	2	34,757	2
3350	Unappropriated earnings	126,997	8	210,086	11
3300	Total retained earnings	193,410	12	255,103	14
3400	Other equity interest	(29,231)	(2)	(44,326)	(2)
3500	Treasury shares	(52,586)	(3)	(33,557)	(2)
31XX	Total equity attributable to owners of the Company	881,470	54	947,097	52
36XX	Non-controlling interests (Notes 4, 11 and 22)	166,141	10	138,849	7
3XXX	Total equity	1,047,611	64	1,085,946	59
	Total liabilities and equity	$ 1,638,036	100	$ 1,825,441	100

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

Chairman: Li, Su-Pai

Manager: Wang, Hsin-Wei

Accounting Manager: Lee, Yu-Hsuan

SUPERIOR PLATING TECHNOLOGY CO., LTD. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2022 and 2021

Expressed in Thousands of New Taiwan Dollars, Except earnings per share

		2022		2021	
Code		Amount	%	Amount	%
4000	Operating revenue (Notes 4, 23 and 30)	$ 1,131,956	100	$ 1,356,633	100
5000	Operating cost (Notes 10, 24 and 30)	(867,685)	(77)	(861,379)	(63)
5900	Gross profit	264,271	23	495,254	37
	Operating expense (Notes 9, 24 and 30)				
6100	Selling expense	(4,481)	-	(16,422)	(1)
6200	Administrative expense	(160,517)	(14)	(177,028)	(13)
6300	R&D expense	(11,095)	(1)	(11,219)	(1)
6450	Expected credit impairment losses (reversal gains)	-	-	4,970	-
6000	Total operating expenses	(176,093)	(15)	(199,699)	(15)
6900	Operating income	88,178	8	295,555	22
	Non-operating income and expenses (Notes 4, 12, 20, 24 and 30)				
7100	Interest income	2,352	-	1,424	-
7010	Other income	6,333	-	3,694	-
7020	Other gains and losses	(2,665)	-	(18,379)	(1)
7050	Financial cost	(14,082)	(1)	(9,948)	(1)
7060	Share of profits or losses of associates and joint ventures accounted for using the equity method	(18,532)	(2)	(1,476)	-
7000	Total non-operating income and expenses	(26,594)	(3)	(24,685)	(2)
7900	Net income before tax	61,584	5	270,870	20
7950	Income tax expense (Notes 4 and 25)	(16,252)	(1)	(37,502)	(3)
8200	Net Income for the period	45,332	4	233,368	17

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Code		2022 Amount	2022 %	2021 Amount	2021 %
	Other comprehensive profit and loss (Notes 4, 22 and 25)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	(335)	-	111	-
8349	Income taxes related to items that are not reclassified	67	-	(22)	-
		(268)	-	89	-
8360	Items that may be subsequently reclassified under profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	29,802	2	(27,083)	(2)
8399	Income taxes related to items that are reclassified	(3,841)	-	2,414	-
		25,961	2	(24,669)	(2)
8300	Other comprehensive income for the current period (net of tax)	25,693	2	(24,580)	(2)
8500	Total comprehensive income for the year	$ 71,025	6	$ 208,788	15
8600	Net income attributable to:				
8610	Owners of the Company	$ 26,044	2	$ 188,017	14
8620	Non-controlling interest	19,288	2	45,351	3
		$ 45,332	4	$ 233,368	17
8700	Total comprehensive income attributable to:				
8710	Owners of the Company	$ 41,139	3	$ 178,448	13
8720	Non-controlling interest	29,886	3	30,340	2
		$ 71,025	6	$ 208,788	15
	Earnings per share (Note 26)				
9750	Basic	$ 0.59		$ 4.24	
9850	Diluted	$ 0.59		$ 4.22	

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

Chairman: Li, Su-Pai　　Manager: Wang, Hsin-Wei　　Accounting Manager: Lee, Yu-Hsuan

SUPERIOR PLATING TECHNOLOGY CO., LTD. and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2022 and 2021

Unit: NT$ thousand

Code		Share capital	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated earnings	Other equity items: Exchange differences on translating the financial statements of foreign operations	Other equity items: Unrealized gain/(loss) on financial assets at fair value through other comprehensive income	Treasury shares	Total (Equity attributable to owners of the Company)	Non-controlling interest	Total equity
A1	Balance at January 1, 2021	$ 444,555	$ 324,954	$ -	$ -	$ 102,599	($ 35,134)	$ 377	($ 3,119)	$ 834,232	$ 98,271	$ 932,503
	Earning provision and appropriate for 2021 (Note 22)											
B1	Legal reserve	-	-	10,260	-	(10,260)	-	-	-	-	-	-
B3	Special reserve	-	-	-	34,757	(34,757)	-	-	-	-	-	-
B5	Cash dividend paid to shareholders of the Company	-	-	-	-	(35,513)	-	-	-	(35,513)	-	(35,513)
D1	2021 net income	-	-	-	-	188,017	-	-	-	188,017	45,351	233,368
D3	Other comprehensive income for 2021	-	-	-	-	-	(9,658)	89	-	(9,569)	(15,011)	(24,580)
D5	Total comprehensive income for 2021	-	-	-	-	188,017	(9,658)	89	-	178,448	30,340	208,788
L1	Treasury stock buyback (Note 22)	-	-	-	-	-	-	-	(30,438)	(30,438)	-	(30,438)
M7	Changes in ownership interest in subsidiaries (Notes 11 and 22)	-	368	-	-	-	-	-	-	368	(368)	-
O1	Increase in non-controlling interests (Notes 11 and 22)	-	-	-	-	-	-	-	-	-	10,606	10,606
Z1	Balance at December 31, 2021	444,555	325,322	10,260	34,757	210,086	(44,792)	466	(33,557)	947,097	138,849	1,085,946
	Earning provision and appropriate (Note 22)											
B1	Legal reserve	-	-	21,124	-	(21,124)	-	-	-	-	-	-
B3	Special reserve	-	-	-	272	(272)	-	-	-	-	-	-
B5	Cash dividend paid to shareholders of the Company	-	-	-	-	(87,737)	-	-	-	(87,737)	-	(87,737)
D1	2022 net income	-	-	-	-	26,044	-	-	-	26,044	19,288	45,332
D3	Other comprehensive income for 2022	-	-	-	-	-	15,363	(268)	-	15,095	10,598	25,693
D5	Total comprehensive income for 2022	-	-	-	-	26,044	15,363	(268)	-	41,139	29,886	71,025
L1	Treasury stock buyback (Note 22)	-	-	-	-	-	-	-	(19,029)	(19,029)	-	(19,029)
O1	Cash dividends to shareholders of subsidiaries (Note 22)	-	-	-	-	-	-	-	-	-	(2,594)	(2,594)
Z1	Balance at December 31, 2022	$ 444,555	$ 325,322	$ 31,384	$ 35,029	$ 126,997	($ 29,429)	$ 198	($ 52,586)	$ 881,470	$ 166,141	$ 1,047,611

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

Chairman: Li, So-Pai 李素白

Manager: Wang, Hsin-Wei 王信為

Accounting Manager: Lee, Yi-Hsuan 李昱璇

SUPERIOR PLATING TECHNOLOGY CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

Unit: NT$ thousand

Code		2022	2021
	Cash flow from operating activities		
A10000	Net income before tax for the year	$ 61,584	$ 270,870
A20010	Income/expenses items:		
A20100	Depreciation expense	137,978	121,343
A20200	Amortization expense	1,192	855
A20300	Expected credit impairment losses (reversal gains)	-	(4,970)
A20400	Net loss of financial assets at fair value through profit or loss	2,488	6,813
A20900	Financial cost	14,082	9,948
A21200	Interest income	(2,352)	(1,424)
A21300	Dividend income	(1,732)	(928)
A22300	Share of profits or losses of associates and joint ventures accounted for using the equity method	18,532	1,476
A22500	Property, plant and equipment loss	58	1,857
A23700	Loss for market price decline and obsolete and slow-moving inventories	215	807
A24100	Net foreign exchange (gain) loss	(3,414)	6,059
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets mandatorily at fair value through profit or loss	(49,429)	779
A31130	Notes receivable	1,066	(376)
A31150	Accounts receivable	199,451	(18,075)
A31160	Accounts receivable - related parties	1,848	(1,927)
A31180	Other receivables	(4)	58
A31200	Inventories	(6,690)	(37,067)
A31230	Prepayment	2,603	(7,982)
A32125	Contract liabilities	(812)	768
A32150	Accounts payable	(12,531)	(16,644)
A32160	Accounts payable - related parties	(2,267)	4,230
A32180	Other payables	(64,686)	15,959
A32190	Other payables - related parties	(2,708)	2,647
A32230	Other current liabilities	(139)	906
A33000	Cash flow from operating activities	294,333	355,982
A33100	Interest received	2,352	1,424
A33300	Interest paid	(13,984)	(9,898)

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Code		2022	2021
A33500	Income tax paid	(32,586)	(6,298)
AAAA	Net cash generated from operating activities	250,115	341,210
	Cash flow from investing activities		
B01800	Acquisition of joint venture	-	(63,000)
B02700	Acquisition of property, plant and equipment	(76,256)	(175,454)
B02800	Proceed from disposal of property, plant and equipment	1,251	-
B03700	Increase in refundable deposits	(15,052)	(45,229)
B03800	Decrease in refundable deposits	19,194	37,280
B04500	Acquisition of intangible assets	(374)	(351)
B06500	Increase in other financial assets	(30,217)	(1,113)
B06600	Decrease in other financial assets	107,219	-
B07100	Increase in prepayments for equipment	(29,241)	(12,573)
B07600	Other dividends received	1,732	928
BBBB	Net cash used in investing activities	(21,744)	(259,512)
	Cash flow from financing activities		
C00100	Increase of short-term borrowings	20,000	153,382
C00200	Decrease in short-term borrowings	(120,848)	(38,561)
C01600	Proceeds from long-term borrowings	40,000	55,444
C01700	Repayment of long-term borrowings	(33,127)	(9,063)
C03000	Guarantee deposits received	122	-
C03100	Guarantee deposits refunded	(14,670)	-
C04020	Repayment of principal portion of lease liabilities	(48,662)	(43,631)
C04500	Dividend paid to the owners of the Company	(78,963)	(35,513)
C04900	Treasury stock buyback cost	(19,029)	(30,438)
C05800	Change in non-controlling interests	-	10,606
C09900	Cash dividend paid to non-controlling interests	(2,594)	-
CCCC	Net cash generated by (used in) financing activities	(257,771)	62,226
DDDD	Effect of exchange rate changes on cash and cash equivalents	16,222	(907)
EEEE	Net increase (decrease) in cash and cash equivalents	(13,178)	143,017
E00100	Cash and cash equivalents at the beginning of the year	299,191	156,174
E00200	Cash and cash equivalents at the end of the year	$ 286,013	$ 299,191

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

Chairman: Li, Su-Pai Manager: Wang, Hsin-Wei Accounting Manager: Lee, Yu-Hsuan

SUPERIOR PLATING TECHNOLOGY CO., LTD. and Subsidiaries

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2022 and 2021

(Unless otherwise noted, the amount is in NTD Thousand)

I. Company History

SUPERIOR PLATING TECHNOLOGY CO., LTD. (hereinafter referred to as "the Company") was incorporated on September 26, 2008 under the original name of Taiwan Huidu Industries Co., Ltd. The Company changed to current name on December 8, 2009. The Company is mainly engaged in the wholesale of electrical appliances, wholesale of industrial catalysts and the management and service of surface treatment technology.

The Company's shares have been listed and traded on the TPEx since March 30, 2015.

The consolidated financial statements are presented in New Taiwan dollars, the functional currency of the Company.

II. Approval Date and Procedures of The Financial Statements

The accompanying consolidated financial statements were approved by the Board of Directors on March 20, 2023.

III. New Standards, Amendments and Interpretations Adopted

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

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the accounting policies of the Group.

(II) The IFRSs endorsed by the FSC with effective date starting 2023

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

Note 1: Amendments are applicable to the reporting period beginning on or after Sunday, January 1, 2023.

Note 2: Amendments are applicable to the changes on accounting estimates and accounting policies for annual reporting periods beginning on or after January 1, 2023.

Note 3: Except for the temporary difference of lease and decommissioning obligations recognized as deferred income tax on January 1, 2022, the amendments are applicable to transactions occurred after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

(III) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "First time of application of IFRS 17 and IFRS 9－comparison information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendments to IAS 1 "Non-Current Liabilities with Contractual Terms"	January 1, 2024

Note 1: Unless stated otherwise, the above-mentioned newly issued/ amended/ revised standards or interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

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

Up to the reporting date, the Group will continue evaluating other influences on financial status and performance resulting from amendments to rules or explanations. The related influences are to be disclosed once the evaluation is accomplished.

IV. Summary of Significant Accounting Polices

(I) Statement of Compliance

The preparation of the consolidated financial statements is based on the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IFRSsaccepted and effectively published by FSC.

(II) Basis of Preparation

The accompanying consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below.

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

1. Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3. Level 3 inputs are unobservable inputs for the asset or liability.

(III) Classification of Current and Non-current Assets and Liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets that are expected to be realized within twelve months from the balance sheet date; and
3. Cash and cash equivalent (unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the date of statement of financial position).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the reporting period; and
3. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

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

(IV) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. Adjustments have been made to the financial statements of subsidiaries to allow their accounting policies to be consistent with those used by the Group. During the preparation of the consolidated financial statements, the transaction, account balance, revenue and expense among entities have been eliminated completely. The total comprehensive income/loss of the subsidiaries are attributed to the owner’s and non-controlling interests of the Company, and the same is true when the non-controlling interests consequently become loss balance.

Changes in equity in the ownership of subsidiaries which do not result in loss of control are disposed of as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value paid or received is recognized directly in equity and attributed to shareholders of the Company.

When the Company loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between: (1) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and (2) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. The Company shall account for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Company had directly disposed of the related assets and liabilities.

For details of subsidiaries, shareholding ratio and operating items, please refer to Note 11, Table 5 and Table 6 of Note 34.

(V) Foreign currency

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

Foreign currency monetary amount is translated at the closing rate at each date of the balance sheet. Exchange differences arising from settlement or translation are recognized as profit or loss at the period.

Non-monetary foreign currencies held at fair value at the exchange rates prevailing at the date of transaction; however, non-monetary foreign currencies held at fair value through other comprehensive income are recognized in other comprehensive income.

Non-monetary items carried at historical cost is reported using the exchange rate at the date of the transaction and will not be calculated again.

In preparing the consolidated financial statements, assets and liabilities from foreign operation, including subsidiaries and associates whose location or currency are different from the Company, are translated into the presentation currency, the New Taiwan dollar, at the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates at the period. The resulting currency translation differences are recognized in other comprehensive income and attributed to the owner and non-controlling interests, respectively.

(VI) Inventories

Inventories are comprised of raw materials and other materials. Inventories are stated at the lower of cost or net realizable value. The lower of cost and net realizable value is based on the individual inventory items. Net realized value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

(VII) Investments in associates and joint ventures

The associates are entities which are material to the Group, but not subsidiaries or joint venture companies. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

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

Under the equity method, an investment is initially recognized in the statements of financial positional cost and adjusted thereafter to recognize the Group's share of profit or loss and other comprehensive income of the associates and joint ventures as well as the distribution received. The Group also recognizes the changes in the Group's share of the equity of associates and joint ventures.

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

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

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized shall not be allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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

(VIII) Property, plant and equipment

Property, plant and equipment are recognized at costs and subsequently measured at costs of the amount less accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated. The depreciation of property, plant and equipment is recognized using the straight-line method over the estimated useful lives. Every significant item is depreciated separately. The Group reviews the estimated useful lives, residual values and depreciation method at least at the end of each reporting period, and with the effect of any changes in estimates accounted for on a prospective basis.

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

(IX) Intangible assets

1. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2. Derecognition

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

(X) Impairment of property, plant and equipment, right-of-use assets, and intangible assets

At the end of each reporting period, the Group reviews whether there is any indication that its property, plant and equipment, right-of-use assets and intangible assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

(XI) Financial Instruments

Financial assets and liabilities shall be recognized in the consolidated financial statements when the Group becomes a party to the contractual provisions of the instruments.

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

1. Financial asset

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

(1) Classification of measurement

The financial assets held by the Group include financial assets at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are mandatory measured at fair value through profit or loss. Financial assets that are mandatory measured at fair value through profit or loss include investments in equity instruments that are not designated by the Group as measured at fair value through other comprehensive income or loss and all other debt instruments that are not classified as investments measured at amortized cost or measured at fair value through other comprehensive income or loss.

Financial assets at fair value through profit or loss are measured at fair value. The dividends and interests earned are recognized in other income and interest income, respectively. The profits or losses arising from remeasurement are recognized in other income and losses. Please refer to Note 29 for the fair value measurement.

B. Financial assets at amortized cost

When the financial assets invested by the Group satisfies the following two criteria at the same time, it is classified as the amortized cost financial assets:

a. Where the financial assets are held under certain business model, and the purpose of such model is to hold the financial assets in order to collect contract cash flows; and

b. Where contract terms generated cash flow of a specific date, and such cash flow is completely for the payment of the interest of principle and external circulating principal amount.

Financial assets measured at amortized cost include cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, other financial assets – current, other financial assets – non-current and refundable deposits. When the recognition commences, effective interest method is used to determine the carrying amount less any amortized cost of depreciation. Any exchange gains and losses are recognized as gains and losses.

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

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

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

A financial asset is credit-impaired when the issuer or the borrower has significant financial difficulty or risk in default; or that it is becoming probable that the borrower will undergo bankruptcy or other financial reorganization; or an active market for that financial asset has disappeared because of financial difficulties.

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

C. Investments in equity instruments at fair value through other comprehensive income

On initial recognition, the Group may irrevocably designate investments in equity instruments that is not held for trading and not recognized as contingent consideration as at FVTOCI.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value. Subsequently the changes in fair value are reported in other comprehensive income and accumulated in other equity. On disposal of investments, the accumulated profit or loss is directly transferred to retained earnings and it is not reclassified to profit or loss.

The dividend from investments in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss upon the Group's right to receive payment is established, except for apparently the dividend representing the recovery of the partial investment cost.

(2) Impairment of financial assets

At the date of each balance sheet, the Group reviews expected credit losses to estimate the impairment loss of financial assets, including accounts receivable, other receivables, other financial assets and refundable deposits measured at amortized cost.

The loss allowance for accounts receivable is measured at an amount equal to useful lives expected credit losses. Other financial assets are assessed to determine whether the credit risk has significantly increased since the original recognition. If there is no significant increase, then the allowance loss is recognized according to the 12-month expected credit loss. If it has increased significantly, then allowance loss is recognized according to the lifetime expected credit loss.

Expected credit losses are weighted average credit losses with the probability of default events. The 12-month expected credit losses are expected credit losses that result from default events possible within 12 months after the reporting date. Lifetime expected credit losses result from all possible default events over the expected life of the financial instruments.

For the purpose of internal controls on credit risk, without considering the collaterals it holds, the Group determines the following events as a breach of contract:

A. There is internal or outside information prevails that it is not possible the borrower pays off the debt.

B. The overdue exceeds 365 days, unless reasonable and supportable information indicates that a delayed default basis is more appropriate.

All impairment losses on financial assets have decreased their carrying amount through contra accounts.

(3) Derecognition of financial assets

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

On derecognition of financial assets at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of Investments in equity instruments measured at fair value through other comprehensive income, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Equity instrument

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

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

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

3. Financial liability

(1) Follow-up measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

On the derecognition of financial liabilities, the difference between their carrying amount and the consideration paid and payable, including any transfer of non-cash assets or liabilities, is recognized as profit or loss.

(XII) Provision

The amount recognized as a provision is measured at the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. A provision is measured at the estimate of the cash flows to settle obligation.

(XIII) Revenue recognition

The Group allocates the transaction price to each performance obligation and recognizes the revenue when each of the obligations is satisfied after the customer has identified it.

Processing services provided

Processing service income is recognized when the services are performed. Unearned revenue is recognized as a contract liability until it meets the criteria for revenue recognition as described above.

Technical services provided

Technical service income is recognized when the services are performed.

(XIV) Leases

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

The Company as lessee

Except for leases for which the underlying asset is of low value and therefore qualified for recognition exemption, and short-term leases whose lease payments are recognized as expenses on a straight-line basis during the lease period, the right-of-use assets and lease liabilities of all other leases are recognized at the lease starting date.

The right-of-use asset is measured at the original cost (the original measured amount of the lease liability), and subsequently measured at the amount of cost minus accumulated depreciation and accumulated impairment losses, and adjusted for the re-measured lease liability. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

The lease liability is measured at the present value of the original lease payment (fixed payment). The lease payments are discounted using the interest rate in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the incremental borrowing rate.

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

(XV) Borrowing costs

All borrowing costs are recognized as an expense for the current period.

(XVI) Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

(XVII) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

2. Post-employment benefits

For defined contribution plans, the amount of contribution payable in respect of service rendered by employees in that period should be recognized as expenses.

(XVIII) Income Taxes

The income tax expense represents the sum of the tax currently payable and deferred tax.

1. Tax currently payable

The Group has determined the current income (losses) and calculated taxes payable (receivable) in accordance with regulations established by the jurisdiction for tax return.

According to Income Tax Act in Republic of China, an additional income tax levied at unappropriated earnings are recognized in shareholders' annual meeting.

Income tax payable for prior period is adjusted to the current income tax.

2. Deferred tax

Deferred tax is accounted for temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit or loss.

Deferred tax liability is generally recognized for all taxable temporary differences. Deferred tax asset is recognized for deductible temporary differences or loss carryforwards to the extent that taxable profit is probably available.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits to realize the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the date of balance sheet and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets originally not recognized is also reviewed at the date of balance sheet and increased to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is recovered, based on tax rates and laws that have been enacted or substantively enacted by the date of balanced sheet. The measurement of deferred tax liabilities and assets reflects the tax consequences that arise from the manner in which the Group expects, at the date of balance sheet, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except the current and deferred tax that relates to items recognized in other comprehensive income or directly in equity are recognized respectively in other comprehensive income or directly in equity.

V. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

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

The Group has taken the possible impact of COVID-19 on domestic development and economic environment into consideration on significant accounting estimates of cash flow estimation, growth rate, discount rate and profitability. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period when the estimates are revised if the revisions affect only that period. If revisions affect both current and future periods, the accounting estimates are recognized in the current and future periods.

Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

Estimated impairment of financial assets

The provision for impairment of account receivables is based on assumptions on probability of default and loss given default. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group’s historical experience, existing market conditions as well as forward looking estimates. For details of the key assumptions and inputs used, see Note 9. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

VI. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and working capital	$ 1,519	$ 1,498
Demand deposits	210,103	297,693
Cash equivalents (investments with an initial maturity of less than three months)		
Time deposits	74,391	-
	$ 286,013	$ 299,191

Range of interest rates for bank deposits as at:

	December 31, 2022	December 31, 2021
Bank deposits	0.01%~4.00%	0.01%~0.35%

VII. Financial instruments at fair value through profit or loss

	December 31, 2022	December 31, 2021
Financial asset – non-current		
Mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
- Wealth management product (Note)	$ 68,407	$ 18,949
Financial asset – non-current		
Mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
- Equity funds from private placement	$ 27,432	$ 30,020

Note: The wealth management products are structured deposits with guaranteed principal and floating proceeds issued by banks in Mainland China.

VIII. Financial assets at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Current		
Investment in equity instrument	$ 264	$ 600

Investment in equity instrument

	December 31, 2022	December 31, 2021
Current		
Foreign investment		
Listed shares		
Dufu Technology Corp. BERHAD		
Common stock	$ 264	$ 600

The Group's investment in Dufu Technology Corp. The purpose of the investment in BERHAD common stock is not for making short-term profit; therefore, the management of the Group deems if the short-term volatility at fair value of such investments recognized in profit or loss is not consistent with the aforementioned investment plan, it will be determined that such investments are measured through other comprehensive income at fair value.

IX. Notes receivable, accounts receivable and other receivables

	December 31, 2022	December 31, 2021
Notes receivable		
Measured at amortized cost		
Arising from operations	$ -	$ 1,048
Less: Allowance for impairment loss	-	-
	$ -	$ 1,048
Accounts receivable		
Measured at amortized cost		
Gross carrying amount	$ 290,989	$ 482,705
Less: Allowance for impairment loss	(2,288)	(2,258)
	$ 288,701	$ 480,447
Other receivables		
Other	$ 22	$ 18

(I) Notes receivable

In determining the recoverability of notes receivable, the Group considered any change in the credit quality of the notes receivable from the date credit was initially granted to the end of the reporting period. The Group continued to trace and refer to past default experience of counterparties and analyzed their current financial position in order to evaluate whether there was a significant increase in credit risk of notes receivable, and expected credit loss. As of December 31, 2022 and 2021, the Group did not need to recognize expected credit loss on notes receivable.

Aging analysis of notes receivable:

	December 31, 2022	December 31, 2021
Not overdue	$ -	$ 1,048

The above aging schedule was based on the number of days past due.

(II) Accounts receivable

The Group's average credit period for merchandise sales is 30–180 days, and no interest is accrued on accounts receivable.

To mitigate credit risk, the management of the Group has designated functional working group responsible for decision on the line of credit, credit approval and other supervision to ensure proper action has been taken to collect overdue accounts receivable. In addition, the collectible amount of accounts receivable of the Group shall be reviewed individually at the date of balance sheet to ensure the uncollectible accounts receivable has been listed to appropriate impairment loss. Accordingly, the management of the Group considers the Group's credit risk has significantly decreased.

The loss allowance for accounts receivable of the Group is measured at an amount equal to useful lives expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by considering forward-looking factors such as the past default experience of the debtor and an analysis of the debtor's current financial position. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for matrix based on past due status is not further distinguished according to the Group's different customer base to set the expected credit loss.

If any evidence shows the counterparty faces significant financial difficulty and the collectible amount cannot be reasonably expected, the Group will directly offset the relevant accounts receivable but keep track of the receivables. The recovered amount is recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix:

December 31, 2022

	Not overdue	1–60 days overdue	61–90 days overdue	91–120 days overdue	121–365 days overdue	More than 365 days overdue	Total
The expected credit loss rate	0.06%~0.85%	0.75%~13.61%	17.89%	12.93%	100%	100%	
Gross carrying amount	$ 245,054	$ 44,616	$ 778	$ -	$ 275	$ 266	$ 290,989
Loss allowance (lifetime ECLs)	(973)	(705)	(69)	-	(275)	(266)	(2,288)
Amortized cost	$ 244,081	$ 43,911	$ 709	$ -	$ -	$ -	$ 288,701

December 31, 2021

	Not overdue	1–60 days overdue	61–90 days overdue	91–120 days overdue	121–365 days overdue	More than 365 days overdue	Total
The expected credit loss rate	0.06%~0.63%	0.66%~2.05%	12.82%	17.31%	34.12%~100%	100%	
Gross carrying amount	$ 446,346	$ 32,870	$ 607	$ 565	$ 2,307	$ 10	$ 482,705
Loss allowance (lifetime ECLs)	(709)	(396)	(78)	(97)	(968)	(10)	(2,258)
Amortized cost	$ 445,637	$ 32,474	$ 529	$ 468	$ 1,339	$ -	$ 480,447

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

	2022	2021
Balance at the beginning of the year	$ 2,258	$ 7,404
Less: Reversal of impairment loss	-	(4,970)
Less: Amounts written off (Note)	-	(127)
Foreign currency translation differences	30	(49)
Balance at the end of the year	$ 2,288	$ 2,258

Note: In 2021, the Group assessed that the past due accounts receivable were not recoverable, so the related accounts receivable and allowance for losses were written off.

(III) Other receivables

Other receivables primarily included the advances.

In determining the recoverability of other receivables, the Group considered any change in the credit quality of the other receivables from the date credit was initially granted to the end of the reporting period. The Group continued to trace and refer to past default experience of counterparties and analyzed their current financial position in order to evaluate whether there was a significant increase in credit risk of other receivables since the original recognition, and expected credit loss. As of December 31, 2022 and 2021, the Group did not need to recognize expected credit loss on other receivables.

X. Inventories

	December 31, 2022	December 31, 2021
Raw Materials	$ 51,983	$ 44,796
Materials	2,097	1,181
	$ 54,080	$ 45,977

The nature of cost of goods sold is as follows:

	2022	2021
Cost of inventories sold	$ 294,052	$ 275,004
Loss for market price decline and obsolete and slow-moving inventories	215	807
	$ 294,267	$ 275,811

XI. Subsidiary

(I) Subsidiaries included in the consolidated financial statements:

The consolidated financial statements include subsidiaries which are as follows:

Investor	Subsidiary	Main Business	Proportion of Ownership (%) December 31, 2022	Proportion of Ownership (%) December 31, 2021	Explanation
Superior Plating Technology Co., Ltd.	Superior Plating Corp.	Investment Holding	100%	100%	(1) (5)
Superior Plating Corp.	Extensive Management Consultant Inc.	〃	100%	100%	(1)
	Superior Plating Technology Holding (Thailand) Co., Ltd.	〃	78%	78%	(1) (6)
	Superior Drilling (HK) Limited	〃	100%	100%	(2)
	SUPERIOR CENTURY(HK) LIMITED	〃	-	-	(2) (4)
Extensive Management Consultant Inc.	Top-Team Technology (Shen Zhen) Ltd.	Electroplating for components in computer peripherals, communication equipment and consumer electronics	100%	100%	(2)
Superior Drilling (HK) Limited	Superior Industries (Shen Zhen) Co., Ltd.	Surface Treatment	100%	100%	(2)
Superior Plating Technology Holding (Thailand) Co., Ltd.	Superior Plating Technology (Thailand) Co., Ltd.	Surface Treatment	66%	66%	(3) (7) (8)

Remark:

(1) The major business risk is exchange rate risk.

(2) The major business risks are political risk and exchange rate risk arising from changes in political regulations and cross-strait relations.

(3) The major business risks are political risk and exchange rate risk arising from changes in political regulations.

(4) The Board of Directors resolved on March 27, 2017 to dissolve and liquidate SUPERIOR CENTURY(HK) LIMITED, and the liquidation was completed in March 2021.

(5) In October and November 2021, the Company increased the investment in its subsidiary Superior Plating Corp. by NT$19,682 thousand and NT$14,110 thousand (US$710 thousand and US$507 thousand), respectively.

(6) In October and November 2021, Superior Plating Corp. increased its investment at a percentage different from its existing ownership percentage in its subsidiary Superior Plating Technology Holding (Thailand) Co. in the amount of NT$19,682 thousand and NT$14,110 thousand (US$710 thousand and US$507 thousand), respectively, resulting in an increase in the percentage of ownership from 72% to 78%. Since this transaction did not change Superior Plating Corp.'s control over Superior Plating Technology Holding (Thailand) Co., Ltd., the transaction was considered as an equity transaction, the Company recognized an increase in capital surplus of NT$393 thousand in 2021 as a result of the aforementioned subsidiary transaction.

(7) In October and November 2021, Superior Plating Technology Holding (Thailand) Co., Ltd. increased its investment at a percentage different from its existing ownership percentage in its subsidiary Superior Plating Technology (Thailand) Co., Ltd. in the amount of NT$19,682 thousand and NT$14,110 thousand (THB 23,792 thousand and 16,480 thousand), respectively, resulting in an increase in the percentage of ownership from 64% to 66%. Since this transaction did not change Plating Technology Holding (Thailand) Co., Ltd.'s control over Superior Plating Technology (Thailand) Co., Ltd., the transaction was considered as an equity transaction, the Company recognized a decrease in capital surplus of NT$25 thousand in 2021 as a result of the aforementioned subsidiary transaction.

(8) The non-controlling interest shareholders have contributed capital of NT$8,336 thousand and NT$2,270 thousand (THB 10,076 thousand and THB 2,652 thousand) in October and November 2021, respectively.

(II) Details of subsidiaries with material non-controlling interests

Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests December 31, 2022	December 31, 2021
Superior Plating Technology Holding (Thailand) Co., Ltd.	22%	22%
Superior Plating Technology (Thailand) Co., Ltd.	34%	34%

See Table 5 following the Notes to Consolidated Financial Statements for the information on the places of incorporation and principal businesses.

Subsidiary	Profit or loss allocated to non-controlling interests 2022	2021	Non-controlling interest December 31, 2022	December 31, 2021
Superior Plating Technology Holding (Thailand) Co., Ltd.	$ 5,725	$ 14,926	$ 50,829	$ 42,250
Superior Plating Technology (Thailand) Co., Ltd.	13,563	30,425	115,312	96,599
Total	$ 19,288	$ 45,351	$ 166,141	$ 138,849

The following summarized financial information of each subsidiary is prepared based on amounts before elimination of intercompany transactions:

Superior Plating Technology Holding (Thailand) Co., Ltd.

	December 31, 2022	December 31, 2021
Current assets	$ 1,938	$ 8
Non-current assets	224,442	188,020
Current liabilities	(172)	(3)
Equity	$ 226,208	$ 188,025
Equity attributable to:		
Owners of the Company	$ 175,379	$ 145,775
Non-controlling interest of Superior Plating Technology Holding (Thailand) Co., Ltd.	50,829	42,250
	$ 226,208	$ 188,025

(continued)

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	December 31, 2022	December 31, 2021
Net Income for the period	$ 25,480	$ 55,141
Other comprehensive income	14,346	(18,212)
Total comprehensive income	$ 39,826	$ 36,929
Net income attributable to:		
Owners of the Company	$ 19,755	$ 40,215
Non-controlling interest of Superior Plating Technology Holding (Thailand) Co., Ltd.	5,725	14,926
	$ 25,480	$ 55,141
Total comprehensive income attributable to:		
Owners of the Company	$ 30,877	$ 27,046
Non-controlling interest of Superior Plating Technology Holding (Thailand) Co., Ltd.	8,949	9,883
	$ 39,826	$ 36,929
Cash flow		
Operating activities	($ 1,103)	$ -
Investing activities	-	-
Financing activities	2,690	-
Effect of exchange rate changes	(87)	-
Net cash inflow	$ 1,500	$ -
Dividend paid to non-controlling interests	$ 370	$ -

Superior Plating Technology (Thailand) Co., Ltd.

	December 31, 2022	December 31, 2021
Current assets	$ 157,022	$ 169,277
Non-current assets	293,045	246,412
Current liabilities	(65,081)	(81,762)
Non-current liabilities	(45,232)	(49,308)
Equity	$ 339,754	$ 284,619

(continued)

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	December 31, 2022	December 31, 2021
Equity attributable to:		
Owners of the Company	$ 224,442	$ 188,020
Non-controlling interest of Superior Plating Technology (Thailand) Co., Ltd.	115,312	96,599
	$ 339,754	$ 284,619
Operating revenue	$ 285,730	$ 303,429
Net Income for the period	$ 39,961	$ 85,569
Other comprehensive income	21,727	(28,180)
Total comprehensive income	$ 61,688	$ 57,389
Net income attributable to:		
Owners of the Company	$ 26,398	$ 55,144
Non-controlling interest of Superior Plating Technology (Thailand) Co., Ltd.	13,563	30,425
	$ 39,961	$ 85,569
Total comprehensive income attributable to:		
Owners of the Company	$ 40,751	$ 36,932
Non-controlling interest of Superior Plating Technology (Thailand) Co., Ltd.	20,937	20,457
	$ 61,688	$ 57,389
Cash flow		
Operating activities	$ 115,383	$ 85,251
Investing activities	(29,097)	(100,034)
Financing activities	(48,752)	47,008
Effect of exchange rate changes	10,130	(3,657)
Net cash inflow	$ 47,664	$ 28,568
Dividend paid to non-controlling interests	$ 2,224	$ -

XII. Investments accounted for using equity method

	December 31, 2022	December 31, 2021
Investment in associates	$ 43,453	$ 42,594
Investments in joint ventures	39,487	58,419
	$ 82,940	$ 101,013

(I) Investment in associates

	December 31, 2022	December 31, 2021
Associate that is not individually material	$ 43,453	$ 42,594

Aggregate information of individually immaterial associates

	2022	2021
The Group's share of		
Net Income for the period	$ 400	$ 3,105
Other comprehensive income	-	-
Total comprehensive income	$ 400	$ 3,105

The Group's percentage of ownership in individual immaterial associates is less than 20%. However, after considering the actual operating conditions and management, the Group judged that the Group has the substantial ability to influence the relevant activities of the associates and therefore accounted for it using the equity method.

Please refer to Note 31 for information on pledges provided by the Group to financial institutions.

(II) Investments in joint ventures

	December 31, 2022	December 31, 2021
Joint venture that is not individually material	$ 39,487	$ 58,419

Aggregate information of individually immaterial joint venture

	2022	2021
The Group's share of		
Net loss for the period	($ 18,932)	($ 4,581)
Other comprehensive income	-	-
Total comprehensive income	($ 18,932)	($ 4,581)

The Group entered into an investment agreement with Amulaire Thermal Technology, Inc. on April 30, 2021 to establish a joint venture, Ever Superior Technologies Corporation. According to the agreement, both parties shall deposit NT$30,000 thousand, NT$30,000 thousand and NT$120,000 thousand of fund in three installments on or before May 27, July 31 and November 30, 2021. Under the agreement, the Group and Amulaire Thermal Technology, Inc. contributed 51% and

49% of the capital in Phase I and Phase II, respectively. In Phase III, besides the Group and Amulaire Thermal Technology, Inc. contributing 27% and 20.5%, respectively, Evergreen Aviation Technologies Corp should contribute 52.5% of the capital as well in Phase II. After the completion of the third phase of the capital contribution, the Group, Amulaire Thermal Technology, Inc. and Evergreen Aviation Technologies Corp should hold 35%, 30% and 35% of the Ever Superior Technologies Corporation's equity, respectively. As of December 31, 2021, the Group had invested NT$63,000 thousand in the aforementioned joint venture and held 35% of its shares in it.

13. Property, plant and equipment

Used by the Company

	Self-Owned	Building	Machines and Equipment	Transportation Equipment	Office equipment	Lease improvement	Other equipment	Total
Cost								
Balance at January 1, 2022	$ 84,442	$ 297,555	$ 656,015	$ 8,520	$ 3,927	$ 3,004	$ 71,843	$ 1,125,306
Addition	5,819	10,925	51,315	421	400	-	3,386	72,266
Disposal	-	(5,310)	(58,104)	-	(344)	-	(376)	(64,134)
Reclassification (Note)	-	2,157	13,038	-	-	-	165	15,360
Exchange difference	6,310	9,944	12,178	389	-	-	1,102	29,923
Balance at December 31, 2022	$ 96,571	$ 315,271	$ 674,442	$ 9,330	$ 3,983	$ 3,004	$ 76,120	$ 1,178,721
Accumulated depreciation and impairment								
Balance at January 1, 2022	$ -	$ 129,820	$ 412,643	$ 5,287	$ 2,889	$ 2,711	$ 50,969	$ 604,319
Depreciation expense	-	17,785	67,466	1,294	200	6	5,943	92,694
Disposal	-	(4,059)	(58,104)	-	(286)	-	(376)	(62,825)
Exchange difference	-	2,946	6,113	264	-	-	763	10,086
Balance at December 31, 2022	$ -	$ 146,492	$ 428,118	$ 6,845	$ 2,803	$ 2,717	$ 57,299	$ 644,274
Net at December 31, 2022	$ 96,571	$ 168,779	$ 246,324	$ 2,485	$ 1,180	$ 287	$ 18,821	$ 534,447
Cost								
Balance at January 1, 2021	$ -	$ 302,117	$ 625,611	$ 8,037	$ 3,645	$ 3,004	$ 63,424	$ 1,005,838
Addition	89,197	11,329	50,343	1,058	282	-	12,232	164,441
Disposal	-	(212)	(21,422)	-	-	-	(3,780)	(25,414)
Reclassification (Note)	-	-	11,847	-	-	-	557	12,404
Exchange difference	(4,755)	(15,679)	(10,364)	(575)	-	-	(590)	(31,963)
Balance at December 31, 2021	$ 84,442	$ 297,555	$ 656,015	$ 8,520	$ 3,927	$ 3,004	$ 71,843	$ 1,125,306
Accumulated depreciation and impairment								
Balance at January 1, 2021	$ -	$ 116,537	$ 367,859	$ 4,475	$ 2,716	$ 2,706	$ 49,709	$ 544,002
Depreciation expense	-	16,043	67,124	1,158	173	5	5,065	89,568
Disposal	-	(86)	(20,065)	-	-	-	(3,406)	(23,557)
Exchange difference	-	(2,674)	(2,275)	(346)	-	-	(399)	(5,694)
Balance at December 31, 2021	$ -	$ 129,820	$ 412,643	$ 5,287	$ 2,889	$ 2,711	$ 50,969	$ 604,319
Net at December 31, 2021	$ 84,442	$ 167,735	$ 243,372	$ 3,233	$ 1,038	$ 293	$ 20,874	$ 520,987

Note: Reclassification from other non-current assets – prepayments for equipment.

No impairment loss was recognized or reversed in 2022 and 2021.

Depreciation is computed on a straight-line basis over the following estimated useful life:

Building	10 to 30 years
Building improvement	2 to 10 years
Machines and Equipment	2 to 10 years
Transportation Equipment	5 years
Office equipment	5 years
Lease improvement	10 years
Other equipment	3 to 10 years

Please refer to Note 31 for information on pledges provided by the Group to financial institutions.

XIV. Lease agreement

(I) Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount of right-of-use assets		
Lan (Notes 1 and 2)	$ 11,888	$ 12,359
Building	113,219	73,476
Transportation Equipment	3,676	6,176
	$ 128,783	$ 92,011

	2022	2021
Addition to right-of-use assets	$ 80,025	$ 60,104
Depreciation expense of right-of-use assets		
Land	$ 608	$ 594
Building	42,470	30,988
Transportation Equipment	2,206	193
	$ 45,284	$ 31,775

Note 1: Land use rights in Mainland China, for which the Group has obtained a state-owned land use permit.

Note 2: Please refer to Note 31 for information on pledges provided by the Group to financial institutions.

No impairment loss was recognized or reversed in 2022 and 2021.

(II) Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount of lease liabilities		
Current	$ 22,247	$ 26,366
Non-current	$ 80,519	$ 43,224

Ranges of discount rates for lease liabilities are as follow:

	December 31, 2022	December 31, 2021
Building	1.73%~5.91%	3.47%~5.91%
Transportation Equipment	1.67%	1.67%

(III) Material leases and terms

The Group leases buildings and transportation equipment mainly for the use of factory and business premise with lease terms of 3 years. Upon the termination of the lease period, the Group has no bargain purchase option for leased objectives.

(IV) Other lease information

	2022	2021
Expenses relating to short-term leases	$ 831	$ 655
Lease expense for low-value assets	$ 426	$ 315
Total cash outflow for leases	($ 53,354)	($ 47,802)

The Group opts for recognition exemption, instead of as right-of-use assets and lease liabilities, for the short-term leases of computer equipment, as well as computer equipment that is qualified as a low value asset.

XV. Other intangible assets

	Computer software	Patent	Total
Cost			
Balance at January 1, 2022	$ 6,476	$ 1,500	$ 7,976
Intangible assets acquired separately	374	-	374
Disposal	-	(1,500)	(1,500)
Balance at December 31, 2022	$ 6,850	$ -	$ 6,850
Accumulated Amortization			
Balance at January 1, 2022	$ 3,756	$ 1,246	$ 5,002
Amortization expense	938	254	1,192
Disposal	-	(1,500)	(1,500)
Balance at December 31, 2022	$ 4,694	$ -	$ 4,694
Net at December 31, 2022	$ 2,156	$ -	$ 2,156

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	Computer software	Patent	Total
Cost			
Balance at January 1, 2021	$ 7,977	$ 1,500	$ 9,477
Intangible assets acquired separately	351	-	351
Disposal	(1,852)	-	(1,852)
Balance at December 31, 2021	$ 6,476	$ 1,500	$ 7,976
Accumulated Amortization			
Balance at January 1, 2021	$ 4,903	$ 1,096	$ 5,999
Amortization expense	705	150	855
Disposal	(1,852)	-	(1,852)
Balance at December 31, 2021	$ 3,756	$ 1,246	$ 5,002
Net at December 31, 2021	$ 2,720	$ 254	$ 2,974

Amortization is computed on a straight-line basis over the following estimated useful life:

Computer software	3–10 years
Patent	10 years

XVI. Other assets

	December 31, 2022	December 31, 2021
Current		
Other financial assets – current (Note)		
Restricted assets	$ 47,678	$ 97,989
Refundable deposits	4,837	9,351
	$ 52,515	$ 107,340
Non-current		
Prepayments for equipment	$ 53,739	$ 38,899
Refundable deposits (Note) (Note 30)	15,832	14,921
Other financial assets – non-current (Note)		
Restricted assets	-	19,453
	$ 69,571	$ 73,273
Interest Rate Range		
Restricted assets	0.40%~4.50%	0.03%~1.70%

Note: The Group considers the historical experience of the debtors and the current market conditions to measure the 12-month expected credit losses or lifetime expected credit losses on other financial assets and refundable deposits. As of

December 31, 2022 and 2021, no expected credit losses are required to be recognized for other financial assets and refundable deposits held by the Group.

Please refer to Note 31 for information on pledges provided by the Group to financial institutions.

XVII. Loans

(I) Short-term borrowings

	December 31, 2022	December 31, 2021
Secured loan (Note 31) (Note)		
Bank loan	$ 107,054	$ 205,962
Unsecured loan		
Credit loan	75,325	64,968
	$ 182,379	$ 270,930

The annual interest rates on bank loans ranged from 1.88% to 6.48% and 1.65% to 3.85% as of December 31, 2022 and 2021, respectively.

Note: The Group's bank deposits, buildings and right-of-use assets – land were pledged as collateral for the bank borrowings.

(II) Long-term borrowings

	December 31, 2022	December 31, 2021
Secured loan (Note 31)		
Bank loan	$ 33,763	$ 61,496
Unsecured loan		
Credit loan	40,000	-
Less: current portion	(8,639)	(12,188)
	$ 65,124	$ 49,308

The borrowings (loans) of the Group include:

			December 31, 2022		December 31, 2021	
Financing Provider	Collateral	Financing period and interest repayment method	Amount	Interest rate %	Amount	Interest rate %
Cathay United Bank	USD Time Deposit	From 2021.4.3 to 2024.4.3; the grace period is six months starting from April 3, 2021; interest is paid monthly during the grace period; after the grace period, the principal will be repaid in six installments in every six months. Repaid USD 100 thousand for the first five installments, and the remaining principal of USD 900 thousand will be repaid in one lump sum in the sixth installment, with monthly interest payments.	$ 33,763	6.03	$ 36,127	1.54
Cathay United Bank	USD Time Deposit	From 2021.4.3 to 2024.4.3; the grace period is 18 months starting from April 3, 2021; interest is paid monthly during the grace period; after the grace period, the principal will be repaid in four installments in every six months. Repaid USD 30 thousand for the first three installments, and the remaining principal of USD 510 thousand will be repaid in one lump sum in the 4th installment, with monthly interest payments. (Repaid in advance in December 2022)	-	-	16,674	2.64

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Financing Provider	Collateral	Financing period and interest repayment method	December 31, 2022 Amount	December 31, 2022 Interest rate %	December 31, 2021 Amount	December 31, 2021 Interest rate %
Mega International Commercial Bank	USD Time Deposit	From 2018.6.14 to 2023.6.14; the principal and interest will be repaid in installments in every 3 months starting from June 14, 2018. (Repaid in advance in June 2022)	-	-	8,695	3.23
First Commercial Bank	None	From 2022.9.20 to 2027.9.20; the grace period is 1 year starting from September 20, 2022; interest is paid monthly during the grace period; after the grace period, the principal and interest will be repaid in 48 equal monthly installments.	10,000	2.14	-	-
First Commercial Bank	None	From 2022.10.7 to 2027.10.7; the grace period is 1 year starting from October 20, 2022; interest is paid monthly during the grace period; after the grace period, the principal and interest will be repaid in 48 equal monthly installments.	30,000	2.14	-	-
			$ 73,763		$ 61,496	

XVIII. Accounts payable

	December 31, 2022	December 31, 2021
Accounts payable		
Arising from operations	$ 61,755	$ 76,592

XIX. Other liabilities

	December 31, 2022	December 31, 2021
Current		
Other payables		
Salary and bonus payable	$ 40,962	$ 71,372
Tax payable	23,078	24,610
Insurance premium payable	12,863	12,707
Repairs and maintenance payable	11,180	12,792
Payables on equipment (Note 27)	8,177	12,167
Payables on environmental expense	5,605	13,034
Dividend payable (Note 27)	8,774	-
Employee benefit payable	8,363	8,273
Processing payable	177	7,792
Payables on fuel expense	439	4,983
Utilities payable	2,728	4,229
Payables on professional service fees	1,503	4,217
Meals payable	1,513	1,964
Interest payable	496	449
Other payables	3,160	4,277
	$ 129,018	$ 182,866
Other liabilities		
Guarantee deposits	$ 4,502	$ 18,760
Receipts under custody	1,532	1,586
Temporary receipts	4	2
	$ 6,038	$ 20,348

XX. Provision

	December 31, 2022	December 31, 2021
Non-current		
Long-term provision for decommissioning, restoration and rehabilitation costs	$ 3,092	$ 3,008

	Long-term provision for decommissioning, restoration and rehabilitation costs
Balance at January 1, 2022	$ 3,008
Interest expense	51
Exchange difference	33
Balance at December 31, 2022	$ 3,092

	Long-term provision for decommissioning, restoration and rehabilitation costs
Balance at January 1, 2021	$ 2,949
Interest expense	61
Exchange difference	(2)
Balance at December 31, 2021	$ 3,008

XXI. Retirement benefit plans

Defined contribution plans

The pension system of the "Labor Pension Act" is applicable to the Company, it is the defined contribution plan managed by the government. The Company has contributed 6% of the monthly employee salary into the personal dedicated account under the Bureau of Labor Insurance.

Employees in the China and Thailand subsidiaries are members of the retirement benefit plans operated by the governments in those countries. These subsidiaries are required to contribute a certain percentage of salary and wages to the pension funds. The Group is only obligated to contribute certain amounts to these government-operated pension funds.

XXII. Equity

(I) Share capital

Common stock

	December 31, 2022	December 31, 2021
Authorized shares (in thousands)	100,000	100,000
Authorized capital	$ 1,000,000	$ 1,000,000
Issued and paid shares (in thousands)	44,456	44,456
Issued capital	$ 444,555	$ 444,555

The Company's board of directors resolved on October 6, 2021 to buy back treasury shares from the stock exchange. The buyback period is from October 8, 2021 to December 2, 2021. As of December 31, 2021, 523 thousand shares have been bought back (buyback cost is NT$30,438 thousand).

The Company's board of directors resolved on October 6, 2022 to buy back treasury shares from the stock exchange. The buyback period is from October 7, 2022 to December 5, 2022. As of December 31, 2022, 368 thousand shares have been bought back (buyback cost is NT$19,029 thousand).

(II) Capital surplus

	December 31, 2022	December 31, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Shares premium from issuance	$ 177,375	$ 177,375
Premium from corporate bond conversion	144,586	144,586
Treasury share transaction	2,993	2,993
May be used to offset a deficit only		
Change in ownership interests in subsidiaries (2)	368	368
	$ 325,322	$ 325,322

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

2. Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposal or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

(III) Retained earnings and dividends policy

The amendments to the Company's Articles of Incorporation was approved at the annual general meeting of shareholders held on June 22, 2022. The earnings distribution policy specified in the amended Articles of Incorporation provided that the surplus earning distribution or loss off-setting proposal may be proposed at the close of each half fiscal year. If there is any surplus in the first half fiscal year, the Company shall first estimate and reserve the taxes, offset the accumulated deficit as required by law, estimate and reserve the remuneration of employees and directors, and set aside 10% as legal reserve. However when the legal reserve amounts to the authorized capital, this shall not apply. Then, set aside or reverse a special reserve in accordance with relevant regulations or as requested by the competent authorities. If a surplus remains, the balance combined with undistributed retained earnings from preceding periods shall be distributed according to the distribution plan proposed by the Board of Directors. If distributing in the form of new shares to be issued, the proposal shall be submitted to the shareholders' meeting for resolution. If distributing in the form of cash, it shall be resolved by the board of directors without submitting to the shareholders' meeting for ratification.

When there is a surplus in the annual final accounts, in addition to paying income tax and offsetting prior years' deficits, the remainder is distributed as follows:

1. 10% of the balance shall be set aside as a legal reserve. However when the legal reserve amounts to the authorized capital, this shall not apply.
2. When necessary, a special reserve may be allocated or reversed in accordance with the law.

If a surplus remains, the balance combined with undistributed retained earnings from preceding periods shall be distributed according to the distribution plan proposed by the Board of Directors. If distributing in the form of new shares to be issued, the proposal shall be submitted to the shareholders' meeting for resolution.

In accordance with Article 240, Paragraph 5 of the Company Act, the Board of Directors is authorized to distribute dividends and bonuses or the whole or in part of the legal reserve and capital surplus as provided in Article 241, Paragraph 1 of the Company Act, in the form of cash, with the a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and to report such distribution to the shareholders' meeting. If distributing in the form of new shares to be issued, the proposal shall be submitted to the shareholders' meeting for resolution.

According to the Company's policy on distribution of earnings before the amendments to the Articles of Incorporation, when there is surplus in the final accounts, the Company shall first offset the deficit and then set aside 10% as legal reserve. However when the legal reserve amounts to the authorized capital, this shall not apply. Then, set aside or reverse a special reserve in accordance with relevant regulations or as requested by the competent authorities. If a surplus remains, the balance combined with undistributed retained earnings at the beginning of the period and an adjustment to the current year's undistributed earnings shall be distributed as distributable earnings. The Board of Directors shall reserve a portion of the retained earnings with reference to the earnings disbursement ratio and future business conditions, and then prepare a proposal for distributing the remaining balance to submit to the shareholders for resolution. Earnings distributed shall not be less than 10% of the distributable earnings. However, if the dividends per share distributed by the aforesaid resolution is less than NT$0.3, it may not be distributed as proposed by the board of directors and acknowledged in the shareholders' meeting.

The Company's policy on the distribution of remuneration to employees and directors is described in Note 24 (7), Employees' Compensation and Remuneration to Directors.

In accordance with Article 237 of the Company Act, a company, when allocating its surplus profits after having paid all taxes and dues, shall first set aside ten percent of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. The legal reserve may be used to offset a deficit. If there is no deficit, 25% of the legal reserve in excess of the paid-in capital may be transferred to capital or distributed in cash.

The Company's shareholders' meeting held on July 15, 2021 resolved to amend the Company's Articles of Incorporation, which provides that when a special reserve is set aside for the net decrease in other equity accumulated in previous years, if there is not enough unappropriated earnings from previous years, the amount of items adjusted to the current year's undistributed earnings other than after-tax net income for the period will be added to the current year's undistributed earnings. Prior to the amendment of the Articles of Incorporation, the Company appropriated the undistributed earnings from the previous years as required by law.

At the annual shareholders' meetings held on June 22, 2022 and July 15, 2021, the Company resolved the following earnings distribution proposals for 2021 and 2020, respectively:

	2021	2020
Legal reserve	$ 18,802	$ 10,260
Special reserve	$ 9,569	$ 34,757
Cash dividend	$ 78,963	$ 35,513
Cash dividend per share (NT$)	$ 1.8	$ 0.8

The Board of Directors resolved the following proposal for the 2022 half-year earnings distribution:

	July 1, 2022 to December 31, 2022	January 1, 2022 to June 30, 2022
Board of Directors' Resolution Date	March 20, 2023	November 7, 2022
Legal reserve	$ 282	$ 2,322
Special reserve	($ 5,798)	($ 9,297)
Cash dividend	$ 4,350	$ 8,774
Cash dividend per share (NT$)	$ 0.1	$ 0.2

The above cash dividends have been resolved by the board of directors and the rest are scheduled to be resolved at the shareholders' meeting to be held on June 9, 2023.

(IV) Special reserve

	2022	2021
Balance at the beginning of the year	$ 34,757	$ -
Provision of special reserves		
Deductions for other equity items	272	34,757
Balance at the end of the year	$ 35,029	$ 34,757

(V) Other equity items

1. Exchange differences on translating the financial statements of foreign operations

	2022	2021
Balance at the beginning of the year	($ 44,792)	($ 35,134)
Generated in the current year		
Exchange difference of foreign operations	19,204	(12,072)
Associated income tax	(3,841)	2,414
Other comprehensive income for the year	15,363	(9,658)
Balance at the end of the year	($ 29,429)	($ 44,792)

2. Unrealized gain/loss on financial assets at fair value through other comprehensive income

	2022	2021
Balance at the beginning of the year	$ 466	$ 377
Generated in the current year		
Unrealized gain or loss		
Equity instrument	(335)	111
Associated income tax	67	(22)
Other comprehensive income for the year	(268)	89
Balance at the end of the year	$ 198	$ 466

(VI) Non-controlling interest

	2022	2021
Balance at the beginning of the year	$ 138,849	$ 98,271
Net Income for the period	19,288	45,351
Other comprehensive income for the year		
Exchange differences on translating the financial statements of foreign operations	10,598	(15,011)
Acquisition of additional non-controlling interest of Superior Plating Technology (Thailand) Co., Ltd.	-	10,606
Changes in ownership interest in subsidiaries (Note 11)	-	(368)
Cash dividend paid to shareholders of the subsidiaries	(2,594)	-
Balance at the end of the year	$ 166,141	$ 138,849

(VII) Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (thousand shares)	Written off (thousand shares)	Total (thousand shares)
Shares held at January 1, 2022	587	-	587
Increased in the year	368	-	368
Shares held at December 31, 2022	955	-	955
Shares held at January 1, 2021	64	-	64
Increased in the year	523	-	523
Shares held at December 31, 2021	587	-	587

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

XXIII. Revenues

	2022	2021
Customer contract revenue (Note 30)		
Service revenue – processing service	$ 1,130,870	$ 1,354,969
Service revenue – technical service	1,086	1,664
	$ 1,131,956	$ 1,356,633

(I) Description of Customer Contract

Processing service income

The Group's processing service revenue is mainly generated from metal surface treatment services and is recognized when the services are provided. The price of the processing service is negotiated between the parties.

Technical service income

The Group provides technical services and the contract price is agreed by both parties.

(II) Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable (Note 9)	$ -	$ 1,048	$ 670
Accounts receivable – related parties (Notes 9 and 30)	$ 290,728	$ 484,298	$ 468,178
Contract liabilities			
Processing service	$ 76	$ 874	$ 102

The changes in the contract liability balances primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment

The amount recognized from the beginning balance of contract liability is as follow:

	2022	2021
From the beginning balance of contract liability	$ 874	$ 102

(III) Sales details of customer contracts

For information on sales details of customer contracts, please see Note 35.

XXIV Net Income for the period

(I) Interest income

	2022	2021
Bank deposits	$ 2,352	$ 1,424

(II) Other income

	2022	2021
Dividend income		
Financial assets at fair value through profit or loss	$ 1,732	$ 928
Government grants	2,928	1,212
Other	1,673	1,554
	$ 6,333	$ 3,694

(III) Other gains and (losses)

	2022	2021
Property, plant and equipment loss	($ 58)	($ 1,857)
Net foreign currency exchange losses	(81)	(10,023)
Loss on valuation of financial assets	(2,488)	(6,813)
Other	(38)	314
	($ 2,665)	($ 18,379)

(IV) Financial cost

	2022	2021
Interest on bank loan	$ 10,596	$ 6,686
Interest on lease liabilities (Note 30)	3,435	3,201
Provision interest	51	61
	$ 14,082	$ 9,948

(V) Depreciation and amortization

	2022	2021
An analysis of depreciation by function		
Operating costs	$ 131,017	$ 116,538
Operating expenses	6,961	4,805
	$ 137,978	$ 121,343
An analysis of amortization by function		
Administrative expense	$ 1,192	$ 855

(VI) Employee benefit expense

	2022	2021
Short-term employee benefits	$ 246,970	$ 261,662
Post-employment benefits		
Defined contribution plans	9,626	8,990
Other employee benefits	25,827	23,774
Total employee benefit expense	$ 282,423	$ 294,426
An analysis by function		
Operating costs	$ 165,001	$ 158,798
Operating expenses	117,422	135,628
	$ 282,423	$ 294,426

(VII) Employees' compensation and remuneration of directors

The Articles of Incorporation of the Company stipulate distributing employees' compensation and remuneration of directors at the rates from 5% to 10% and no higher than 5% of the profit, respectively. The estimated employees' compensation and remuneration of directors for 2022 and 2021 on the basis described above were resolved by the Board of Directors on March 20, 2023 and March 21, 2022, respectively, as follows:

Estimated ratio

	2022	2021
Employee's compensation	7.5%	7.5%
Remuneration to directors	4%	4%

Amount

	2022	2021
	Cash	Cash
Employee's compensation	$ 2,167	$ 17,383
Remuneration to directors	$ 1,156	$ 9,271

If there is any change in the amounts after the publication date of annual consolidated financial statements, it is treated as changes in accounting estimates and recognized in the following year.

There is no difference between the resolved distributed remuneration of employees and remuneration of directors and supervisors for 2021 and 2020, and the amounts recognized in the consolidated financial statements for 2021 and 2020.

For information on the employees compensation and remuneration to directors resolved in the Board of Directors' meetings of the Company, please visit MOPS of the Taiwan Stock Exchange.

(VIII) Foreign currency exchange gains (losses)

	2022	2021
Total foreign currency exchange gains	$ 30,898	$ 16,074
Total foreign currency exchange losses	(30,979)	(26,097)
Net losses	($ 81)	($ 10,023)

XXV. Income Taxes

(I) Income tax recognized in profit or loss

Major components of tax (benefit) expense were as follows:

	2022	2021
Tax currently payable		
Generated in the current year	$ 17,049	$ 27,679
Levied on unappropriated earnings	4,034	1,103
Adjustment on prior years	(1,702)	(7,220)
Non-deductible income from foreign sources	2,493	1,833
	21,874	23,395
Deferred tax		
Generated in the current year	(5,622)	14,107
Income tax expense recognized in profit or loss	$ 16,252	$ 37,502

A reconciliation of accounting income and income tax expense is as follows:

	2022	2021
Net income before tax	$ 61,584	$ 270,870
Income tax expense (benefit) calculated at the statutory rate	($ 11,822)	$ 93,054
Nondeductible expenses in determining taxable income	12,136	1,857
Levied on unappropriated earnings	4,034	1,103
Unrecognized loss carryforward/Deductible temporary difference	21,664	(16,370)
Effect of deferred income tax on earnings from subsidiaries	(6,810)	(36,755)
Adjustments to prior years' tax	(1,702)	(7,220)
R&D credit deduction	(3,741)	-
Non-deductible income from foreign sources	2,493	1,833
Income tax expense recognized in profit or loss	$ 16,252	$ 37,502

(II) Income tax recognized in other comprehensive income or loss

	2022	2021
Deferred tax		
Generated in the current year		
- Exchange of foreign operations	$ 3,841	($ 2,414)
- Unrealized gain/(loss) on financial assets at fair value through other comprehensive income	(67)	22
Income tax recognized in other comprehensive income or loss	$ 3,774	($ 2,392)

(III) Current tax assets and liabilities

	December 31, 2022	December 31, 2021
Current tax assets		
Tax refund receivable	$ 12,707	$ 12,313
Current tax liabilities		
Income tax payable	$ 22,930	$ 33,248

(IV) Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities:

2022

	Balance at the beginning of the year	Recognition in profit or loss	Recognition in other comprehensive income	Exchange difference	Balance at the end of the year
Deferred tax assets					
Temporary difference					
Allowance for losses – accounts receivable	$ 542	($ 44)	$ -	$ 6	$ 504
Allowance for market price decline and obsolete and slow-moving inventory loss	332	8	-	4	344
Exchange difference of foreign operations	10,516	-	(3,841)	-	6,675
Impairment loss	542	(285)	-	8	265
Unrealized exchange loss	1,927	(1,927)	-	-	-
Unrealized loss on financial assets at fair value through profit or loss	1,363	898	-	-	2,261
Other	752	12	-	8	772
	$ 15,974	($ 1,338)	($ 3,841)	$ 26	$ 10,821
Deferred tax liabilities					
Temporary difference					
Allowance for losses – accounts receivable	$ 10	$ 2	$ -	$ -	$ 12
Gain on investments accounted for using equity method	13,495	(13,495)	-	-	-
Unrealized gain on financial assets at fair value through other comprehensive income	117	-	(67)	-	50
Unrealized exchange gain	-	195	-	-	195
Tax effect of lease	-	709	-	(4)	705
Investment tax credit	-	4,273	-	(24)	4,249
Other	-	1,356	-	(8)	1,348
	$ 13,622	($ 6,960)	($ 67)	($ 36)	$ 6,559

2021

Deferred tax assets	Balance at the beginning of the year	Recognition in profit or loss	Recognition in other comprehensive income	Exchange difference	Balance at the end of the year
Temporary difference					
Allowance for losses – accounts receivable	$ 224	$ 316	$ -	$ 2	$ 542
Allowance for market price decline and obsolete and slow-moving inventory loss	448	(115)	-	(1)	332
Exchange difference of foreign operations	8,102	-	2,414	-	10,516
Impairment loss	773	(229)	-	(2)	542
Unrealized exchange loss	2,177	(250)	-	-	1,927
Loss on investments accounted for using equity method	2,257	(2,257)	-	-	-
Unrealized loss on financial assets at fair value through profit or loss	-	1,363	-	-	1,363
Other	678	74	-	-	752
	$ 14,659	($ 1,098)	$ 2,414	($ 1)	$ 15,974

Deferred tax liabilities	Balance at the beginning of the year	Recognition in profit or loss	Recognition in other comprehensive income	Exchange difference	Balance at the end of the year
Temporary difference					
Allowance for losses – accounts receivable	$ 202	($ 192)	$ -	$ -	$ 10
Gain on investments accounted for using equity method	-	13,495	-	-	13,495
Unrealized gain on financial assets at fair value through profit or loss	294	(294)	-	-	-
Unrealized gain on financial assets at fair value through other comprehensive income	95	-	22	-	117
	$ 591	$ 13,009	$ 22	$ -	$ 13,622

(V) Deductible temporary differences and unused loss carryforwards on deferred income tax assets not recognized in the consolidated balance sheets

	December 31, 2022	December 31, 2021
Loss carryforwards		
Taiwan		
Expires in 2020	$ -	$ 44,947
Expires in 2031	43,223	44,211
	$ 43,223	$ 89,158
China		
Expires in 2023	$ 3,364	$ 3,328
Expires in 2024	37,447	37,046
Expires in 2027	119,890	-
	$ 160,701	$ 40,374
Total	$ 203,924	$ 129,532
Temporary difference	$ 85	$ 79

(VI) Income tax examination

The tax authorities have examined the income tax returns of the Company through 2020. As of December 31, 2022, the Group did not have any tax litigation outstanding.

XXVI. Earnings per share

Unit: NT$ per share

	2022	2021
Basic earnings per share		
From continuing operations	$ 0.59	$ 4.24
Diluted earnings per share		
From continuing operations	$ 0.59	$ 4.22

The net income and weighted average number of ordinary shares outstanding in calculating earnings per share were as follows:

Net Income for the period

	2022	2021
Earnings used in the computation of basic earnings per share	$ 26,044	$ 188,017

Number of Shares

Unit: Thousand shares

	2022	2021
Weighted average number of ordinary shares in computation of basic earnings per share	$ 43,825	$ 44,295
Effect of potentially dilutive ordinary shares:		
Employee's compensation	92	239
Weighted average number of ordinary shares used in the computation of diluted earnings per share	$ 43,917	$ 44,534

Since the Group offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

XXVII. Cash flow information

(I) Non-cash transaction

The Group had the following non-cash investing and financing activities in 2022 and 2021:

1. As of December 31, 2022 and 2021, the Group had outstanding payments of NT$8,177 thousand and NT$12,167 thousand, respectively, for property, plant and equipment, which were recognized as other payables.
2. The Company’s board of directors resolved to distribute cash dividends to shareholders on November 7, 2022. As of December 31, 2022, the balance of NT$8,774 thousand has not been distributed and is recognized as other payables.

(II) Changes in liabilities arising from financing activities

2022

			Non-cash changes					
	January 1, 2022	Cash flow	Addition of lease	Lease modification	Financial cost	Effect of exchange rate changes	Other	December 31, 2022
Short-term borrowings	$ 270,930	($ 100,848)	$ -	$ -	$ -	$ 12,297	$ -	$ 182,379
Long-term borrowings	61,496	6,873	-	-	-	5,394	-	73,763
Guarantee deposits	18,760	(14,548)	-	-	-	290	-	4,502
Lease liabilities	69,590	(48,662)	55,321	24,704	3,435	1,813	(3,435)	102,766
	$ 420,776	($ 157,185)	$ 55,321	$ 24,704	$ 3,435	$ 19,794	($ 3,435)	$ 363,410

2021

			Non-cash changes					
	January 1, 2021	Cash flow	Addition of lease	Lease modification	Financial cost	Effect of exchange rate changes	Other	December 31, 2021
Short-term borrowings	$ 159,681	$ 114,821	$ -	$ -	$ -	($ 3,572)	$ -	$ 270,930
Long-term borrowings	16,586	46,381	-	-	-	(1,471)	-	61,496
Guarantee deposits	18,772	-	-	-	-	(12)	-	18,760
Lease liabilities	55,027	(43,631)	56,662	3,442	3,201	(1,910)	(3,201)	69,590
	$ 250,066	$ 117,571	$ 56,662	$ 3,442	$ 3,201	($ 6,965)	($ 3,201)	$ 420,776

XXVIII. Capital risk management

The Group conducts capital management to ensure that the entities in the group can maximize shareholders’ return by optimizing the balance of debt and equity on the premises of continuing to operate. The Group’s overall strategy remains unchanged in both 2022 and 2021.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Group (comprising issued ordinary shares, capital surplus, retained earnings, other equity and treasury stock) and non-controlling interests.

The Group does not have to comply with other external capital requirements.

Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

XXIX. Financial Instruments

(I) Fair value information – financial instruments measured at fair value on a repeatability basis

1. Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Mutual funds	$ -	$ -	$ 27,432	$ 27,432
Wealth management product	-	68,407	-	68,407
	$ -	$ 68,407	$ 27,432	$ 95,839
Financial assets at fair value through other comprehensive income				
Domestic and foreign listed shares				
- Equity investment	$ 264	$ -	$ -	$ 264

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Mutual funds	$ -	$ -	$ 30,020	$ 30,020
Wealth management product	-	18,949	-	18,949
	$ -	$ 18,949	$ 30,020	$ 48,969
Financial assets at fair value through other comprehensive income				
Domestic and foreign listed shares				
- Equity investment	$ 600	$ -	$ -	$ 600

There were no transfers between Levels 1 and 2 in 2022 and 2021.

2. Reconciliation of Level 3 fair value measurements on financial instruments

2022

Financial asset	Measured at fair value through profit or loss Equity instrument
Balance at the beginning of the year	$ 30,020
Acquisition	1,902
Recognition in profit or loss (Other gains and losses)	(4,490)
Balance at the end of the year	$ 27,432

2021

Financial asset	Measured at fair value through profit or loss Equity instrument
Balance at the beginning of the year	$ 30,538
Acquisition	7,769
Recognition in profit or loss (Other gains and losses)	(8,287)
Balance at the end of the year	$ 30,020

3. Valuation techniques and inputs applied for Level 2 fair value measurement

Type of financial Instruments	Valuation Techniques and Inputs
Structured deposit	The discounted cash flow approach: The future cash flows are estimated based on observable interest rates and return rates specified in the contracts at the end of the period, and are discounted separately at rates that reflect the credit risk of each counterparty.

4. Valuation techniques and inputs applied for Level 3 fair value measurement

The fair value of private equity funds is evaluated by using the asset-based approach and is also estimated with reference to the net worth and operating performance of the investees' most recently financial statements.

(II) Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial asset		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	$ 95,839	$ 48,969
Financial assets at amortized cost (Note 1)	645,110	926,269
Financial assets at fair value through other comprehensive income		
Investment in equity instrument	264	600
Financial liability		
Measured at amortized cost (Note 2)	357,913	498,639

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, other receivables – related parties, other financial assets and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, accounts payable (including related parties), other payables (including related parties); exclude wage and bonus payables, tax payables, insurance payable, dividend payables and meals payables), long-term borrowings and guarantee deposits.

(III) Financial risk management objectives and policies

The Group’s major financial instruments include investments in equity instruments, wealth management product, accounts receivable, accounts payable, bank loans and lease liabilities. The Group’s corporate treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group does not trade financial instruments (including derivative financial instruments) for speculative purposes.

The corporate treasury function reports regularly to the board of directors, who monitors risks and policies implemented to mitigate risk exposures.

1. Market risk

The Group’s activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below), interest rates (see (2) below) and other prices (see (3) below).

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

(1) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Company to foreign currency risk.

The carrying amounts of the Group’s foreign currency-denominated monetary assets and monetary liabilities (including monetary items denominated in non-functional currencies that have been eliminated in the consolidated financial statements) are set out in Note 33.

Sensitivity analysis

The Group was mainly exposed to the fluctuations in the US dollar and New Taiwan dollar.

The following table details the sensitivity analysis of the Group on the effect of 1% fluctuation in the foreign exchange (US dollar and New Taiwan dollar) rate against the functional currency in each consolidated entity. The rate of 1% is the sensitivity rate used when reporting foreign currency risk internally to the key management and represents the management's assessment of the reasonably likely change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and the end-of-period exchange rate is adjusted to 1% increase and decrease. Numbers below indicate the amount increase in pre-tax profit associated with the New Taiwan dollar when the functional currency in each consolidated entity depreciates by 1% against the relevant currency. When the functional currency in each consolidated entity appreciates by 1% against the relevant foreign currency, the effect on pre-tax profit is the same as the negative amount.

	USD Impact	
	2022	2021
Profit or loss	$ 6	$ 301

	NTD Impact	
	2022	2021
Profit or loss	($ 44)	$ -

The above impact on the profit or loss was mainly attributable to the Group's bank deposits, receivables, other financial assets, payables and bank loans denominated in U.S. dollars that were still outstanding and other payables denominated in New Taiwan dollars as of the balance sheet date.

The Group's sensitivity to the USD decreased during the current period mainly because of a decrease in USD bank deposits. The Group's sensitivity to the NTD increased during the current period mainly because of an increase in other payables denominated in NTD.

(2) Interest rate risk

The carrying amount of financial assets and financial liabilities of the Group that are exposed to interest rate risks on the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
- Financial asset	$ 121,888	$ 57,206
- Financial liability	$ 108,091	$ 74,558
With cash flow interest rate risk		
- Financial asset	$ 278,691	$ 376,878
- Financial liability	$ 250,817	$ 327,458

Sensitivity analysis

The sensitivity analysis in the next paragraph was based on the exposure of the Group's non-derivative instruments to interest rate risks at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Had interest rates been 100 basis points higher/lower and all other variables been held constant, the Group's pretax profit for 2022 and 2021 would have increased/decreased by NT$279 thousand and NT$494 thousand, respectively, which was mainly attributable to the Group's exposure to interest rate risks on its floating-rate bank deposits and loans.

The Group's sensitivity to interest rates increased during the current period mainly because of the decrease in floating-rate bank deposits.

(3) Other price risk

The Group is exposed to equity price risk arising from its investments in securities (including mutual funds and foreign listed shares). The risk is controlled by holding portfolios of varying risk.

Sensitivity analysis

The following sensitivity analysis is based on the equity price risk at the balance sheet date.

If the price of securities increases/decreases by 1%, the pre-tax income or loss for 2022 and 2021 would increase/decrease by NT$274 thousand and NT$300 thousand, respectively, due to the increase/decrease in the fair value of financial assets at fair value through profit or loss. The other comprehensive income before tax for fiscal years 2022 and 2021 would increase/decrease by NT$3 thousand and NT$6 thousand, respectively, due to the increase/decrease in financial assets at fair value through other comprehensive income.

There was no significant change in the Group's sensitivity to price risk during the year as compared to the previous year.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As of the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation pertain to (without taking account of any collateral held or other credit enhancements):

(1) The carrying amount of the respective recognized financial assets as stated in the balance sheets.

(2) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

Except for the major three custumers of the Group, the Group did not have significant credit risk for any single counterparty or any group of counterparties with similar characteristics. The Group's concentration of credit risk of 22% and 38% of total trade receivables as of December 31, 2022 and 2021, respectively, was related to the Group's three major customers.

3. Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity The available unutilized bank loan facilities of the Group, please refer to below (2).

(1) Liquidity and interest rate risk tables for non-derivative financial liabilities

The tables have been drawn up based on the undiscounted cash flows of financial liabilities including both interest and principal from the earliest date on which the Group may be required to pay.

To the extent that interest flows are at floating rate, the undiscounted amount was derived from the interest rate at the end of the reporting period.

December 31, 2022

	Less than 3 months	3 months – 1 year	1 – 5 years	More than 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 104,546	$ 5,999	$ -	$ -
Lease liabilities	6,136	19,160	85,026	-
Floating interest rate liabilities	186,001	7,094	67,404	-
Fixed interest rate liabilities	45	5,327	-	-
Financial guarantee contracts	43,692	-	-	-
	$ 340,420	$ 37,580	$ 152,430	$ -

December 31, 2021

	Less than 3 months	3 months – 1 year	1 – 5 years	More than 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 158,039	$ 8,174	$ -	$ -
Lease liabilities	8,055	20,508	45,608	-
Floating interest rate liabilities	226,062	55,331	50,331	-
Fixed interest rate liabilities	40	4,973	-	-
Financial guarantee contracts	56,759	-	-	-
	$ 448,955	$ 88,986	$ 95,939	$ -

The amounts included above for financial guarantee contracts were the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers it is more likely than not that no amount will be payable under the arrangement.

(2) Bank loan facilities

	December 31, 2022	December 31, 2021
Unsecured bank loan facilities		
- Utilized amount	$ 115,325	$ 64,968
- Unutilized amount	7,987	7,452
	$ 123,312	$ 72,420
Secured bank loan facilities		
- Utilized amount	$ 140,817	$ 267,458
- Unutilized amount	134,648	20,286
	$ 275,465	$ 287,744

30. Related Party Transaction

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

(I) Related party names and categories

Name	Related Party Category
Guangzhou Bufeng Hardware (Electronics) Limited	Substantive related party
Yishan Precision Industrial (Shenzhen) Co., Ltd.	Substantive related party
Jia-Quan Investment Co., Ltd.	Substantive related party
Dongguan Guanjie Metal Surface Treatment Co., Ltd.	Associate
Ever Superior Technologies Corporation	Joint venture

(II) Operating revenue

Account	Related Party Category	2022	2021
Service revenue – processing service	Substantive related party	$ 4,464	$ 7,423
Service revenue – technical service	Joint venture	1,086	1,664
		$ 5,550	$ 9,087

The price for the processing service to related parties is agreed upon by both parties. The collection days from related parties for both 2022 and 2021 are set to 60–180 days from the end of the month when the invoice is issued. The processing service price for general customers is calculated based on the general market price. The collection days are set to 30 – 180 days from the end of the month when the invoice is issued.

The Group provides technical services to the related parties. The contract price is calculated by the cost-plus of inputs. The price is charged in the following year after approval by the local foreign exchange authority. The prices and terms of the aforesaid transactions with related parties are not comparable to those of other similar transactions.

(III) Operating costs

Account	Related Party Category	2022	2021
Processing cost	Associate	$ 13,749	$ 12,706

The price for the processing cost to related parties is agreed upon by both parties. The payment day to related parties is 180 days from the end of the month when the invoice is issued. The processing service price for general customers is calculated based on the general market price. The payment days are set to 90 – 180 days from the end of the month when the invoice is issued.

(IV) Receivables from related parties

Account	Related Party Category/Name	December 31, 2022	December 31, 2021
Accounts receivable	Substantive related party – Guangzhou Bufeng Hardware (Electronics) Limited	$ 1,837	$ 2,103
	Substantive related party – Other	-	1
	Joint venture – Ever Superior Technologies Corporation	190	1,747
		$ 2,027	$ 3,851

The outstanding trade receivables from related parties were unsecured. No allowance for loss has been recognized for receivables from related parties in 2022 and 2021.

(V) Payables to related parties

Account	Related Party Category/Name	December 31, 2022	December 31, 2021
Accounts payable	Associate – Dongguan Guanjie Metal Surface Treatment Co., Ltd.	$ 2,049	$ 4,257
Other payables	Associate – Dongguan Guanjie Metal Surface Treatment Co., Ltd.	$ -	$ 2,664

The outstanding receivables from related parties were unsecured.

(VI) Lease agreement

Acquisition of right-of-use assets

Related Party Category/Name	2022	2021
Associate – Dongguan Guanjie Metal Surface Treatment Co., Ltd.	$ 52,128	$ 50,656
Substantive related party	$ 3,150	$ -

Account	Related Party Category/Name	December 31, 2022	December 31, 2021
Lease liabilities	Associate – Dongguan Guanjie Metal Surface Treatment Co., Ltd.	$ 63,357	$ 32,345
	Substantive related party	2,498	378
		$ 65,855	$ 32,723

Related Party Category/Name	2022	2021
Interest expense		
Associate – Dongguan Guanjie Metal Surface Treatment Co., Ltd.	$ 2,231	$ 969
Substantive related party	112	52
	$ 2,343	$ 1,021

The Group leases factory and office space from its related parties at a rental rate based on the general market rate. The rental payment is paid monthly. The factory lease agreement with Dongguan Guanjie Metal Surface Treatment Co., Ltd. was amended in 2021 to increase the right-of-use asset by NT$3,442 thousand.

(VII) Endorsements/guarantees provided

Endorsements/Guarantees Provided for Others

Related Party Category/Name	December 31, 2022	December 31, 2021
Associate		
Dongguan Guanjie Metal Surface Treatment Co., Ltd.	RMB $9,900 thousand	RMB $13,000 thousand

As of December 31, 2022 and 2021, the amount of collaterals provided by the Group due to the aforesaid endorsement guarantee was NT$43,453 thousand and NT$42,594 thousand, respectively.

(VIII) Refundable deposits

Account	Related Party Category/Name	December 31, 2022	December 31, 2021
Refundable deposits	Associate – Dongguan Guanjie Metal Surface Treatment Co., Ltd.	$ 5,330	$ 5,330
	Substantive related party	200	200
		$ 5,530	$ 5,530

(IX) Acquisition of investments accounted for using equity method

Account	Related Party Category/Name	2022	2021
Investments accounted for using equity method	Joint venture – Ever Superior Technologies Corporation	$ -	$ 63,000

(X) Compensation of key management personnel

	2022	2021
Short-term employee benefits	$ 24,430	$ 45,045
Post-employment benefits	582	582
	$ 25,012	$ 45,627

The remuneration of directors and key management personnel was determined by the remuneration committee with regard to the performance of individuals and market trends.

XXXI. Pledged Assets

The following assets have been pledged as collateral loans from financial institutions:

	December 31, 2022	December 31, 2021
Pledged time deposits and reserve account (recorded as other financial assets – current)	$ 47,678	$ 97,989
Pledged time deposits (recorded as other financial assets – non-current)	-	19,453
Right-of-use assets – land	11,888	12,359
Building	47,489	50,018
Investments accounted for using equity method	43,453	42,594
	$ 150,508	$ 222,413

XXXII. Significant Contingent Liabilities and Unrecognized Commitments

Other than those stated in the notes, significant commitments and contingencies of the Group were as follows:

Unrecognized commitments of the Group were as follows:

	December 31, 2022	December 31, 2021
Acquisition of property, plant and equipment	$ 31,499	$ 14,374

XXXIII. Significant Assets and Liabilities Denominated in Foreign Currencies

The following information was aggregated by the foreign currencies other than the functional currencies of the Group entities and the exchange rates between the foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2022

	Foreign Currency (In thousands)	Exchange Rate	Carrying Amount (In thousand)
Foreign currency assets			
Monetary items			
USD	$ 1,668	30.693 (USD: NTD)	$ 51,186
USD	1,777	6.955 (USD: RMB)	$ 54,554
USD	751	34.586 (USD: THB)	$ 23,059

(continued)

(continued from previous page)

	Foreign Currency (In thousands)	Exchange Rate	Carrying Amount (In thousand)
Non-monetary items			
Financial assets at fair value through profit or loss – non-current			
USD	894	30.693 (USD : NTD)	$ 27,432
Foreign currency liabilities			
Monetary items			
USD	$ 2,374	6.955 (USD: RMB)	$ 72,861
USD	1,802	34.586 (USD: THB)	$ 55,315
NTD	4,377	0.227 (NTD : RMB)	$ 4,377

December 31, 2021

	Foreign Currency (In thousands)	Exchange Rate	Carrying Amount (In thousand)
Foreign currency assets			
Monetary items			
USD	$ 3,947	27.790 (USD : NTD)	$ 109,698
USD	1,906	6.3651 (USD: RMB)	$ 52,962
USD	857	33.563 (USD: THB)	$ 23,823
Non-monetary items			
Financial assets at fair value through profit or loss – non-current			
USD	$ 1,080	27.790 (USD : NTD)	$ 30,020
Foreign currency liabilities			
Monetary items			
USD	123	27.790 (USD : NTD)	$ 3,412
USD	2,931	6.3651 (USD: RMB)	$ 81,459
USD	2,573	33.563 (USD: THB)	$ 71,517

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange losses were NT$81 thousand and NT$10,023 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

XXXIV. Other Disclosures

(I) Information about significant transactions:

1. Financing Provided to Others. (Table 1)
2. Endorsements/Guarantees Provided for Others. (Table 2)
3. Marketable securities held (excluding investment in subsidiaries, associates and joint ventures). (Table 3)
4. Marketable securities acquired and disposed of at costs or prices of at least $300 million or 20% of the paid-in capital. (None)
5. Acquisition of individual real estate at costs of at least $300 million or 20% of the paid-in capital. (None)
6. Disposal of individual real estate at prices of at least $300 million or 20% of the paid-in capital. (None)
7. Total purchases from or sales to related parties amounting to at least $100 million or 20% of the paid-in capital. (None)
8. Receivables from related parties amounting to at least $100 million or 20% of the paid-in capital. (None)
9. Trading in derivative instruments. (None)
10. Other: Intercompany relationships and significant intercompany transactions. (Table 4)

(II) Information on Investees. (Table 5)

(III) Information on investments in mainland China:

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 6)
   (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
   (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
   (3) The amount of property transactions and the amount of the resultant gains or losses.

(4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

(5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

(6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

(IV) Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 7)

(V) The following disclosures for affiliates are required to be made in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises:

1. The names of subordinate companies, a description of their relationship with the controlling company, the nature of their business, and the controlling company's shareholding or capital contribution ratio in each. (Note 11, Table 5 and Table 6)

2. Increases, decreases, or changes in the subordinate companies included in the current consolidated financial statements of the affiliates. (Note 11)

3. The names and shareholding or capital contribution ratios of subordinate companies not listed in the current consolidated financial statements for affiliates and the reasons they are not included in the consolidated statements. (None)

4. The adjustment method and treatment adopted if the opening and closing dates of the subordinate company's accounting year are different from those of the controlling company. (None)

5. An explanation of any differences in accounting policies between the subordinate companies and the controlling company. The method and substance of adjustments adopted in the event of any non-conformity with the Generally Accepted Accounting Principles of the Republic of China. (None)

6. Special operational risks of overseas subordinate companies, such as exchange rate fluctuations. (Note 11)

7. Statutory or contractual restrictions on distribution of earnings by the various affiliates. (Note)

8. Amortization methods and period for consolidated borrowings (loans). (None)

9. Other matters of significance or explanations that would contribute to the fair presentation of the consolidated financial statements of the affiliates. (None)

Note: The articles of incorporation of the Group's subsidiaries located in Mainland China specify that a reserve fund, employee incentive and welfare fund shall be set aside from the profit after paying income tax. The appropriate percentage shall be determined in accordance with the Company Act and other relevant PRC laws. No profits may be distributed if losses from the previous fiscal year have not been offset, and any undistributed earnings from the previous fiscal year may be included in the current year's profit distribution.

(VI) The following disclosures for the controlling company and subordinate company are required to be made in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises:

1. Transactions that have been eliminated between the controlling company and subordinate companies or between subordinate companies. (Table 4)
2. Information regarding financing, endorsements, and guarantees. (Table 1 and Table 2)
3. Information regarding trading in derivative products. (None)
4. Significant contingent matters. (None)
5. Significant subsequent events. (None)
6. Names of bills and securities held, and their quantities, cost, market value (or net par value if a bill or security does not have a market value), shareholding or capital contribution ratio, description of any pledges, and the highest amount of shareholding or capital contribution during the period. (Table 3, Table 5 and Table 6)
7. Other matters of significance or explanations that would contribute to the fair presentation of the consolidated financial statements of the affiliates. (None)

(VII) When subsidiaries hold shares in the parent, the names of the subsidiaries and the shareholdings, amounts, and reasons shall be separately presented. (None)

XXXV. Segment Information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The reporting segments of the Group are chemical plating, barrel plating and continuous plating.

The chief operating decision maker treats the subsidiaries in each region as separate operating divisions, but in preparing its financial statements, the Group aggregates these subsidiaries into the chemical plating, barrel plating and continuous plating segments, taking into account the following factors:

1. Similar products and processes:
2. The products are delivered to customers in the same way.

(I) Segment revenue and results

Information of reportable segments' revenues and operating results:

	Chemical plating and barrel plating	Continuous plating	Other segment	Total
2022				
Revenue from External Customers	$ 517,338	$ 605,926	$ 8,692	$ 1,131,956
Intersegment revenue	63,735	58,725	24,386	146,846
Segment revenue	$ 581,073	$ 664,651	$ 33,078	1,278,802
Eliminations				(146,846)
Consolidated revenue				1,131,956
Segment profits	($ 27,402)	$ 139,288	$ 15,072	126,958
Administrative costs and remuneration of directors				(38,780)
Interest income				2,352
Other income				6,333
Other gains and losses				(2,665)
Financial cost				(14,082)
Share of profits or losses of associates and joint ventures accounted for using the equity method				(18,532)
Net income before tax				$ 61,584

	Chemical plating and barrel plating	Continuous plating	Other segment	Total
2021				
Revenue from External Customers	$ 605,368	$ 747,682	$ 3,583	$ 1,356,633
Intersegment revenue	155,634	-	17,345	172,979
Segment revenue	$ 761,002	$ 747,682	$ 20,928	1,529,612
Eliminations				(172,979)
Consolidated revenue				1,356,633
Segment profits	$ 7,081	$ 333,002	$ $ 11,687	351,770
Administrative costs and remuneration of directors				(56,215)
Interest income				1,424
Other income				3,694
Other gains and losses				(18,379)
Financial cost				(9,948)
Share of profits or losses of associates and joint ventures accounted for using the equity method				(1,476)
Net income before tax				$ 270,870

The inter-segment processing price is agreed upon by both parties.

Segment profit represented the profit before income tax earned by each segment without allocation of administration costs, remuneration of directors, interest income, other income, other gains and losses, finance costs, share of profits and losses of affiliated companies and joint ventures recognized under the equity method, and income tax expense. This is the amount reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(II) Segment assets and liabilities

The information on the assets and liabilities of each segment has not been reported to the chief operating decision maker; therefore, it is not disclosed.

(III) Revenue from major products

An analysis of the Group's revenue from continuing business units' major products is as follows:

	2022	2021
Chemical plating and barrel plating	$ 517,338	$ 605,368
Continuous plating	605,926	747,682
Other	8,692	3,583
	$ 1,131,956	$ 1,356,633

(IV) Geographical information

The Group operates in two principal geographical areas – China and Thailand.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers		Non-current assets	
	2022	2021	December 31, 2022	December 31, 2021
China	$ 837,534	$ 1,049,621	$ 421,159	$ 401,977
Thailand	285,730	303,429	288,210	242,066
Other	8,692	3,583	9,756	10,828
	$ 1,131,956	$ 1,356,633	$ 719,125	$ 654,871

Non-current assets exclude financial assets at fair value through profit or loss – non-current, investments accounted for using the equity method, deferred income tax assets, other financial assets – non-current and refundable deposits.

(V) Information on major customers

Revenues from a single customer amounting to 10% or more of the Groups total revenues are as follows:

	2022	2021
Customer D (Note 1)	176,117	185,883
Customer F (Note 2)	132,638	NA (Note 3)
	$ 308,755	

Note 1: It comes from electro nickel plating and electroless nickel plating.

Note 2: It comes from continuous plating and pearl nickel plating.

Note 3: The revenue amount did not reach 10% of the total revenue of the Group.

SUPERIOR PLATING TECHNOLOGY CO., LTD. and Subsidiaries

Financing Provided to Others

For the Year Ended December 31, 2022

Table 1

Unit: NT$ thousand and foreign currency in thousands

No. (Note 1)	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Balance, end of period	Amount Actually Drawn	Interest Rate %	Nature for Financing (Note 2)	Transaction Amounts	Reason for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 4)	Financing Company's Total Financing Amount Limits (Notes 3 and 4)
													Name	Value		
0	Superior Plating Technology Co., Ltd.	Superior Industries (Shen Zhen) Co., Ltd.	Other receivables – related parties	Yes	$ 102,000	$ 102,000	$ -	-	2	$ -	Operating capital	$ -	—	—	$ 352,588	$ 352,588
0	Superior Plating Technology Co., Ltd.	Top-Team Technology (Shen Zhen) Ltd.	Other receivables – related parties	Yes	9,000	9,000	-	-	2	-	Operating capital	-	—	—	352,588	352,588
0	Superior Plating Technology Co., Ltd.	Superior Plating Technology (Thailand) Co., Ltd.	Other receivables – related parties	Yes	15,000	15,000	-	-	2	-	Operating capital	-	—	—	352,588	352,588
1	Superior Industries (Shen Zhen) Co., Ltd.	Top-Team Technology (Shen Zhen) Ltd.	Other receivables – related parties	Yes	79,440 (RMB 18,000)	79,440 (RMB 18,000)	29,066 (RMB 6,586)	-	2	-	Operating capital	-	—	—	528,038	528,038
1	Superior Industries (Shen Zhen) Co., Ltd.	Superior Drilling (HK) Limited	Other receivables – related parties	Yes	8,827 (RMB 2,000)	8,827 (RMB 2,000)	-	-	2	-	Operating capital	-	—	—	528,038	528,038
2	Superior Drilling (HK) Limited	Superior Industries (Shen Zhen) Co., Ltd.	Other receivables – related parties	Yes	9,208 (USD 300)	9,208 (USD 300)	9,050 (USD 295)	-	2	-	Operating capital	-	—	—	674,298	674,298
2	Superior Drilling (HK) Limited	Superior Industries (Shen Zhen) Co., Ltd.	Other receivables – related parties	Yes	66,200 (RMB 15,000)	66,200 (RMB 15,000)	39,773 (RMB 9,011)	-	2	-	Operating capital	-	—	—	674,298	674,298
2	Superior Drilling (HK) Limited	Superior Plating Technology (Thailand) Co., Ltd.	Other receivables – related parties	Yes	15,346 (USD 500)	15,346 (USD 500)	15,346 (USD 500)	-	2	-	Operating capital	-	—	—	134,860	134,860

Note 1: The Company is coded "0".

The investee is coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Business relationship is coded 1.

The need for short-term financing is coded 2.

Note 3: The total amount of financing provided to others shall not exceed 40% of the financing company's net worth.

Note 4: The limit on the financing provided to a single counterparty that has business with the Company: Where funds are loaned for business relationship, the total financing provided to a single counterparty shall not exceed the total transaction amount between the two parties during the 12-month period prior to the time of lending. The net worth of total trading amount between both parties means the total amount of purchase or re-sale, whichever is higher; for necessity of short-term financing: The amount lent to a single counterparty shall not exceed 40% of the lending company's total net worth, provided that this limit shall not apply between foreign subsidiaries in which the Company directly and indirectly holds 100% of the voting shares, or between the Company's foreign subsidiaries in which the Company directly and indirectly holds 100% of the voting shares, and the Company. For short-term loans made in between foreign subsidiaries in which the Company directly or indirectly holds 100% of the voting shares, or in between the Company and its foreign subsidiaries in which the Company directly or indirectly holds 100% of the voting shares, the total amount of loans and the limits for any single counterparty shall not exceed 200% of the lending company's current net worth.

Note 5: The foreign currencies shown in this table were translated into New Taiwan dollars at the exchange rate of $30.693 for the U.S. dollar and $4.413 for the renminbi as of the balance sheet date.

Note 6: On December 31, 2022, the Company reclassified the overdue accounts receivable from related parties to other receivables. The balance of the loan and the actual amount drawn have been approved by the Board of Directors at its latest meeting (March 20, 2023) in accordance with Article 14 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 7: The amount was eliminated upon consolidation.

SUPERIOR PLATING TECHNOLOGY CO., LTD. and Subsidiaries

Endorsements/Guarantees Provided for Others

For the Year Ended December 31, 2022

Table 2

Unit: NT$ thousand and foreign currency in thousands

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance (Note 5)	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties (Note 6)	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 2)										
0	Superior Plating Technology Co., Ltd.	Superior Industries (Shen Zhen) Co., Ltd.	(2)	$ 352,588	$ 62,92 (USD 2,05	$ (USD	$ 62,92 (USD 2,05	$ 34,607 (USD 1,128)	7.14%	$ 352,588	Y	N	Y
0	Superior Plating Technology Co., Ltd.	Top-Team Technology (Shen Zhen) Ltd.	(2)	352,588	12,89 (USD 42	(USD		-	1.46%	352,588	Y	N	Y
0	Superior Plating Technology Co., Ltd.	Superior Plating Technology (Thailand) Co., Ltd.	(2)	352,588	44,37 (THB 50,00	(THB		-	5.03%	352,588	Y	N	N
0	Superior Plating Technology Co., Ltd.	Superior Plating Technology (Thailand) Co., Ltd.	(2)	352,588	61,38 (USD 2,00	(USD	33,76 (USD 1,10	-	6.96%	352,588	Y	N	N
1	Superior Industries (Shen Zhen) Co., Ltd. (Note 7)	Dongguan Guanjie Metal Surface Treatment Co., Ltd.	(6)	43,692 (RMB 9,900)	57,37 (RMB 13,00	(RMB	43,69 (RMB 9,90	43,453 (RMB 9,846)	16.55%	105,608	N	N	Y

Note 1: The Company is coded as follows:

1. The Company is coded "0".
2. The investee is coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Relationships for guarantee provider and guarantee are as follows:

(1) Business relationship.

(2) A company in which the Company directly and indirectly holds more than 50% of the voting shares.

(3) A company that directly and indirectly holds more than 50% of the voting shares in the Company.

(4) A company in which the Company directly and indirectly holds more than 90% of the voting shares.

(5) A company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) A company where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.

(7) A company where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The Regulations Governing External Endorsements by the Company and Subsidiaries provide that:

1. The total amount of the accumulated external endorsement and guarantee shall not exceed 40% of the Company's net worth as stated in the most recent financial statements.
2. The limit of endorsement and guarantee for a single entity shall not exceed 40% of the current net worth of the endorsement/guarantee provider.
3. For companies in which the Company directly or indirectly holds more than 90% of the voting shares, the amount of endorsement and guarantee provided shall not exceed 10% of the Company's net worth.
4. For joint ventures, all capital contributing shareholders shall make endorsements/guarantees in proportion to their shareholding percentages.

Note 4: The foreign currencies shown in this table were translated into New Taiwan dollars at the exchange rate of $30.693 for the U.S. dollar, $0.887 for THB and $4.413 for the renminbi as of the balance sheet date.

Note 5: Superior Industries (Shen Zhen) Co., Ltd., Top-Team Technology (Shen Zhen) Ltd., Superior Plating Technology (Thailand) Co., Ltd. and Dongguan Guanjie Metal Surface Treatment Co., Ltd. have borrowed money from financial institutions for operating needs, so the Company and its subsidiaries have provided endorsement and guarantee for these companies.

Note 6: The aforementioned endorsement guarantee is provided as collateral for the Company's other financial assets and the investment accounted for using the equity method by its subsidiary, Superior Industries (Shen Zhen) Co., Ltd. For more information, please refer to Note 31.

Note 7: Superior Industries (Shen Zhen) Co., Ltd. provided endorsement and guarantee to Dongguan Guanjie Metal Surface Treatment Co., Ltd. in proportion to the shareholding ratio of Dongguan Guanjie Metal Surface Treatment Co., Ltd.

Note 8: The amount was eliminated upon consolidation.

SUPERIOR PLATING TECHNOLOGY CO., LTD. and Subsidiaries

Marketable securities held

December 31, 2022

Table 3

Unit: thousand shares; NT$ thousand; thousand shares and thousand units

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Remark
				Number of Shares/Units	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	Fund Golden Asia Fund II	—	Financial assets at fair value through profit or loss – non-current	-	$ 27,432	-	$ 27,432	—
	Ordinary shares DUFU TECHNOLOGY CORP. BERHAD	—	Financial assets at fair value through other comprehensive income – current	22	264	-	264	—
Superior Industries (Shen Zhen) Co., Ltd.	Wealth management product Structured deposits with guaranteed principal and floating proceeds – China Merchants Bank	—	Financial assets at fair value through profit or loss – current	-	24,274	-	24,274	—
Top-Team Technology (Shen Zhen) Ltd.	Wealth management product Structured deposits with guaranteed principal and floating proceeds – China Merchants Bank	—	Financial assets at fair value through profit or loss – current	-	44,133	-	44,133	—

Note 1: For information on investment in subsidiaries, please refer to Table 5 and Table 6.

Note 2: The highest number of marketable securities held by the SUPERIOR PLATING TECHNOLOGY CO., LTD. and its subsidiaries at the end of the period was the same as that at the end of the period, and none of them was pledged.

SUPERIOR PLATING TECHNOLOGY CO., LTD. and Subsidiaries

Intercompany relationships and significant intercompany transactions.

For the Year Ended December 31, 2022

Table 4

Unit: NT$ thousand

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount (Notes 4 and 5)	Payment Terms	% of Total Sales or Assets (Note 3)
0	Superior Plating Technology Co., Ltd.	Superior Industries (Shen Zhen) Co., Ltd.	1	Commission income	$ 1,254	As per the terms of the contract	0.11
		Superior Industries (Shen Zhen) Co., Ltd.	1	Technical service income	5,618	Calculated by cost-plus of inputs	0.50
		Top-Team Technology (Shen Zhen) Ltd.	1	Technical service income	11,928	Calculated by cost-plus of inputs	1.05
		Superior Plating Technology (Thailand) Co., Ltd.	1	Technical service income	4,924	Calculated by cost-plus of inputs	0.43
		Superior Plating Technology Holding (Thailand) Co., Ltd.	1	Technical service income	662	Calculated by cost-plus of inputs	0.06
		Superior Industries (Shen Zhen) Co., Ltd.	1	Accounts receivable – related parties	1,121	The price is charged in the following year after approval by the local foreign exchange authority.	0.07
		Superior Industries (Shen Zhen) Co., Ltd.	1	Accounts receivable – related parties	6	Collect in less than 180 days from the end of the month when the invoice is issued.	-
		Superior Industries (Shen Zhen) Co., Ltd.	1	Other receivables – related parties	63	Collect in less than 180 days from the end of the month when the invoice is issued.	-
		Top-Team Technology (Shen Zhen) Ltd.	1	Accounts receivable – related parties	2,977	The price is charged in the following year after approval by the local foreign exchange authority.	0.18
		Superior Plating Technology (Thailand) Co., Ltd.	1	Accounts receivable – related parties	2,651	The price is charged in the following year after approval by the local foreign exchange authority.	0.16
		Superior Plating Technology (Thailand) Co., Ltd.	1	Other receivables – related parties	469	Collection and Payment on Behalf of Other	0.03
		Superior Plating Technology Holding (Thailand) Co., Ltd.	1	Accounts receivable – related parties	166	Collect in less than 180 days from the end of the month when the invoice is issued.	0.01
1	Superior Plating Corp.	Superior Plating Technology Co., Ltd.	2	Earnings distribution	85,641	—	5.23
2	Superior Industries (Shen Zhen) Co., Ltd.	Top-Team Technology (Shen Zhen) Ltd.	3	Accounts receivable – related parties	20,172	Collect in less than 180 days from the end of the month when the invoice is issued.	1.23
		Superior Drilling (HK) Limited	3	Accounts receivable – related parties	15,338	Collect in less than 180 days from the end of the month when the invoice is issued.	0.94
		Top-Team Technology (Shen Zhen) Ltd.	3	Other receivables – related parties	29,066	Collect in less than 180 days from the end of the month when the invoice is issued (overdue receivables)	1.77
		Superior Plating Technology (Thailand) Co., Ltd.	3	Other receivables – related parties	6,625	Collection and Payment on Behalf of Other	0.40

(continued)

(continued from previous page)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount (Notes 4 and 5)	Payment Terms	% of Total Sales or Assets (Note 3)
		Superior Plating Technology Co., Ltd.	2	Processing revenue	5,945	Collect in less than 180 days from the end of the month when the invoice is issued.	0.53
		Top-Team Technology (Shen Zhen) Ltd.	3	Processing revenue	42,367	Agreed by Both Parties	3.74
		Superior Drilling (HK) Limited	3	Processing revenue	15,423	Agreed by Both Parties	1.36
		Superior Drilling (HK) Limited	3	Earnings distribution	51,285	—	3.13
3	Top-Team Technology (Shen Zhen) Ltd.	Superior Industries (Shen Zhen) Co., Ltd.	3	Processing revenue	58,725	Agreed by Both Parties	5.19
4	Superior Drilling (HK) Limited	Superior Industries (Shen Zhen) Co., Ltd.	3	Other receivables – related parties	48,823	Collection and Payment on Behalf of Others (overdue)	2.98
		Superior Plating Technology (Thailand) Co., Ltd.	3	Other receivables – related parties	15,346	Borrowing period is one year; repay the principal in one lump sum at maturity	0.94
		Superior Plating Corp.	3	Earnings distribution	84,223	—	5.14
5	Superior Plating Technology Holding (Thailand) Co., Ltd.	Superior Plating Corp.	3	Earnings distribution	1,418	—	0.09
6	Superior Plating Technology (Thailand) Co., Ltd.	Superior Plating Technology Holding (Thailand) Co., Ltd.	3	Earnings distribution	4,329	—	0.26

Note 1: The Company and its subsidiaries are coded as follows:

1. The Company is coded "0."
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Nature of relationship is as follows:

1. From the parent company to its subsidiary
2. From a subsidiary to its parent company.
3. Between subsidiaries.

Note 3: The percentage calculation is based on the consolidated total operating revenue or total assets. For balance sheet items, each item's period-end balance is shown as a percentage of consolidated total assets as of December 31, 2022. For profit or loss items, cumulative amounts are shown as a percentage of the consolidated total operating revenue for the nine months ended December 31, 2022.

Note 4: The related figures in this table are presented in New Taiwan dollars. Where foreign currencies are used, they are translated into New Taiwan dollars at the exchange rates prevailing on the balance sheet date; however, the amounts in the income statement are translated into New Taiwan dollars using the average exchange rates for the period.

Note 5: The information on major inter-parental transactions is disclosed only for unilateral transactions and has been eliminated upon the consolidation.

SUPERIOR PLATING TECHNOLOGY CO., LTD. and Subsidiaries

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)

For the Year Ended December 31, 2022

Table 5

Unit: NT$ thousand, foreign currency in thousands, thousand shares

Investor	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee (Note 3)	Remark
				December 31, 2022	December 31, 2021	Number of Shares	Percentage of Ownership	Carrying Amount			
The Company	Superior Plating Corp.	BVI	Investment Holding	$ 628,339	$ 628,339	11,271	100	$ 852,385 (RMB 193,139)	$ 52,219 (RMB 11,766)	$ 52,219 (RMB 11,766)	Subsidiary; in RMB
	Ever Superior Technologies Corporation	Taiwan	Surface Treatment	63,000	63,000	6,300	35	39,487	(54,091)	(18,932)	Joint venture; in NTD
Superior Plating Corp.	Extensive Management Consultant Inc.	Samoa	Investment Holding	40,000	40,000	1,000	100	338,090 (RMB 76,607)	151,443 (RMB 34,124)	151,443 (RMB 34,124)	Subsidiary; in RMB
	Superior Drilling (HK) Limited	Hong Kong	Investment Holding	505,496	505,496	89,000	100	337,149 (RMB 76,393)	(119,149) (RMB (26,847))	(119,149) (RMB (26,847))	Subsidiary; in RMB
	Superior Plating Technology Holding (Thailand) Co., Ltd.	Seychelles	Investment Holding	145,926	145,926	4,830	78	175,379 (RMB 39,738)	25,480 (RMB 5,741)	19,755 (RMB 4,451)	Subsidiary; in RMB
Superior Plating Technology Holding (Thailand) Co., Ltd.	Superior Plating Technology (Thailand) Co., Ltd.	Thailand	Surface Treatment	187,318	187,318	2,192	66	224,442 (THB 252,908)	39,961 (THB 46,952)	26,398 (THB 31,017)	Subsidiary; in THB

Note 1: For information on investees in China, please refer to Table 6.

Note 2: The amount was eliminated upon consolidation.

Note 3: The maximum amount of capital contribution for the period was the same as that at the end of the period, and none of them was pledged.

SUPERIOR PLATING TECHNOLOGY CO., LTD. and Subsidiaries

Information on Investment in China

For the Year Ended December 31, 2022

Table 6

Unit: NT$ thousand and foreign currency in thousands

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, and repatriations of investment income.

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 3)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee	% Ownership of Direct or Indirect Investment	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2022 (Note 2)	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
Superior Industries (Shen Zhen) Co., Ltd. (Note 5)	Surface Treatment	RMB 83,820 (HKD 89,000)	(II) (1)	$ 505,496	$ -	$ -	$ 505,496	($ 124,765) (RMB(28,112))	100	($ 124,765) (RMB(28,112))	$ 264,019 (RMB 59,823)	$ 51,285
Top-Team Technology (Shen Zhen) Ltd. (Note 5)	Electroplating for components in computer peripherals, communication equipment and consumer electronics	RMB 8,268 (USD 1,000)	(II) (1)	40,000	-	-	40,000	151,257 (RMB 34,082)	100	151,257 (RMB 34,082)	335,370 (RMB 75,990)	
Dongguan Guanjie Metal Surface Treatment Co., Ltd.	Surface Treatment	RMB 90,563	(II) (2)	-	-	-	(註 5)	4,000 (RMB 901)	10	400 (RMB 90)	43,453 (RMB 9,846)	

Note: The amount was eliminated upon consolidation.

2. Investment Limit in Mainland China:

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 545,496 (Note 3)	$ 494,211 (Note 4)	$ 628,567

Note 1: Methods of investments have following types:

(I) Direct investment in mainland China.

(II) Reinvest in Mainland China through a third-party company (please specify the third-party company).

(1) The Company reinvested in Mainland China through third-party (Superior Drilling (HK) Limited and Extensive Management Consultant Inc.). Please refer to Table 5 for information on third-party companies.

(2) Indirect investment in Superior Industries (Shen Zhen) Co., Ltd. located in mainland China through a third place of the subsidiaries of Superior Drilling (HK) Limited.

(III) Other methods: For example, entrusted investment.

Note 2: Amount was recognized based on the audited financial statements of the parent company in Taiwan.

Note 3: The total amount was calculated based on the exchange rate at the time of each remittance, without deducting the amount remitted from the subsidiaries' earnings in Mainland China.

Note 4: The Company filed a remittance of NT$51,285 thousand (US$1,637 thousand) from the earnings of its subsidiary in Mainland China to offset the accumulated investment in Mainland China in accordance with the Letter Jin-Shen-II-Zi No. 11100122020 dated August 2, 2022. The amount of investment in Mainland China filed at the end of the period was NT$494,211 thousand.

Note 5: Dongguan Guanjie Metal Surface Treatment Co., Ltd. was directly invested by Superior Industries (Shen Zhen) Co., Ltd., not the remittance from Taiwan.

Note 6: The maximum amount of capital contribution for the period was the same as that at the end of the period, and none of them was pledged.

3. Significant transactions occurred in invested company in China directly or indirectly through a third region:

(1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period:

Name	Relationship	Type of Transaction	Amount	Payment Terms			Notes receivable (payable) and accounts payable		Unrealized gain or loss
				Price	Collection (payment) terms	Comparison with normal transaction	Balance	Percentage (%)	
Superior Industries (Shen Zhen) Co., Ltd.	Sub-subsidiary	Technical surface treatment services	$ 5,945	Calculated by cost-plus of inputs	Less than 180 days from the end of the month when the invoice is issued.	—	$ -	-	$ -

(2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period:

Name	Relationship Relationship	Type of Transaction	Amount	Payment Terms			Notes receivable (payable) and accounts payable		Unrealized gain or loss
				Price	Collection (payment) terms	Comparison with normal transaction	Balance	Percentage (%)	
Superior Industries (Shen Zhen) Co., Ltd.	Sub-subsidiary	Technical surface treatment services	$ 5,618	Calculated by cost-plus of inputs	The price is charged in the following year after approval by the local foreign exchange authority.	—	$ 1,121	14	$ -
		Commission for purchasing on behalf of others	1,254	As per the terms of the contract	Less than 180 days from the end of the month when the invoice is issued.	—	6	-	-
Top-Team Technology (Shen Zhen) Ltd.	Sub-subsidiary	Technical surface treatment services	11,928	Calculated by cost-plus of inputs	The price is charged in the following year after approval by the local foreign exchange authority.	—	2,977	37	-

Note: The amount was eliminated upon consolidation.

(3) The amount of property transactions and the amount of the resultant gains or losses: None.

(4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Please see Table 2.

(5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Please see Table 1.

(6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

Superior Plating Technology Co., Ltd.

Information on Major Shareholders

December 31, 2022

Table 7

Name of Major Shareholder	Shares	
	Total Shares Owned	Ownership Percentage
Superior Plating Technology Co., Ltd.	5,559,776 shares	12.5%

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

V. A parent company only financial statement for the most recent fiscal year, certified by CPAs

Independent Auditor's Report

To the Board of Directors and Shareholders of Superior Plating Technology Co., Ltd.:

Audit Opinion

We have audited the accompanying consolidated financial statements of SUPERIOR PLATING TECHNOLOGY CO., LTD. (the "Company"), which comprise the unconsolidated balance sheets as from January 1 to December 31, 2022 and 2021, and the unconsolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on the results of our audits, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as from January 1 to December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China.

Basis for Audit Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant and the Auditing Standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. The auditors of the firm, subject to the independence regulations, have maintained independence from the Company in accordance with the Code of Ethics and perform other obligations of such Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2022 are stated as follows:

Authenticity of processing revenue from specific customers

Since SUPERIOR PLATING TECHNOLOGY CO., LTD. is an OTC listed company, the management is under pressure to achieve the financial objectives. One of the important indicators for judging profitability and operating performance is the operating revenue, and revenue recognition is naturally riskier. However, considering the significant amount of sales from specific customers with higher sales growth ratio which accounts for approximately 23% of the total revenue, it is considered material to the parent company only financial statements. Therefore, we consider "the authenticity of processing revenue from specific customers" to be a key audit matter for the year ended December 31, 2022.

We have performed the following audit procedures:

1. Understand the Company's relevant internal control system and operating procedures concerning the transaction cycle as described in the previous paragraph. Based on this, we designed the internal control audit procedures in response to the occurrence of the relevant revenue to confirm and evaluate whether the design and implementation of the relevant internal control procedures are effective.
2. Evaluate whether the relevant background, transaction amounts and credit limits for the aforesaid specific customers are reasonable based on their company scale.
3. We randomly selected samples from the aforesaid specific customers' processing revenue to examine the incoming material orders, shipping orders, sales invoices and subsequent receipts to confirm the authenticity of the transactions.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

Those charged with governance, Including the Audit Committee, are responsible for overseeing the Company's financial reporting process.

Auditor’s Responsibilities for the Audit of the Parent Company Only Financial Statements

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

As part of an audit in accordance with ROC Audit Standard, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risk of material misstatement of the parent company only financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. In case where we consider that such events or circumstances have a material uncertainty, then relevant disclosure of the parent company only financial statements are required to be provided in our audit report to allow users of parent company only financial statements to be aware of such events or circumstances, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause SUPERIOR PLATING TECHNOLOGY CO., LTD. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including relevant notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entity of the Company, and express an opinion on parent company only financial statements. We are responsible for the direction, supervision and performance of the audit of the Company. We remain solely responsible for our audit opinion.

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

We also provide the governance units with statements that we have complied with relevant matters that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of auditors.

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

Deloitte Taiwan

CPA Liang, Tanti

Financial SupervisoryCommission Approval Document No.
Jin-Guan-Zheng-Shen-Zi No. 1100356048

CPA Yu, Robert

Securities and FuturesBureau Approval Document No.
Tai-Cai-Zeng-VI No. 0930128050

March 30, 2023

Superior Plating Technology Co., Ltd.

Parent Company Only Balance Sheets

December 31, 2022 and 2021

Unit: NT$ thousand

Code	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 39,323	4	$ 21,621	2
1120	Financial assets at fair value through other comprehensive profit or loss - current (Notes 4 and 8)	264	-	600	-
1170	Accounts receivable (Notes 4, 9 and 19)	920	-	800	-
1180	Accounts receivable - related parties (Notes 4, 19 and 26)	7,111	1	2,005	-
1210	Other receivables - related parties (Notes 4 and 26)	532	-	3,211	-
1220	Current tax assets (Notes 4 and 21)	-	-	373	-
1410	Prepayment	26	-	90	-
1476	Other financial assets - current (Notes 4, 14 and 27)	34,610	3	83,928	8
11XX	Total current assets	82,786	8	112,628	10
	Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	27,432	3	30,020	3
1550	Investments accounted for using the equity method (Notes 4 and 10)	891,872	87	925,022	83
1600	Property, plant and equipment (Notes 4 and 11)	1,467	-	1,331	-
1755	Right-of-use assets (Notes 4, 12 and 26)	6,133	1	6,523	1
1780	Other intangible assets (Notes 4 and 13)	2,156	-	2,974	-
1840	Deferred tax assets (Notes 4 and 21)	8,936	1	13,806	1
1990	Other non-current assets (Notes 4, 14, 26 and 27)	2,180	-	21,533	2
15XX	Total non-current assets	940,176	92	1,001,209	90
1XXX	Total assets	$ 1,022,962	100	$ 1,113,837	100
Code	**Liabilities and Equity**				
	Current liabilities				
2100	Short-term borrowings (Notes 4, 15 and 27)	$ 70,000	7	$ 110,000	10
2200	Other payables (Notes 16 and 23)	19,819	2	35,280	3
2230	Current tax liabilities (Notes 4 and 21)	5,110	1	1,103	-
2280	Lease liabilities - current (Notes 4, 12 and 26)	3,244	-	2,666	-
2320	Current portion of long-term borrowings (Notes 4 and 15)	2,500	-	-	-
2399	Other current liabilities (Note 16)	101	-	176	-
21XX	Total current liabilities	100,774	10	149,225	13
	Non-current liabilities				
2540	Long-term borrowings (Notes 4 and 15)	37,500	4	-	-
2570	Deferred tax liabilities (Notes 4 and 21)	257	-	13,622	1
2580	Lease liabilities - non-current (Notes 4, 12 and 26)	2,961	-	3,893	1
25XX	Total non-current liabilities	40,718	4	17,515	2
2XXX	Total liabilities	141,492	14	166,740	15
	Equity (Notes 4 and 18)				
	Share capital				
3110	Common stock	444,555	43	444,555	40
3200	Capital surplus	325,322	32	325,322	29
	Retained earnings				
3310	Legal reserve	31,384	3	10,260	1
3320	Special reserve	35,029	4	34,757	3
3350	Unappropriated earnings	126,997	12	210,086	19
3300	Total retained earnings	193,410	19	255,103	23
3400	Other equity interest	(29,231)	(3)	(44,326)	(4)
3500	Treasury shares	(52,586)	(5)	(33,557)	(3)
3XXX	Total equity	881,470	86	947,097	85
	Total liabilities and equity	$ 1,022,962	100	$ 1,113,837	100

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

Chairman: Li, Su-Pai　　Manager: Wang, Hsin-Wei　　Accounting Manager: Lee, Yu-Hsuan

Superior Plating Technology Co., Ltd.

Parent Company Only Statements of Comprehensive Income

For the Years Ended December 31, 2022 and 2021

Expressed in Thousands of New Taiwan Dollars, Except earnings per share

Code		2022 Amount	2022 %	2021 Amount	2021 %
	Operating revenue (Notes 4, 19 and 26)				
4600	Service income	$ 31,823	96	$ 17,978	86
4800	Other operating revenue	1,254	4	2,950	14
4000	Total operating revenue	33,077	100	20,928	100
	Operating cost (Notes 20 and 26)				
5600	Service cost	(16,812)	(51)	(16,472)	(79)
5000	Total operating costs	(16,812)	(51)	(16,472)	(79)
5900	Gross profit	16,265	49	4,456	21
	Operating expense (Note 20)				
6100	Selling expense	-	-	(12)	-
6200	Administrative expense	(26,455)	(80)	(44,710)	(213)
6000	Total operating expenses	(26,455)	(80)	(44,722)	(213)
6900	Net operating loss	(10,190)	(31)	(40,266)	(192)
	Non-operating income and expenses (Notes 4, 20 and 26)				
7100	Interest income	263	1	176	1
7010	Other income	1,787	5	968	5
7020	Other gains and losses	2,408	7	(13,065)	(63)
7050	Financial cost	(1,979)	(6)	(655)	(3)
7070	Share of profit (loss) of subsidiaries and joint ventures accounted for using the equity method	33,287	101	257,959	1,232
7000	Total non-operating income and expenses	35,766	108	245,383	1,172
7900	Net income before tax	25,576	77	205,117	980
7950	Income tax benefit (expenses) (Notes 4 and 21)	468	2	(17,100)	(81)

(continued)

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Code		2022 Amount	2022 %	2021 Amount	2021 %
8200	Net Income for the period	26,044	79	188,017	899
	Other comprehensive profit and loss				
8310	Items not reclassified under profit or loss:				
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	(335)	(1)	111	-
8349	Income taxes related to items that are not reclassified	67	-	(22)	-
		(268)	(1)	89	-
8360	Items that may be subsequently reclassified under profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	19,204	58	(12,072)	(58)
8399	Income taxes related to items that are reclassified	(3,841)	(12)	2,414	12
		15,363	46	(9,658)	(46)
8300	Other comprehensive income for the current period (net of tax)	15,095	45	(9,569)	(46)
8500	Total comprehensive income for the year	$ 41,139	124	$ 178,448	853
	Earnings per share (Note 22)				
9710	Basic	$ 0.59		$ 4.24	
9810	Diluted	$ 0.59		$ 4.22	

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

Chairman: Li, Su-Pai Manager: Wang, Hsin-Wei Accounting Manager: Lee, Yu-Hsuan

Superior Plating Technology Co., Ltd.

Parent Company Only Statement of Changes in Equity

For the Years Ended December 31, 2022 and 2021

Unit: NT$ Thousand unless otherwise specified

Code		Share capital	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated earnings	Other equity items: Exchange differences on translating the financial statements of foreign operations	Other equity items: Unrealized gain/(loss) on financial assets at fair value through other comprehensive income	Treasury shares	Total equity
A1	Balance at January 1, 2021	$ 444,555	$ 324,954	$ -	$ -	$ 102,599	($ 35,134)	$ 377	($ 3,119)	$ 834,232
	Earning provision and appropriate for 2020 (Note 18)									
B1	Legal reserve	-	-	10,260	-	(10,260)	-	-	-	-
B3	Special reserve	-	-	-	34,757	(34,757)	-	-	-	-
B5	Cash dividend paid to shareholders of the Company	-	-	-	-	(35,513)	-	-	-	(35,513)
D1	2021 net income	-	-	-	-	188,017	-	-	-	188,017
D3	Other comprehensive income for 2021	-	-	-	-	-	(9,658)	89	-	(9,569)
D5	Total comprehensive income for 2021	-	-	-	-	188,017	(9,658)	89	-	178,448
L1	Treasury stock buyback (Note 18)	-	-	-	-	-	-	-	(30,438)	(30,438)
M7	Changes in ownership interest in subsidiaries (Note 10)	-	368	-	-	-	-	-	-	368
Z1	Balance at December 31, 2021	444,555	325,322	10,260	34,757	210,086	(44,792)	466	(33,557)	947,097
	Earning provision and appropriate (Note 18)									
B1	Legal reserve	-	-	21,124	-	(21,124)	-	-	-	-
B3	Special reserve	-	-	-	272	(272)	-	-	-	-
B5	Cash dividend paid to shareholders of the Company	-	-	-	-	(87,737)	-	-	-	(87,737)
D1	2022 net income	-	-	-	-	26,044	-	-	-	26,044
D3	Other comprehensive income for 2022	-	-	-	-	-	15,363	(268)	-	15,095
D5	Total comprehensive income for 2022	-	-	-	-	26,044	15,363	(268)	-	41,139
L1	Treasury stock buyback (Note 18)	-	-	-	-	-	-	-	(19,029)	(19,029)
Z1	Balance at December 31, 2022	$ 444,555	$ 325,322	$ 31,384	$ 35,029	$ 126,997	($ 29,429)	$ 198	($ 52,586)	$ 881,470

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

Chairman: Li, Su-Pai   Manager: Wang, Hsin-Wei   Accounting Manager: Lee, Yu-Hsuan

Superior Plating Technology Co., Ltd.

Parent Company Only Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

Unit: NT$ thousand

Code		2022	2021
	Cash flow from operating activities		
A10000	Net income before tax for the year	$ 25,576	$ 205,117
A20010	Income/expenses items:		
A20100	Depreciation expense	3,452	1,411
A20200	Amortization expense	1,192	855
A20400	Net loss of financial assets at fair value through profit or loss	4,490	8,287
A20900	Financial cost	1,979	655
A21200	Interest income	(263)	(176)
A21300	Dividend income	(1,732)	(928)
A22400	Share of profit (loss) of subsidiaries and joint ventures accounted for using the equity method	(33,287)	(257,959)
A22500	Property, plant and equipment loss	58	-
A24100	Net gain on foreign currency exchange	(10,601)	(1,251)
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets mandatorily at fair value through profit or loss	(1,902)	(7,769)
A31150	Accounts receivable	(120)	(754)
A31160	Accounts receivable - related parties	(5,081)	8,251
A31180	Other receivables	-	63
A31230	Prepayment	64	(90)
A32180	Other payables	(24,235)	20,723
A32230	Other current liabilities	(75)	(54)
A33000	Cash generated from operations	(40,485)	(23,619)
A33100	Interest received	263	176
A33300	Interest paid	(1,979)	(655)
A33500	Income tax paid	(7,421)	(3,619)
AAAA	Net cash used in operating activities	(49,622)	(27,717)
	Cash flow from investing activities		
B01800	Acquisition of joint venture	-	(63,000)
B02700	Acquisition of property, plant and equipment	(400)	(282)
B03700	Increase in refundable deposits	(100)	(1,880)
B04400	Decrease in other receivables - related parties	2,679	92,073

(continued)

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Code		2022	2021
B04500	Acquisition of intangible assets	(374)	(351)
B06500	Increase in other financial assets	(17,854)	(1,111)
B06600	Decrease in other financial assets	94,289	-
B07600	Other dividends received	1,732	928
B09900	Dividends received from subsidiaries	85,641	-
BBBB	Net cash generated from investing activities	165,613	26,377
	Cash flow from financing activities		
C00100	Increase of short-term borrowings	20,000	110,000
C00200	Decrease in short-term borrowings	(60,000)	-
C01600	Proceeds from long-term borrowings	40,000	-
C04020	Repaid principal of lease liabilities	(3,210)	(1,279)
C04500	Dividend paid to the owners of the Company	(78,963)	(35,513)
C05400	Acquisition of shares of subsidiaries	-	(33,792)
C04900	Treasury stock buyback cost	(19,029)	(30,438)
CCCC	Net cash generated by (used in) financing activities	(101,202)	8,978
DDDD	Effect of exchange rate changes on cash and cash equivalents	2,913	(881)
EEEE	Net increase in cash and cash equivalents	17,702	6,757
E00100	Cash and cash equivalents at the beginning of the year	21,621	14,864
E00200	Cash and cash equivalents at the end of the year	$ 39,323	$ 21,621

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

Chairman: Li, Su-Pai　　Manager: Wang, Hsin-Wei　　Accounting Manager: Lee, Yu-Hsuan

Superior Plating Technology Co., Ltd.

Notes to Parent Company Only Financial Statements

For the Years Ended December 31, 2022 and 2021

(Unless otherwise noted, the amount is in NTD Thousand)

I. Company History

SUPERIOR PLATING TECHNOLOGY CO., LTD. (hereinafter referred to as "the Company") was incorporated on September 26, 2008 under the original name of Taiwan Huidu Industries Co., Ltd. The Company changed to current name on December 8, 2009. The Company is mainly engaged in the wholesale of electrical appliances, wholesale of industrial catalyst and the management and service of surface treatment technology.

The Company's shares have been listed and traded on the TPEx since March 30, 2015.

The parent company only financial statements are presented in New Taiwan dollars, the functional currency of the Company.

II. Approval Date and Procedures of The Financial Statements

The accompanying parent company only financial statements were approved by the Board of Directors on March 20, 2023.

III. New Standards, Amendments and Interpretations Adopted

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

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the accounting policies of the Company.

(II) The IFRSs endorsed by the FSC with effective date starting 2023

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

Note 1: Amendments are applicable to the reporting period beginning on or after Sunday, January 1, 2023.

Note 2: Amendments are applicable to the changes on accounting estimates and accounting policies for annual reporting periods beginning on or after January 1, 2023.

Note 3: Except for the temporary difference of lease and decommissioning obligations recognized as deferred income tax on January 1, 2022, the amendments are applicable to transactions occurred after January 1, 2022.

As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

(III) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "First time of application of IFRS 17 and IFRS 9－comparison information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendments to IAS 1 "Non-Current Liabilities with Contractual Terms"	January 1, 2024

Note 1: Unless stated otherwise, the above-mentioned newly issued/ amended/ revised standards or interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

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

Up to the reporting date, the Company will continue evaluating other influences on financial status and performance resulting from amendments to rules or explanations. The related influences are to be disclosed once the evaluation is accomplished.

IV. Summary of Significant Accounting Polices

(I) Statement of Compliance

These parent company only financial statements were prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

(II) Basis of Preparation

The accompanying parent company only financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below.

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

1. Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3. Level 3 inputs are unobservable inputs for the asset or liability.

In preparing the parent company only financial statements, the equity method is adopted to the investments in subsidiaries and joint ventures. For the purpose of making the current profit and loss, other comprehensive income and equity in the parent company only financial statements identical to those in the Company's owner, several accounting treatment differences under individual and consolidated basis are adjusted into "Investments Accounted for Using Equity Method," "Share of the Profit or Loss of Subsidiaries and Joint Ventures Accounted for Using the Equity Method," "Share of Other Comprehensive Income of Subsidiaries and Joint Ventures Accounted for Using Equity Method" and related items.

(III) Classification of Current and Non-current Assets and Liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets that are expected to be realized within twelve months from the balance sheet date; and
3. Cash and cash equivalent (unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the date of statement of financial position).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the reporting period; and
3. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

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

(IV) Foreign currency

In preparing the parent company only financial statements, transactions in currencies (foreign currencies) other than the Company's functional currency are recognized at the exchange rates prevailing at the dates of the transactions.

Foreign currency monetary amount is translated at the closing rate at each date of the balance sheet. Exchange differences arising from settlement or translation are recognized as profit or loss at the period.

Non-monetary foreign currencies held at fair value at the exchange rates prevailing at the date of transaction; however, non-monetary foreign currencies held at fair value through other comprehensive income are recognized in other comprehensive income.

Non-monetary items carried at historical cost is reported using the exchange rate at the date of the transaction and will not be calculated again.

In preparing the parent company only financial statements, assets and liabilities from foreign operation, including subsidiaries and associates whose location or currency are different from the Company, are translated into the presentation currency, the New Taiwan dollar, at the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates at the period. The resulting currency translation differences are recognized in other comprehensive income.

(V) Investment in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiaries are entities of which the Company holds control.

Under the equity method, an investment is initially recognized in the statements of financial positional cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiaries as well as the distribution received. In addition, the Company also recognizes its share in the changes in equities of subsidiaries.

Changes in equity in the ownership of subsidiaries which do not result in loss of control are disposed of as equity transactions. The difference between carrying amount invested and the fair value paid and payable or received and receivable is directly recognized as equity.

The loss of shares of the subsidiary equals or exceeds the Company's interest in that subsidiary, including the carrying amount of that subsidiary under equity method and other long-term equity as the Company's net investment in that subsidiary, is recognized as loss according to proportion of shareholding.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The Company considers cash-generating unit in the entire financial statement as testing for impairment and compares its recoverable amount with its carrying amount. If the recoverable amount of assets increases, the reversal of impairment loss will be recognized as profit. However, the carrying amount of assets after the reversal of impairment loss shall not exceed the carrying amount that would have been determined net of required amortization and have no impairment loss been recognized. Impairment loss of goodwill shall not reverse in the subsequent period.

Unrealized profit and loss from downstream transactions with a subsidiary are eliminated in the parent company only financial statements. Profit and loss from upstream and sidestream transactions between subsidiaries are recognized in the Company's parent company only financial statements only to the extent that interests in the subsidiary are not related to the Company.

(VI) Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Investments in the joint venture are accounted for using the equity method.

Under the equity method, an investment in joint venture is initially recognized in the statements of financial positional cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the joint venture as well as the distribution received.

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

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

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized shall not be allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases

Profit and loss from downstream transactions with joint ventures are recognized in the Company's parent company only financial statements only to the extent that interests in the joint venture are not related to the Company.

(VII) Property, plant and equipment

Property, plant and equipment are recognized at costs and subsequently measured at costs of the amount less accumulated depreciation and accumulated impairment losses.

The depreciation of property, plant and equipment is recognized using the straight-line method over the estimated useful lives. Every significant item is depreciated separately. The Company reviews the estimated useful lives, residual values and depreciation method at least at the end of each reporting period, and with the effect of any changes in estimates accounted for on a prospective basis.

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

(VIII) Intangible assets

1. Intangible assets acquired separately

   Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2. Derecognition

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

(IX) Impairment of property, plant and equipment, right-of-use assets, and intangible assets

At the end of each reporting period, the Company reviews whether there is any indication that its property, plant and equipment, right-of-use assets and intangible assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

(X) Financial Instruments

Financial assets and liabilities shall be recognized in the parent company only financial statements when the Company becomes a party to the contractual provisions of the instruments.

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

1. Financial asset

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

(1) Classification of measurement

The financial assets held by the Company include financial assets at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are mandatory measured at fair value through profit or loss. Financial assets that are mandatory measured at fair value through profit or loss include investments in equity instruments that are not designated by the Company as measured at fair value through other comprehensive income or loss and all other debt instruments that are not classified as investments measured at amortized cost or measured at fair value through other comprehensive income or loss.

Financial assets at fair value through profit or loss are measured at fair value. The dividends and interests earned are recognized in other income and interest income, respectively. The profits or losses arising from remeasurement are recognized in other income and losses. Please refer to Note 25 for the fair value measurement.

B. Financial assets at amortized cost

When the financial assets invested by the Company satisfies the following two criteria at the same time, it is classified as the amortized cost financial assets:

a. Where the financial assets are held under certain business model, and the purpose of such model is to hold the financial assets in order to collect contract cash flows; and

b. Where contract terms generated cash flow of a specific date, and such cash flow is completely for the payment of the interest of principle and external circulating principal amount.

Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable (including related parties), other receivables – related parties, other financial assets – current, other financial assets – non-current and refundable deposits. When the recognition commences, effective interest method is used to determine the carrying amount less any amortized cost of depreciation. Any exchange gains and losses are recognized as gains and losses.

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

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

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

A financial asset is credit-impaired when the issuer or the borrower has significant financial difficulty or risk in default; or that it is becoming probable that the borrower will undergo bankruptcy or other financial reorganization; or an active market for that financial asset has disappeared because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

These cash equivalents are held for the purpose of meeting short-term cash commitments.

C. Investments in equity instruments at fair value through other comprehensive income

On initial recognition, the Company may irrevocably designate investments in equity instruments that is not held for trading and not recognized as contingent consideration as at FVTOCI.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value. Subsequently the changes in fair value are reported in other comprehensive income and accumulated in other equity. On disposal of investments, the accumulated profit or loss is directly transferred to retained earnings and it is not reclassified to profit or loss.

The dividend from investments in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss upon the Company's right to receive payment is established, except for apparently the dividend representing the recovery of the partial investment cost.

(2) Impairment of financial assets

At the date of each balance sheet, the Company reviews expected credit losses to estimate the impairment loss of financial assets, including accounts receivable, other receivables, other financial assets and refundable deposits measured at amortized cost.

The loss allowance for accounts receivable is measured at an amount equal to useful lives expected credit losses. Other financial assets are assessed to determine whether the credit risk has significantly increased since the original recognition. If there is no significant increase, then the allowance loss is recognized according to the 12-month expected credit loss. If it has increased significantly, then allowance loss is recognized according to the lifetime expected credit loss.

Expected credit losses are weighted average credit losses with the probability of default events. The 12-month expected credit losses are expected credit losses that result from default events possible within 12 months after the reporting date. Lifetime expected credit losses result from all possible default events over the expected life of the financial instruments.

For the purpose of internal controls on credit risk, without considering the collaterals it holds, the Company determines the following events as a breach of contract:

A. There is internal or outside information prevails that it is not possible the borrower pays off the debt.

B. The overdue exceeds 365 days, unless reasonable and supportable information indicates that a delayed default basis is more appropriate.

All impairment losses on financial assets have decreased their carrying amount through contra accounts.

(3) Derecognition of financial assets

The Company derecognizes the financial assets only when the contractual rights to the cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the financial assets to another entity.

On derecognition of financial assets at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of Investments in equity instruments measured at fair value through other comprehensive income, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Equity instrument

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

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

The repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3. Financial liability

(1) Follow-up measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

On the derecognition of financial liabilities, the difference between their carrying amount and the consideration paid and payable, including any transfer of non-cash assets or liabilities, is recognized as profit or loss.

(XI) Revenue recognition

The Company allocates the transaction price to each performance obligation and recognizes the revenue when each of the obligations is satisfied after the customer has identified it.

<u>Technical services provided</u>

Technical service income is recognized when the services are performed.

<u>Processing services provided</u>

Processing service income is recognized when the services are performed.

<u>Other services provided</u>

Other service income is recognized when it is probable that the economic benefits associated with the service will flow to the Company and the amount of income can be measured reliably, and sales revenue is recognized when the terms of the service contract are fulfilled in accordance with the relevant contract.

(XII) Leases

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

The Company as lessee

Except for leases for which the underlying asset is of low value and therefore qualified for recognition exemption, and short-term leases whose lease payments are recognized as expenses on a straight-line basis during the lease period, the right-of-use assets and lease liabilities of all other leases are recognized at the lease starting date.

The right-of-use asset is measured at the original cost (the original measured amount of the lease liability), and subsequently measured at the amount of cost minus accumulated depreciation and accumulated impairment losses, and adjusted for the re-measured lease liability. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

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

The lease liability is measured at the present value of the original lease payment. The lease payments are discounted using the interest rate in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the incremental borrowing rate.

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

(XIII) Borrowing costs

All borrowing costs are recognized as an expense for the current period.

(XIV) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

2. Post-employment benefits

For defined contribution plans, the amount of contribution payable in respect of service rendered by employees in that period should be recognized as expenses.

(XV) Income Taxes

The income tax expense represents the sum of the tax currently payable and deferred tax.

1. Tax currently payable

   The Company has determined the current income (losses) and calculated taxes payable (receivable) in accordance with regulations established by the jurisdiction for tax return.

   According to Income Tax Act in Republic of China, an additional income tax levied at unappropriated earnings are recognized in shareholders' annual meeting.

   Income tax payable for prior period is adjusted to the current income tax.

2. Deferred tax

   Deferred tax is accounted for temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit or loss.

   Deferred tax liability is generally recognized for all taxable temporary differences. Deferred tax asset is recognized for deductible temporary differences or loss carryforwards to the extent that taxable profit is probably available.

   Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits to realize the temporary differences and they are expected to reverse in the foreseeable future.

   The carrying amount of deferred tax assets is reviewed at the date of balance sheet and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets originally not recognized is also reviewed at the date of balance sheet and increased to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

   Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is recovered, based on tax rates and laws that have been enacted or substantively enacted by the date of balanced sheet. The measurement of deferred tax liabilities and assets reflects the tax consequences that arise from the manner in which the Company expects, at the date of balance sheet, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except the current and deferred tax that relates to items recognized in other comprehensive income or directly in equity are recognized respectively in other comprehensive income or directly in equity.

V. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

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

The Company has taken the possible impact of COVID-19 on domestic development and economic environment into consideration on significant accounting estimates of cash flow estimation, growth rate, discount rate and profitability. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period when the estimates are revised if the revisions affect only that period. If revisions affect both current and future periods, the accounting estimates are recognized in the current and future periods.

VI. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and working capital	$ 10	$ 5
Demand deposits	23,967	21,616
Cash equivalents (investments with an initial maturity of less than three months)		
Time deposits	15,346	-
	$ 39,323	$ 21,621

Range of interest rates for bank deposits as at:

	December 31, 2022	December 31, 2021
Bank deposits	0.01%~4.00%	0.01%~0.20%

VII. Financial instruments at fair value through profit or loss

	December 31, 2022	December 31, 2021
Financial asset – non-current		
Mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
- Equity funds from private placement	$ 27,432	$ 30,020

VIII. Financial assets at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Current		
Investment in equity instrument	$ 264	$ 600

Investment in equity instrument

	December 31, 2022	December 31, 2021
Current		
Foreign investment		
Listed shares		
Dufu Technology Corp.		
Common stock of BERHAD	$ 264	$ 600

The Company's investment in Dufu Technology Corp. The purpose of the investment in BERHAD common stock is not for making short-term profit; therefore, the management of the Company deems if the short-term volatility at fair value of such investments recognized in profit or loss is not consistent with the aforementioned investment plan, it will be determined that such investments are measured through other comprehensive income at fair value.

IX. Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable		
Measured at amortized cost		
Gross carrying amount	$ 920	$ 800
Less: Allowance for impairment loss	-	-
	$ 920	$ 800

Accounts receivable

The Company's average credit period for merchandise sales is 120 days, and no interest is accrued on accounts receivable.

To mitigate credit risk, the management of the Company has designated functional working group responsible for decision on the line of credit, credit approval and other supervision to ensure proper action has been taken to collect overdue accounts receivable. In addition, the collectible amount of accounts receivable of the Company shall be reviewed individually at the date of balance sheet to ensure the uncollectible accounts receivable has been listed to appropriate impairment loss. Accordingly, the management of the Company considers the Company's credit risk has significantly decreased.

The loss allowance for accounts receivable of the Company is measured at an amount equal to useful lives expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by considering forward-looking factors such as the past default experience of the debtor and an analysis of the debtor's current financial position. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for matrix based on past due status is not further distinguished according to the Company's different customer base to set the expected credit loss.

If any evidence shows the counterparty faces significant financial difficulty and the collectible amount cannot be reasonably expected, the Company will directly offset the relevant accounts receivable but keep track of the receivables. The recovered amount is recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix:

December 31, 2022

	Not overdue	1–60 days overdue	61–90 days overdue	91–120 days overdue	121–365 days overdue	More than 365 days overdue	Total
The expected credit loss rate	0%	-	-	-	-	-	
Gross carrying amount	$ 920	$ -	$ -	$ -	$ -	$ -	$ 920
Loss allowance (lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	$ 920	$ -	$ -	$ -	$ -	$ -	$ 920

December 31, 2021

	Not overdue	1–60 days overdue	61–90 days overdue	91–120 days overdue	121–365 days overdue	More than 365 days overdue	Total
The expected credit loss rate	0%	-	-	-	-	-	
Gross carrying amount	$ 800	$ -	$ -	$ -	$ -	$ -	$ 800
Loss allowance (lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	$ 800	$ -	$ -	$ -	$ -	$ -	$ 800

10. Investments accounted for using equity method

	December 31, 2022	December 31, 2021
Investment in subsidiaries	$ 852,385	$ 866,603
Investments in joint ventures	39,487	58,419
	$ 891,872	$ 925,022

(I) Investment in subsidiaries

	December 31, 2022	December 31, 2021
Superior Plating Corp.	$ 852,385	$ 866,603

	Percentage of ownership interests and voting rights	
Subsidiary	December 31, 2022	December 31, 2021
Superior Plating Corp.	100%	100%

In October and November 2021, the Company increased the investment in its subsidiary Superior Plating Corp. by NT$19,682 thousand and NT$14,110 thousand (US$710 thousand and US$507 thousand), respectively.

In October and November 2021, the Company's subsidiary Superior Plating Corp. increased its investment at a percentage different from its existing ownership percentage in its subsidiary Superior Plating Technology Holding (Thailand) Co. in the amount of NT$19,682 thousand and NT$14,110 thousand (US$710 thousand and US$507 thousand), respectively, resulting in an increase in the percentage of ownership from 72% to 78%. Since this transaction did not change Superior Plating Corp.'s control over its subsidiary, the transaction was considered as an equity transaction, the Company recognized an increase in capital surplus of NT$393 thousand in 2021 as a result of the aforementioned subsidiary transaction.

In October and November 2021, the Company's sub-subsidiary Superior Plating Technology Holding (Thailand) Co., Ltd. increased its investment at a percentage different from its existing ownership percentage in its subsidiary Superior Plating Technology (Thailand) Co., Ltd. in the amount of NT$19,682 thousand and NT$14,110 thousand (THB 23,792 thousand and 16,480 thousand), respectively, resulting in an increase in the percentage of ownership from 64% to 66%. Since this transaction did not change Plating Technology Holding (Thailand) Co., Ltd.'s control over its subsidiary, the transaction was considered as an equity transaction, the Company recognized a decrease in capital surplus of NT$25 thousand in 2021 as a result of the aforementioned subsidiary transaction.

For information on the subsidiaries indirectly held by the Company, please refer to Table 4 and Table 5 of Note 29.

(II) Investments in joint ventures

	December 31, 2022	December 31, 2021
Joint venture that is not individually material	$ 39,487	$ 58,419

	2022	2021
The Company's share of		
Net loss for the period	($ 18,932)	($ 4,581)
Other comprehensive income	-	-
Total comprehensive income	($ 18,932)	($ 4,581)

The Company entered into an investment agreement with Amulaire Thermal Technology, Inc. on April 30, 2021 to establish a joint venture, Ever Superior Technologies Corporation. According to the agreement, both parties shall deposit NT$30,000 thousand, NT$30,000 thousand and NT$120,000 thousand of fund in three installments on or before May 27, July 31 and November 30, 2021. Under the agreement, the Company and Amulaire Thermal Technology, Inc. contributed 51% and 49% of the capital in Phase I and Phase II, respectively. In Phase III, besides the Company and Amulaire Thermal Technology, Inc. contributing 27% and 20.5%, respectively, Evergreen Aviation Technologies Corp should contribute 52.5% of the capital as well in Phase II. After the completion of the third phase of the capital contribution, the Company, Amulaire Thermal Technology, Inc. and Evergreen Aviation Technologies Corp should hold 35%, 30% and 35% of the Ever Superior Technologies Corporation's equity, respectively. As of December 31, 2021, the Company had invested NT$63,000 thousand in the aforementioned joint venture and held 35% of its shares in it.

XI. Property, plant and equipment

Used by the Company

	Office equipment	Lease improvement	Total
Cost			
Balance at January 1, 2022	$ 3,927	$ 3,004	$ 6,931
Addition	400	-	400
Disposal	(344)	-	(344)
Balance at December 31, 2022	$ 3,983	$ 3,004	$ 6,987
Accumulated depreciation and impairment			
Balance at January 1, 2022	$ 2,889	$ 2,711	$ 5,600
Depreciation expense	200	6	206
Disposal	(286)	-	(286)
Balance at December 31, 2022	$ 2,803	$ 2,717	$ 5,520
Net at December 31, 2022	$ 1,180	$ 287	$ 1,467
Cost			
Balance at January 1, 2021	$ 3,645	$ 3,004	$ 6,649
Addition	282	-	282
Balance at December 31, 2021	$ 3,927	$ 3,004	$ 6,931
Accumulated depreciation and impairment			
Balance at January 1, 2021	$ 2,716	$ 2,706	$ 5,422
Depreciation expense	173	5	178
Balance at December 31, 2021	$ 2,889	$ 2,711	$ 5,600
Net at December 31, 2021	$ 1,038	$ 293	$ 1,331

No impairment loss was recognized or reversed in 2022 and 2021.

Depreciation is computed on a straight-line basis over the following estimated useful life:

Office equipment	5 years
Lease improvement	10 years

XII. Lease agreements

(I) Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount of right-of-use assets		
Building	$ 2,457	$ 347
Transportation Equipment	3,676	6,176
	$ 6,133	$ 6,523

	2022	2021
Addition to right-of-use assets	$ 3,150	$ 6,369
Depreciation expense of right-of-use assets		
Building	$ 1,040	$ 1,040
Transportation Equipment	2,206	193
	$ 3,246	$ 1,233

No impairment loss was recognized or reversed in 2022 and 2021.

(II) Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount of lease liabilities (Note 26)		
Current	$ 3,244	$ 2,666
Non-current	$ 2,961	$ 3,893

Ranges of discount rates for lease liabilities are as follow

	December 31, 2022	December 31, 2021
Building	1.73%	5.91%
Transportation Equipment	1.67%	1.67%

(III) Material leases and terms

The Company leases buildings and transportation equipment mainly for the use of offices with lease terms of 3 years.

Upon the termination of the lease period, the Company has no bargain purchase option for leased objectives.

(IV) Other lease information

	2022	2021
Expenses relating to short-term leases	$ 29	$ 29
Lease expense for low-value assets	$ 48	$ 43
Total cash outflow for leases	($ 3,478)	($ 1,412)

The Company opts for recognition exemption, instead of as right-of-use assets and lease liabilities, for the short-term leases of computer equipment, as well as computer equipment that is qualified as a low value asset.

XIII. Other intangible assets

	Computer software	Patent	Total
Cost			
Balance at January 1, 2022	$ 6,476	$ 1,500	$ 7,976
Intangible assets acquired separately	374	-	374
Disposal	-	(1,500)	(1,500)
Balance at December 31, 2022	$ 6,850	$ -	$ 6,850
Accumulated Amortization			
Balance at January 1, 2022	$ 3,756	$ 1,246	$ 5,002
Amortization expense	938	254	1,192
Disposal	-	(1,500)	(1,500)
Balance at December 31, 2022	$ 4,694	$ -	$ 4,694
Net at December 31, 2022	$ 2,156	$ -	$ 2,156
Cost			
Balance at January 1, 2021	$ 7,975	$ 1,500	$ 9,475
Intangible assets acquired separately	351	-	351
Disposal	(1,850)	-	(1,850)
Balance at December 31, 2021	$ 6,476	$ 1,500	$ 7,976
Accumulated Amortization			
Balance at January 1, 2021	$ 4,901	$ 1,096	$ 5,997
Amortization expense	705	150	855
Disposal	(1,850)	-	(1,850)
Balance at December 31, 2021	$ 3,756	$ 1,246	$ 5,002
Net at December 31, 2021	$ 2,720	$ 254	$ 2,974

Amortization is computed on a straight-line basis over the following estimated useful life:

Computer software	3–10 years
Patent	10 years

XIV. Other assets

	December 31, 2022	December 31, 2021
Current		
Other financial assets – current (Note)		
Restricted assets	$ 34,610	$ 83,928

(continued)

(continued from previous page)

	December 31, 2022	December 31, 2021
Non-current		
Refundable deposits (Note) (Note 26)	$ 2,180	$ 2,080
Other financial assets – non-current (Note)		
Restricted assets	-	19,453
	$ 2,180	$ 21,533
Interest Rate Range		
Restricted assets	1.05%~2.80%	0.03%~1.70%

Note: The Company considers the historical experience of the debtors and the current market conditions to measure the 12-month expected credit losses or lifetime expected credit losses on other financial assets and refundable deposits. As of December 31, 2022 and 2021, no expected credit losses are required to be recognized for other financial assets and refundable deposits held by the Company.

Please refer to Note 27 for information on pledges provided by the Company to financial institutions.

XV. Loans

(I) Short-term borrowings

	December 31, 2022	December 31, 2021
Secured loan (Note 27) (Note)		
Bank loan	$ -	$ 50,000
Unsecured loan		
Credit loan	70,000	60,000
	$ 70,000	$ 110,000

The annual interest rates on bank loans ranged from 1.88% to 2.03% and 1.65% to 1.70% as of December 31, 2022 and 2021, respectively.

Note: The bank loans were secured by the Company's bank deposits.

(II) Long-term borrowings

	December 31, 2022	December 31, 2021
Unsecured loan		
Bank loan	$ 40,000	$ -
Less: current portion	(2,500)	-
Long-term borrowings	$ 37,500	$ -

The borrowings (loans) of the Company include:

Financing Provider	Collateral	Financing period and interest repayment method	December 31, 2022 Amount	December 31, 2022 Interest rate %	December 31, 2021 Amount	December 31, 2021 Interest rate %
First Commercial Bank	None	From 2022.9.20 to 2027.9.20; the grace period is 1 year starting from October 20, 2022; interest is paid monthly during the grace period; after the grace period, the principal and interest will be repaid in 48 equal monthly installments.	$ 10,000	2.14	$ -	-
First Commercial Bank	None	From 2022.10.7 to 2027.10.7; the grace period is 1 year starting from October 20, 2022; interest is paid monthly during the grace period; after the grace period, the principal and interest will be repaid in 48 equal monthly installments.	30,000	2.14	-	-
			$ 40,000		$ -	

XVI. Other liabilities

	December 31, 2022	December 31, 2021
Current		
Other payables		
Salary and bonus payable	$ 7,469	$ 30,632
Dividend payable (Note 23)	8,774	-
Payables for purchases on behalf of others	2,553	3,413
Insurance premium payable	267	250
Business tax payable	53	121
Other	703	864
	$ 19,819	$ 35,280
Other liabilities		
Receipts under custody	$ 101	$ 176

XVII. Retirement benefit plans

Defined contribution plans

The pension system of the "Labor Pension Act" is applicable to the Company, it is the defined contribution plan managed by the government. The Company has contributed 6% of the monthly employee salary into the personal dedicated account under the Bureau of Labor Insurance.

XVIII. Equity

(I) Share capital

Common stock

	December 31, 2022	December 31, 2021
Authorized shares (in thousands)	100,000	100,000
Authorized capital	$ 1,000,000	$ 1,000,000
Issued and paid shares (in thousands)	44,456	44,456
Issued capital	$ 444,555	$ 444,555

The Company's board of directors resolved on October 6, 2021 to buy back treasury shares from the stock exchange. The buyback period is from October 8, 2021 to December 2, 2021. As of December 31, 2021, 523 thousand shares have been bought back (buyback cost is NT$30,438 thousand).

The Company's board of directors resolved on October 6, 2022 to buy back treasury shares from the stock exchange. The buyback period is from October 7, 2022 to December 5, 2022. As of December 31, 2022, 368 thousand shares have been bought back (buyback cost is NT$19,029 thousand).

(II) Capital surplus

	December 31, 2022	December 31, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Shares premium from issuance	$ 177,375	$ 177,375
Premium from corporate bond conversion	144,586	144,586
Treasury share transaction	2,993	2,993
May be used to offset a deficit only		
Change in ownership interests in subsidiaries (2)	368	368
	$ 325,322	$ 325,322

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

2. Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposal or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

(III) Retained earnings and dividends policy

The amendments to the Company's Articles of Incorporation was approved at the annual general meeting of shareholders held on June 22, 2022. The earnings distribution policy specified in the amended Articles of Incorporation provided that the surplus earning distribution or loss off-setting proposal may be proposed at the close of each half fiscal year. If there is any surplus in the first half fiscal year, the Company shall first estimate and reserve the taxes, offset the accumulated deficit as required by law, estimate and reserve the remuneration of employees and directors, and set aside 10% as legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. Then, set aside or reverse a special reserve in accordance with relevant regulations or as requested by the competent authorities. If a surplus remains, the balance combined with undistributed retained earnings from preceding periods shall be distributed according to the distribution plan proposed by the Board of Directors. If distributing in the form of new shares to be issued, the proposal shall be submitted to the shareholders' meeting for resolution. If distributing in the form of cash, it shall be resolved by the board of directors without submitting to the shareholders' meeting for ratification.

When there is a surplus in the annual final accounts, in addition to paying income tax and offsetting prior years' deficits, the remainder is distributed as follows:

1. 10% of the balance shall be set aside as a legal reserve. However when the legal reserve amounts to the authorized capital, this shall not apply.
2. When necessary, a special reserve may be allocated or reversed in accordance with the law.

If a surplus remains, the balance combined with undistributed retained earnings from preceding periods shall be distributed according to the distribution plan proposed by the Board of Directors. If distributing in the form of new shares to be issued, the proposal shall be submitted to the shareholders' meeting for resolution.

In accordance with Article 240, Paragraph 5 of the Company Act, the Board of Directors is authorized to distribute dividends and bonuses or the whole or in part of the legal reserve and capital surplus as provided in Article 241, Paragraph 1 of the Company Act, in the form of cash, with the a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and to report such distribution to the shareholders' meeting. If distributing in the form of new shares to be issued, the proposal shall be submitted to the shareholders' meeting for resolution.

According to the Company's policy on distribution of earnings before the amendments to the Articles of Incorporation, when there is surplus in the final accounts, the Company shall first offset the deficit and then set aside 10% as legal reserve. However when the legal reserve amounts to the authorized capital, this shall not apply. Then, set aside or reverse a special reserve in accordance with relevant regulations or as requested by the competent authorities. If a surplus remains, the balance combined with undistributed retained earnings at the beginning of the period and an adjustment to the current year's undistributed earnings shall be distributed as distributable earnings. The Board of Directors shall reserve a portion of the retained earnings with reference to the earnings disbursement ratio and future business conditions, and then prepare a proposal for distributing the remaining balance to submit to the shareholders for resolution. Earnings distributed shall not be less than 10% of the distributable earnings. However, if the dividends per share distributed by the aforesaid resolution is less than NT$0.3, it may not be distributed as proposed by the board of directors and acknowledged in the shareholders' meeting.

The Company's policy on the distribution of remuneration to employees and directors is described in Note 20 (7), Employees' Compensation and Remuneration to Directors.

In accordance with Article 237 of the Company Act, a company, when allocating its surplus profits after having paid all taxes and dues, shall first set aside ten percent of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. The legal reserve may be used to offset a deficit. If there is no deficit, 25% of the legal reserve in excess of the paid-in capital may be transferred to capital or distributed in cash.

The Company's shareholders' meeting held on July 15, 2021 resolved to amend the Company's Articles of Incorporation, which provides that when a special reserve is set aside for the net decrease in other equity accumulated in previous years, if there is not enough unappropriated earnings from previous years, the amount of items adjusted to the current year's undistributed earnings other than after-tax net income for the period will be added to the current year's undistributed earnings. Prior to the amendment of the Articles of Incorporation, the Company appropriated the undistributed earnings from the previous years as required by law.

At the annual shareholders' meetings held on June 22, 2022 and July 15, 2021, the Company resolved the following earnings distribution proposals for 2021 and 2020, respectively:

	2021	2020
Legal reserve	$ 18,802	$ 10,260
Special reserve	$ 9,569	$ 34,757
Cash dividend	$ 78,963	$ 35,513
Cash dividend per share (NT$)	$ 1.8	$ 0.8

The Board of Directors resolved the following proposal for the 2022 half-year earnings distribution:

	July 1, 2022 to December 31, 2022	January 1, 2022 to June 30, 2022
Board of Directors' Resolution Date	March 20, 2023	November 7, 2022
Legal reserve	$ 282	$ 2,322
Special reserve	($ 5,798)	(9,297)
Cash dividend	$ 4,350	$ 8,774
Cash dividend per share (NT$)	$ 0.1	$ 0.2

The above cash dividends have been resolved by the board of directors and the rest are scheduled to be resolved at the shareholders' meeting to be held on June 9, 2023.

(IV) Special reserve

	2022	2021
Balance at the beginning of the year	$ 34,757	$ -
Provision of special reserves		
Deductions for other equity items	272	34,757
Balance at the end of the year	$ 35,029	$ 34,757

(V) Other equity items

1. Exchange differences on translating the financial statements of foreign operations

	2022	2021
Balance at the beginning of the year	($ 44,792)	($ 35,134)
Generated in the current year		
Exchange difference of foreign operations	19,204	(12,072)
Associated income tax	(3,841)	2,414
Other comprehensive income for the year	15,363	(9,658)
Balance at the end of the year	($ 29,429)	($ 44,792)

2. Unrealized gain/loss on financial assets at fair value through other comprehensive income

	2022	2021
Balance at the beginning of the year	$ 466	$ 377
Generated in the current year		
Unrealized gain or loss		
Equity instrument	(335)	111
Associated income tax	67	(22)
Other comprehensive income for the year	(268)	89
Balance at the end of the year	$ 198	$ 466

(VI) Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (thousand shares)	Written off (thousand shares)	Total (thousand shares)
Shares held at January 1, 2022	587	-	587
Increased in the year	368	-	368
Shares held at December 31, 2022	955	-	955
Shares held at January 1, 2021	64	-	64
Increased in the year	523	-	523
Shares held at December 31, 2021	587	-	587

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

19. Revenues

	2022	2021
Customer contract revenue		
Service income – technical service income (Note 26)	$ 24,217	$ 16,058
Service revenue – processing service	7,606	1,920
Other operating income – commission income (Note 26)	1,254	2,950
	$ 33,077	$ 20,928

(I) Description of Customer Contract

Technical service income

The Company provides technical services and the contract price is calculated based on the cost-plus pricing on the inputs.

Processing service income

The Company's processing service revenue is mainly generated from metal surface treatment services and is recognized when the services are provided. The price of the processing service is negotiated between the parties.

Commission income

Commission income is the revenue received from purchasing raw materials on behalf of the related parties, and the price is determined by the contract.

(II) Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable (Note 9)	$ 920	$ 800	$ 46
Accounts receivable – related parties (Note 26)	$ 7,111	$ 2,005	$ 10,256

XX. Net Income for the period

(I) Interest income

	2022	2021
Bank deposits	$ 263	$ 176

(II) Other income

	2022	2021
Dividend income		
Financial assets at fair value through profit or loss	$ 1,732	$ 928
Other	55	40
	$ 1,787	$ 968

(III) Other gains and (losses)

	2022	2021
Property, plant and equipment loss	($ 58)	$ -
Net foreign exchange gain (loss)	6,963	(4,768)
Loss on valuation of financial assets	(4,490)	(8,287)
Other	(7)	(10)
	$ 2,408	($ 13,065)

(IV) Financial cost

	2022	2021
Interest on bank loan	$ 1,788	$ 594
Interest on lease liabilities (Note 26)	191	61
	$ 1,979	$ 655

(V) Depreciation and amortization

	2022	2021
An analysis of depreciation by function		
Operating expenses	$ 3,452	$ 1,411
An analysis of amortization by function		
Administrative expense	$ 1,192	$ 855

(VI) Employee benefit expense

	2022	2021
Short-term employee benefits	$ 20,871	$ 45,280
Post-employment benefits		
Defined contribution plans	861	881
Other employee benefits	2,499	2,302
Total employee benefit expense	$ 24,231	$ 48,463
An analysis by function		
Operating costs	$ 10,442	$ 12,711
Operating expenses	13,789	35,752
	$ 24,231	$ 48,463

(VII) Employees' compensation and remuneration of directors

The Articles of Incorporation of the Company stipulate distributing employees' compensation and remuneration of directors at the rates from 5% to 10% and no higher than 5% of the profit, respectively. The estimated employees' compensation and remuneration of directors for 2022 and 2021 on the basis described above were resolved by the Board of Directors on March 20, 2023 and March 21, 2022, respectively, as follows:

Estimated ratio

	2022	2021
Employee's compensation	7.5%	7.5%
Remuneration to directors and supervisors	4%	4%

Amount

	2022	2021
	Cash	Cash
Employee's compensation	$ 2,167	$ 17,383
Remuneration to directors and supervisors	$ 1,156	$ 9,271

If there is any change in the amounts after the publication date of annual parent company only financial statements, it is treated as changes in accounting estimates and recognized in the following year.

There is no difference between the actually distributed remuneration of employees and remuneration of directors and supervisors for 2021 and 2020, and the amounts recognized in the parent company only financial statements for 2021 and 2020.

For information on the employees compensation and remuneration to directors and supervisors resolved in the Board of Directors' meetings of the Company, please visit MOPS of the Taiwan Stock Exchange.

(VIII) Foreign currency exchange gains (losses)

	2022	2021
Total foreign currency exchange gains	$ 11,350	$ 5,023
Total foreign currency exchange losses	(4,387)	(9,791)
Net gain (loss)	$ 6,963	($ 4,768)

XXI. Income Taxes

(I) Income tax recognized in profit or loss

Major components of tax (benefit) expense were as follows:

	2022	2021
Tax currently payable		
Generated in the current year	$ 5,274	$ -
Levied on unappropriated earnings	4,034	1,103
Adjustment on prior years	-	10
Non-deductible income from foreign sources	2,493	1,833
	11,801	2,946
Deferred tax		
Generated in the current year	(12,269)	14,154
Income tax (benefit) expense recognized in profit or loss	($ 468)	$ 17,100

A reconciliation of accounting income and income tax (gain) expense is as follows:

	2022	2021
Net income before tax	$ 25,576	$ 205,117
Income tax expense (benefit) calculated at the statutory rate	$ 5,115	$ 41,023
Nondeductible expenses in determining taxable income	3,887	917
Effect of deferred income tax on earnings from subsidiaries	(6,810)	(36,755)
Levied on unappropriated earnings	4,034	1,103
Unrecognized loss carryforward	(9,187)	8,969
Adjustments to prior years' tax	-	10
Non-deductible income from foreign sources	2,493	1,833
Income tax expense recognized in profit or loss	($ 468)	$ 17,100

(2) Income tax recognized in other comprehensive income or loss

	2022	2021
Deferred tax		
Generated in the current year		
- Exchange of foreign operations	$ 3,841	($ 2,414)
- Unrealized gain/loss on financial assets at fair value through other comprehensive income	(67)	22
Income tax recognized in other comprehensive income or loss	$ 3,774	($ 2,392)

(III) Current tax assets and liabilities

	December 31, 2022	December 31, 2021
Current tax assets		
Tax refund receivable	$ -	$ 373
Current tax liabilities		
Income tax payable	$ 5,110	$ 1,103

(IV) Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities:

2022

Deferred tax assets	Balance at the beginning of the year	Recognition in profit or loss	Recognition in other comprehensive income	Balance at the end of the year
Temporary difference				
Exchange difference of foreign operations	$ 10,516	$ -	($ 3,841)	$ 6,675
Unrealized exchange loss	1,927	(1,927)	-	-
Unrealized loss on financial assets at fair value through profit or loss	1,363	898	-	2,261
	$ 13,806	($ 1,029)	($ 3,841)	$ 8,936

Deferred tax liabilities	Balance at the beginning of the year	Recognition in profit or loss	Recognition in other comprehensive income	Balance at the end of the year
Temporary difference				
Unrealized gain on financial assets at fair value through other comprehensive income	$ 117	$ -	($ 67)	$ 50
Unrealized exchange gain	-	195	-	195
Allowance for losses – accounts receivable	10	2	-	12
Gain on investments accounted for using equity method	13,495	(13,495)	-	-
	$ 13,622	($ 13,298)	($ 67)	$ 257

2021

	Balance at the beginning of the year	Recognition in profit or loss	Recognition in other comprehensive income	Balance at the end of the year
Deferred tax assets				
Temporary difference				
Exchange difference of foreign operations	$ 8,102	$ -	$ 2,414	$ 10,516
Unrealized exchange loss	2,177	(250)	-	1,927
Unrealized loss on financial assets at fair value through profit or loss	-	1,363	-	1,363
Loss on investments accounted for using equity method	2,258	(2,258)	-	-
	$ 12,537	($ 1,145)	$ 2,414	$ 13,806
Deferred tax liabilities				
Temporary difference				
Unrealized gain on financial assets at fair value through other comprehensive income	$ 95	$ -	$ 22	$ 117
Unrealized gain on financial assets at fair value through profit or loss	294	(294)	-	-
Allowance for losses – accounts receivable	202	(192)	-	10
Gain on investments accounted for using equity method	-	13,495	-	13,495
	$ 591	$ 13,009	$ 22	$ 13,622

(V) Unused loss carryforwards on deferred income tax assets not recognized in the parent company only balance sheets

	December 31, 2022	December 31, 2021
Loss carryforwards		
Expires in 2020	$ -	$ 44,947
Expires in 2031	43,223	44,211
	$ 43,223	$ 89,158

(VI) Income tax examination

The tax authorities have examined the income tax returns of the Company through 2020. As of December 31, 2022, the Company did not have any tax litigation outstanding.

XXII. Earnings per share

Unit: NT$ per share

	2022	2021
Basic earnings per share		
From continuing operations	$ 0.59	$ 4.24
Diluted earnings per share		
From continuing operations	$ 0.59	$ 4.22

The net income and weighted average number of ordinary shares outstanding in calculating earnings per share were as follows:

Net Income for the period

	2022	2021
Earnings used in the computation of basic earnings per share	$ 26,044	$ 188,017

Number of Shares

Unit: Thousand shares

	2022	2021
Weighted average number of ordinary shares in computation of basic earnings per share	43,825	44,295
Effect of potentially dilutive ordinary shares:		
Employee's compensation	92	239
Weighted average number of ordinary shares used in the computation of diluted earnings per share	43,917	44,534

Since the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

XXIII. Cash flow information

(I) Non-cash transaction

The Company had the following non-cash financing activities in 2022:

The Company's board of directors resolved to distribute cash dividends to shareholders on November 7, 2022. As of December 31, 2022, the balance of NT$8,774 thousand has not been distributed and is recognized as other payables.

(II) Changes in liabilities arising from financing activities

2022

			Non-cash changes			
	January 1, 2022	Cash flow	Addition of lease	Lease modification	Financial cost	Other	December 31, 2022
Short-term borrowings	$ 110,000	($ 40,000)	$ -	$ -	$ -	$ -	$ 70,000
Long-term borrowings	-	40,000	-	-	-	-	40,000
Lease liabilities	6,559	(3,210)	3,150	(294)	191	(191)	6,205
	$ 116,559	($ 3,210)	$ 3,150	($ 294)	$ 191	($ 191)	$ 116,205

2021

	January 1, 2021	Cash flow	Non-cash changes: Addition of lease	Non-cash changes: Financial cost	Other	December 31, 2021
Short-term borrowings	$ -	$ 110,000	$ -	$ -	$ -	$ 110,000
Lease liabilities	1,469	(1,279)	6,369	61	(61)	6,559
	$ 1,469	$ 108,721	$ 6,369	$ 61	($ 61)	$ 116,559

XXIV. Capital risk management

The Company conducts capital management to ensure that the entities in the group can maximize shareholders' return by optimizing the balance of debt and equity on the premises of continuing to operate. The Company's overall strategy remains unchanged in both 2022 and 2021.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity (comprising issued ordinary shares, capital surplus, retained earnings, other equity and treasury stock).

The Company does not have to comply with other external capital requirements.

Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

XXV. Financial Instruments

(I) Fair value information – financial instruments measured at fair value on a repeatability basis

1. Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Mutual funds	$ -	$ -	$ 27,432	$ 27,432
Financial assets at fair value through other comprehensive income				
Domestic and foreign listed shares				
- Equity investment	$ 264	$ -	$ -	$ 264

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Mutual funds	$ -	$ -	$ 30,020	$ 30,020
Financial assets at fair value through other comprehensive income				
Domestic and foreign listed shares				
- Equity investment	$ 600	$ -	$ -	$ 600

There were no transfers between Levels 1 and 2 in 2022 and 2021.

2. Reconciliation of Level 3 fair value measurements on financial instruments

2022

Financial asset	Measured at fair value through profit or loss Equity instrument
Balance at the beginning of the year	$ 30,020
Acquisition	1,902
Recognition in profit or loss (Other gains and losses)	(4,490)
Balance at the end of the year	$ 27,432

2021

Financial asset	Measured at fair value through profit or loss Equity instrument
Balance at the beginning of the year	$ 30,538
Acquisition	7,769
Recognition in profit or loss (Other gains and losses)	(8,287)
Balance at the end of the year	$ 30,020

3. Valuation techniques and inputs applied for Level 3 fair value measurement

The fair value of private equity funds is evaluated by using the asset-based approach and is also estimated with reference to the net worth and operating performance of the investees' most recently financial statements.

(II) Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial asset		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	$ 27,432	$ 30,020
Financial assets at amortized cost (Note 1)	84,676	133,098
Financial assets at fair value through other comprehensive income		
Investment in equity instrument	264	600
Financial liability		
Measured at amortized cost (Note 2)	113,256	114,277

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable (including related parties), other receivables – related parties, other financial assets and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, other payables (excluding salaries and bonuses payable, dividends payable, insurance premiums payable and business tax payable) and long-term borrowings.

(III) Financial risk management objectives and policies

The Company's major financial instruments included include investments in equity instruments, accounts receivable, accounts payable, loans and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Company does not trade financial instruments (including derivative financial instruments) for speculative purposes.

The corporate treasury function reports regularly to the board of directors, who monitors risks and policies implemented to mitigate risk exposures.

1. Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below), interest rates (see (2) below) and other prices (see (3) below).

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

(1) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities are set out in Note 28.

Sensitivity analysis

The Company was mainly exposed to the fluctuations in the US dollar.

The following table details the sensitivity analysis of the Company on the effect of 1% fluctuation in the foreign exchange rate against the New Taiwan dollar. The rate of 1% is the sensitivity rate used when reporting foreign currency risk internally to the key management and represents the management's assessment of the reasonably likely change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and the end-of-period exchange rate is adjusted to 1% increase and decrease. Numbers below indicate the amount increase in pre-tax profit when the New Taiwan dollar depreciates by 1% against the relevant currency. When the New Taiwan dollar appreciates by 1% against the relevant foreign currency, the effect on pre-tax profit is the same as the negative amount.

	USD Impact	
	2022	2021
Profit or loss	$ 512	$ 1,063

The above impact on the profit or loss was mainly attributable to the Company's bank deposits, receivables and payables denominated in U.S. dollars that were still outstanding as of the balance sheet date.

The Company's sensitivity to the U.S. dollar exchange rate decreased during the year mainly due to the decrease in bank deposits denominated in U.S. dollars.

(2) Interest rate risk

The carrying amount of financial assets and financial liabilities of the Company that are exposed to interest rate risks on the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
- Financial asset	$ 49,953	$ 57,206
- Financial liability	$ 6,205	$ 6,559
With cash flow interest rate risk		
- Financial asset	$ 23,970	$ 67,791
- Financial liability	$ 110,000	$ 110,000

Sensitivity analysis

The sensitivity analysis in the next paragraph was based on the exposure of the Company’s non-derivative instruments to interest rate risks at the end of the reporting period. A 100 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates.

Had interest rates been 100 basis points higher/lower and all other variables been held constant, the Company’s pretax profit for 2022 and 2021 would have increased/decreased by NT$860 thousand and NT$422 thousand, respectively, which was mainly attributable to the Company’s exposure to interest rate risks on its floating-rate bank deposits and loans.

The Company’s sensitivity to interest rates increased during the current period mainly because of the decrease in floating-rate bank deposits and increase in net cash flow interest rate risk liabilities.

(3) Other price risk

The Company is exposed to equity price risk arising from its investments in securities. The risk is controlled by holding portfolios of varying risk.

Sensitivity analysis

The following sensitivity analysis is based on the equity price risk at the balance sheet date.

If the price of securities increases/decreases by 1%, the pre-tax income or loss for 2022 and 2021 would increase/decrease by NT$274 thousand and NT$300 thousand, respectively, due to the increase/decrease in the fair value of financial assets at fair value through profit or loss. The other comprehensive income before tax for fiscal years 2022 and 2021 would increase/decrease by NT$3 thousand and NT$6 thousand, respectively, due to the increase/decrease in financial assets at fair value through other comprehensive income.

There was no significant change in the Company’s sensitivity to price risk during the year as compared to the previous year.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company’s maximum exposure to credit risk which will cause a financial loss to the Company because of the failure of the counterparty to discharge its obligation and the financial guarantees provided by the Company (without taking account of any collateral held or other credit enhancements) could arise from:

(1) The carrying amount of the respective recognized financial assets as stated in the parent company only balance sheets; and

(2) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Company's receivables are primarily generated from transactions with subsidiaries and are not considered to be exposed to significant credit risk.

3. Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity The available unutilized bank loan facilities of the Company, please refer to below (2).

(1) Liquidity and interest rate risk tables for non-derivative financial liabilities

The tables have been drawn up based on the undiscounted cash flows of financial liabilities including both interest and principal from the earliest date on which the Company may be required to pay. Specifically, bank loans with a repayment on demand clause as a result of the Company's endorsement of guarantees for its subsidiaries were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2022

	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 12,030	$ -	$ -	$ -
Lease liabilities	850	2,550	3,023	-
Floating interest rate liabilities	70,499	3,100	38,948	-
Financial guarantee contracts	96,683	-	-	-
	$ 180,062	$ 5,650	$ 41,971	$ -

December 31, 2021

	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 4,277	$ -	$ -	$ -
Lease liabilities	878	1,873	3,945	-
Floating interest rate liabilities	110,248	-	-	-
Financial guarantee contracts	130,138	-	-	-
	$ 245,541	$ 1,873	$ 3,945	$ -

The amounts included above for financial guarantee contracts were the maximum amounts the Company could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers it is more likely than not that no amount will be payable under the arrangement.

(2) Bank loan facilities

	December 31, 2022	December 31, 2021
Unsecured bank loan facilities		
- Utilized amount	$ 110,000	$ 60,000
- Unutilized amount	-	-
	$ 110,000	$ 60,000
Secured bank loan facilities		
- Utilized amount	$ -	$ 50,000
- Unutilized amount	50,000	-
	$ 50,000	$ 50,000

XXVI. Related Party Transaction

In addition to those disclosed in other notes, details of transactions between the Company and other related parties are disclosed below:

(I) Related party names and categories

Name	Related Party Category
Jia-Quan Investment Co., Ltd.	Substantive related party
Superior Industries (Shen Zhen) Co., Ltd.	Subsidiary
Top-Team Technology (Shen Zhen) Ltd.	Subsidiary
Superior Plating Technology(Thailand) Co., Ltd.	Subsidiary
Superior Plating Technology Holding(Thailand) Co., Ltd.	Subsidiary
Ever Superior Technologies Corporation	Joint venture

(II) Operating revenue

Account	Related Party Category/Name	2022	2021
Service revenue – technical	Subsidiary		
Service income	Superior Industries (Shen Zhen) Co., Ltd.	$ 5,618	$ 466
	Top-Team Technology (Shen Zhen) Ltd.	11,928	11,203
	Superior Plating Technology(Thailand) Co., Ltd.	4,924	2,726
	Superior Plating Technology Holding(Thailand) Co., Ltd.	662	-
	Joint venture		
	Ever Superior Technologies Corporation	1,086	1,664
		$ 24,218	$ 16,059
Other operating revenue	Subsidiary		
- Commission income	Superior Industries (Shen Zhen) Co., Ltd.	$ 1,254	$ 2,950

The Company provides technical services to the related parties. The contract price is calculated by the cost-plus of inputs. The price is charged in the following year after approval by the local foreign exchange authority.

Commission income is the revenue received from purchasing raw materials on behalf of the related parties, and the price is determined by the contract. The collection terms for 2022 and 2021 are less than 180 days from the end of the month when the invoice is issued.

The prices and terms of the aforesaid transactions with related parties are not comparable to those of other similar transactions.

(III) Operating costs

Account	Related Party Category	2022	2021
Processing cost	Subsidiary		
	Superior Industries (Shen Zhen) Co., Ltd.	$ 5,945	$ 1,876

The price of the processing costs is calculated based on the cost-plus pricing of the subsidiaries' inputs. The payment day to related parties is 180 days from the end of the month when the invoice is issued.

The prices and terms of the aforesaid transactions with related parties are not comparable to those of other similar transactions.

(IV) Receivables from related parties (excluding loans to related parties)

Account	Related Party Category/Name	December 31, 2022	December 31, 2021
Accounts receivable	Subsidiary		
	Superior Industries (Shen Zhen) Co., Ltd.	$ 1,127	$ 258
	Top-Team Technology (Shen Zhen) Ltd.	2,977	-
	Superior Plating Technology(Thailand) Co., Ltd.	2,651	-
	Superior Plating Technology Holding(Thailand)Co., Ltd.	166	-
	Joint venture		
	Ever Superior Technologies Corporation	190	1,747
		$ 7,111	$ 2,005
Other receivables	Subsidiary		
- Payment for purchasing on behalf of others	Superior Industries (Shen Zhen) Co., Ltd.	$ 63	$ 3,211
- Payment for purchasing on behalf of others	Superior Plating Technology(Thailand) Co., Ltd.	469	-
		$ 532	$ 3,211

The outstanding trade receivables from related parties were unsecured. No allowance for loss has been recognized for receivables from related parties in 2022 and 2021.

(V) Lease agreement

Related Party Category/Name	2022	2021
Acquisition of right-of-use assets		
Substantive related party		
Jia-Quan Investment Co., Ltd.	$ 3,150	$ -

Account	Related Party Category/Name	December 31, 2022	December 31, 2021
Lease liabilities	Substantive related party		
	Jia-Quan Investment Co., Ltd.	$ 2,498	$ 378

Related Party Category/Name	2022	2021
Interest expense		
Substantive related party		
Jia-Quan Investment Co., Ltd.	$ 112	$ 52

The Company leases office space from its related parties at a rental rate based on the general market rate. The rental payment is paid monthly.

(VI) Refundable deposits

Account	Related Party Category/Name	December 31, 2022	December 31, 2021
Refundable deposits	Substantive related party		
	Jia-Quan Investment Co., Ltd.	$ 200	$ 200

(VII) Endorsements/guarantees provided

Endorsements/Guarantees Provided for Others

Related Party Category/Name	December 31, 2022	December 31, 2021
Subsidiary		
Superior Industries (Shen Zhen) Co., Ltd.	USD2,050 thousand	USD2,050 thousand
Top-Team Technology (Shen Zhen) Ltd.	USD 420 thousand	USD 420 thousand
Superior Plating Technology(Thailand) Co., Ltd.	THB 50,000 thousand	THB 50,000 thousand
Superior Plating Technology(Thailand) Co., Ltd.	USD2,000 thousand	USD2,000 thousand

As of December 31, 2022 and 2021, the amount of collaterals provided by the Company due to the aforesaid endorsement guarantee was NT$34,607 thousand and NT$57,207 thousand, respectively.

(IX) Compensation of key management personnel

	2022	2021
Short-term employee benefits	$ 12,387	$ 33,817
Post-employment benefits	300	319
	$ 12,687	$ 34,136

The remuneration of directors and key management personnel was determined by the remuneration committee with regard to the performance of individuals and market trends.

XXVII. Pledged Assets

The following assets have been pledged as collaterals to the financial institutions for the Company's borrowings and endorsement and guarantee provided by the Company for its subsidiaries' loans:

	December 31, 2022	December 31, 2021
Pledged time deposits and reserve account (recorded as other financial assets – current)	$ 34,610	$ 83,928
Pledged time deposits (recorded as other financial assets – non-current)	-	19,453
	$ 34,610	$ 103,381

XXVIII. Significant Assets and Liabilities Denominated in Foreign Currencies

The following information was aggregated by the foreign currencies other than the functional currencies of the Company and the exchange rates between the foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2022

	Foreign Currency (In thousands)	Exchange Rate	Carrying Amount (in thousands)
Foreign currency assets			
Monetary items			
USD	$ 1,668	30.693 (USD : NTD)	$ 51,186
Non-monetary items			
Subsidiaries under the equity method			
RMB	$ 193,139	4.413 (RMB : NTD)	$ 852,385

(continued)

(continued from previous page)

	Foreign currency (In thousand)	Exchange Rate	Carrying Amount (In thousand)
Financial assets at fair value through profit or loss – non-current			
USD	894	30.693 (USD : NTD)	$ 27,432

December 31, 2021

Foreign currency assets	Foreign Currency (In thousands)	Exchange Rate	Carrying Amount (in thousands)
Monetary items			
USD	$ 3,947	27.790 (USD : NTD)	$ 109,698
Non-monetary items			
Subsidiaries under the equity method			
RMB	198,487	4.366 (RMB : NTD)	$ 866,603
Financial assets at fair value through profit or loss – non-current			
USD	1,080	27.790 (USD : NTD)	$ 30,020
Foreign currency liabilities			
Monetary items			
USD	123	27.790 (USD : NTD)	$ 3,412

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange losses were NT$6,963 thousand and NT$(4,768) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies in the Company.

XXIX. Other Disclosures

(I) Information about significant transactions:

1. Financing Provided to Others. (Table 1)
2. Endorsements/Guarantees Provided for Others. (Table 2)

3. Marketable securities held (excluding investment in subsidiaries, associates and joint ventures). (Table 3)
4. Marketable securities acquired and disposed of at costs or prices of at least $300 million or 20% of the paid-in capital. (None)
5. Acquisition of individual real estate at costs of at least $300 million or 20% of the paid-in capital. (None)
6. Disposal of individual real estate at prices of at least $300 million or 20% of the paid-in capital. (None)
7. Total purchases from or sales to related parties amounting to at least $100 million or 20% of the paid-in capital. (None)
8. Receivables from related parties amounting to at least $100 million or 20% of the paid-in capital. (None)
9. Trading in derivative instruments. (None)

(II) Information on Investees. (Table 4)

(III) Information on investments in mainland China:

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 5)
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 5)
   (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
   (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
   (3) The amount of property transactions and the amount of the resultant gains or losses.
   (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
   (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
   (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

(IV) Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 6)

Superior Plating Technology Co., Ltd.

Financing Provided to Others

For the Year Ended December 31, 2022

Table 1

Unit: NT$ thousand and foreign currency in thousands

No. (Note 1)	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Balance, end of period	Amount Actually Drawn	Interest Rate %	Nature for Financing (Note 2)	Transaction Amounts	Reason for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 4)	Financing Company's Total Financing Amount Limits (Notes 3 and 4)
													Name	Value		
0	Superior Plating Technology Co., Ltd.	Superior Industries (Shen Zhen) Co., Ltd.	Other receivables – related parties	Yes	$ 102,000	$ 102,000	$ -	-	2	$ -	Operating capital	$ -	—	—	$ 352,588	$ 352,588
0	Superior Plating Technology Co., Ltd.	Top-Team Technology (Shen Zhen) Ltd.	Other receivables – related parties	Yes	9,000	9,000	-	-	2	-	Operating capital	-	—	—	352,588	352,588
0	Superior Plating Technology Co., Ltd.	Superior Plating Technology(Thailand) Co., Ltd.	Other receivables – related parties	Yes	15,000	15,000	-	-	2	-	Operating capital	-	—	—	352,588	352,588
1	Superior Industries (Shen Zhen) Co., Ltd.	Top-Team Technology (Shen Zhen) Ltd.	Other receivables – related parties	Yes	79,440 (RMB 18,000)	79,440 (RMB 18,000)	29,066 (RMB 6,586)	-	2	-	Operating capital	-	—	—	528,038	528,038
1	Superior Industries (Shen Zhen) Co., Ltd.	Superior Drilling (HK) Limited	Other receivables – related parties	Yes	8,827 (RMB 2,000)	8,827 (RMB 2,000)	-	-	2	-	Operating capital	-	—	—	528,038	528,038
2	Superior Drilling (HK) Limited	Superior Industries (Shen Zhen) Co., Ltd.	Other receivables – related parties	Yes	9,208 (USD 300)	9,208 (USD 300)	9,050 (USD 295)	-	2	-	Operating capital	-	—	—	674,298	674,298
2	Superior Drilling (HK) Limited	Superior Industries (Shen Zhen) Co., Ltd.	Other receivables – related parties	Yes	66,200 (RMB 15,000)	66,200 (RMB 15,000)	39,773 (RMB 9,011)	-	2	-	Operating capital	-	—	—	674,298	674,298
2	Superior Drilling (HK) Limited	Superior Plating Technology(Thailand) Co., Ltd.	Other receivables – related parties	Yes	15,346 (USD 500)	15,346 (USD 500)	15,346 (USD 500)	-	2	-	Operating capital	-	—	—	134,860	134,860

Note 1: The Company is coded "0".

The investee is coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Business relationship is coded 1.

The need for short-term financing is coded 2.

Note 3: The total amount of financing provided to others shall not exceed 40% of the financing company's net worth.

Note 4: The limit on the financing provided to a single counterparty that has business with the Company: Where funds are loaned for business relationship, the total financing provided to a single counterparty shall not exceed the total transaction amount between the two parties during the 12-month period prior to the time of lending. The net worth of total trading amount between both parties means the total amount of purchase or re-sale, whichever is higher; for necessity of short-term financing: The amount lent to a single counterparty shall not exceed 40% of the lending company's total net worth, provided that this limit shall not apply between foreign subsidiaries in which the Company directly and indirectly holds 100% of the voting shares, or between the Company's foreign subsidiaries in which the Company directly and indirectly holds 100% of the voting shares, and the Company. For short-term loans made in between foreign subsidiaries in which the Company directly or indirectly holds 100% of the voting shares, or in between the Company and its foreign subsidiaries in which the Company directly or indirectly holds 100% of the voting shares, the total amount of loans and the limits for any single counterparty shall not exceed 200% of the lending company's current net worth.

Note 5: The foreign currencies shown in this table were translated into New Taiwan dollars at the exchange rate of $30.693 for the U.S. dollar and $4.413 for the renminbi as of the balance sheet date.

Note 6: On December 31, 2022, the Company reclassified the overdue accounts receivable from related parties to other receivables. The balance of the loan and the actual amount drawn have been approved by the Board of Directors at its latest meeting (March 20, 2023) in accordance with Article 14 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Superior Plating Technology Co., Ltd.

Endorsements/Guarantees Provided for Others

For the Year Ended December 31, 2022

Table 2

Unit: NT$ thousand and foreign currency in thousands

No. (Note 1)	Endorsement/Guarantee Provider	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance (Note 5)	Amount Actually Drawn	Amount of Endorsement/Guarantee Collateralized by Properties (Note 6)	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 2)										
0	Superior Plating Technology Co., Ltd.	Superior Industries (Shen Zhen) Co., Ltd.	(2)	$ 352,588	$ 62,92 (USD 2,05	$ (USD	$ 62,92 (USD 2,05	$ 34,607 (USD 1,128)	7.14%	$ 352,588	Y	N	Y
0	Superior Plating Technology Co., Ltd.	Top-Team Technology (Shen Zhen) Ltd.	(2)	352,588	12,89 (USD 42	(USD		-	1.46%	352,588	Y	N	Y
0	Superior Plating Technology Co., Ltd.	Superior Plating Technology(Thailand) Co., Ltd.	(2)	352,588	44,37 (THB 50,00	(THB		-	5.03%	352,588	Y	N	N
0	Superior Plating Technology Co., Ltd.	Superior Plating Technology(Thailand) Co., Ltd.	(2)	352,588	61,38 (USD 2,00	(USD	33,76 (USD 1,10	-	6.96%	352,588	Y	N	N
1	Superior Industries (Shen Zhen) Co., Ltd. (Note 7)	Dongguan Guanjie Metal Surface Treatment Co., Ltd.	(6)	43,692 (RMB 9,900)	57,37 (RMB 13,00	(RMB	43,69 (RMB 9,90	43,453 (RMB 9,846)	16.55%	105,608	N	N	Y

Note 1: The Company is coded as follows:

1. The Company is coded “0”.
2. The investee is coded consecutively beginning from “1” in the order presented in the table above.

Note 2: Relationships for guarantee provider and guarantee are as follows:

(1) Business relationship.

(2) A company in which the Company directly and indirectly holds more than 50% of the voting shares.

(3) A company that directly and indirectly holds more than 50% of the voting shares in the Company.

(4) A company in which the Company directly and indirectly holds more than 90% of the voting shares.

(5) A company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) A company where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.

(7) A company where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The Regulations Governing External Endorsements by the Company and Subsidiaries provide that:

1. The total amount of the accumulated external endorsement and guarantee shall not exceed 40% of the Company's net worth as stated in the most recent financial statements.
2. The limit of endorsement and guarantee for a single entity shall not exceed 40% of the current net worth of the endorsement/guarantee provider.
3. For companies in which the Company directly or indirectly holds more than 90% of the voting shares, the amount of endorsement and guarantee provided shall not exceed 10% of the Company's net worth.
4. For joint ventures, all capital contributing shareholders shall make endorsements/guarantees in proportion to their shareholding percentages.

Note 4: The foreign currencies shown in this table were translated into New Taiwan dollars at the exchange rate of $30.693 for the U.S. dollar, $0.887 for THB and $4.413 for the renminbi as of the balance sheet date.

Note 5: Superior Industries (Shenzhen) Co., Ltd., Top-Team Technology (Shenzhen) Ltd., Superior Plating Technology (Thailand) Co., Ltd. and Dongguan Guanjie Metal Surface Treatment Co., Ltd. have borrowed money from financial institutions for operating needs, so the Company and its subsidiaries have provided endorsement and guarantee for these companies.

Note 6: The aforementioned endorsement guarantee is provided as collateral for the Company's other financial assets and the investment accounted for using the equity method by its subsidiary, Superior Industries (Shenzhen) Co., Ltd. For more information, please refer to Note 27.

Note 7: Superior Industries (Shen Zhen) Co., Ltd. provided endorsement and guarantee to Dongguan Guanjie Metal Surface Treatment Co., Ltd. in proportion to the shareholding ratio of Dongguan Guanjie Metal Surface Treatment Co., Ltd.

Superior Plating Technology Co., Ltd.

Marketable securities held

December 31, 2022

Table 3

Unit: thousand shares; NT$ thousand; thousand shares and thousand units

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Remark
				Number of Shares/Units	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	Fund							
	Golden Asia Fund II	—	Financial assets at fair value through profit or loss – non-current	-	$ 27,432	-	$ 27,432	—
	Ordinary shares							
	DUFU TECHNOLOGY CORP. BERHAD	—	Financial assets at fair value through other comprehensive income – current	22	264	-	264	—

Note: For information on investment in subsidiaries, please refer to Table 4 and Table 5.

Superior Plating Technology Co., Ltd.

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)

For the Year Ended December 31, 2022

Table 4

Unit: NT$ thousand, foreign currency in thousands, thousand shares

Investor	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Remark
				December 31, 2022	December 31, 2021	Number of Shares	Percentage of Ownership	Carrying Amount			
The Company	Superior Plating Corp.	BVI	Investment Holding	$ 628,339	$ 628,339	11,271	100	$ 852,385 (RMB 193,139)	$ 52,219 (RMB 11,766)	$ 52,219 (RMB 11,766)	Subsidiary; in RMB
	Ever Superior Technologies Corporation	Taiwan	Surface Treatment	63,000	63,000	6,300	35	39,487	(54,091)	(18,932)	Joint venture; in NTD
Superior Plating Corp.	Extensive Management Consultant Inc.	Samoa	Investment Holding	40,000	40,000	1,000	100	338,090 (RMB 76,607)	151,443 (RMB 34,124)	151,443 (RMB 34,124)	Subsidiary; in RMB
	Superior Drilling (HK) Limited	Hong Kong	Investment Holding	505,496	505,496	89,000	100	337,149 (RMB 76,393)	(119,149) (RMB (26,847))	(119,149) (RMB (26,847))	Subsidiary; in RMB
	Superior Plating Technology Holding(Thailand) Co., Ltd.	Seychelles	Investment Holding	145,926	145,926	4,830	78	175,379 (RMB 39,738)	25,480 (RMB 5,741)	19,755 (RMB 4,451)	Subsidiary; in RMB
Superior Plating Technology Holding(Thailand) Co., Ltd.	Superior Plating Technology(Thailand) Co., Ltd.	Thailand	Surface Treatment	187,318	187,318	2,192	66	224,442 (THB 252,908)	39,961 (THB 46,952)	26,398 (THB 31,017)	Subsidiary; in THB

Note 1: For information on investees in China, please refer to Table 5.

Superior Plating Technology Co., Ltd.

Information on Investment in China

For the Year Ended December 31, 2022

Table 5

Unit: NT$ thousand and foreign currency in thousands

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, and repatriations of investment income.

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 3)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee	% Ownership of Direct or Indirect Investment	Share of Profits/Losses of Investee (Note 2)	Carrying Amount as of December 31, 2022 (Note 2)	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
Superior Industries (Shen Zhen) Co., Ltd.	Surface Treatment	RMB 83,820 (HKD 89,000)	(II) (1)	$ 505,496	$ -	$ -	$ 505,496	($ 124,765) (RMB (28,112))	100	($ 124,765) (RMB (28,112))	$ 264,019 (RMB 59,823)	$ 51,285
Top-Team Technology (Shen Zhen) Ltd.	Electroplating for components in computer peripherals, communication equipment and consumer electronics	RMB 8,268 (USD 1,000)	(II) (1)	40,000	-	-	40,000	151,257 (RMB 34,082)	100	151,257 (RMB 34,082)	335,370 (RMB 75,990)	-
Dongguan Guanjie Metal Surface Treatment Co., Ltd.	Surface Treatment	RMB 90,563	(II) (2)	-	-	-	(Note 5)	4,000 (RMB 901)	10	400 (RMB 90)	43,453 (RMB 9,846)	-

2. Investment Limit in Mainland China:

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 545,496 (Note 3)	$ 494,211 (Note 4)	$ 628,567

Note 1: Methods of investments have following types:

(I) Direct investment in mainland China.

(II) Reinvest in Mainland China through a third-party company (please specify the third-party company).

(1) The Company reinvested in Mainland China through third-party (Superior Drilling (HK) Limited and Extensive Management Consultant Inc.) Please refer to Table 4 for information on third-party companies.

(2) Indirect investment in Superior Industries (Shen Zhen) Co., Ltd. located in mainland China through a third place of the subsidiaries of Superior Drilling (HK) Limited.

(III) Other methods: For example, entrusted investment.

Note 2: Amount was recognized based on the audited financial statements of the parent company in Taiwan.

Note 3: The total amount was calculated based on the exchange rate at the time of each remittance, without deducting the amount remitted from the subsidiaries' earnings in Mainland China.

Note 4: The Company filed a remittance of NT$51,285 thousand (US$1,637 thousand) from the earnings of its subsidiary in Mainland China to offset the accumulated investment in Mainland China in accordance with the Letter Jin-Shen-II-Zi No. 11100122020 dated August 2, 2022. The amount of investment in Mainland China filed at the end of the period was NT$494,211 thousand.

Note 5: Dongguan Guanjie Metal Surface Treatment Co., Ltd. was directly invested by Superior Industries (Shen Zhen) Co., Ltd., not the remittance from Taiwan.

3. Significant transactions occurred in invested company in China directly or indirectly through a third region:

(1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period:

Name	Relationship	Type of Transaction	Amount	Payment Terms			Notes receivable (payable) and accounts payable		Unrealized gain or loss
				Price	Collection (payment) terms	Comparison with normal transaction	Balance	Percentage (%)	
Superior Industries (Shen Zhen) Co., Ltd.	Sub-subsidiary	Technical surface treatment services	$ $5,945	Calculated by cost-plus of inputs	Less than 180 days from the end of the month when the invoice is issued.	—	$ -	-	$ -

(2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period:

Name	Relationship	Type of Transaction	Amount	Payment Terms			Notes receivable (payable) and accounts payable		Unrealized gain or loss
				Price	Collection (payment) terms	Comparison with normal transaction	Balance	Percentage (%)	
Superior Industries (Shen Zhen) Co., Ltd.	Sub-subsidiary	Technical surface treatment services	$ 5,618	Calculated by cost-plus of inputs	The price is charged in the following year after approval by the local foreign exchange authority.	—	$ 1,121	14	$ -
		Commission for purchasing on behalf of others	1,254	As per the terms of the contract	Less than 180 days from the end of the month when the invoice is issued.	—	6	-	-
Top-Team Technology (Shen Zhen) Ltd.	Sub-subsidiary	Technical surface treatment services	11,928	Calculated by cost-plus of inputs	The price is charged in the following year after approval by the local foreign exchange authority.	—	2,977	37	-

(3) The amount of property transactions and the amount of the resultant gains or losses: None.

(4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Please see Table 2.

(5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Please see Table 1.

(6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

Superior Plating Technology Co., Ltd.

Information on Major Shareholders

December 31, 2022

Table 6

Name of Major Shareholder	Shares	
	Total Shares Owned	Ownership Percentage
Superior Plating Technology Co., Ltd.	5,559,776 shares	12.5%

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

§The Contents of Statements of Major Accounting Items§

Superior Plating Technology Co., Ltd.

Statement of Cash and Cash Equivalents

December 31, 2022

Statement 1

Unit: NT$ thousand and foreign currency in thousands

Item	Description	Amount
Petty cash		$ 10
Demand deposits	Including NTD 23,438 thousand and USD 17 thousand, the exchange rate is 30.693	23,967
Time deposits	USD 500 thousand	15,346
		$ 39,323

Superior Plating Technology Co., Ltd.

Statement of Changes in Financial Assets at Fair Value through Profit or Loss

For the Year Ended December 31, 2022

Statement 2

Unit: NT$ thousand unless otherwise specified, thousand units

Item	January 1, 2022		Increased in the year		Decreased in the year		December 31, 2022		Pledge or collateral provided
	Unit: thousand units	Fair Value	Unit: thousand units	Amount (Note 1)	Unit: thousand units	Amount (Note 2)	Unit: thousand units	Fair Value	
Golden Asia Fund II	-	$ 30,020	-	$ 1,902	-	$ 4,490	-	$ 27,432	None

Note 1: The increase in the current year was due to an acquisition of $1,902.

Note 2: The decrease in the current year was due to a valuation loss of $4,490 thousand on financial assets.

Superior Plating Technology Co., Ltd.

Statement of Financial Assets at Fair Value through Other Comprehensive Income – Current

December 31, 2022

Statement 3

Unit: NT$ thousand unless otherwise specified, thousand shares

				Fair Value	
Item	Description	Unit: Shares	Carrying Amount	Unit Price (NT$)	Total Price
Foreign listed shares	DUFU TECHNOLDGY CORP. Common stock of BERHAD	22	$ 264	MYR 1.79	$ 264

Superior Plating Technology Co., Ltd.
Statement of Accounts Receivable
December 31, 2022

Statement 4 Unit: NT$ thousand

Name of Customer	Description	Amount
Non-related party:		
Amulaire Thermal Technology, Inc.	Technical service income	$ 920

Superior Plating Technology Co., Ltd.

Statement of Other Financial Assets

December 31, 2022

Statement 5

Unit: NT$ thousand and foreign currency in thousands

Item	Description	Amount
Other financial assets – current		
Restricted assets	Pledged deposit (interest rate range from 1.05% to 2.8%, including NTD 3 thousand and USD 1,128 thousand, the exchange rate is 30.693)	$ 34,610

Superior Plating Technology Co., Ltd.

Statement of Changes in Investments Accounted for Using the Equity Method

For the Year Ended December 31, 2022

Statement 6

Unit: NT$ thousand; thousand shares

Name	Balance at the beginning of the year		Increased in the year		Decreased in the year(Note 2)		Accounted for using equity method		Balance at the end of the year			Market value or net worth (Note 1)		Pledge or collateral provided
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Investment profit/loss	Translation Adjustment	Number of Shares	Ownership Percentage	Amount	Unit Price (NT$/share)	Total Price	
Superior Plating Corp.	11,271	$ 866,603	-	$ -	-	($ 85,641)	$ 52,219	$ 19,204	11,271	100	$ 852,385	75.63	$ 852,385	None
Ever Superior Technologies Corporation	6,300	58,419	-	-	-	-	(18,932)	-	6,300	35	39,487	6.27	39,487	None
		$ 925,022		$ -		($ 85,641)	$ 33,287	$ 19,204			$ 891,872		$ 891,872	

Note 1: The net asset value per share is estimated based on the investee's net asset value as of December 31, 2022, as audited by the CPA.

Note 2: The decrease for the year was due to the cash dividends of NT$85,641 thousand received from subsidiaries.

Superior Plating Technology Co., Ltd.

Statement of Changes in Right-of-Use Assets

December 31, 2022

Statement 7

Unit: NT$ thousand unless otherwise specified

Item	Building	Transportation Equipment	Total
Cost			
Balance at the beginning of the year	$ 3,621	$ 6,369	$ 9,990
Decreased in the year	3,150	-	3,150
Lease modification	-	(294)	(294)
Balance at the end of the year	$ 6,771	$ 6,075	$ 12,846
Accumulated depreciation			
Balance at the beginning of the year	$ 3,274	$ 193	$ 3,467
Decreased in the year	1,040	2,206	3,246
Balance at the end of the year	$ 4,314	$ 2,399	$ 6,713
Net, December 31, 2022	$ 2,457	$ 3,676	$ 6,133

Superior Plating Technology Co., Ltd.

Statement of Short-term Borrowings

December 31, 2022

Statement 8

Unit: NT$ thousand unless otherwise specified

Type	Explanation	Balance, end of period	Contract Period	Interest Rate Range	Collateral
Credit loan	Cathay United Bank	$ 60,000	2022/12/7–2023/3/7	1.88%	None
Credit loan	First Commercial Bank	10,000	2022/10/7–2023/1/5	2.03%	None
		$ 70,000			

Superior Plating Technology Co., Ltd.

Statement of Lease Liabilities

December 31, 2022

Statement 9 | Unit: NT$ thousand

Item	Description	Lease Period	Discount Rate	Balance, end of period
Building	Office Lease	2019/5/1–2025/4/30	1.73%	$ 2,498
Transportation Equipment	Business Vehicles	2021/11/23–2024/8/22	1.67%	3,707
				6,205
Less: current portion				(3,244)
Lease liabilities – non-current				$ 2,961

Superior Plating Technology Co., Ltd.

Statement of Operating Costs

For the Year Ended December 31, 2022

Statement 10

Unit: NT$ thousand

Item	Amount
Administrative and technical service costs (including wages and other labor cost)	$ 10,867
Processing cost	5,945
	$ 16,812

Superior Plating Technology Co., Ltd.

Statement of Operating Expenses

December 31, 2022

Statement 11

Unit: NT$ thousand unless otherwise specified

Item	Administrative expense
Salary expenses (including remuneration to directors)	$ 12,455
Professional service fees	4,544
Various depreciations	3,452
Other (Note)	6,004
	$ 26,455

Note: The amount of each item in others does not exceed 5% of the account balance.

Superior Plating Technology Co., Ltd.

Statement of Employee Benefits, Depreciation and Amortization Expenses by Function

2022 and 2021

Statement 12 | Unit: NT$ thousand

	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense						
Wages and Salaries	$ 8,844	$ 8,907	$ 17,751	$ 10,922	$ 23,965	$ 34,887
Labor and National Health Insurance Premiums	818	767	1,585	919	669	1,588
Pension expense	433	428	861	497	384	881
Remuneration to directors	-	3,120	3,120	-	10,393	10,393
Other employee benefit expense	347	567	914	373	341	714
	$ 10,442	$ 13,789	$ 24,231	$ 12,711	$ 35,752	$ 48,463
Depreciation expense	$ -	$ 3,452	$ 3,452	$ -	$ 1,411	$ 1,411
Amortization expense	$ -	$ 1,192	$ 1,192	$ -	$ 855	$ 855

Note:

1. As of both December 31, 2022 and 2021, the Company had 29 employees. The non-employee directors of the Company were 8 and 7, respectively.
2. (1) The average employee benefit expense for 2022 was NT$1,005 thousand ("total employee benefit expense for 2022 - total remuneration to directors" / "number of employees for 2022 - number of non-employee directors").

   The average employee benefit expense for 2021 was NT$1,730 thousand ("total employee benefit expense for 2021 - total remuneration to directors" / "number of employees for 2021 - number of non-employee directors").

   (2) The average salary expense for 2022 was NT$845 thousand (total salary expense for 2022 / "number of employees for 2022 - number of non-employee directors").

   The average salary expense for 2021 was NT$1,586 thousand (total salary expense for 2021 / "number of employees for 2021 - number of non-employee directors").
3. Change in average salary cost adjustment (47%) ("Average salary expense for 2021 - Average salary expense for 2021" / Average salary expense for 2021)
4. Remuneration Policy:

   (1) The percentages or ranges with respect to employees', directors' and supervisors' compensation set forth in the Company's Articles of Incorporation

   Employees' compensation and remuneration to directors and supervisors as stipulated in the Company's Articles of Incorporation:

   If the Company records profit before tax in a fiscal year, it shall appropriate 5%–10% of such profit as the employees' compensation distributed in shares or cash by a resolution of the board of directors. Employees who are entitled to the compensation include employees of its affiliates who meet certain requirements; the Company may appropriate no more than 5% of the aforementioned profit as the directors' and supervisors' remuneration by a resolution of the board of directors' meeting. The distribution of employees' compensation and remuneration to directors and supervisors shall be first reported to the shareholders' meeting. However, if there is any accumulated losses, it shall first offset the losses and then appropriate employees' compensation and remuneration to directors and supervisors according to the aforementioned percentages.

(2) The Company's remuneration policy for directors, supervisors, managers and employees:

A. The remuneration to directors and supervisors includes transportation, compensation and fees for performing duties, and is determined in accordance with the Company's Articles of Incorporation. The Board of Directors is authorized to determine the remuneration to directors based on the extent of their participation in the Company's operations and the value of their contributions, and with reference to industry standards both domestically and internationally.

B. The compensation for managers and employees includes salaries, bonuses and employee profit-sharing, which are determined based on the positions held, responsibilities undertaken and contributions made to the Company, and with reference to industry standards; the compensation for managers is proposed to the Remuneration Committee for review and approval, and then submitted to the Board of Directors for resolution.

VI. If the Company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, explanation of how said difficulties will affect the company's financial situation: None.

VII. Review and Analysis of financial position and financial performance, and assessment of risks

I. Financial position

(I) Main reasons for any material change in the Company's assets, liabilities, or equity during the past 2 fiscal years, and the effect thereof:

Unit: NT$ thousand

Fiscal Year / Item	December 31, 2021	December 31, 2022	Variation	
			Amount	%
Current assets	989,189	781,886	(207,303)	(21%)
Property, plant and equipment	520,987	534,447	13,460	3%
Intangible assets	2,974	2,156	(818)	(28%)
Other assets	312,291	335,710	23,419	7%
Total assets	1,825,441	1,654,199	(171,242)	(9%)
Current liabilities	630,333	435,131	(195,202)	(31%)
Non-current liabilities	109,162	171,457	62,295	57%
Total liabilities	739,495	606,588	(149,070)	(20%)
Equity attributable to owners of parent	947,097	881,470	(65,627)	(7%)
Share capital	444,555	444,555	0	-
Capital surplus	325,322	325,322	0	-
Retained earnings	255,103	193,410	(61,693)	(24%)
Other equity interest	(44,326)	(29,231)	15,095	(34%)
Treasury shares	(33,557)	(52,586)	(19,029)	57%
Non-controlling interest	138,849	166,141	27,292	20%
Total equity	1,085,946	1,047,611	(38,335)	(4%)

With a change over 20% and more than NT$10 million during the past 2 fiscal years:

1. Current assets: The decrease in current assets is mainly due to the repayment of bank borrowings and reduced demand on the market.
2. Current liabilities: The decrease in current liabilities is mainly due to reduced bank borrowings and demand on the market and the resultant decline in related operating expenses.
3. Non-current liabilities: The increase in non-current liabilities is mainly due to the extension of the lease period for plants of the subsidiary in Thailand in 2022.
4. Retained earnings: mainly due to the increase in the dividends distributed in 2022.
5. Other equities: mainly due to the accumulated conversion integers impacted by the foreign currency exchange rate.
6. Treasury stock shares: mainly due to the buyback of treasury stock shares as incentives for employees in 2022.

(II) Where the effect is of material significance, measures to be taken in response: There is no material change in the Company’s business except its growth in business scale.

II. Financial performance

(I) Financial Performance Analysis:

Unit: NT$ thousand

Item \ Fiscal Year	2021	2022	Increase (decrease) amount	Increase (decrease) percentage (%)
Operating revenue	1,356,633	1,131,956	(224,677)	(17%)
Operating costs	(861,379)	(867,685)	(6,306)	(1%)
Gross profit	495,254	264,271	(230,983)	(47%)
Operating expenses	(199,699)	(176,093)	23,606	(12%)
Operating income	295,555	88,178	(207,377)	(70%)
Non-operating income and expenses	(24,685)	(26,594)	(1,909)	8%
Net income before tax	270,870	61,584	(209,286)	(77%)
Income tax expense (benefit)	(37,502)	(16,252)	21,250	57%
Net income for the current period	233,368	45,332	(188,036)	(81%)
Other comprehensive income	(24,580)	25,693	50,273	205%
Total comprehensive income for the year	208,788	71,025	(137,763)	(66%)
Main reasons for any material change in operating revenues, operating income, or income before tax during the past 2 fiscal years: 1. Operating income, operating gross profit, operating net profit, net profit before tax, combined gains or losses: The revenue dropped because of the reduced demand on the market as a whole and the rising amount of raw materials and regular materials around the world. 2. Tax income expenses: The decrease in income tax of 2022 is mainly due to the reduced demand on the market as a whole and the accordingly reduced profits.				

(II) Possible impacts of expected sales quantities and their bases on the future financial

1. The Company, according to the macroeconomic changes, industrial dynamics, and business development plan, driven by growths of new business departments, expects that the sales will still grow in the coming year.
2. Expected possible benefits: It is expected that with the product yield and automation increased, the production cost will drop and the Company will become more competitive on the market to further expand its market share.

III. Cash flow

(I) Analysis of cash flow changes during the most recent fiscal year:

Unit: NT$ thousand

Fiscal Year / Item	2021	2022	Increase (decrease) ratio
Cash flow ratio	54.13	57.48	3.35
Cash flow adequacy ratio	82.68	123.77	41.09
Cash reinvestment ratio	20.57	10.20	(10.38)
Explanation: 1. Increase in cash flow adequacy ratio: Net cash flow from operating activities has increased in the past five years 2. The ratio of cash reinvestment decreased: the long-term investment in 2011 decreased.			

(II) Improvement plan for the insufficient liquidity: None.

(III) Cash liquidity analysis for the coming year: The Company does not prepare the financial forecast for the coming year, including cash flows forecast.

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

The Company's operational status is sound and cash inflows from operating activities remain stable. Therefore, sources of funding for material capital expenditure over the past few years have mainly been its own operating funds; in other words, there are no material impacts on the finance of the Company.

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

(I) Re-investment policy

As part of the Company's reinvestment policy over the past few years, the scope of investment focuses mainly on the expansion of surface treatment-related business and is devoted to diversification of the surface treatment business.

The Company's reinvestment policy is based on the internal control "investment cycle," the "Regulations Governing the Supervision and Governance of Subsidiaries," and the "Operating Procedure for Transactions Involving Specific Companies, Group Businesses, and Related Parties" followed by respective departments. The Company obtains operational and financial information from each of the subsidiaries periodically in order to have an understanding of their financial standing and to have effective control the operational performance of each subsidiary.

(II) Earnings or deficits from reinvestments

Name of Company	Main Scope of operation	2022 Gains or losses	Main reason for the earnings or deficits and improvement plan
Superior Plating Corp.	Investment holding	52,219	Mainly due to recognition of re-investment gains of subsidiaries
Ever Superior Technologies Corporation	Surface treatment	(18,932)	Mainly due to the absence of revenue because of the fact that the Company is still under construction.
Extensive Management Consultant Inc.	Investment holding	151,443	Mainly due to recognition of re-investment gains of subsidiaries
Superior Drilling (HK) Limited	Investment holding	(119,149)	Mainly due to recognition of re-investment losses of subsidiaries
Superior Plating Technology Holding (Thailand) Co. Ltd.	Investment holding	19,755	Mainly due to recognition of re-investment gains of subsidiaries
Superior Plating Technology (Thailand) Co. Ltd.	Surface treatment	26,398	Mainly due to optimal operation and properly controlled cost and expenditure of the Company
Superior Industries (Shenzhen) Co., Ltd.	Surface treatment	(124,765)	Mainly due to the reduced demand on the market as a whole.
Top-Team Technology (Shenzhen) Ltd.	Electroplating of computer peripherals, communication equipment, and internal elements of consumer electronics	151,257	Mainly due to optimal operation and properly controlled cost and expenditure of the Company
Dongguan Guanjie Metal Surface Treatment Co., Ltd.	Surface treatment	400	Mainly due to the start of mass production after the company began operation

(III) Investment plans for the following year: None.

VI. Risk analysis and assessment of the following matters during the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report:

(I) Impacts of changes in interest rate, exchange rate, and inflation on the Company's gains or losses and countermeasures in the future

1. Impacts of changes in interest rate and countermeasures in the future:

   The amounts of expenses on interest as of the end of 2022 and 2021 of the Company were NTD 14,082 thousand and NTD 9,948 thousand, respectively, while interest income was NTD 2,352 thousand and NTD 1,424 thousand, respectively. The net worth accounted for 1.04% and 0.63% of the net revenue, respectively. The Company adopts a robust and conservative policy in the utilization of funds. The funds are configured mainly with bank CDs and debts funds. The Company has generally sufficient funds for the time being and keeps optimal relationships with banks to hopefully obtain relatively preferred financing interest rates and to observe the interest rate changes on the financial market on the Company's funding so that countermeasures may be taken at any time to remain flexible. In other words, changes in the interest rate shall not have material impacts on the Company in general.

2. Impacts of changes in exchange rate and countermeasures in the future:

   The Company deals primarily with natural hedging and the Company pays attention to changes in exchange rates at all times and settles adequately in order to reduce foreign currency positions exposed to the risk. The exchange gains or losses of 2022 and 2021 were NTD 81 thousand and NTD 10,023 thousand, respectively, accounting for 0.01% and 0.74% of the net revenue, respectively. Due to the fact that the Group nearly purchases and sells and allocates daily funds exclusively in RMB. The exchange gains or losses are mainly from unrealized appraisal gains or losses incurred by foreign currencies and have no material impacts on the actual operations of the Group. In cases of changes in exchange rates that impact profits in the future, the following countermeasures will be taken:

   A. Stay in close contact with current banks in order to refer to expert opinions and consult them at any time on exchange rate trends and related data to fully keep track of the trends and to adequately adjust foreign currency positions so that the exchange risk may be prevented.

   B. The sales department shall apply the local currency in quotations wherever possible in order to reduce foreign exchange time-related risk and to ensure profits of the Company's products.dd

   C. Procurement staff shall pay in local currency wherever possible in order to avoid the exchange rate risk.

3. Impacts of inflation and countermeasures in the future

   Impacted by global inflation and rising costs of freight and logistics and the supply chain, prices of raw materials and regular materials continue to climb internationally to result in the increase in the procurement cost. The Group will closely monitor price fluctuations on the market at all times and sign long-term procurement agreements with key suppliers to ensure that the impacts from fluctuating prices of key raw materials and regular materials on the market to a minimum and seek alternative and competitive suppliers for regular materials in large quantities in order to cope with possible material impacts of inflation on the Company.

(II) Policies on high-risk, highly leveraged investments, loan of funds to other parties, endorsements, guarantees and derivatives and Exchange, main reasons for the and its of waste or losses generated thereby, and the year strategies.

The Group has been focusing on its mainstream business and runs business practically. The financial policy is based on robustness and conservatism. No high-risk or high-leverage investments are engaged in. In addition, the Company follows the policies and countermeasures defined in accordance with the Group's "Operating Procedure for Lending to Others," "Operating Procedure for Endorsement and Guarantee," "Procedure for the Acquisition or Disposal of Assets," and "Procedure for Trading Derivatives" when lending funds to others, providing endorsements or guarantees, and trading derivatives. Funds are lent and endorsements/guarantees are provided mainly because of the required short-term financing funds with the recipient. The Company follows the procedures by imposing applicable control.

(III) Future research and development plans and R&D expenses expected to be devoted

1. Future R&D Plans

   The Company will focus mainly on the surface treatment of appearance pieces for its deployment of product R&D in the future and target the investigation of related technologies for wearable, appearance threshold, and customized products. The solution system will continue to be improved and automatic production equipment will be developed. The existing pearl nickel and bright nickel processes will be reinforced. Meanwhile, in light of also the environmental protection trend, technologies to improve the recycling and treatment of waste will be researched and developed and reduced water and electricity consumption and reduced pollution discharge will continue to be monitored and improved.

2. Devoted R&D expenditure

   The Company values R&D staff and related equipment investments. Through internal educational training, along with customer development qualification and collaboration with external organizations, capabilities of the R&D team are accumulated. In addition, product line planning is reinforced. New plating opportunities are being proactively explored and automatic equipment is designed and introduced for improved efficiency. In the future, the Company will continue to improve its techniques, optimize its equipment, and introduce automation with gradual appropriations reflective of the developmental status. Investments in the R&D of new products and expansion of R&D staff will continue. It is expected that the R&D expenditure in the future will also increase along with the growth in revenue in order to reinforce the competitive advantages of the Company on the market. It is expected that the R&D expenditure invested for 2023 will be NTD 28,300 thousand.

(IV) Impacts of the changes in important domestic and overseas policies and Act on the Company's finance and business and countermeasures:

Being a professional surface treatment company, the Company has customers, competitors, and suppliers spread throughout the world. Under such globalization trend, changes in related important policies and laws in respective countries can all directly or indirectly impact the whole industry chain (including the Company). Besides following applicable domestic and international laws and regulations, the Company pays close attention to the developments of domestic and international policies at all times and consult related professionals and take countermeasures in a timely manner as required by local laws and regulations. There are no material impacts to date.

(V) Effects of technological changes and industrial changes on the financial standing of the company and countermeasures:

The Company's sales and R&D departments frequently analyze the evolutionary changes to products and technologies on the market and get to know the changes in the supply and demand of the industry and keep track of the impacts that technological and industrial changes have on the Company in a timely manner. For the time being, technological and industrial changes have no obvious impacts on the financial operation and the Company continues to monitor related industrial changes and technological advancement and adequately adjust related countermeasures and come up with effective ones in order to timely research and develop products meeting the demand on the market and to improve the competitive advantages of the Company.

(VI) Impacts of changes in the corporate image on the management of corporate risks and the countermeasures:

Since it was established, the Company has been adhering to the operational principles of integrity and steadfastness. The corporate image is valued and applicable regulatory requirements are followed. Meanwhile, harmonious labor–management and local relations are maintained. There were no conditions that would impact the corporate image over the past year and up to the date when the Annual Report was printed.

(VII) Expected benefits and possible risks of mergers and acquisitions and countermeasures:

Over the past year up to the date when the Annual Report was printed, the Company did not engage in mergers and acquisitions. Should there be M&A plans in the future, they will be carefully evaluated, taking into consideration whether or not they will bring about substantial synergistic effects for the Company in order to precisely protect the interests of the Company and those of the shareholders.

(VIII) Expected benefits and possible risks of the expansion of plants and countermeasures:

A major investment plan of the Company is to increase the ratio of reinvestment in Superior (Thailand). For related expected benefits, possible risks and countermeasures, refer to Four. Fund-raising "VIII. Implementation of Capital Utilization Plan."

(IX) Risks associated with focused purchases or sales and countermeasures:

1. Evaluation of focused purchases risk and countermeasures

   The Superior Group is a professional metal surface treatment service provider. In light of the industry characteristics, most of the solutions required for electroplating need to be certified and approved by customers. Therefore, purchases of key raw materials of the Group have been primarily from a single supplier. To avoid a shortage in raw materials or price fluctuations on the market, however, the Group will pay close attention to price fluctuations on the market and long-term purchase agreements are entered into with key suppliers in order to ensure minimized impacts on the supply of key raw materials and regular materials and price fluctuations on the market. Key suppliers, on the other hand, are mostly domestic or international heavyweight solution manufacturers so the supply is relatively steady.

   The Company is devoted to maintaining close and long-lasting partnerships with key suppliers and periodically evaluating the quality, lead time, and purchase prices of raw materials of suppliers in order to have products of a quality meeting customer requirements, smooth supply of key raw materials, and reduce the purchase cost.

2. Evaluation of focused sales risk and countermeasures

   In order to avoid the risk of focused sales, the Company has gradually explored new customers or devoted to providing existing customers with new products and surface treatment service, constantly enhanced its technologies, and improved processes; in addition, the Company proactively enters the market for new products and acquires new surface treatment processes in response to the changes in demand on the market and reflective of the developments in the application of products. All have demonstrated efficacy.

   In addition, the Company continues to evaluate the financial standing of and substantial payments collected from main customers and evaluates periodically the possibility of recovering accounts receivable.

(X) Impacts and risks of transfer or exchange of stock options in large quantities by directors, or heavyweight shareholders holding more than 10% of all shares on the Company and countermeasures:

There was no transfer or replacement of equities in large quantities over the past year and up to the date when the Annual Report was printed among the Company's directors or shareholders with a holding ratio exceeding 10%.

(XI) Impacts and risks of the change in the management on the Company and countermeasures:

The management of the Company has been devoted to sustainable development of the Company and has not been changed over the past year and up to the date when the Annual Report was printed.

(XII) Litigation or non-litigation event, any material litigation, non-litigation or administrative litigation for which judgment has been made or is pending for judgment related to the company and its directors, President, actual responsible persons, and shareholders holding more than 10% of the Company's shares and, if the result thereof may have significant influence on shareholders' rights and interests or the price of securities, the fact, object amount, litigation commencement date, main parties involved and the settlement condition as of the publication date of the annual report shall be specified: The Company's management team has been devoted to conforming transactions and there are no determined or yet-to-be-determined lawsuits.

(XIII) Other important risks and countermeasures:

1. Information security assessment and analysis and the countermeasures measures:
   - A. At present, basically there are the Intranet and the Extranet, which are separated from each other, adopted by the Company and a firewall and access control between them in order to prevent intentional internal damage and intentional external invasion.
   - B. For viruses and phishing scam letters, the Company adopts the third-party filtration system to filter letters in large quantities and installs one of the Top 10 antivirus software from the annual review to be the daily preventive measure in the Company
   - C. Information security education and periodical training on information security-related measures are provided to newcomers.

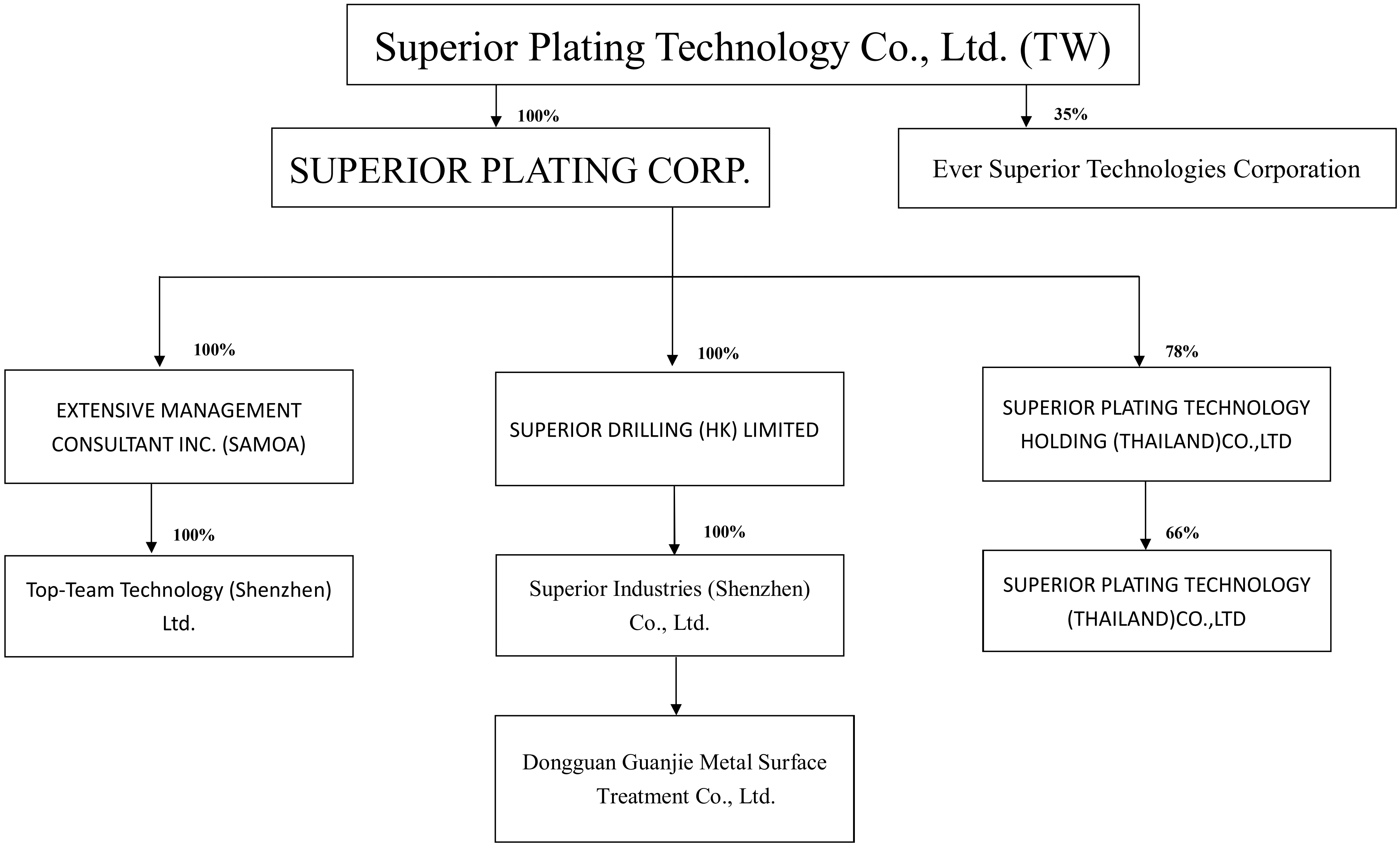
VII. Other important matters: None.

VIII. Special Disclosure

I. Information on affiliates

(I) Consolidated Business Reports Covering Affiliated Enterprises

1. Organizational chart of affiliates



2. Basic information on affiliates

December 31, 2022 Unit: NT$thousand; RMB/USD/HKD/THB thousand; thousandshares

Enterprise name	Date of Incorporation	Address (Remarks)	Paid-in capital size	Major scope of operation or production items
Superior Plating Corp.	1999.6.17	British Virgin Islands	628,339	投資控股
Ever Superior Technologies Corporation	2021.5.27	Taiwan	6,300	表面處理業務
Extensive Management Consultant Inc. (Samoa)	2006.7.7	Samoa	40,000	投資控股
Superior Drilling (HK) Limited	2008.4.7	Hong Kong, China	HKD 89,000	投資控股
Superior Industries (Shen Zhen) Co., Ltd.	2004.4.7	Shenzhen, China	HKD 89,000	表面處理業務
Superior Plating Technology Holding (Thailand) Co. Ltd.	2016.7.25	Seychelles	USD 4,830	投資控股
Superior Plating Technology (Thailand) Co. Ltd.	2016.9.7	Thailand	THB 331,760	表面處理業務
Top-Team Technology (Shen Zhen) Ltd.	2000.3.21	Shenzhen, China	USD 1,000	電腦週邊、通訊設備及消費電子產品內構件之電鍍
Dongguan Guanjie Metal Surface Treatment Co., Ltd.	1994.6.8	Dongguan, China	RMB 90,563	表面處理業務

Note: List the foreign currency exchange rates in the locality on the Balance Sheet date: USD 1 : NTD 30.692982; RMB 1 : NTD 4.413332.

3. The reason and information of companies presumed to have a relationship of control and subordination under Article 369-3 of the Company Act: None.
4. The industries covered by the business operated by the affiliates overall: surface treatment, metal parts cleaning, pickling, phosphating and oxidation, and design and development of sensors and electronic and electrical devices.

5. The information of the directors and general manager of each affiliate:

Unit: thousand shares December 31, 2022

Enterprise name	Title	Name or representative	Shareholding	
			Number of Shares	Shareholding percentage
Superior Plating Corp.	Director	Superior Plating Technology Co., Ltd. Corporate director representative: Li, Su-Pai	11,271	100
Ever Superior Technologies Corporation	Director	Superior Plating Technology Co., Ltd. Corporate director representative: Li, Su-Pai	6,300	35
Extensive Management Consultant Inc. (Samoa)	Director	Superior Plating Corp. Corporate director representative: Li, Su-Pai	1,000	100
Superior Drilling (HK) Limited	Director	Superior Plating Corp. Corporate director representative: Li, Su-Pai	89,000	100
Superior Plating Technology Holding (Thailand) Co. Ltd.	Director	Superior Plating Corp. Corporate director representative: Li, Su-Pai	4,830	78
Superior Plating Technology (Thailand) Co. Ltd.	Director	Superior Plating Technology Holding (Thailand) Co. Ltd. Corporate director representative: Li, Su-Pai	2,192	66
Superior Industries (Shen Zhen) Co., Ltd.	Director	Superior Drilling (HK) Limited Corporate director representative: Lai, Mao-Sheng	89,000	100
Top-Team Technology (Shen Zhen) Ltd.	Director	Extensive Management Consultant Inc. (Samoa) Corporate director representative: Sung, Cheng-Hsi	1,000	100
Dongguan Guanjie Metal Surface Treatment Co., Ltd.	Director	Superior Drilling (HK) Limited Corporate director representative: Lai, Mao-Sheng	9,056	10

6. Overview of the operations of the affiliates: (Date of preparation: December 31, 2022)

Overview of the operations of the affiliates

Unit: NT$ thousand

Enterprise name	Amount of capital	Total assets	Total liabilities	Net value	Operating revenue	Operating gains (losses)	After-tax net gains (losses)	Earnings per share ($) (after-tax)
Superior Plating Corp.	324,482	852,385	0	852,385	0	23	52,219	N/A
Extensive Management Consultant Inc. (Samoa)	36,490	338,090	0	338,090	0	(48)	151,443	N/A
Superior Drilling (HK) Limited	338,764	365,030	27,881	337,149	22,756	3,417	(119,149)	N/A
Superior Plating Technology Holding (Thailand) Co. Ltd.	185,728	226,380	172	226,208	0	(844)	25,480	N/A
Superior Plating Technology (Thailand) Co. Ltd.	287,321	450,067	110,314	339,753	285,663	59,932	39,961	N/A
Superior Industries (Shen Zhen) Co., Ltd.	369,926	507,813	243,794	264,019	272,589	(117,302)	(124,765)	N/A
Top-Team Technology (Shen Zhen) Ltd.	36,490	702,060	366,691	335,370	664,651	153,175	151,257	N/A
Dongguan Guanjie Metal Surface Treatment Co., Ltd.	430,811	955,075	720,349	234,726	507,907	37,246	4,000	N/A
Ever Superior Technologies Corporation	180,000	222,020	109,199	112,821	1,565	(20,563)	(54,091)	N/A

Note: Foreign currency exchange rates on the Balance Sheet: USD 1 : NTD 30.692982; RMB 1 : NTD 4.413332; Foreign currency exchange rates on the Income Statement: USD 1 : NTD 29.841937; RMB 1 : NTD 4.438070

(II) Consolidated Financial Statements of the Affiliates:

The entities included in the Company's consolidated financial statements of the affiliates for the year 2022 (from January 1 to December 31, 2022) in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are identical to those included in the consolidated financial statements of the Company and its subsidiaries in accordance with the IFRS 10, and the information required to be disclosed in the consolidated financial statements of the affiliates was already provided in the consolidated financial statements of the Company and its subsidiaries, so the Company does not prepare the consolidated financial statements of the affiliates separately.

(III) Affiliation report: None.

II. Private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

III. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

IV. Other matters that require additional description: None.

V. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

Superior Plating Technology Co., Ltd.

Responsible person: Li, Su-Pai