

Stock Name: jpp-KY

Stock Code: 5284



JPP Holding Company Limited

Annual Report 2022

(Translation)

Notice to readers

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

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JPP Holding Company Limited annual report is available at:

<http://www.jppholding.com>

Published on May 22, 2023

1. Spokesperson and Deputy Spokesperson
Spokesman Name: Mr. CHUNG, KUO-CHUN Title: Vice General Manager
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Deputy Spokesperson: Mr. CHEN, HSIN-YUAN Title: Finance Manager
Tel:+66-2-7093687 E-mail: edward@jinpao.co.th
2. Contact information of the head company, subsidiary company and factories
 - (1) Head company
Name: JPP Holding Company Limited
Registered Add: One Nexus Way Camana Bay Grand Cayman, KY1-9005
Cayman Islands
The Representative Office in Taiwan: Rm. 1112, No. 152, Songjiang Rd.,
Zhongshan Dist., Taipei City 10458, Taiwan (R.O.C.)
Tel: +886-2-2541-5566
 - (2) Subsidiary company
Name: Jinpao Precision Industry Co., Ltd.
Add: 631 Soi 12 Moo 4 Bangpoo Industrial Estate T. Phraksa, A. Muang,
Samutprakarn 10280 Thailand.
Tel: +66-2-7093687
3. Stock Transfer Agency
Name: The Transfer Agency Department of First Securities Inc.
Stock Division Website: <http://www.ftsi.com.tw>
Add: 6 F., No. 27, An Ho Rd., Sec. 1, Da An Dist., Taipei City, Taiwan (R.O.C.)
Tel: + 886-2-2563-5711
4. Auditors / Certified Public Accountants
Name: YANG, CHING-CHENG and GUNG, TZA-LI
Firm: Deloitte & Touche Firm Taiwan
Website: <http://www.deloitte.com.tw>
Tel: + 886-2-2725-9988
Address: 20F, No. 100, Songren Rd., Xinyi Dist.,
Taipei, 11073, Taiwan
5. Overseas trade places for listed negotiable securities: None.
6. Company website: <http://www.jppholding.com>
7. The Litigation and non-litigious agent
Name: CHUNG, KUO-CHUN Title: Vice General Manager
Tel: +886-2-2541-5566 E-mail: kc_chung@jinpao.co.th
8. Board of directors
Directors 7 members:

9. The Local agent

Name: CHUNG, KUO-CHUN Title: Vice General Manager

Tel: +886-2-2541-5566 E-mail: kc_chung@jinpao.co.th

HO SHENG HOLDINGS CO., LTD. (Corporate Representative: WANG,
WEN-SHAN);

POWELL GROUP CO., LTD. (Corporate Representative: CHUNG,
KUO-SUNG);

BELIEVING POWER CO., LTD. (Corporate Representative: KUO, HUI-LING);
WANG, CHIA-NAN;

CHEN, SHIH-CHIN;

LAI, CHEN-CHU;

LI, CHOU-WEI

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I. LETTER TO SHAREHOLDERS

Dear all Shareholders:

Jinpao focuses on aerospace new factories, mechanical and electrical integration, and Thai Industry 4.0 establishing, although affected by the new crown pneumonia epidemic and many unfavorable factors in recent years, Jinpao's aerospace business was beaten to the bottom, but the demands on the cloud servers and sales of digital beverage vending machines were greatly increased. As well as many favorable factors approached and took effect one by one, and finally dawning, pushing up Jinpao's performance and growth by every year since from 2020. The earnings per share reached 5.45 dollars, earning more than half of the share capital and hitting a record high. This explosive growth will extend to the first quarter of this year and reach its peak again.

1. The 2022 Annual Operating Report

(1) Business result

Unit: Millions NT\$ (Except EPS)	2022		2021		Variance (+/-)	
	amount	Percentage to revenue	amount	Percentage to revenue	amount	Percentage
sales revenue	1,789	100.00%	1,351	100.00%	438	32.42%
cost of sales	1,141	63.78%	903	66.84%	238	26.36%
gross profit	648	36.22%	448	33.16%	200	44.64%
Operation revenue	322	18.00%	165	12.21%	157	95.15%
Net income before tax	305	17.05%	169	12.51%	136	80.47%
Net income	244	13.64%	131	9.70%	113	86.26%
Shares (Millions)	47.93		43.66			
Earnings per share (NT\$)	5.45		3.00		2.45	

In 2022, the sales revenue increased by NT\$438 million compared with 2021. Mainly due to the sharp recovery in the communication industry and the aerospace industry, orders have rebounded. Owing to the growth in turnover, the company reduced direct labor and controlled related indirect production costs, the gross profit margin increased by 3.06% compared with the same period last year at the 36.22%. Besides, management and marketing expenses are due to salary adjustments and bonus expenses, and the overall expenses have increased compared to 2021. In addition, due to the decrease of foreign exchange benefits and the recognition of losses of related companies by adopting the equity method, and because the tax exemption of the

approval letter on the corporate income tax preference expired in 2020, so the income tax increasing on the earnings distribution, cause to the net profit after income tax was increased by 113 million compared with 2021, the annual growth rate was 86.26%, and the basic earnings per share was NT\$5.45.

- (2) Budget execution result: According to current law, the company had not prepared any public disclosure of financial forecasting.
- (3) Asset structure and employee number

Unit: Millions NT\$	2022	2021	Variance (+/-)
Cash from operating activities	208	233	(29)
Total assets	3,724	2,928	796
Fixed assets (net amount)	1,586	1,440	212
Total liability	1,640	1,272	368
Shareholders' equity	2,062	1,635	427
Employee statistics	1,263	1,080	183

The operating cash flow in 2022 was NTD 29 million less than that in 2021, because the company's net profit before tax increased this year, but the amount of accounts receivable and other current assets increased compared with last year. The increase in total assets is mainly due to the increase in accounts receivable and inventory, and the capital expenditure has also continued to increase; in addition, the relevant establishment and management personnel have gradually recovered due to the gradual recovery of the new crown epidemic last year, so the personnel of various departments have been adjusted configuration, the number of employees increased by 183 persons compared with 2021.

2. The 2022 Business Plan

Jinpao's strategy is "always look at the future". Currently, the fields of aerospace, Netcom, and server were all intervening from 4-5 years ago. While the future target focus on the entrance of medical and energy storage markets within 5 years. Due to the high threshold of aerospace technology and few competitors, we are very optimistic that Jingbao is actively expanding the proportion of operations in this market. Jinpao will take both of new aircraft and MRO markets in line with gradually increasing in this proportion.

Chairperson:

CHUNG, KUO-SUNG

鍾國松

General Manager:

CHUNG, KUO-SUNG

鍾國松

Finance Manager:

CHEN, HSIN-YUAN

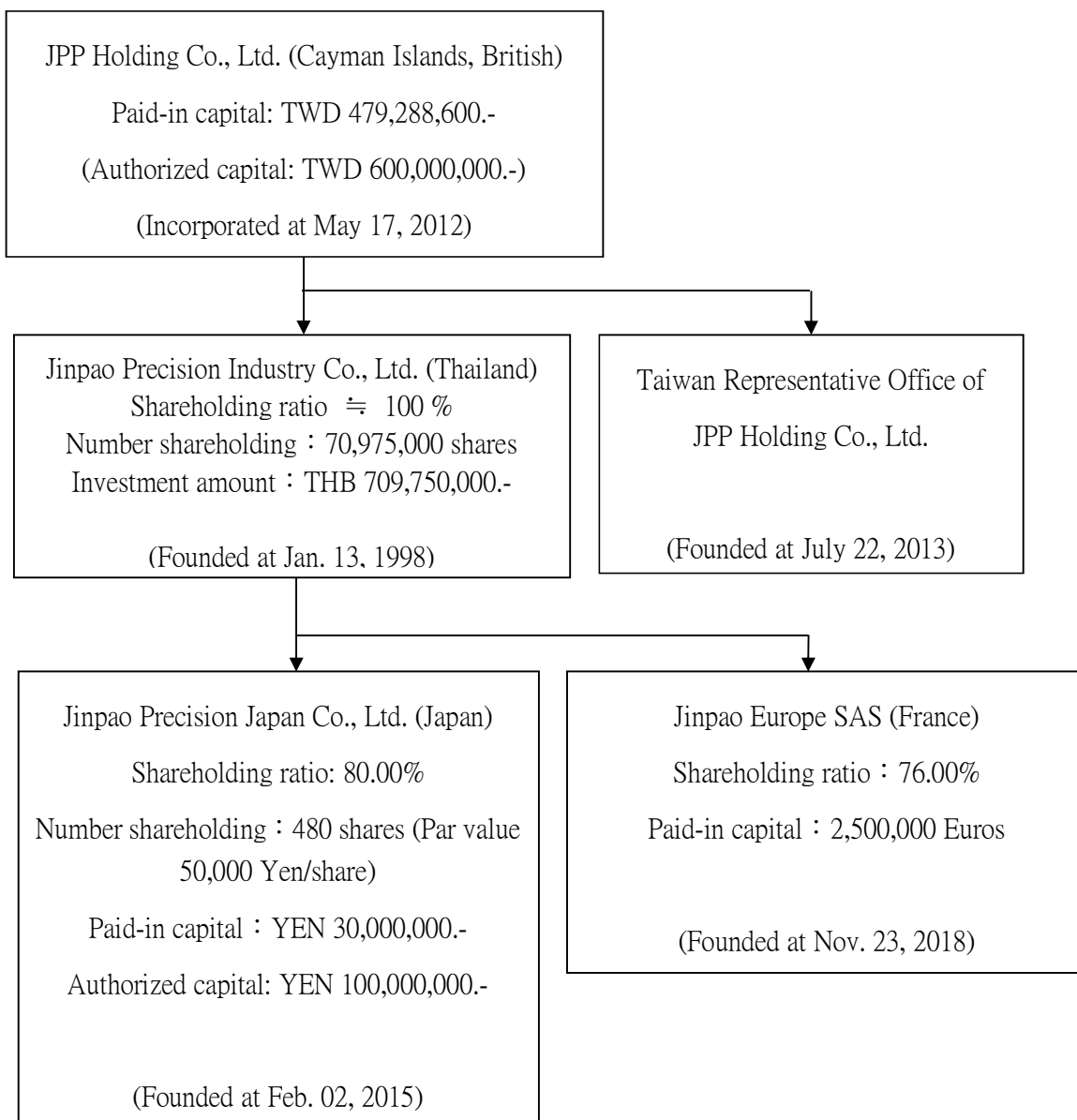
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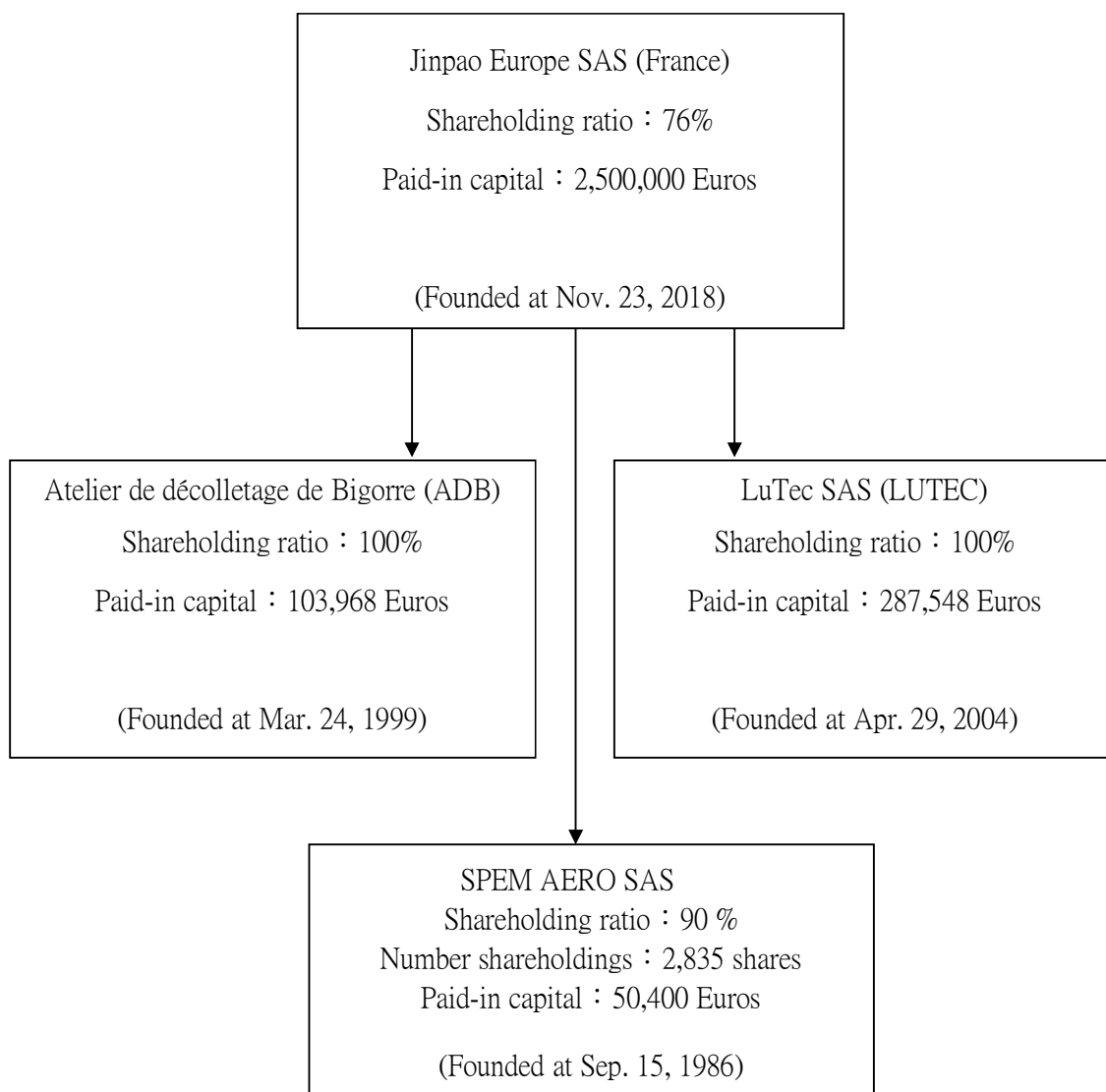
II. COMPANY PROFILE

1. DATE OF INCORPORATION

JPP Holding Company Limited (abbreviated as “JPP Holding” or “The Head Company” hereafter) was incorporated at Cayman Islands, British on May 17, 2012. The primary subsidiary company is the Jinpao Precision Industry Co., Ltd. (abbreviated as Jinpao (Thai) hereafter) The main business is the production of customized precision CNC sheet metal of small volume , for template use, for pilot run, and no need to use the mold. Primary applications are electrical, telecommunication and niche (including food inspection, medical, communication, recreation and aerospace application) products.

2. GROUP STRUCTURES





3. ADDRESSES AND PHONE NUMBERS OF HEAD OFFICE, BRANCH OFFICES AND FACTORY

1. The Head Company: JPP Holding Company Limited
Address: One Nexus Way Camana Bay Grand Cayman, KY1-9005 Cayman Islands
The Representative Office Taiwan Address: Rm. 1112, No. 152, Songjiang Rd., Zhongshan Dist., Taipei City 10458, Taiwan (R.O.C.)
Tel: +886-2-2541-5566
2. The Subsidiary in Thailand: Jinpao Precision Industry Co., Ltd.
Address: 631 Soi 12 Moo 4 Bangpoo Industrial Estate T. Phraksa, A. Muang, Samutprakarn 10280 Thailand.
Tel: +66-2-7093687
Main business: Design, manufacturing, selling of customized precision sheet metal products
3. Jinpao Precision Japan Company Limited
Address: Vision Center Nihonbashi Fukushima Bldg. 2F, 1-5-3 Nihonbashimuromachi, Chuo-ku, Tokyo, 103-0022, Japan.
Tel: +81-3-6869-1099
Main business: Expansion of Japanese business and after-sales service
4. Jinpao Europe SAS
Address: Zone Industrielle Pyrène Aéroport, 65290 Louey R.C.S. TARBES FRANCE
Tel: +33-5-62 45 63 80
Main business: Holding company with holding 100% shares of two French subsidiaries “Lutec SAS”, “Atelier de décolletage de Bigorre (ADB)”, and a 90% of “SPEM AERO SAS”.
5. Atelier de décolletage de Bigorre (ADB)
Address: Zone Industrielle Pyrène Aéroport, 65290 Louey R.C.S. TARBES FRANCE
Tel: +33-5-62 45 63 80
Main business: Aerospace precision metal milling specialist.
6. SAS LuTec
Address: 27 Chemin Lou Tribail Zone Artisanale de Toctoucau CESTAS, 33610
Tel: +33-5-62 45 63 80
Main business: Aerospace precision metal milling specialist.
7. SPEM AERO SAS
Address: 6 Rue Castelmouly, 65200 BAGNERES DE BIGORRE RCS TARBES
Tel: +33-5-62 91 32 32
Main business: Aerospace surface treatment and industrial painting service

4. THE COMPANY HISTORY

B.C.	History
1998	<ul style="list-style-type: none"> ▶ Company establishment in Jan, for hard tooling design and manufacturing. ▶ Registered capital of 10m Thai Baht (par value of 100 Thai Baht)
2001	<ul style="list-style-type: none"> ▶ Capital increase of 10m Thai Baht (capital = 20m Thai Baht)
2002	<ul style="list-style-type: none"> ▶ Purchased first CNC punching and bending machines, penetrated HMLV product area.
2003	<ul style="list-style-type: none"> ▶ Capital increase of 40m Thai Baht (capital = 60m Thai Baht)
2004	<ul style="list-style-type: none"> ▶ Capital increase of 40m Thai Baht (capital = 100m Thai Baht) ▶ Purchased 14.58 rai (23,328 sqm) of land on May to build phase 1 facility
2005	<ul style="list-style-type: none"> ▶ BOI approves investment incentives for Tooling and Precision Parts project on Apr ▶ Phase 1 facility completed on Oct
2006	<ul style="list-style-type: none"> ▶ ISO9001 certified on Aug ▶ Capital increase of 50m (capital = 150m Thai Baht) on Oct; Launch Phase 2 expansion
2007	<ul style="list-style-type: none"> ▶ Phase 2 expansion completed on Aug. added Painting, silk screen and welding capability
2008	<ul style="list-style-type: none"> ▶ Capital increase of 30m Thai Baht (capital = 180m Thai Baht) on Aug ▶ ISO14001 certified on Aug ▶ BOI approved investment incentives (electrical products, electronics, health-care, and industrial products) on Sep. with 3-year tax exempt
2009	<ul style="list-style-type: none"> ▶ Sur Tec 650 Chromit AL® TCP certified on Jun ▶ Acquire 8.34 rai of land (13,344 sqm) on Aug for Phase 3 expansion ▶ Telecom outdoor enclosure product certified by TOT
2010	<ul style="list-style-type: none"> ▶ TUV TS16949 (Automotive) certification on Jan ▶ AFNO AS9100 (Aerospace) certification on Mar ▶ Started to penetrate niche markets like as aerospace, food inspection and health-care products
2011	<ul style="list-style-type: none"> ▶ PDM went live on Jul ▶ ERP went live on Aug ▶ Phase 3 expansion (aerospace products and smart digital factory) on Aug ▶ Capital increase 120m Thai Baht (capital = 300m Thai Baht) on Sept
2012	<ul style="list-style-type: none"> ▶ BOI approved investment incentives (telecom and aerospace) on Jan and Feb respectively, and of 8 yrs tax exempt and another 5 yrs 50% off. ▶ Phase 3 expansion completed on Jul ▶ Resolution for going public to stock market Taiwan and registered to adopt FA from underwriter on Jun. ▶ Change par value to 10 Baht on Oct

B.C.	History
	<ul style="list-style-type: none"> ► Premium capital increase of 5m shares (capital = 350m Baht) on Nov
2013	<ul style="list-style-type: none"> ► Telecom outdoor enclosure products certified by AIS and going to mass production ► Established 1st European subsidiary (Belgium) on March ► Pre-IPO shares restructuring completed on Jun (listing entity “JPP holding” going to share-swap with operation entity “JP-Thailand”) ► Premium capital increase of 10m shares (capital = 450m Baht) on Sep ► “JPP holding” going to premium capital increase of 6,666,666 shares (capital = 300m TWD) on Oct
2014	<ul style="list-style-type: none"> ► A Board Meeting of GTSM held on the July to approve an application from the company for listing in GTSM securities market Taiwan. ► A cash capital increasing by issuing new ordinary share with 3,750,000 shares successfully (capital to be as TWD 337.5 M). ► The company shares were initial public offering, listing and being transacted successfully in the securities markets Taiwan which her share code registered as be no.: 5284. ► In November, Jinpao to be accredited with a Nadcap Certificate in the field of Non-Destructive Testing by the Authority of SAE.
2015	<ul style="list-style-type: none"> ► Established a subsidiary at Tokyo in February ► For Signing Ceremony of a MOU to corporation with Labor Department of Thailand to develop technician education of the nation. ► Jinpao to be granted and awarded with “Green Star” by Industrial Estate of the Authority Thailand on September ► Issuing 1st local convertible bond TWD 200M in market Taiwan on October ► Premium capital increase of 2.3m shares (capital=360.5m NT dollars) on November ► In December, Jinpao to be accredited with a Nadcap Certificate in the field of Chemical Processing by the Authority of SAE. ► In additional, Jinpao to be accredited with a Nadcap Certificate in the field of Welding by the Authority of SAE.
2016	<ul style="list-style-type: none"> ► Jinpao accredited with more Nadcap Certificates in relative item of Spot Welding, Seam & Projection by the Authority of SAE on April. ► More land about 30.81 rai (49,296 sq m) and factory 13.11 rai (20,976 sq m) were procured from Philips Thailand for expansion purpose on July. ► Jinpao passed to migrate in the Taiwan stocks exchange market on a meeting held on Nov. ► Jinpao granted by the President of Republic of China (Taiwan) with the 18th Outstanding Overseas Taiwanese SMEs Award on October. ► The Company Managing Director Mr. Chung Kuo-Sung and Vice MD Ms. Kuo Hui-Ling rewarded by the Vice President of Republic of China (Taiwan) with the 25th Selection of Model Taiwan and Overseas Entrepreneurs Award on December.
2017	<ul style="list-style-type: none"> ► The Board of company resolved and approved an application for migration from OTC to major stock market of “TWSE” on a meeting held at January.

B.C.	History
	<ul style="list-style-type: none"> ▶ For Ceremony of the Company to be transacted and migrated officially in the Taiwan Stocks Exchange Market out of OTC on the 9th of March. ▶ Being a project to acquire the Philips Thailand property, Jinpao granted tax incentives by BOI with (1) Aerospace products for 8yrs' exemption, (2) Auto Machine products for 5yrs' exemption and 1yr 50% off in a row. ▶ Phase 4 factory expansion (for aerospace anodize treatment) kicked off on October. ▶ The Board resolved and approved a solar PV power rooftop project on October which costs 28.4 M Baht for a grid system 993.6 kWp power plan. ▶ The Board resolved and approved for procurement a land of 54 Rais in the Eastern Economic Corridor (EEC) for collaboration to Thai Industry 4.0.
2018	<ul style="list-style-type: none"> ▶ Grandly held the 20th Anniversary Celebration and Year-end Staff Sports Conference on Feb. ▶ In August, Jinpao was awarded the 2018 Corporate Social Responsibility Award (CSR-DIW Award) by the Ministry of Industry of Thailand. ▶ In September, the Company signed the Share Purchase Agreement to formally acquire ADB and LuTec, two France aerospace professional precision milling companies.
2019	<ul style="list-style-type: none"> ▶ The Minister of Oversea Community Affairs Councils, ROC (Taiwan) Mr. Hsin-Hsing Wu visited Jinpao Company on Jan 9. ▶ The first Jinpao Cup of National Automation Contest in Thailand was held by the Company on March 9. ▶ The Jinpao Company of Thailand jointly with her French subsidiary as of a manufacturing supplier to co-participate in the Paris Air Show Franch on the 17 to 23 of June. ▶ To launch the phase V project of construction new Spray Paint Factory on current area of lane No. 11 on November. ▶ Issuing 2nd domestic convertible bond TWD 200M in TPEx market on November 28. ▶ Capital increasing by 4.2M new ordinary shares in premium (capital=436.64M Baht) on December 23.
2020	<ul style="list-style-type: none"> ▶ To hold a closing ceremony of M&A transaction (acquired SPEM Aero SAS) at La Ferme de Pinot, musée Aéroscopia on January 7. ▶ On July, Jinpao to be accredited with U.S. Nadcap Certificate in the field of Anodizing of Chemical Processing by the Authority of SAE. ▶ The Representative of Taipei Economic & Cultural Office in Thailand Mr. Lee Ying-Yuan visited Jinpao on the 5th of November.
2021	<ul style="list-style-type: none"> ▶ I-Motor Thailand invited The Permanent Secretary of Ministry of Industry Thailand Mr. Kobchai Sungsitthisaward & Secretary General of the Board of Investment Thailand Ms. Duangjai Asawachintachit to attend the Virtual Inauguration of Vapor on October 22. ▶ Customer launched Asia's first brewable smart drink vending machine
2022	<ul style="list-style-type: none"> ▶ On February 18, Jinpao welcomed Ms. Estelle David, Director of Business France in Thailand and a group of French consultants 5 persons traveled to visit the company and production line.

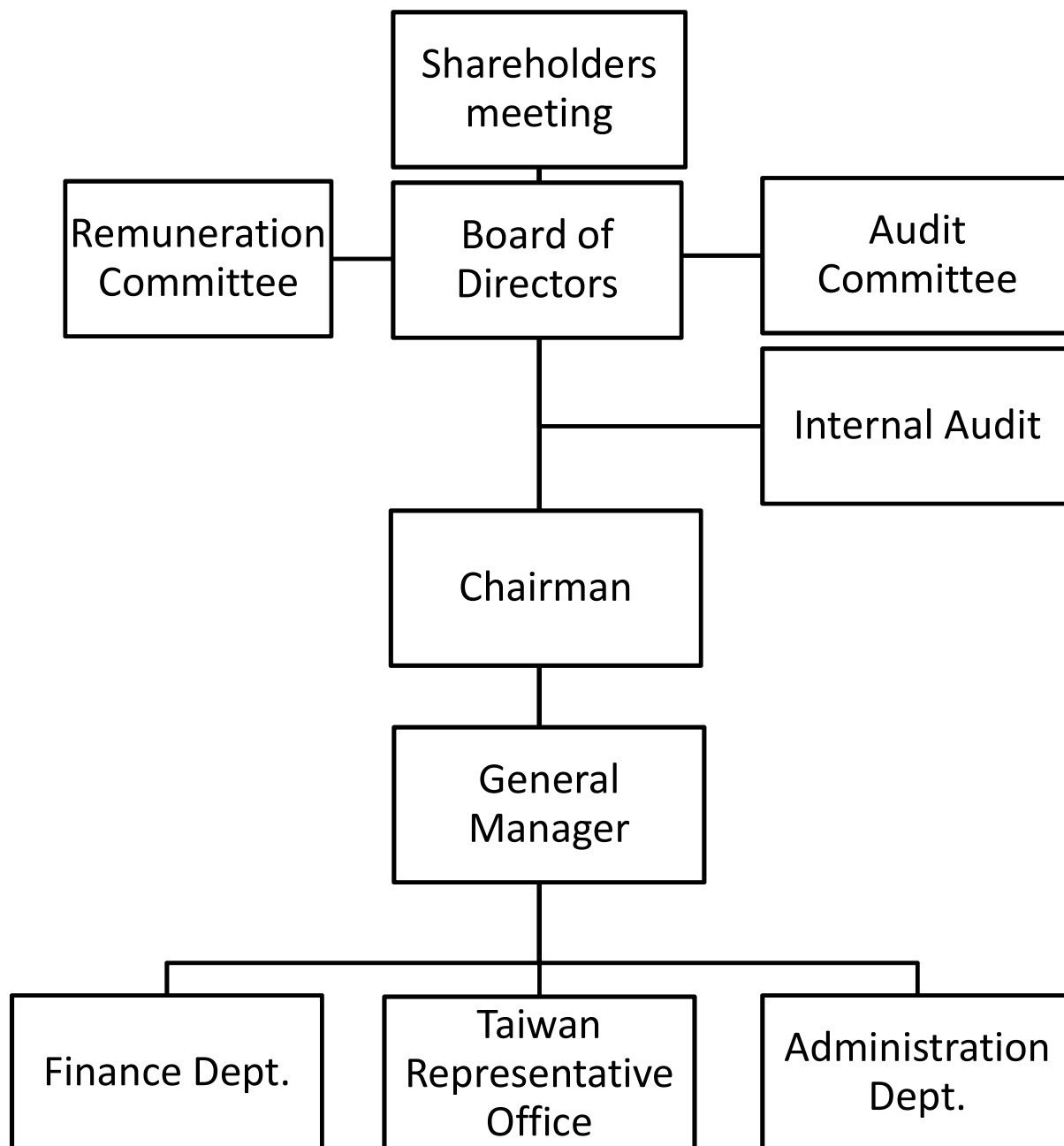
B.C.	History
	<ul style="list-style-type: none"> ▶ On April 26, Jinpao participated in receiving a certificate of honor for the establishment development project in accordance with occupational health, safety and working environment management system standards for the fiscal year 2020 and 2021. ▶ 3. On April, Jinpao started an expansion construction on punching plant and launched a new laser welding plant project at site of Soi 11.
2023	<ul style="list-style-type: none"> ▶ On March, Jinpao has passed the SSTL supplier onboarding process for satellite manufacturing and delivered finished good in support of the THEOS-2 project. ▶ On July, Jinpao to be accredited with U.S. Nadcap Certificate in the field of Heat-Treatment Processing by the Authority of SAE. ▶ On May, Jinpao welcomed the TECO Representative of R.O.C. Dr. Chuang Sou-Hang together with BangNa Taiwanese Association to visit the company.

III. THE CORPORATE GOVERNANCE REPORT

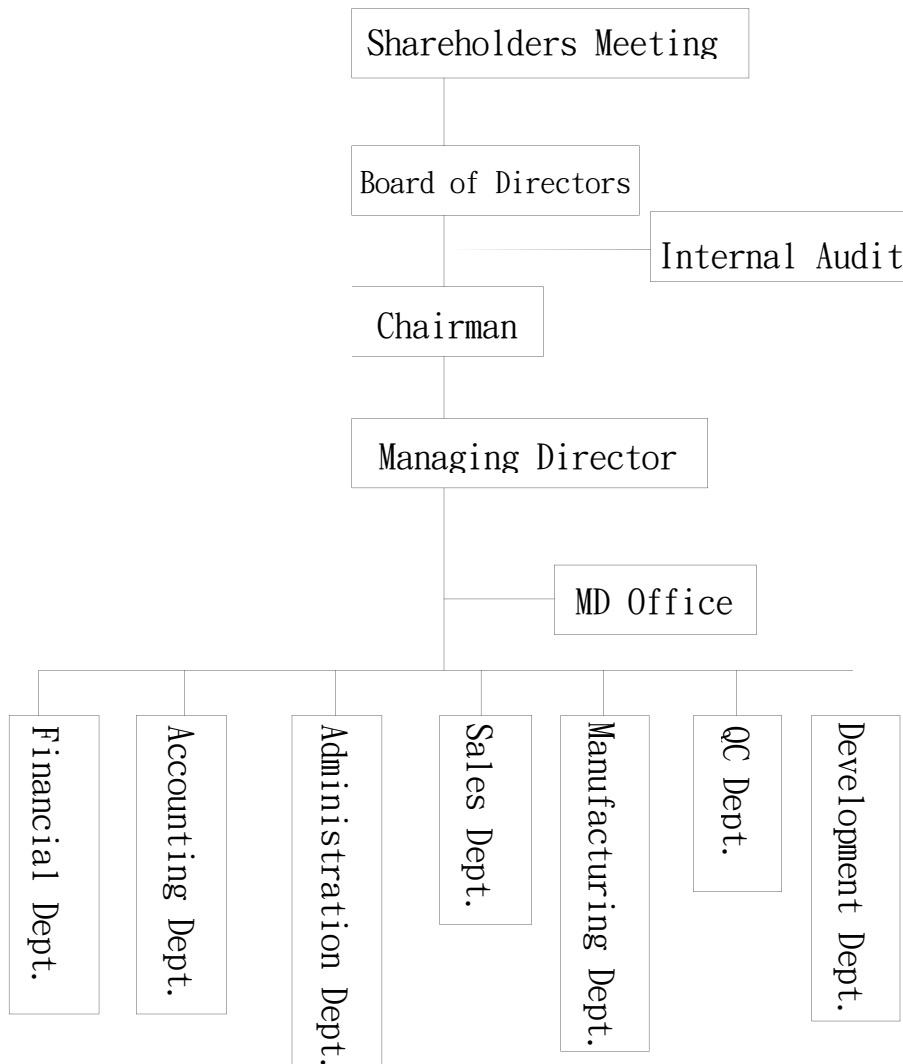
1. ORGANIZATIONAL STRUCTURE

(1) The corporate organization chart

(i) JPP Holding Company Limited



(ii) Jinpao Precision Industry Co., Ltd. (Thailand)



(2) Major operation businesses in each department

(i) JPP Holding Company Limited

Departments	Businesses in charge
Board of directors/ Chairman	Strategy and objective peg for group business operations.
Audit Committee	Supervision for group business and financial status 、 fair presentation of financial statements and effective implementation of internal control.
Remuneration Committee	Pegging and regular review on directors and managers' performances evaluations and remuneration policies, systems, standards and structures, and regular review and pegging on remuneration of directors and managers.
Internal Audit	Revisions and executions of internal audit regulations and audit manuals, internal control audit for headquarter and subsidiaries, checking the improvement results, re-examine reports and other audit-relevant items.
General Manager	Receipt of resolution of boards of directors to overall charge of company business.
Finance Dept.	Overall charging of the group financial and accounting items.
Administration Dept.	Overall charging of group planning, administration, corporate governance, general affairs and secretary operations.
Taiwan Representative Office	Investors relationship maintenance, appointing the litigation/non-litigation agent of based on company regulations, and to finish assigned matters from the headquarter.

(ii) Jinpao Precision Industry Co., Ltd.(Thailand)

Departments	Businesses in charge
Board of directors	Strategy and objective peg for group business operations.
Internal Audit	Revisions and executions of internal audit regulations and audit manuals, internal control audit for headquarter and subsidiaries, checking the improvement results, re-examine reports and other audit-relevant items.
General Manager	Receipt of resolution of boards of directors to overall charge of company business.
Administration Dept.	Overall charging of group planning, administration, corporate governance, general affairs and secretary operations.
Accounting Dept.	Processing accounting related items such as accounting and taxation affairs.
Finance Dept.	Planning and executions of financial items
Sales dept.	Development and planning of market business, market research, collection and analysis of business information, planning and execution of business objective, planning and management of product sale and receivables.
Manufacturing dept.	In charge of production planning, execution and supervision, such as products manufacturing, development and equipment maintenance.
QC dept.	Quality control and management of products in charge.
Development dept.	Design, research and development and production of metallic parts and the relevant development for manufacturing and machine equipment.

2. Directors, Executives Officers and Management Team

(1) Directors and supervisors (the company did not set any supervisors)

Title	Nationality		Name	Gender/year	Date elected	Term (years)	Date 1 st elected	Shareholding when elected		Current shareholding		Spouse & Minor shareholding		Shareholding by nominee arrangement		Experience (Educations)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	British Virgin Is.		Ho Sheng Holdings Co., Ltd.	-	2022.6.23	3 years	2016.06.17	6,173,030	15.64%	6,698,599	13.98%	—	—	—	—	—	—	—	—	—
	R.O.C		Representative Wang Wen-Shan	Male / 75	—	—	—	—	—	20,000	0.04%	2,000	0.0%	—	—	Hsing Wu Junior college of commerce Rodex Fasteners Corp. /Director and President	JPP Holding Company Limited Chiao Pao Metal Co., Ltd., Chairman Director of Ho Sheng Holdings Co., Ltd.	—	—	—
Director	British Virgin		Powell Group	-	2022.6.23	3 years	2016.06.17	4,787,779	12.13%	5,195,408	10.8%	—	—	—	—	—	—	—	—	—

Title	Nationality		Name	Gender/year	Date elected	Term (years)	Date 1 st elected	Shareholding when elected		Current shareholding		Spouse & Minor shareholding		Shareholding by nominee arrangement		Experience (Educations)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
	n Is.		P Co., Ltd.																	
	R.O. C		Representative Chung, Kuo-Sung	Male / 62	—	—	—	—	—	10,545	0.02 %	—	—	—	—	Feng Chia University Department of Industrial Engineering Bachelor Hong Yang Thailand Co., Ltd./Director Compal Electronics /Industrial Engineers	President of the company Director of Hong Yang Thailand Co., Ltd./Director and President of JPP Holding Co. Ltd. Powell Group Co., Ltd./Director P.C. Cosmos Inc./Director	Vice President of Jinpao Precision Industry Co., Ltd.	Kuo, Hui-Ling	Husband and wife
Director	British Virgin Is.		Believing Power Co., Ltd.	-	2022. 6.23	3 years	2016. 06.17	3,783,612	9.59 %	4,105,747	8.57 %	—	—	—	—	—	—	—	—	—
	R.O. C		Representative Kuo, Hui-Ling	Female / 61	—	—	—	—	—	10,545	0.02 %	—	—	—	—	Department of Atmospheric Sciences, national central university Master Hong Yang Thailand Co., Ltd./Director Hoo Thai Industrial Co., Ltd./ Director	Hong Yang Thailand Co., Ltd./Director Hoo Thai Industrial Co., Ltd. Director Jinpao Precision (Thai) Director/Vice President Believing Power Co., Ltd./Director Sowing Blessing Co.,	President, Jinpao (Thai) resident	Chung, Kuo-Sung	Husband and wife

Title	Nationality		Name	Gender/year	Date elected	Term (years)	Date 1 st elected	Shareholding when elected		Current shareholding		Spouse & Minor shareholding		Shareholding by nominee arrangement		Experience (Educations)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
																	Ltd./Director			
Director	R.O.C		Wang, Chia-Nan	Male / 79	2019. 6.25	3 years	2013. 07.15	168,177	0.43 %	184,665	0.39 %	—	—	—	—	U.S. University of Illinois, MBA Chinese Culture University, Department of Economic, Master CHFRDA /General secretary Mega Management Advisor Co., Ltd. /President Mega Bank Adm. Sec., Center of Asia-Pacific Region Associate/Director Mega Bank (Thailand) /President	The Director of the Company	—	—	—
Independent Director	R.O.C		Chen, Shih-Chin	Male / 79	2022. 6.23	3 years	2013. 07.15	—	—	—	—	—	—	—	—	Graduate council of public finance, National Cheng-Chi University Mega Management Advisory Co. Ltd. / Director Mega Bank/ Vice president Member, National Development Fund Review Panel, Executive Yuan Executive Director, Taiwan Securities Association		—	—	—
Independent Director	R.O.C		Lai, Chen-Chu	Male / 69	2022. 6.23	3 years	2019. 06.25	—	—	—	—	—	—	—	—	Graduate Council of Law, University of Soochow Master Degree. Graded from Magistrate Training Institute of ROC. Former Judge, Banqiao District Court, Taiwan,		—	—	—

Title	Nationality		Name	Gender/year	Date elected	Term (years)	Date 1 st elected	Shareholding when elected		Current shareholding		Spouse & Minor shareholding		Shareholding by nominee arrangement		Experience (Educations)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
																The Advisor of Taipei County Government, Honorary Lawyer of the SME Division of the Ministry of Economic Affairs R.O.C., Vice Chairman and Executive Director of Proview International Holdings Limited (H.K.), Supervisor of Soaring Technology Co., Ltd.				
Independent Director	The R.O.C		Li, Chou-Wei	Male / 47	2022. 6.23	3 years	2013. 07.15	—	—	—	—	—	—	—	—	Tamkang University Bachelor Graduated in International Business Administration Passed the General Entrance Examination for Bookkeepers The director of R&K Consulants Limited Professional knowledge in business investment, equity planning and accounting.		—	—	—

(1). Major Shareholders of the Institutional Shareholders:

Apr. 21, 2023

Name of Institutional Shareholders	Major Shareholders
Ho Sheng Holdings Co., Ltd. Representative : Wang Wen-Shan	Wang Wen-Shan (75%) 、 Wang Hu Yi-Fen (Wang Wen-Shan's wife ; 25%)
Powell Group Co., Ltd. Representative : Chung Kuo-Sung	P.C. Cosmos Inc. (100%)
Believing Power Co., Ltd. Representative : Kuo Hui-Ling	Sowing Blessing Co., Ltd. (100%)

Note: If the institutional shareholder is not a company, the names and shareholding ratio of shareholders to be disclosed are the names of people who contributed or donated the capital and the ratio of their contribution or donation.

(2) Major Shareholders of the Company's Major Institutional Shareholders shown as below:

The main shareholder list of the juristic shareholders:

Apr. 21, 2023

Name of Institutional Shareholders	Major Shareholders
Sowing Blessing Co., Ltd. (100%)	Kuo Hui-Ling (100%)
P.C. Cosmos INC. (100%)	Chung Kuo-Sung (100%)

Note: If the institutional shareholder is not a company, the names and shareholding ratio of shareholders to be disclosed are the names of people who contributed or donated the capital and the ratio of their contribution or donation.

(3) Professional qualifications and independency analysis of directors and supervisors

Criteria Name	5-years Working experience & professional qualification requirements			Independence criteria (note 1)										Number of other public companies in which the individual is concurrently serving as an independent director
	An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department Related to the business needs of the company in a public or private junior college, college or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company	Have work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the company	1	2	3	4	5	6	7	8	9	10	
Director Ho Sheng Holdings Co., Ltd. Representative: Wang Wen-Shan			V	V		V	V		V	V	V	V	V	0
Director Powell Group Co., Ltd. Representative : Chung Kuo-Sung			V			V			V	V		V	V	0
Director Believing Power Co., Ltd. Representative: Kuo Hui-Ling			V			V			V	V		V	V	0
Wang Jia-Nan			V		V	V	V	V	V	V	V	V	V	0
Chen Shih-Chin			V	V	V	V	V	V	V	V	V	V	V	0
Lai Chen-Chu		V	V	V	V	V	V	V	V	V	V	V	V	1
Li, Chou-Wei			V	V	V	V	V	V	V	V	V	V	V	0

Note: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

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. 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, a public 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 subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. 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, a public company and its parent or subsidiary or a subsidiary of the same parent.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. 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, a public company and its parent or subsidiary or a subsidiary of the same parent.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. 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, a public company and its parent or subsidiary or a subsidiary of the same parent.
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. 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, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public 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 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 Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
11. Not been a person of any conditions defined in Article 30 of the Company Law.
12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.
13. All the above-mentioned explanations are in compliance with the provisions of Article 26-3, Item 3 and Item 4 of the Securities Exchange Act.

(2) JPP Holding Company Limited

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experiences/ Education	Other Positions
					Shares	%	Shares	%	Shares	%		
President	R.O.C	Chung Kuo-Sung	Male	2013.09.02	10,545	0.02 %	—	—	5,195,408	10.8 %	Feng Chia University Department of Industrial Engineering Bachelor Hong Yang Thailand Co., Ltd. /Director Calcomp Electronics/Industrial Engineers	Director of Thailand Co., Ltd. Director and President of Holding Co. Ltd. Powell Gro Ltd./Director P.C. Cosmos Inc.

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experiences/ Education	Other Position	Managers who are spouses or within two degrees of kinship			Remark(s) (note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	Thai	Somsak Norvong	Male	2023.03.28	0	0.00%	—	—	—	—	Mechanical Engineering, National Taipei University of Technology Delta Electronic Thailand PCL / Manager	Jinpao Precision Co. Ltd. Vice Managing Director	—	—	—	—
Financial manager	R.O.C	Chen Hsin-Yuan	Male	2013.09.02	272	0.00%	—	—	—	—	Institute of Business and Management, National Taipei University of Technology Department of Accounting, National Cheng-chi University Tycoons Group Enterprise(Thailand)/Audit Deputy Manager Golden Bridge Electech Inc./Audit officer	Jinpao Precision Co. Ltd. Financial Manager	—	—	—	—
Corporate Governance Officer	R.O.C	Wang Ying-Shu	Male	2023.03.28	0	0.00%	—	—	—	—	Institute of Business and Management, National Taipei University of Technology Department of Business Mathematics, Soochow University Audit Committee/ TeamTec Worldwide PCL. Acc & Adm Mgr. /Hwa Jung Components (Thailand) Co., Ltd.	Jinpao Precision Co. Ltd. Corporate Secretary	—	—	—	—

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experiences/ Education	Other Position	Managers who are spouses or within two degrees of kinship			Remark(s) (note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
											Fin Mgr. / Chuntex Electronics (Thailand) Co., Ltd.					
Chief Internal Audit	R.O.C	Hong Chien-Kai	Male	2022.03.25	15,000	0.03 %	10,000	0.02 %	—	—	Institute of Computer Science, Asia University Department of Accounting, Chinese Culture University. Takming University of Science and Technology/ Lecturer Sanmin tutoring center/ Finance License Lecturer Taiwan Investor Relations Institute/ Supervisor	Jinpao Precision Co. Ltd. Internal Auditor	—	—	—	—

(3) Jinpao Precision Industry Co., Ltd.

April. 21, 2023

Title	Nationality	Name		Date Effective	Shareholding	Spouse & Minor Shareholding	Shareholding by Nominee Arrangement	Experiences/ Education	Other Position	Managers who are spouses or within two degrees of kinship	Remark(s) (note)
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			Gen der		Shares	%	Shares	%	Shares	%			Title	Na me	Relat ion	
Preside nt	R.O.C	Chung Kuo-Su ng	Mal e	1998. 01.13	10,545	0.02 %	—	—	5,195,40 8 (Note. 1)	11.9%	Feng Chia University Department of Industrial Engineering Bachelor Hong Yang Thailand Co., Ltd. /Director Calcomp Electronics/Industrial Engineers	Director of Hong Yang Thailand Co., Ltd. Director and President of JPP Holding Co. Ltd. Powell Group Co., Ltd./Director P.C. Cosmos Inc./Director	Vice Presid ent of Jinpa o Precis ion Indust ry Co., Ltd.	K uo H ui- Li ng	Husb and and wife	—
													Vice Presid ent of Jinpa o Precis ion Indust ry Co., Ltd.	Ch un g K uo -C hu n	Brot hers	
Vice Preside nt	R.O.C	Kuo Hui-Li ng	Fem	1998. 01.13	10,545	0.02 %	—	—	4,105,74 7 (Note. 2)	9.4%	Department of Atmospheric Sciences, national central university Master Hoo Thai Industrial Co., Ltd./Director Hong Yang Thailand Co., Ltd./ Director	Hong Yang Thailand Co., Ltd. Director Hoo Thai Industrial Co., Ltd. Director Jinpao Precision (Thai) Director/Vice President Believing Power Co., Ltd./Director	Presid ent	Ch un g K uo -S un g	Husb and and wife	—

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experiences/ Education	Other Position	Managers who are spouses or within two degrees of kinship			Remark(s) (note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
			Male									Sowing Blessing Co., Ltd./Director	Vice President	Chung Kuo-Chun	Brother-in-law	
Vice President	R.O.C	Chung Kuo-Chun	Male	2005.08.18	6,851	0.01 %	—	—	—	—	Institute of Business and Management, National Taipei University of Technology Chemical Fiber Group, Fiber Engineering Division, National Taipei University of Technology Taroko Textile Corp.(Jinan)/Executive Vice President Taroko Textile Corp./Associate, Director	KC Billion Investment Co., Ltd. The director KC Top Investment Co., Ltd. The director	President	Chung Kuo-Sung	Brother	—
													Vice President	Kuo Hui-Ling	Sister-in-law	

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experiences/ Education	Other Position	Managers who are spouses or within two degrees of kinship			Remark(s) (note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Vice President	Thailand	Somsak Norvong	Male	2007.07.02	—	—	—	—	—	—	Mechanical Engineering, National Taipei University of Technology Delta Electronic Thailand PCL / Manager	—	—	—	—	—
Chief Financial Officer	R.O.C	Chen Hsin-Yuan	Male	2002.06.18	272	0.00 %	—	—	—	—	Institute of Business and Management, National Taipei University of Technology Department of Accounting, National Chengchi University Tycoons Group Enterprise(Thailand)/Audit Deputy Manager Golden Bridge Electech Inc./Audit officer	JPP Holding Co. Ltd. Financial Manager	—	—	—	—
Chief Internal Audit	R.O.C	Hong Chien-Kai	Male	2022.03.25	15,000	0.03 %	10,000	0.02 %	—	—	Institute of Computer Science, Asia University Department of Accounting, Chinese Culture University. Takming University of Science and Technology/ Lecturer Sanmin tutoring center/ Finance License Lecturer Taiwan Investor Relations Institute/ Supervisor	JPP Holding Co. Ltd. Internal Auditor	—	—	—	—

3. Remunerations of directors, executive officers, president and vice-presidents

(1) Remunerations of directors & independent directors in the recent (2021) fiscal year

Unit: NT\$/Thousand

Title	Name	Remunerations of Directors								Ratio & Total Remuneration (A+B+C+D) to Net Income (%)		Relevant remuneration received by directors who are also employees								Ratio & Total Compensation (A+B+C+D+E +F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company (Note 1)
		Base Compensation (A)		Severance Pay (B)		Company Surplus (C)		Business Allowance (D)				Salary, Bonuses and Allowances (E)		Severance Pay (F)		Dividend from Surplus (G)						
		The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company		All companies in the consolidated financial statement		The Company	All companies in the consolidated financial statement			
														Cash	Stock	Cash	Stock					
Director	Ho Sheng Holdings Co., Ltd. Representative: Wang Wen-Shan	285	285	0	0	300	437	30	30	615 0.0025	752 0.0031	0	0	0	0	0	0	0	0	615 0.0025	752 0.0031	0
Director	Powell Group Co., Ltd. Representative : Chung Kuo-Sung	285	285	0	0	300	420	30	30	615 0.0025	735 0.0030	287	3176	0	0	0	0	2175	0	902 0.0037	6086 0.0250	0

Director	Believing Power Co., Ltd. Representative: Kuo Hui-Ling	285	285	0	0	300	420	30	30	615 0.0025	735 0.0030	0	2182	0	0	0	0	1935	0	615 0.0025	4852 0.0199	0
Director	Wang Jia-Nan	285	285	0	0	300	300	30	30	615 0.0025	615 0.0025	280	280	0	0	0	0	0	0	895 0.0037	895 0.0037	0
Indept. Director	Chen Shih-Chin	285	285	0	0	0	0	25	25	310 0.0013	310 0.0013	0	0	0	0	0	0	0	0	310 0.0013	310 0.0013	0
Indept. Director	Lai Chen-Chu	285	285	0	0	0	0	25	25	310 0.0013	310 0.0013	0	0	0	0	0	0	0	0	310 0.0013	310 0.0013	0
Indept. Director	Huang Yung-Fu	135	135	0	0	0	0	10	10	145 0.0006	145 0.0006	0	0	0	0	0	0	0	0	145 0.0006	145 0.0006	0
Indept. Director	Li, Chou-Wei	150	150	0	0	0	0	10	10	160 0.0007	160 0.0007	0	0	0	0	0	0	0	0	160 0.0007	160 0.0007	0

(2) Remuneration of supervisors in the recent(2022) fiscal year: not available

(3) Remuneration of Presidents and Vice-presidents in the recent (2022) fiscal year

Unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay(B)		Bonus (C)		Dividend from Surplus (D)				Ratio & Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company (Note)
		The Company	Companies in the consolidated financial statement	The Company	Companies in the consolidated financial statement	The Company		Companies in the consolidated financial statement		The Company	Companies in the consolidated financial statement			
						Cash	Stock	Cash	Stock					
President	Chung Kuo-Sung	287	3176	0	0	0	0	0	0	2175	0	287 0.12	5351 2.20	
Vice President	Kuo Hui-Ling	0	2182	0	0	0	0	0	0	1935	0	0	4117 1.69	
Vice President	Somsak Noorvong	0	2092	0	0	0	0	0	0	1887	0	0	3979 1.63	
Vice President	Chung Kuo-Chun	420	2472	0	0	0	0	0	0	1935	0	420 0.17	4407 1.81	

(4) Managerial officers with the top five highest remuneration amounts in a TWSE/TPEX-listed company (disclose their names and remuneration method) (Note 1)

Title	Name	Salary(A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio & total compensation (A+B+C+D) to net income (%) (Note 6)		Remuneration from ventures other than subsidiaries or from the parent company (Note 7)
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements (Note 5)		The company	Companies in the consolidated financial statements	
EP	Chung Kuo-Sung	287	3176	0	0	0	0	0	0	2175	0	287 0.12	5351 2.20	
VP	Chung Kuo-Chun	420	2472	0	0	0	0	0	0	1935	0	420 0.17	4407 1.81	
VP	Kuo Hui-Ling	0	2182	0	0	0	0	0	0	1935	0	0	4117 1.69	
VP	Somsak Norvong	0	2092	0	0	0	0	0	0	1887	0	0	3979 1.63	
Fin Mgr.	Chen Hsin-Yuan	0	1509	0	0	0	0	0	0	867	0	0	2376 0.98	

Note 1: Managerial officers with the top five highest remuneration amounts refers to managers at the Company, in which the standard for determining managers is the applicable scope set forth in Order Tai-Cai-Zheng-San-Zi No. 0920001301 from the former Securities and Futures Commission, Ministry of Finance dated March 27, 2003. The top five highest remuneration amounts are determined based on the sum of salaries, severance pay, bonuses and allowances, and employee compensation received by a managerial officer from all companies in the consolidated financial statements (i.e., A+B+C+D).

Note 2: Refers to the salaries, duty allowances, and severance pay paid to the managerial officers with the top five remuneration amounts in the most recent year.

(5) Employee compensation of the Executive Officers in the recent (2022) fiscal year

Dec. 31, 2022 Unit: NT\$/Thousands

	Title	Name	In Stock	In Cash	Total	Rate of total amount to pure profits after tax (%)
Executive Officers	President	Chung Kuo-Sung	0	9,267	9267	3.80%
	Vice President	Chung Kuo-Chun				
	Vice President	Kuo Hui-Ling				
	Vice President	Somsak Norvong				
	Fin & Acc Manager	Chen Hsin-Yuan				
	Corporate Governance Officer	Wang Ying-shu				

Note: Employee compensation distribution proposal of Y2022 passed by the board meeting of directors on Mar. 28, 2023.

(6) Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Independent Directors, President and Vice Presidents.

The Remuneration for the Company directors and employees are implemented by the regulations, and are listed in expenses list of the account year.

- A. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income

Unit: NT\$/Thousands

Item	2021				2022			
	Total remuneration		Ratio to net income (%)		Total remuneration		Ratio to net income (%)	
	The company	Consolidated financial statement	The company	Consolidated financial statement	The company	Consolidated financial statement	The company	Consolidated financial statement

Director	3,435	10,726	2.75%	8.60%	3,952	13,797	1.62%	5.66%
President and vice president	480	12,555	0.38%	10.07%	707	12,854	0.29%	7.33%
Total	3,915	23,281	3.13%	18.67%	4,659	31,651	1.91%	12.99%

The ratio of the total remuneration paid to directors, President and vice presidents by the Company in 2022 to the net profit after tax decreased from 18.67% in 2021 to 12.99% in 2022, mainly due to the net profit after tax in 2022 increased to 86.26% compared with the year of 2021.

B. Explanation of remuneration policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure

a. Directors and independent directors

According to the company's articles of association and the payment method of directors' remuneration, the basic remuneration of all directors is NT\$25,000 per month plus a taxi fee of NT\$5,000 per meeting. The calculation basis is the same, and the remuneration is not directly related to the individual performance contribution.

The remuneration of the company's directors for 2022 has been passed by the board of directors on March 25, 2022.

b. Presidents and vice president

The remunerations paid to presidents and vice presidents include salaries, bonuses and employee dividends, and all but salaries will be suitably adjusted and distributed based on the Company's operation performances.

In addition to referring to the company's overall operating performance, future business risks and development trends of the industry, it also refers to the individual's performance achievement rate and contribution to the company's performance, and gives reasonable remuneration. The relevant performance appraisal and remuneration rationality are reviewed by the remuneration committee and the board of directors, and review the remuneration system at any time depending on the actual operating conditions and relevant laws and regulations, so as to achieve a balance between the company's sustainable operation and risk control.

4. Implementation of Corporate Governance

(1) Operations of the Board of Directors

A total of nine 【A】 meetings of the Board of Directors were held in the previous period. The attendance of directors was shown as below:

Title	Name	In-person Attendance 【B】	By proxy	In-person Attendance Rate (%) 【B/A】	Remarks
Director's legal representative	Ho Sheng Holdings Co., Ltd. Representative : Wang Wen-Shan	5	0	100	Be elected consecutively on 06/23/2022
Director's legal representative	Powell Group Co., Ltd. Representative : Chung Kuo-Sung	5	0	100	
Director's legal representative	Believing Power Co., Ltd. Representative: Kuo Hui-Ling	5	0	100	
Director	Wang Jia-Nan	5	0	100	
Independent director	Chen Shih-Chin	5	0	100	
Independent director	Lai Chen-Chu	5	0	100	Be elected on 06/25/2019 , and dismissed as term due on 06/22/2022
Independent director	Huang Yung-Fu	2	0	100	
Independent director	Li Chou-Wei	3	0	100	

Other matters to be recorded :

- During operations of the Board of Directors, the meeting date, period, content, qualified opinion and resolution made by any independent director should be specified for matters specified in Article 14.3 of the Taiwan Securities and Exchange Act and other Independent Directors who expressed opposition or qualified opinions that were recorded or declared in writing as: None.
- To avoid conflict of interest among directors, the Director's name, meeting content, and reason for avoiding conflict of interest and participation in the voting process must be properly recorded:
- Strengthening the functions of the board in the current and recent fiscal years (e.g. establishing the Audit Committee, promoting information transparency, etc.) and conducting performance assessment
 - In 2016, the election of the audit committee according to the company regulations and re-election of the audit committee was held by the first of 3rd generation board of directors on the Y2019.
 - In addition to providing directors with relevant laws and regulations, the company reports the company's current financial and business conditions at each board meeting for directors to know.

- (3) Training for directors: The Company arranges lecturers to teach all directors in the company every year, and continuously assists directors to enrich new knowledge. In 2022, the total number of training hours for all directors was 42 hours.
- (4) Directors' Liability Insurance: In order to protect the risks borne by directors when performing business and improve corporate governance capabilities, the company purchases "Directors' Liability Insurance" for all directors, which was discussed and approved by the board of directors on May 6, 2022.

(2) Implementation Status of Board Evaluations

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Scope of evaluation (Note 3)	Evaluation method (Note 4)	Evaluation items (Note 5)
Once a year	from 1 st Jan to 31 st Dec	Directors, independeny directos and remuneration committees	Internal evaluation of Board and cross-assessment byself in the members	Meeting participation, functional meeting with internal audit and CPA, professional seminar participation

Note 1: Refers to the cycle of Board evaluations, such as: Once a year.

Note 2: Refers to the period covered by the Board evaluation, such as: evaluation of Board performance between January 1, 2022 and December 31, 2022.

Note 3: The scope of performance evaluations includes the Board of Directors, individual directors, and functional committees.

Note 4: The evaluation method includes internal self-evaluation by the Board of Directors, self-assessment by directors, peer evaluation, and entrusting external professional institutions and experts or using other appropriate methods for performance evaluation.

Note 5: According to the scope of evaluation, evaluation items must at least include the following items:

- I. Board performance evaluation: At least includes level of participation in company operations, the quality of Board decisions, Board composition and structure, appointment of directors and their continued development, and internal controls.
- II. Individual director performance evaluation: At least includes grasp of company targets and missions, understanding of the director's role and responsibilities, level of participation in company operations, internal relationship management and communication, director's specialty and continued development, and internal controls.
- III. Functional committee performance evaluation: Participation in company operations, understanding of the responsibilities of functional committees, improvement of the decision-making quality of functional

committees, composition of functional committees, and member selection and internal control.

1. In order to implement corporate governance, enhance the functions of the board of directors of the company, and establish performance goals to enhance the efficiency of the board of directors, Y2021 is implemented in accordance with Article 37 of the Code of Practice for Governance of Listed TWSE Companies and Article 6 of the Company's "Measures for the Performance Evaluation of the Board of Directors". The performance evaluation of the annual board of directors was submitted and reviewed at the 18th meeting of the 3rd board of directors.

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation content	
Once a year	2022	Board of Director	In 2022, the number of meetings of the board of directors was more than four times as required, and five times in total. According to six major aspects, 45 evaluation items were conducted.	participation in company operations	This year, due to the continuing epidemic, members attended the meeting or discussed online by video conference. All directors attended without any members taking leave to be absent. Score: Excellent
				the quality of Board decisions	
				Board composition and structure	
				appointment of directors and their continued development	
				internal controls	
				Evaluation results	Fully understand, fully communicate and transparently; fully fulfill the responsibilities and obligations of directors; good communication and interaction between directors and factories, and often give professional

					advice.
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2. The performance evaluation of the board of directors of the Company is conducted by means of self-evaluation questionnaires. After the seven directors completed the relevant written self-evaluation, the evaluation results are summarized as follows:

Self-evaluation Questionnaire for Board members' Performance Evaluation: It contains six aspects and 23 evaluation items, and is self-evaluated by seven directors/independent directors.

	Evaluation Aspects	Assessment Score and Commend	remark
1	Mastery of company goals and tasks (3 items)	All directors give positive evaluation/average score 4.62	
2	Awareness of Directors' Responsibilities (3 items)	All directors give positive evaluation/average score 4.52	
3	Participation in company operations (8 items)	All directors give positive evaluation/average score 4.35	
4	Internal relationship management and communication (3 items)	All directors give positive evaluation/average score 4.42	
5	Professional and Continuing Education for Directors (3 items)	All directors give positive evaluation/average score 4.52	
6	Internal Control (3 items)	All directors give positive evaluation/average score 4.48	
	Comprehensive comments	Company business is always under control. In 2022, the regular meeting of shareholders was still a physical meeting. The chairman was unable to return to Taiwan due to the epidemic, so he appointed other executive directors to act as the chairman to preside over the meeting. According to corporate governance, it is proposed that the chairman of the 2023 annual meeting of shareholders should return to Taiwan to preside over it in person when the epidemic situation improved. According to the Governance 3.0 path is to appoint corporate governance officer and the chief of information security as soon as possible within the specified deadline in the year.	

(3) Operations of the Audit Committee

A total of nine 【A】 Audit Committee meetings were held in the previous period.

The attendance of the independent directors was as follows:

Title	Name	In-person attendance 【B】	By proxy	In-person Attendance Rate (%) 【B/A】	Remarks
Independent director	Chen Shih-Chin	4	0	100	Be elected consecutively on 06/23/2022
Independent director	Lai Chen-Chu	4	0	100	Be elected consecutively on 06/23/2022
Independent director	HuangYung-Fu	2	0	100	Be elected on 06/25/2019 , and dismissed as term due on 06/22/2022
Independent director	Li Chou-Wei	2	0	100	Be elected newly on 06/23/2022

Other matters to be recorded :

1. For matters specified in Article 14.5 and resolution not passed by audit committee but agreed by over two-thirds of all directors, the meeting date of the Board of Directors, period, content, results of the Audit Committee's resolutions and the Company's processing for audit committee opinion must be reported : None.
2. Recusal by any independent directors for conflict of interest should have the independent director names, the meeting content, the reason for recusal, and the participation of the voting process be reported: None.
3. Communication between independent directors and internal auditor supervisor and accountant (which include the materials, methods, and results pertaining to corporate finances and/or operations, etc.): The Company's head of internal audit attends the audit committee meeting every time. In addition, independent directors regularly review the company's financial statements, and discuss and communicate with accountants at the pre-board meeting twice a year. The latest communication meeting was held at 9:00 am on 11/11/08 in Jinpao conference room, and the content and relevant documents can be viewed or downloaded from the Company's homepage <http://www.jp-pholding.com/e5-3.html>.

(4) Corporate Governance Implementation and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”:

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has formed a corporate governance code and complied by relevant regulations of information disclosure to constantly and immediately provide information regarding the status of the Company’s financial, sale, shares held by insiders and corporate governance on MOPS and established website by the Company to shareholders	No Difference
2. Shareholding structure & shareholders’ rights (1) Does the company establish an internal operating procedure to deal with shareholder’s suggestions, doubts, disputes and litigations, and implement based on the procedure? (2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Does the company establish and execute the risk management and firewall system within its conglomerate structure? (4) Does the company establish internal rules against insiders trading with undisclosed information?	V		(1)Aside from stipulating the shareholder rights protection items in the Company’s regulations and internal rules, the Company has established a specified unit to deal with investor relationships as well as handling shareholder’s suggestions, doubts and disputes. (2)The Company possesses the list of controlling shareholders and the ultimate owners of those shares through the stock agent unit. (3)The Company sets the “trading policy for affiliated enterprise” to serve as the guide of trading with affiliated enterprises. (4)The Company has established an “Insider Trading Policy” that prevent the Company or insiders from accidentally or deliberately breaking the law and resulting in litigations and jeopardizing reputations, so to protect rights of investors and the Company.	No Difference
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?	V		(1)The Company had established three independent directors since Jul.15,2013 to reinforce the Board of Directors and follows the regulations of the Article 20 for “Governance Principles of listed companies” to revise the regulations about election procedures for chairmen and supervisors such to	No Difference

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Description	
<p>(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</p> <p>(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?</p> <p>(4) Does the company regularly evaluate the independence of CPAs?</p>			<p>implement the diversity direction.</p> <p>(2)The Company had established remuneration committee and the audit committee on Sep. 2, 2013, and the operation core Thailand subsidiary had established corporate social responsibility committee on Sep.18, 2017 and the committee declared the corporate social responsibility policy and direction on Oct.1 that year.</p> <p>(3)It is demanded that the board of directors should adjust composition of the board based on the result of performance assessment in the Company’s “Director election procedures”</p> <p>(4)In the first season of each year, the Company’s the Board of Directors evaluate the suitability and independence of the CPA. Besides, the elected CPA’s firm has strict demands for the CPA’s independence, e.g. The certification must not be done by the same accountant for seven years in a row for listed companies. If the CPA’s firm substitutes its accountant for internal structure reasons, the professions, personality and dependence of the new CPA is fully evaluated and sent to the board for resolution.</p>	
<p>4. As a TWSE/TPEx listed company, does the Company have set corporate governance (concurrent) unit or personnel in responsible for concerned affairs (including but not limited to offering necessary materials for the directors and supervisors, executing matters of meetingsfor board of directors and shareholders, executing the corporate registration and change of registration, proceedings for the board of directors and shareholder meetings and so on) ?</p>	V		<p>The Company’s secretary of board of directors is responsible for handling corporate governance and share affairs including providing all necessary materials for directors and supervisors, executing matters of meetings for board and shareholders for Thailand and offshore holding companies, handling corporate registration and change of registration, and managing proceedings for the Board of Directors as well as shareholder meetings and other relevant matters.</p>	No Difference

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Description	
5. Does the Company establish communication channels and dedicate section for stakeholder on its website to respond to important issues of corporate social responsibility concerns?	V		(1) Aside from regulations of the Company for protecting the shareholder's rights, the Company also established a designated unit to deal with the stakeholders' matters in order to deal with their suggestions, doubts and disputes properly. (2) The Company had established website and built financial business information and corporate governance information for reference by the shareholders and stakeholders. Specialists are in charge of the maintenance of the website, and update the written information to ensure its correctness to avoid misleading.	No Difference
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		(1) The Company had appointed a professional shareholder service agency to deal with shareholder affairs.	No Difference
7. Disclosure information (1) Does the company have a corporate website to disclose both financial operations and the status of corporate governance? (2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(1) The Company had established a website to announce relevant information after issuing on the MOPS according to the competent authority rules. (2) The Company has established a website, and has appointed one spokesperson and one deputy spokesperson	No Difference
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk	V		1. Rights and care for employee: Please refer to the Section 52 Operation Outline, Paragraph 1 Company Operations, subparagraph 5 the Labor Relationship of the annual report. 2. Investors relationships: Establishing the spokesman and the spokesman email to deal with shareholders' suggestions.	No Difference

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Description	
management policies and risk evaluation measures, the implementation of customer relation policies, and purchasing insurance for directors and supervisors)?			<p>3. Supplier relationships: The contract of the company and the supplier contains compliment of operation integrity policies, and the contract can be terminated if the opposite party of trading conducts non-integrity behaviors.</p> <p>4. Relationship with stakeholders: through cognition and analysis of stakeholder’s types by the business social responsibility committee on Mar.18, 2018, communications and discussions were made with employees upon their interest issues on Apr.6 to protect their rights.</p> <p>5. Training for directors and supervisors: the Company notifies directors to participate in profession knowledge training irregularly.</p> <p>6. Implementation of risk management policy and risk measurement standard: Internal control system and relevant management policy are established and executed.</p> <p>7. Implementation of customer policies : The Company maintains good relations with customers to create revenues for the Company.</p> <p>8. Liability insurance for the Company’s directors and supervisors: Liability insurance for the business range is covered for directors and supervisors.</p>	
9. According to the latest result of the Corporate Governance Evaluation System by the Corporate Governance Center of TWSE, explains the amendments or propose the priority measures to the non-improvement items	V		<p>Jinpao has set up an information security working team, and disclosed its operation and implementation in the company's annual report. Please refer to Chapter 5.6 of this annual report.</p> <p>On March 28, 2023, the meeting of board of directors has submitted and elected the corporate governance officer and the chief of information security.</p> <p>The ESG working team has been set up to approach the</p>	No Difference

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Description	
			ISO-14064-1 system education and guidance, and report to the board of directors’ meeting in August 2022; the main operating company is scheduled to complete an independent greenhouse gas inventory report in the Q1 of next year and complete relevant quantitative forms in April, it was inspected and sent to the relevant local agencies in Thailand for ISO14064-1 certification. If the certification is obtained in April next year, it will be consolidated and reported to the board of directors.	

Note 1: Regardless of “Yes” or “No” for the implementation status, descriptions should be placed in the description column.

(5) If the company has a compensation committee in place, the composition, duties, and operation of the compensation committee shall be disclosed.

1. Information on members of the Compensation Committee

Identity (Note 1)	Condit ion Name	Meet One of the Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Attribute (Note 2)								Concurrent compensati on committee position in other publicly listed companies	Remar ks
		An Instructor or higher position in a Department of Commerce, Law, Finance, Accounting, or other academic department related to the business needs of the Company in a public or private junior college or university	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or other Professional or Technical Specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Have work experience in the areas of Commerce, Law, Finance, or Accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8		
Indepen dent Director	Chen Shih- Chin			V	V	V	V	V	V	V	V	V	0	
Indepen dent Director	Lai Chen- Chu		V	V	V	V	V	V	V	V	V	V	0	
Indepen dent Director	Li Chou- Wei			V	V	V	V	V	V	V	V	V	0	

Note 1: Fill in the Identity with directors, independent directors or others

Note 2: For each member during the previous two years of election or occupation who satisfy the following conditions, please enter check under the following representatives.

- (1) Not an employee of the company or relation corporations
- (2) Not a director or supervisor of the company or relation corporations (not limited to independent directors of the company, or the child company whose parent company directly or indirectly holds shares voting rights for over 50%).
- (3) Natural shareholders who is not the person, its spouse or by other's name holding share issued by the company which is over 1% to the total amount or the amount of share ranks at top-ten.
- (4) Not the spouse, within second-degree relatives or direct blood relatives within three-degree relatives of those listed in the prior 3 subparagraphs
- (5) Not the director, supervisor or employee of the legal person's shareholder holding issued shares directly for over 5% total

share amounts from the company, or not the director, supervisor or employee of the legal person's shareholder who holds shares ranking at top-5.

(6)Not chairmen (directors), supervisors, managers or shareholders holding share over 5% of specific corporations or organizations with financial or business interactions with the company.

(7)Not professionals providing business, law, financial, accounting service or counseling for company or relation corporations, individual proprietorship, partnership company or organization's owners, partners, chairmen (directors), supervisors, managers or its spouse.

(8)Not matching items described in each subparagraph of the article 30 of the Company Act.

2. The responsibility of Compensation Committee

A. Sets and periodically reviews the evaluation of the directors and managers performance and compensation policy, system, criteria and structure.

B. Periodically evaluate the compensation for the directors and managers.

3. Operation status of the Compensation Committee

A. There are 3 members in the Company's Compensation Committee.

B. Current Tenure: From June 23, 2022 to June 22, 2025, the Compensation Committee held two meetings in the fiscal year 2022 up to the date of printing of the annual report,

Total of 2 meetings 【A】 of the Compensation Committee was held in the previous period.

The attendance was shown as below:

Title	Name	In-person Attendance 【B】	By proxy	In-person Attendance Rate (%) 【B/A】 (Note)	Remarks
Convenor	Lai Chen-Chu	2	0	100	Be elected on 06/23/2022 consecutively
Committee	Chen Shih-Chin	2	0	100	Be elected on 06/23/2022 consecutively
Committee	Huang Yung-Fu	1	0	100	Be elected on 06/25/2019, and dismissed as term due on 06/22/2022
Committee	Li Chou-Wei	1	0	100	Be elected on 06/23/2022 newly
Other mentionable items :					

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified) should be described in detail: None.
2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

Note: (1) If any compensation committee member resigned before the end of the year, in the remarks the resignation date should be remarked, and the actual attendance (%) is calculated based on the times of meetings held by the compensation committee and the actual attendance times during the member's in-office period.

- (2) Before the end of the year, if any reelected member is present, the new and old compensation committee member should be listed and it should be denoted on whether the member is the old, new, reelected one and the reelected date. The actual attendance (%) is calculated based on the times of meetings held by the compensation committee and the actual attendance times during the member's in-office period.

(6) The status of the company's performance of corporate social responsibilities

Items	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
<p>1. Corporate Governance Implementation</p> <p>(1) Does the company provide educational training on corporate social responsibility on a regular basis?</p> <p>(2) Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?</p> <p>(3) Does the company declare a reasonable salary remuneration policy, and integrate the employee performance appraisal system with its corporate social responsibility policy, as well as establish an effective reward and disciplinary system?</p>	V		<p>(1)The operation body Thailand Company has established the corporate social responsibility committee on Sep. 18, 2017 and the committee declared corporate social responsibility policy and guideline on Oct. 1 in the same year to promote corporate social responsibility.</p> <p>(2)Each specialized group of the Corporate Social Responsibility Committee will promote distinct tasks for corporate social responsibility and the committee will report to the Boards about the implementation results.</p> <p>(3)The Company has developed the compensation policy passed by the compensation committee and the board of directors, as well as integrated with employee's performance appraisal to establish an effective reward and discipline system.</p>	No Difference
<p>2. Does the company declare its corporate social responsibility policy and examine the results of the implementation?</p>	V		<p>The Company emphasizes the moral concepts and stipulated each management regulations from related laws to enforce management team and employees compliance. Relevant department of the Company will be in charge of stipulating and reviewing the result of corporate social responsibilities.</p>	No Difference
<p>3. Sustainable Environment Development</p> <p>(1) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</p> <p>(2) Does the company establish proper environmental management systems based on the characteristics of</p>	V		<p>(1)The Company improves the use efficiency of various resources, as well as promotes to save electricity and recycle papers. At the same time, the Company handles waste properly and dedicates in waste classification. The Company demands the suppliers to stop or refrain from using substance hazardous to environment for the products and ingredients as to decrease loading to the</p>	No Difference

<p>their industries?</p> <p>(3) Does the company monitor the impact of climate change on its operations and conduct greenhouse gas inspections, as well as establish company strategies for energy conservation and carbon reduction?</p> <p>(4) Has the company calculated greenhouse gas emissions, water consumption, and total waste weight in the past two years, and formulated policies for energy conservation and carbon reduction, greenhouse gas reduction, water reduction, or other waste management? (Note 1)</p>		<p>environment.</p> <p>(2)The Company develops appropriate environment management policies based on the characteristics of the industry and keeps to be certified with ISO14001 certification.</p> <p>(3)The Company promotes the electricity work of file management to cut down paper. At the same time, the Company aggressively promotes energy conservation and switches the light to energy saving LED light and the temperature of an air-conditioner to reduce energy consumption.</p> <p>(4)The Thailand company board of directors has passed an investment for the solar energy system equipment for 100 thousand kWh on Oct, 2017. Using substitution energy to protect the environment and cut down at least 400,000 Baht (100,000 KWH/month). The plant construction was finished and started running at the third season of 2018.</p>	
<p>4. Social Issues and Public Welfare</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p> <p>(2) Has the company set up an employee hotline or grievance mechanism to handle complaints with appropriate solutions?</p> <p>(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employee on a regular basis?</p> <p>(4) Does the company setup a communication channel with employees on a regular basis, as well as reasonably inform employees of any significant changes in operations that may have an impact on them?</p> <p>(5) Does the company provide its employees with career development and training sessions?</p>	V	<p>(1) In accordance with the local and international labor laws, legal rights of employee human rights is protected, and the employee appointments and dismissals and compensations are implemented based on relevant management regulations.</p> <p>(2) The Company has set up a bearer opinion box, and employees can respond to human resource departments or appropriate senior directors with opened communication way, and the Company set up an employee grievance mechanism and hotline to actively deal with the grievance matters for employees and keep the employee in secret.</p> <p>(3) For working environment, the Company regularly implemented the fire inspection to ensure solid environment safety, and for each year hold employee health check regularly and irregularly participate in various spiritual lessons.</p> <p>(4) The Company established employee benefit committee</p>	No Difference

<p>(6) Does the company establish any consumer protection mechanisms and appealing procedures regarding research and development, purchasing, producing, operating and service?</p> <p>(7) Does the company advertise and label its goods and services according to relevant regulations and international standards?</p> <p>(8) Does the company evaluate the records of suppliers' impact on the environment and society before taking on business partnerships?</p> <p>(9) Do the contracts between the company and its major suppliers include termination clauses which come into force once the suppliers breach the corporate social responsibility policy and cause appreciable impact on the environment and society?</p>			<p>according to decrees and every employee rights can obtain reasonable addresses through the above channels.</p> <p>(5) The Company holds various career development and training plans for employees irregularly, including language and skill trainings.</p> <p>(6) The Company's products are not sold to normal consumers; hence consumer right policy has not been developed and declared yet. However, the Company insists to give service to customers with high quality, high-efficiency ways to create satisfying services. Besides, the Company appointed dedicated office to deal with complaints procedures to reach the highest objective of customer-satisfying services.</p> <p>(7) The Company complies with relevant laws as well as international standards when it comes to marketing and labeling of first-class customized products and services.</p> <p>(8) The Company has evaluated the suppliers to meet the international convention as being free of public nuisance before taking on business partnerships.</p> <p>(9) The contracts between the Company and supplier all contain compliance of ethical corporate management policy, and if the trading counterpart is involved in unethical behaviors or has violated relevant laws, resulting in breach of contract, the contracts may be terminated any time.</p>	
<p>5. Enhanced information disclosure</p> <p>(1) Does the company disclose relevant and reliable information regarding its corporate social responsibility on its website and the Market Observation Post System (MOPS)?</p>	V		<p>The Company discloses relevant information on the Company website and the shareholder meeting annual report irregularly after the information is publicly issued.</p>	No Difference
<p>6. If the company has established the corporate social responsibility principles based on "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation: No difference.</p>				
<p>7. Other important information to facilitate a better understanding of the company's corporate social responsibility practices:</p>				

- (1) the Company developed moral behavior standard, ethical corporate management policy and corporate social responsibility best-practice principles as the system and program of the Company's corporate social responsibility, and devoted to improve the awareness of environment and social responsibility for all employees; Besides, on November 25, 2021, the Financial Regulatory Commission issued a letter of Jin Guan Zheng Fa Zi No. 1100375814, in line with the international development trend, to implement the goal of sustainable development, and to strengthen the promotion of enterprise development. Code of Practice", and by amending the relevant provisions
- (2) The Company implemented corresponding measures in respect to The Restriction of Hazardous Substances in Electrical and Electronic Equipment (ROHS) Directive, to make the customer's orders pass the ROHS regulation.
- (3) In August 2018, the company gained the 2018 Corporate Social Responsibility Award issued by the Factory Management Bureau of the Ministry of Industry of Thailand.
- (4) In March 2022, the Company sponsored 129,318 baht to the Tzu Chi Merit Foundation in Thailand.
- (5) The Company sponsored Sponsor 100,000 baht for the Red Cross Fund of Chula Hospital Foundation on November 2022.
- (6) In December 2022, the company continued to invest in the purchase of aerospace product liability insurance to protect consumers and clients.
- (7) In November 2011, sponsored Thailand's Ramathibodi Hospital medical academic fund of 50,000 baht.
- (8) The operation and execution of the company's promotion of sustainable management was reported to the directors for review at the 2nd meeting of the 4th board of directors on the greenhouse gas inventory of the operating company. Appoint an external consultant to conduct the company's carbon inventory within the time limit, obtain quantitative information and certificates, and then formulate a feasible plan, prepare a corresponding budget, and commit to reducing the itinerary and quantity of emissions year by year. After the meeting, a responsible group was established, and SGS consulting company was appointed to conduct counseling and training, and to start the schedule and operation planning of the voluntary carbon inventory of the first category. It is planned that the main operating company will complete an independent carbon inventory in the first quarter of next year and completes the relevant quantitative forms. In April, it will be inspected and sent to the relevant local institutions in Thailand for ISO14064-1 certification.

Note 1:

Energy saving and carbon reduction include three categories: solar power generation (1+2), wind turbine power supply (3) and waste and rainwater recycling (4+5)

Summary of energy saving and carbon reduction;

1. Save electricity 1,057,414 degrees (kw/h)
2. Water saving (recycled water volume) 1,787 cubic meters
3. Reduce carbon dioxide emissions by 660,884 kg

Total savings of THB 3,918,561

10. Energy Saving Report (รายงานการอนุรักษ์พลังงาน ปี 2022)																	
Method of Analysis		Energy Saving		Unit	Jan'22	Feb'22	Mar'22	Apr'22	May'22	Jun'22	July'22	Aug'22	Sep'22	Oct '22	Nov'22	Dec-22	Total
1	Solar Cell (Car Park) Install 23/05/13	Total (KWh)	33.15 (KW)	KW	962	841	765	991	813	817	831	823	788	928	827	1,127	10,513
		Total (THB)		THB	3,888	3,235	2,803	3,666	3,048	2,997	3,093	2,536	2,925	3,323	3,048	4,126	38,690
		Saving (CO2)		KG	601	526	478	619	508	511	519	514	493	580	517	704	6,571
2	Solar Cell 01 Factory 1 + Solar Cell 02 AMP	Total (KWh)	993.60 (KW)	KW	84,300	74,000	93,700	86,700	91,900	95,100	90,700	89,000	76,600	91,600	86,600	86,400	1,046,600
		Total (THB)		THB	337,495	280,082	340,784	318,561	344,040	346,341	335,163	273,597	282,702	325,184	315,513	313,791	3,813,252
		Saving (CO2)		KG	52,688	46,250	58,563	54,188	57,438	59,438	56,688	55,625	47,875	57,250	54,125	54,000	654,125
3	Wind Turbine Install 25/05/13	Total (KWh)	0.2 (KW)	KW	12	26	40	36	19	20	7	7	22	52	31	29.00	301
		Total (THB)		THB	49	100	147	133	71	73	26	22	82	186	114	106	1,110
		Saving (CO2)		KG	8	16	25	23	12	13	4	4	14	33	19	18	188
4	Water Reused Install July 13	Total (M ³)	Basic+THB Bill/ M ³ Bill (THB/M ³)	M ³	82	5	35	50	0	1	7	6	1	5	1	0	193
		Total (THB)		THB	3,087	199	1,309	1,831	-	37	266	214	37	175	36	-	7,191
5	Water Reuse New AMP Plant Apr	Total (M ³)	34 (THB/M ³)	M ³	33	180	131	197	157	181	149	107	117	122	100	120	1,594
		Total (THB)		THB	1243	7150	4899	7214	5073	6647	5672	3813	4339	4260	3646	4362	58,318
	Summery Saving Energy	Total (KWh) ประหยัดไฟ			85,274	74,867	94,505	87,727	92,732	95,937	91,538	89,830	77,410	92,580	87,458	87,556	1,057,414
		Total (M ³) ประหยัดน้ำ			115	185	166	247	157	182	156	113	118	127	101	120	1,787
		Total CO ₂ emitted (kg) ลด CO ₂			53,296	46,792	59,066	54,829	57,958	59,961	57,211	56,144	48,381	57,863	54,661	54,723	660,884
		Total (THB)			345,762	290,766	349,941	331,405	352,233	356,095	344,221	280,183	290,085	333,128	322,357	322,386	3,918,561

(7) Ethical Corporate Management

Items	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Description	

<p>1.Establishments of ethical corporate management policies and programs</p> <p>(1) Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?</p> <p>(2) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?</p> <p>(3) Does the company establish appropriate precautions against high-potential unethical conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?</p>	V	<p>(1) The Company has developed written system of ethical corporate management policies.</p> <p>(2) The Company promotes the ethical corporate management concept to all employees through holding relevant educational activity by the corporate social responsibility committee.</p> <p>(3) The Company demands all employees to not accepting any improper gift so as to avoid the employee sacrificing the Company's interest for the individual interest. On the other hand, all employees should assume the obligation of keeping operation secrets of the Company or others.</p>	No Difference
<p>2. Fulfill operations integrity policy</p> <p>(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</p> <p>(2) Does the company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity and report the implementation status to the Board regularly?</p> <p>(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p> <p>(4) Has the company established effective system for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?</p> <p>(5) Does the company regularly hold internal and external educational trainings on operational integrity?</p>	V	<p>(1) There is assessment mechanism between the Company and the customers or suppliers, and upon concluding contracts, rights and obligations are described in detail therein and kept secrets.</p> <p>(2) Promotions related to the corporate ethical management of the Company are implemented by the corporate social responsibility committee, and executed by each group member based on the person's work range. The internal auditor shall check the compliance status to the system of the previous clause, and make the audit report to report to the Board.</p> <p>(3) The Company establishes the reporting channels to let the prosecutor report illegal matters while keeping the prosecutor identity and the content as secret.</p> <p>(4) The Company establishes the internal audit plan and the internal audit units execute various works according to the audit plan.</p> <p>(5) The Company regularly holds educational trainings and</p>	No Difference

			promotions in accordance with written system of ethical corporate management policies, and invites the trade counterpart to participate in them to let the person understand the Company's resolution, the policy, the precaution programs and the result to violation of the ethical corporate managements.	
<p>3. Operation of the integrity channel</p> <p>(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2) Does the company establish standard operating procedures for confidential reporting on investigating cases?</p> <p>(3) Does the company provide proper whistleblower protection?</p>	V		<p>(1) The Company establishes and publicize the internal independence report mailbox and hotline for the Company's insiders and external personnel's use.</p> <p>(2) Processed by to the Company's exclusive unit in the procedure described below:</p> <p>(3) Being passed to department executives if the report matter is involved by general employees and to independent directors if the matter is involved by chairman or top executives.</p> <p>(4) The Company keeps the prosecutor identity and report content secret as of dealing relevant personnel for the reported matter.</p> <p>(5) The Company executes protection to the prosecutor to prevent the person from improper treat due to the report.</p>	No Difference
<p>4. Strengthening information disclosure</p> <p>(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPs?</p>	V		After publicizing, the Company disclosed various relevant information at the website and MOPS in line with related decrees required.	No Difference
<p>5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: None.</p>				
<p>6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (such as review and revision of regulations):</p> <p>(1) The Company strictly abides by its rules, the Securities Exchange Act, the ethical corporate management policy to TWSE/TEEx Listed Companies or other laws related to commerce conduct to embody the ethical corporate management principle to create a sustainable management environment.</p> <p>(2) The Company's 【the governing regulation of board of directors' meeting】 developed regulations for directors to avoid interest, and the director shall explain the concern in the Board of Directors when the meeting subject exhibits the concern for the director himself or the legal person he represents. If the interests of the Company are jeopardized, the director shall not be allowed to participate in the discussion and voting, as well as act on behalf of other directors in exercising their voting rights.</p>				

(3) The Company was granted by the President of Republic of China (Taiwan) with the 18th Outstanding Overseas Taiwanese SMEs Award on October, 2016.

(4) The Company President Mr. Chung Kuo-Sung and Vice President Ms. Kuo Hui-Ling rewarded by the Vice President of Republic of China (Taiwan) with the 25th Selection of Model Taiwan and Overseas Entrepreneurs Award on December, 2016.

(5) On 2017/11/7, to corporate with the decree revision of “Position Implementation for audit committee of public company”, “independent director establishment and requirement for public company” and “Implementations of the Board of Director meetings for public company” declared by no. 1060027112 declaration from Financial Supervisory Commission, R.O.C on 2017/7/28, the company’s board of directors had passed to revise relevant regulations for “The audit committee organization regulation”, “the occupation range of independent directors” and “the governance regulations of board of directors’ meeting” to strengthen company government, audit committee meeting transparency and occupation boundary clearness of independent directors.

(8) If the company has adopted corporate governance principles or related regulations, shall disclose how these are to be searched: Please refer to the Company's website:<http://www.jppholding.com>

(9) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed: the reviews for the status of execution of resolution items through shareholders' meeting in recent years.

Meeting Name	Period	Content	Resolutions	Implementation status
Annual General shareholders' meeting of 2021	1	Adoption of the 2020 Business Report and Financial Statements	Total shareholder attendance of 28,757,713 voting rights (including the electronic voting of 26,885,158), approval 28,745,357 of voting rights (including the electronic voting of 26,873,802), ratio of approval was 99.96 %, disapproval 9,052 of voting rights (including the electronic voting of 9,052), invalid 0 of voting rights, abstention 3,304 of voting rights (including the electronic voting of 2,304), proposal by the Board was approved.	Based on the resolution, the proposal was executed.
	2	Adoption of the Proposal for Distribution of 2020 Profits	Total shareholder attendance of 28,757,713 voting rights (including the electronic voting of 26,885,158), approval 28,745,357 of voting rights (including the electronic voting of 26,873,802), ratio of approval was 99.96 %, disapproval 9,052 of voting rights (including the electronic voting of 9,052), invalid 0 of voting rights, abstention 3,304 of voting rights (including the electronic voting of 2,304), proposal by the Board was approved.	Based on the resolution, the proposal was executed. The cash dividend totaled NT\$91,695,677 which distributed with NT\$2.1 per share and completed at Sep. 03, 2021.
	3	Amendment to the	Total shareholder attendance of	Based on the

		Rules of Procedure for Shareholder Meetings	28,757,713 voting rights (including the electronic voting of 26,885,158), approval 28,743,357 of voting rights (including the electronic voting of 26,871,569), ratio of approval was 99.95 %, disapproval 11,052 of voting rights (including the electronic voting of 11,052), invalid 0 of voting rights, abstention 3,304 of voting rights (including the electronic voting of 72,3040), Proposal by the Board was approved.	resolution, the proposal was executed and came into effect immediately.
Annual General shareholders' meeting of 2022	1	Adoption of the 2021 Business Report and Financial Statements	Total shareholder attendance of 28,983,669 voting rights (including the electronic voting of 24,526,725), approval 28,583,933 of voting rights (including the electronic voting of 24,518,200), ratio of approval was 98.62 %, disapproval 1,052 of voting rights (including the electronic voting of 1,052), invalid 0 of voting rights, abstention 398,684 of voting rights (including the electronic voting of 7,473), proposal by the Board was approved.	Based on the resolution, the proposal was executed.
	2	Adoption of the Proposal for Distribution of 2021 Profits	Total shareholder attendance of 28,983,669 voting rights (including the electronic voting of 24,526,725), approval 28,579,593 of voting rights (including the electronic voting of 24,513,860), ratio of approval was 98.61 %, disapproval 5,392 of voting rights (including the electronic voting of 5,392), invalid 0 of voting rights, abstention 398,684 of voting rights (including the electronic voting of 7,473), proposal by the Board was approved.	Based on the resolution, the proposal was executed. The cash dividend totaled NT\$100,428,598 which distributed with NT\$2.3 per share and completed at Aug. 07, 2022.

	3	Amendment to the Company's Memorandum and Articles of Association. (Special Resolution	Total shareholder attendance of 28,983,669 voting rights (including the electronic voting of 24,526,725), approval 28,583,933 of voting rights (including the electronic voting of 24,518,200), ratio of approval was 98.62 %, disapproval 1,052 of voting rights (including the electronic voting of 1,052), invalid 0 of voting rights, abstention 398,684 of voting rights (including the electronic voting of 7,473), proposal by the Board was approved.		Based on the resolution, the proposal was executed and came into effect immediately.
	4	Amendment to the Regulations Governing the Acquisition and Disposal of Assets	Total shareholder attendance of 28,983,669 voting rights (including the electronic voting of 24,526,725), approval 28,583,933 of voting rights (including the electronic voting of 24,518,200), ratio of approval was 98.62 %, disapproval 1,052 of voting rights (including the electronic voting of 1,052), invalid 0 of voting rights, abstention 398,684 of voting rights (including the electronic voting of 7,473), proposal by the Board was approved.		Based on the resolution, the proposal was executed and came into effect immediately.
	5	The 4th Term of Directors and Independent Directors election	Ho Sheng Holdings Co., Ltd. Representative: Mr. Wang Wen-Shan	28,242,945 votes gained	Be elected as Director
			Powell Group Co., Ltd. Representative: Mr. Chung Kuo-Sung	29,642,279 votes gained	Be elected as Director
			Believing Power Co., Ltd. Representative: Ms. Kuo Hui-Ling	28,234,986 votes gained	Be elected as Director
			Mr. Wang Chia-Nan	28,214,943 votes gained	Be elected as Director
			Mr. Chen Shih-Chin	28,214,943 votes gained	Be elected as Independent Director
			Mr. Lai Chen-Chu	28,214,999 votes gained	Be elected as Independent Director
			Mr. Li Chou-Wei	28,229,036 votes	Be elected as

				gained	Independent Director
	6	Proposal for Release the Prohibition on Directors from Participation in Competitive Business.	Total shareholder attendance of 28,983,669 voting rights (including the electronic voting of 24,526,725), approval 28,565,508 of voting rights (including the electronic voting of 24,499,775), ratio of approval was 98.56 %, disapproval 10,394 of voting rights (including the electronic voting of 10,394), invalid 0 of voting rights, abstention 407,767 of voting rights (including the electronic voting of 16,556), proposal by the Board was approved.		Based on the resolution, the proposal was executed and came into effect immediately.

(10) Internal Control System Execution Status

i. Statement of Internal Control System

JPP Holding Co. Ltd.

Declaration of Internal Control

Date: March. 28, 2023

The following declaration regarding the internal control system of the Company and subsidiaries has been made based on a self-assessment performed in 2022:

- I. The Company and subsidiaries acknowledge and understand that establishment, implementation and maintenance of the internal control system are the responsibility of the board and managers, and that such a system has been implemented within the Company. The Company has the internal control system established to provide a reasonable assurance for the realization of operating effect and efficiency (including profits, performance, and assets safety), the reliability of financial report, and the obedience of relevant regulations.
- II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, the internal control system of the Company and subsidiaries features a selfmonitoring mechanism that rectifies any deficiencies immediately upon discovery.
- III. The Company and subsidiaries evaluate the design and execution of its internal control system based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Governing Principles") to determine whether the existing system continues to be effective. The criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to the "Governing Rules" for the details of the said items.
- IV. The Company and subsidiaries have adopted the abovementioned criteria to validate the effectiveness of its internal control system design and execution.
- V. Based on the assessments described above, the Company and subsidiaries consider the design and execution of its internal control system to be effective as at December 31, 2021. This system (including the supervision and management of subsidiaries) has provided assurance with regards to the Company's and subsidiaries' business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
- VI. This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. For any forgery and concealment of the aforementioned information to the public, we will be held responsible by law in accordance with Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
- VII. This declaration was approved during the board of directors meeting held on March 28, 2023; all 7 attending directors had concurred with the context of this declaration.

JPP Holding Company Limited

Chairman: **Chung Kuo-Sung**

President: **Chung Kuo-Sung**

- ii. If CPA was engaged to conduct a Special Audit of Internal Control System,
Provide Its Audit Report: None

(11) Disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: There are no material deficiencies for violations to the law and the internal control.

(12) Material resolutions of shareholders meeting and board of directors meeting:

NO.	Resolution moves	Meeting Date	Meeting type
1	1. Approval the Investment of THB 357.2 Million to the Significant Subsidiary Jinpao Precision Industry Co., Ltd.	2020.01.15	The 6 th meeting of the 3 rd Board
2	1. Adoption of the Company's 2019 business report and corporate consolidated financial statements. 2. Approval of the Company's 2019 earnings distribution proposal. 3. Approval of the Company's 2019 employees' and directors' compensation proposal. 4. Approval of the Company's "Articles of Association" revision proposal. 5. Approval of the Company's 2019 internal control system statements 6. Approval of the accountant appointment and the audit fee proposal. 7. Discussion of the date, time, agendas etc. for the Company's 2020 shareholders' annual general meeting. 8. Discussion on the period and place for proposal application for the Company's 2020 shareholder's annual general meeting.	2020.03.24	The 7 th meeting of the 3 rd Board
3	1. To consider the proposal for an agenda of AGM 2020 by the shareholder.	2020.05.05	The 8 th meeting of the 3 rd Board
4	Adoption Items : 1. Adoption of the 2019 Business Report and Financial Statements 2. Adoption of the Proposal for Distribution of 2019 Profits	2020.06.23	The annual general shareholders' meeting

	Discussion Item : 1. Amendment to the Company's Memorandum and Articles of Association		
5	1. Adoption of the 2 nd Q Consolidated Financial Statements of 2020 2. Approval HR Adjustment Proposal of the Subsidiary "Jinpao Precision Industry Co., Ltd." 3. To Approve an Application of a Short-term Loan Two Million US Dollars with CTBC Bank Co., Ltd. Taiwan 4. Amendment of the Regulations Governing Procedure of Shareholders Meetings 5. Amendment of the Governing Procedure of Board of Directors' Meetings 6. Amendment of the Rules for the Scope of Duties of Independent Directors 7. Amendment of the Rules and Regulations of Audit Committee 8. Amendment of the Rules and Regulations of Management Compensation Committee	2020.08.07	The 9 st meeting of the 3 rd Board
6	1. Approval for a Loaning Funds 3.4 Million Euro Dollars to the Subsidiary "Jinpao Euro SAS"	2020.09.30	The 10 th meeting of the 3 rd Board
7	1. Approval of the Company's 2021 annual internal audit plan 2. Adoption of the 3 rd Q Consolidated Financial Statements of 2020 3. Approval of the Company's 2021 annual budget proposal 4. Approval of the Application for a Mid-term Loan Euro 2.7 Million Dollars with Mega International commercial Bank Foreign Department Taiwan 5. Amendment of the "Rules Governing Financial and Business Matters between this Corporation and its affiliated Enterprises" 6. To Stipulate the Company's "Rules for Performance Evaluation of Board of Directors".	2020.11.06	The 11 th meeting of the 3 rd Board
8	1. To Consider a Funds Limited 2.97 Million Euro Dollars Loaning to the Subsidiary "Jinpao Euro SAS".	2020.12.08	The 12 th meeting of the 3 rd Board
9	1. Approval of the Company's 2020 employees' and directors' compensation proposal. 2. Adoption of the Company's 2020 business report and corporate consolidated financial statements. 3. Approval of the Company's 2020 earnings distribution proposal. 4. Approval of an Amendment on the Company's "Regulations Governing Procedure of Shareholders Meetings". 5. Approval of the Company's 2020 internal control system statements 6. Approval of the accountant appointment and the audit fee proposal. 7. Discussion of the date, time, agendas etc. for the Company's 2021 shareholders' annual general meeting. 8. Discussion on the period and place for proposal application for the Company's 2021 shareholder's annual general	2021.03.26	The 13 th meeting of the 3 rd Board

	meeting.		
10	<ol style="list-style-type: none"> 1. To consider the proposal for an agenda of AGM 2021 from the shareholder. 2. Adopted to amend the compliance consultant appointment contract 2019 for listing company on major board 3. Approved the relevant prevention measures to cope with the Covid-19 epidemic during the annual General shareholder meeting. 	2021.05.07	The 14 th meeting of the 3 rd Board
11	<ol style="list-style-type: none"> 1. Discussion of changing the date of the Company's 2021 annual general shareholders' meeting. 2. Discussion Cash Dividends distribution of 2020 3. Approval of the Application for a increasing short-term credit limited up to US Dollars 3 Million with CTBE Bank 	2021.07.08	The 15 th meeting of the 3 rd Board
12	<ol style="list-style-type: none"> 1. Adoption of the 2nd Q Consolidated Financial Statements of 2021 2. Approval Salary Adjustment Proposal for directors and managements of the subsidiary "Jinpao Precision Industry Co., Ltd." 3. Approval for a Loaning Funds 3.4 Million Euro Dollars to the Subsidiary "Jinpao Euro SAS" 	2021.08.26	The 16 th meeting of the 3 rd Board
13	<ol style="list-style-type: none"> 1. Approval of the Company's 2022 annual internal audit plan 2. Approval of the Company's 2022 annual budget proposal 3. To Consider a Funds Limited 2.97 Million Euro Dollars Loaning to the Subsidiary "Jinpao Euro SAS". 	2021.11.09	The 17 th meeting of the 3 rd Board
14	<ol style="list-style-type: none"> 1. Approval of the Company's 2021 employees' and directors' compensation proposal. 2. Adoption of the Company's 2021 business report and corporate consolidated financial statements. 3. Approval of the Company's 2021 earnings distribution proposal. 4. Approval of an Amendment on the Company's "Regulations Governing Procedure of Shareholders Meetings". 5. Approval of the Company's 2021 internal control system statements 6. Approval of the accountant appointment and the audit fee proposal. 7. Discussion of the date, time, agendas etc. for the Company's 2022 shareholders' annual general meeting. 8. Discussion on the period and place for proposal application for the Company's 2022 shareholder's annual general meeting. 	2022.03.25	The 18 th meeting of the 3 rd Board
	1. To consider the proposal for an agenda of AGM 2022 by the shareholder.	2022.05.06	The 19 th meeting of the 3 rd Board
	<p>Adoption Items :</p> <ol style="list-style-type: none"> 1. Adoption of the 2021 Business Report and Financial Statements 2. Adoption of the Proposal for Distribution of 2021 Profits <p>Discussion Item :</p> <ol style="list-style-type: none"> 1. Amendment to the Company's Memorandum and Articles of Association 2. Amendments on the Regulations Governing the Acquisition 	2022.06.23	The annual general shareholders' meeting

	<p>and Disposal of Assets</p> <p>Directors Election :</p> <p>1. The 4th Election of Directors and Independent Directors</p> <p>Other Matters :</p> <p>1. Proposal of Release the Prohibition on Directors from Participation in Competitive Business</p>		
	<p>1. Elect the president of the company and the chairman of the fourth session of the board of directors.</p> <p>2. Appoint the convener and chairman of the company's fourth audit committee.</p> <p>3. Proposal on the appointment of members of the 4th Salary and Remuneration Committee of the company.</p>	2022.06. 23	The 1 st meeting of the 4 th Board
	<p>1. Adoption of the 2nd Q Consolidated Financial Statements of 2021</p> <p>2. Approval Salary Adjustment Proposal for directors and managements of the subsidiary "Jinpao Precision Industry Co., Ltd."</p> <p>3. Approval for a Loaning Funds 3.4 Million Euro Dollars to the Subsidiary "Jinpao Euro SAS"</p> <p>4. Amendment of the Regulations Governing Procedure of Shareholders Meetings</p> <p>5. To Stipulate the Internal major information processing procedures</p> <p>6. Approval of the Application for a mid-term credit limited of US Dollars 7 Million with Mega International Commercial Bank Foreign Department.</p>	2022.08. 25	The 2 nd meeting of the 4 th Board
	<p>1. Approval of the Company's 2023 annual internal audit plan</p> <p>2. Adoption of the 3rd Q Consolidated Financial Statements of 2022</p> <p>3. Approval of the Company's 2023 annual budget proposal</p> <p>4. To Consider a Funds Limited 2.97 Million Euro Dollars Loaning to the Subsidiary "Jinpao Euro SAS"</p> <p>5. Approval of the accountant changing proposed by the audit firm Deloitte Taiwan</p> <p>6. Amendment of the Governing Procedure of Board of Directors' Meetings</p> <p>7. To Stipulate the Company's "Measures for the Administration of Compliance with Laws and Regulations"</p> <p>8. To Stipulate the Company's "Code of Practice on Corporate Risk Management"</p>	2022.11. 08	The 3 rd meeting of the 4 th Board
	<p>1. Approval of the Appointment of Company's Chief Information Security Officer.</p> <p>2. Approval of the Appointment of Company's Corporate Governance Officer.</p> <p>3. Approval of the Company's 2022 employees' and directors' compensation proposal.</p> <p>4. Adoption of the Company's 2022 business report and corporate consolidated financial statements.</p> <p>5. Approval of the Company's 2022 earnings distribution proposal.</p> <p>6. Approval of the Company's 2022 internal control system</p>	2023.03. 28	The 4 th meeting of the 4 th Board

	statements 7. Approval of the Company's "Articles of Association" revision proposal. 8. Approval of an Amendment on the Company's "Regulations Governing Procedure of Shareholders Meetings". 9. Consider to changing the general manager of the company. 10. Approval of the Application for a mid-term credit limited of US Dollars 3 Million with Mega International Commercial Bank Foreign Department. 11. Approval of the accountant appointment and the audit fee proposal. 12. Discussion of the date, time, agendas etc. for the Company's 2023 shareholders' annual general meeting. 13. Discussion on the period and place for proposal application for the Company's 2023 shareholder's annual general meeting.		
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(13) Where, 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

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

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Chief Internal Auditor	Wen Hong Rong	104.08.07	111.03.26	Retirement
Chief Internal Auditor	Hong Chien Kai	111.03.27	-	-
General Manager	Chung Kuo-Sung	102.09.02	112.03.28	Position relocated
General Manager	Somsak Norvong	112.03.27	-	-

5. Information Regarding the Company's Audit Fee and Independence

(1) The Audit fee of CPA

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Remarks
Deloitte & Touche	Gung Tza-Li	Jan. 1, 2022~ Dec. 31, 2022	
	Yang Ching Cheng	Jan. 1, 202~ Sep. 30, 2022	

	Chen Chao-Yu	Oct. 1, 2022~ Dec. 31, 2022	
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Note: If the Company has changed CPA or Accounting Firm during the current fiscal year, the company shall report the information regarding the audit period covered by each CPA and the replacement reason.

Currency: NT\$

CPA Firm	Name of CPA	Audit fee	Non-Audit fee					Period Covered by CPA's Audit	Remarks
			System of Design	Company registration	Human Resources	Others	Subtotal		
Deloitte & Touche	Gung Tza Li	4,350,000	0	0	0	0	0	2022	
	Yang Ching Cheng							2022	

(2) Information on replacement of certified public accountant:

1. Regarding to the former accountant

Change date	Approved by the Board of Directors on November 08, 2022, to change accountants from the third quarter of 2022		
Replacement reason and description	Pursuant to Subparagraph 7, Paragraph 1, Article 7 of the Enforcement Rules of the Securities and Exchange Act, if the reason for the change is an internal adjustment of the accounting firm, it is not a matter that has a significant impact on shareholders' rights and interests or securities prices.		
A statement that the appointer or accountant has terminated or refused to accept the appointment	Circumstances	parties	accountant
	Voluntary termination of appointment		The accounting firm proposes by itself
	no longer accept (continue) appointment		N/A
Comments and reasons for issuing audit reports other than unqualified opinions in the last two years	None		
disagree with the issuer	exist		accounting principles or practices
			Disclosures in Financial Reporting
			Check scope or steps
			other

	None	V
	description	
Other Disclosure Matters (Those that should be disclosed in Article 10, Paragraph 6, Item 4 to Item 1, Item 7 of these Guidelines)	None	

2. Regarding to successor accountant

Firm name	Deloitte & Touche
Accountant name	Accountants of Gung Tza Li & Chen Chao-Yu
date of appointment	Approved by the Board of Directors on November 8, 2022
Pre-appointment on the accounting treatment method or accounting principles of specific transactions and the opinions and results that may be issued on the financial report	None
Written opinions of the successor accountants on matters with which the predecessor accountants disagreed	None

(3) Information on service of the company's chairman, president, and financial or accounting managers at the accounting firm or its affiliates: None.

6. Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent:

(1) Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders greater than 10 percent stake in the company.

Unit: share

Title	Name	Year 2022		Year 2023 Up to the publication date of the annual report	
		Shareholding Increase/Decrease	Pledged Shares Increase/Decrease	Shareholding Increase/Decrease	Pledged Shares Increase/Decrease

Director/ Major Shareholder	Ho Sheng Holdings Co., Ltd. Representative: Wang Wen-Shan	—	—	—	—
Director	Wang Wen-Shan	—	—	—	—
Director	Believing Power Co., Ltd. Representative: Kuo Hui-Ling	—	—	—	—
Director	Kuo, Hui-Ling	—	—	—	—
Director/ Major Shareholder	Powell Group Co., Ltd. Representative: Chung Kuo-Sung	—	—	—	—
Director	Chung Kuo-Sung	—	—	—	—
Director	Wang Jia-Nan	—	—	—	—
Independent Director	Chen Shih-Chin	—	—	—	—
Independent Director	Lai Chen-Chu	—	—	—	—
Independent Director	Huang Yung-Fu	—	—	—	—
Juristic Person Representative / Chairman	Chung Kuo-Sung	—	—	—	—
Jinpao(Thailand) Vice-President	Kuo Hui-Ling	—	—	—	—
Jinpao (Thailand) Vice-President	Chung Kuo-Chun	—	—	—	—
Jinpao (Thailand) Vice-President	Somsak Norvong	—	—	—	—
Financial Manager	Chen Hsin-Yuan	—	—	—	—
Audit director	Wen Hong-Rong	4,000	—	—	—

(2) Information on equity transfer: The counterparties of equity transfer are not related parties.

(3) Information on equity pledge: The counterparties of share pledges are not related parties.

7. Relationship information among the company's top 10 shareholders:

Apr. 21, 2023; Unit: Share

Name (Note1)	Shareholding		Spouse & Minor Current Shareholding		Current shareholding in the name of others		relationship among the top ten shareholders, anyone who is of a related party of Financial Accounting Standards No.6 Relation, spouse, or second-degree kinship of another: Name & relation (Note 3)		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Ho Sheng Holdings Co., Ltd. Representative: Wang Wen-Shan	6,698,599	13.98%	—	—	—	—	—	—	—
	20,000	0.04%	2,000	0.0%	—	—	—	—	
Powell Group Co., Ltd. Representative: Chung Kuo-Sung	5,195,408	10.84%	—	—	—	—	—	—	—
	10,545	0.02%	10,545	0.02%	—	—	Kuo,Hui-Ling	Spouse	
							Chung, Kuo-Chun	Brother	
Believing Power Co., Ltd. Representative:Kuo Hui-Ling	4,105,747	8.57%	—	—	—	—	—	—	—
	10,545	0.02%	10,545	0.02%	—	—	Chung, Kuo-Sung	Spouse	
							Chung, Kuo-Chun	Brother-in-law	
Happy Forever International Ltd. Representative: Ms. Sirinporn Sareesawatpichai Mr. Mingsung Cheeweesuk	3,936,390	8.21%	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	
Luckace Investments Limited Representative: Tu, Chang-Hung, Tu Wei-Yu	2,418,362	5.05%	—	—	—	—	—	—	—
	18,000	0.04%	—	—	—	—	—	—	
KC Billion Investment Co., Ltd. Representative: Chung Kuo-Chun	2,373,920	4.95%	—	—	—	—	—	—	—
	6,851	0.01%	—	—	—	—	Chung, Kuo-Sung	Brother	
							Kuo,	Brother's	

							Hui-Ling	Spouse	
花旗託管柏克萊資本 S B L / P B 投資專 戶	812,000	1.69%	—	—	—	—	—	—	—
Well Pacific Worldwide Co., Ltd. Representative: Liu Ling-Di	770,447	1.61%	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	
Mr. Yuan Jie	536,000	1.12%	—	—	—	—	—	—	—
Miss Hong Yi-Na	500,000	1.04%	—	—	—	—	—	—	—

Not 1: The top 10 shareholders should be all listed, and those belongs to legal person shareholders should list the name of legal person shareholder and the name of representative, respectively.

Note 2: The calculation of shareholding percentage (%) is calculated respectively for the principal, spouse, the minors or the name of others.

Note 3: The relationship of the mentioned shareholders including legal person and natural person should be disclosed according to the Regulations Governing the Preparation of Financial Reports by Issuers.

8. Ownership of Shares in Affiliated Enterprises:

December 31, 2022 ; Unit : Shares

Joint venture (remark)	The Company		Investment by Directors, Supervisors, Managerial Person and Directly or Indirectly Controlled Businesses		Comprehensive Investment	
	Shares	%	Shares	%	Shares	%
Jinpao Precision Industry Co.,Ltd.	70,974,998	≐100%	2	≐0%	70,975,000	100%
Jinpao Precision Japan Co., Ltd.	-	-	480	80%	480	80%
Jinpao Europe SAS	-	-	1,900,000	76%	1,900,000	76%
Atelier de décolletage de Bigorre (ADB)	-	-	5,776	76%	5,776	76%
LuTec SAS (LUTEC)	-	-	417,629	76%	417,629	76%

Wefly Aero Co., Ltd.	-	-	250,000	25%	250,000	25%
SPEM AERO SAS	-	-	2,835	90%	2,835	90%

Remark: It is an investment of the company using the equity method.

IV. CAPITAL OVERVIEW

1. Capital and shares

(1) Issued Shares

April 21, 2023 Unit: NT\$Thousand/Shares

Year /month	Par Value	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Capital Increased by Assets Other Than Cash	Others
2012 /05	10	100,000	1,000,000	1	10	established	—	—
2012 /06	10	100,000	1,000,000	100	1,000	Capital increase 990 by cash	—	—
2013 /06	10	60,000,000	600,000,000	23,333,334	233,333,340	NT\$ 233,332,340	—	Note 1
2013 /10	10	60,000,000	600,000,000	30,000,000	300,000,000	Capital increase 66,666,660 by cash	—	Note 2
2014 /10	10	60,000,000	600,000,000	33,750,000	337,500,000	Capital increase 37,500,000 by cash	—	Note 3
2015 /11	10	60,000,000	600,000,000	36,050,000	360,500,000	Capital increase 23,000,000 by cash	—	Note 4
2015 /12 ~ 2018 /10	10	60,000,000	600,000,000	39,464,608	394,646,080	Corporate Bond jpp-1 convert to common stock	—	Note 5
2019 /12	10	60,000,000	600,000,000	43,664,608	436,646,080	Capital increase 42,000,000 by cash	—	Note 6
2019 /12~ 2021 /12	10	60,000,000	600,000,000	43,664,608	436,646,080	Corporate Bond jpp2KY convert to common stock	—	Note 7
2022 /01~	10	60,000,000	600,000,000	47,928,860	479,288,600	Corporate Bond jpp2KY convert to	—	Note 7

2022 /12						common stock		
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Note 1: Stock rights were reestablished to issue new stocks

Note 2: Private placements were done before listing and issued premium at NT\$36 per share.

Note 3: First capital increase issued for listing, approved on 2014/09/17 Securities and Futures Bureau No. 1030036526, and issued premium at NT\$50 per share.

Note 4: The capital increase at 2015 was approved on 2015/09/21 Securities and Futures Bureau No. 1040037400, and issued premium at NT\$50 per share.

Note 5: Approved on 2015/09/21 by Financial Supervisory Commission (Taiwan) Securities and Future Bureau No. 10400374002, 2000 three-year-period debenture convertible bonds"jpp-1"with total amount at NT\$0.2 billion was issued on 2015/10/23

Note 6: The capital increase at 2019 was approved on 2019/11/06 Securities and Futures Bureau No. 1080334512, and issued premium at NT\$47 per share.

Note 7: Approved on 2019/11/06 by Financial Supervisory Commission (Taiwan) Securities and Future Bureau No. 10803345121, 2000 sheets three-year-period debenture convertible bonds"jpp2KY"with total amount at NT\$0.2 billion was issued on 2019/11/28

Type of shares

Unit: Shares

Type of Shares	Approved Capital			Remarks
	Issued Shares	Un-issued Shares	Total (Note)	
Registered Common Stock	47,928,860	12,071,140	60,000,000	Listing Stocks

Information about the comprehensive reporting system: None

(2) Recent shareholding distribution status

i. Status of Shareholders

Date: Apr. 21, 2023; Unit: share %

Items	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Netural Persons	Foreign Institutions and Netural Persons(Note)	Total
Number of Shareholders	0	8	23	3,942	29	4,002

Shareholding (shares)	0	710,469	576,201	18,291,843	28,350,347	47,928,860
Percentage	0%	1.48%	1.21%	38.16%	59.15%	100.0%

Note: Capital investment from the Mainland China indirectly holds 1.61% of the Company's shares through Well Pacific Worldwide Co., Ltd.

ii. Shareholding Distribution Status

Par value NT\$10 per share; Apr. 21, 2023; Unit: Share

Class of Shareholding	Number of Shareholders	Shareholding	Percentage (%)
1~ 999	831	95,021	0.1983%
1,000~ 5,000	2,625	4,483,205	9.3539%
5,001~ 10,000	250	1,997,712	4.1681%
10,001~15,000	81	1,017,769	2.1235%
15,001~20,000	46	857,684	1.7895%
20,001~30,000	48	1,213,603	2.5321%
30,001~40,000	29	1,008,759	2.1047%
40,001~50,000	20	922,775	1.9253%
50,001~100,000	29	2,040,340	4.2570%
100,001~200,000	19	2,789,701	5.8205%
200,001~400,000	13	3,725,418	7.7728%
400,001~600,000	3	1,466,000	3.0587%
600,001~800,000	1	770,447	1.6075%
800,001~1,000,000	1	812,000	1.6942%
Over 1,000,001	6	24,728,426	51.5939%
Total	4,002	47,928,860	100.00%

(3) List of Major shareholders:

List all shareholders with a stake of 5 percent or greater, and if those are fewer than 10 shareholders, also list all shareholders who rank in the top 10 in shareholding percentage, and specify the number of shares and stake held by each shareholder on the list.

Apr. 21, 2023; Unit: Share

Shareholders' Name	Shareholding	
	Shares	Percentage (%)
Ho Sheng Holdings Co., Ltd.	6,698,599	13.98%
Powell Group Co., Ltd.	5,195,408	10.84%

BelievingPower Co., Ltd.	4,105,747	8.57%
Happy Forever International Ltd.	3,936,390	8.21%
Luckace Investments Limited	2,418,362	5.05%
KC Billion Investment Co., Ltd.	2,678,920	4.95%
花旗託管柏克萊資本 S B L / P B 投資專戶	812,000	1.69%
Well Pacific Worldwide Co., Ltd.	1,010,447	2.31%
Mr. Yuan Jie	536,000	1.12%
Miss Hong Yi-Na	500,000	1.04%

(4) Information of Market Price, Net Worth, Earnings and Dividends per Share.

Unit: NT\$; Thousand Shares

Item		2021 (International Financial Reporting Standard Applied)	2022 (Applying International Financial Reporting Standard Applied)	Up to Mar. 31, 2023
Market Price Per Share	Highest	50.00	73.30	115.50
	Lowest	34.20	42.05	66.50
	Average	42.22	48.79	88.76
Net Worth Per Share	Before distribution	37.45	43.02	45.82
	After distribution	35.15	40.22	(Not distributed)
Earnings per share	Basic Weighted average shares	43,664	47,928	47,928
	Earnings per share	3.0	5.45	2.52
Dividend per share	Cash Dividend		2.3	2.8
	Stock Dividends	Stock Dividends Appropriate d from Retained Earnings	—	—
		Stock Dividends Appropriate d from capital surplus	—	—
	Accumulated Undistributed Dividends		—	—
Return on	P/E ratio		14.07	8.95
				—

Investment	Price-dividend ratio	18.36	17.43	—
	Cash dividend yield%	5.45%	5.74%	—

Note 1: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 2: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 3: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

(5) Dividend Policy and Implementation Status

i. Company's dividend policy

From the Company's by-laws article 14.4, "If the Company gains "revenue"(defined afterwards), 0.1% to 10% of the annual revenue should be contributed to the employees' compensations, the contribution target of the employees' compensation includes the employees belonged to the Company meeting certain requirements; The Company shall contribute no more than 2% of the annual revenue to the directors'(exclusive of independent directors) compensations. The employees' and directors' compensation distribution proposal shall be executed for the proposal resolution is made for that two-thirds of directors attend the board of directors' meeting and over half of attended directors are approved of the proposal, and be reported at the shareholder's meeting. Yet, if accumulated deficits are remained, the Company should retain the amount for compensation in advance, and then contribute the employees' and directors' compensation with the mentioned percentage of revenue. The "revenue" refers to the net profit before tax, and to avoid ambiguity, the net profit before tax refers to the amount before paying the employees' and directors' compensation."

From the Company's by-laws article 14.5, "The Company operation refers to the niche market of specific demand and customized goods, and is in the growing stage. The board of directors shall consider earnings of each fiscal year, overall development, financial plan, capital demand, industry prospect and the future prospect of the Company to draft the shareholders' dividend distribution proposal and report to the shareholder's meeting for a resolution. When the board proposes the earning distribution for emerging stock trading or during the listing in TPEx period, aside from implementing the contribution based on the article 14.4, the board shall prepare the following together with the earnings of each fiscal year:(i) reserve payment for corresponding fiscal year; (ii)compensation for past deficit amount; (iii)surplus reserve for 10% of earning(or statutory surplus reserve hereafter); and (iv) the special capital reserve demanded according to the regulations for public companies by R.O.C. authority of securities."

From the Company's by-laws article 14.6, "Under the circumstance that the Company Act of Cayman Islands is not violated, if there are residual earnings after contribution of the employees' and directors' compensation based on the article 14.4 and preparation of amount the board considering to be appropriate

based on the distribution policy of the article 14.5, the residual earnings shall be combined with all or part of undistributed earnings of past years, and among it not less than 20% of the earnings after tax that year should be distributed based on the shareholder's shareholding percentage as the shareholder's dividend after that the board considers financial, sale and operation factors and suggest the approval of the distribution in shareholder's meeting. Nevertheless, for the shareholder's dividend, the cash dividend should not be less than 10%."

ii. Proposed Distribution of Dividend the year

The Company's earnings distribution proposal was drafted by the board on Mar. 28, 2023, in which cash dividend of NT\$2.8 per share is to be distributed, and the proposal will be reported to the shareholder's meeting on Jun. 20, 2023 for a resolution.

(6) Compensation of employees, directors, and supervisors

- i.** The compensation percentage or range of employees, directors and supervisors as replied by the Company's by-law: See the above "dividend policy" for details.
- ii.** If the estimation base of employees', directors' and supervisors' compensation estimates this period, the share calculation base for employees' compensation from the share distribution, and the real distributed amount has discrepancy with the estimated amount, the corresponding accounting manipulation: The Company implements the estimation for planned distribution earnings based on decree, by-law and experience. The discrepancies between the employee bonuses resolution by the board, the real distribution of the directors' and supervisors' compensations and the recognition amount in financial statements will be viewed as the changes in accounting estimates, and are listed to the loss or profit for the next fiscal year.
- iii.** Information on the resolution of employees' bonuses approved by the board and the related matter
 - a. The cash dividend, stock dividend for employees and compensation for directors and supervisors will be distributed. For the differences to the annual estimation of the recognition fee, the difference, reasons and corresponding measures should be disclosed: None.
 - b. The stock dividend distribution resolution to the employees and the ratio to the net profit after tax and employees bonus total in individual or respective financial statement: None.
 - c. The estimate earnings per share after the resolutions for the bonus of employees and the compensation of directors and supervisors are distributed: 2.3
- iv.** The compensation distribution and results reported in the shareholder's meeting

- a. The final distributed employees' cash and stock dividends and directors' and supervisors' compensations are reported to the shareholder's meeting. If any difference to the Board resolution of distribution, the difference, reasons and corresponding measures should be disclosed: The Company's compensation distribution of Y2022 for NT\$240,000 to employee together with NT\$ NT\$1,200,000 to directors been reported in the annual general shareholders' meeting of Y2022, there is no difference between the resolution made by the board of directors.
- b. For the employee's stock dividend distribution resolution by the board, the distributed shares and the ratio to the capital increase by earnings: None.
- v. The actual distribution of compensation for employees, directors, and supervisors in the previous fiscal year (including shares distributed, monetary amount, stock price) and any discrepancy between the recognition compensation for employees, directors, and supervisors. The discrepancy, reason, and response should be specified: None.

(7) Buy-back of Treasury Stock: None.

2. Corporate bonds

Execution Status of Corporate Bonds

Corporate Bond Type	The 2 nd unsecured convertible corporate bond within territory of the R.O.C.
Issue (Execution) Date	Nov. 28, 2019
Denomination	NT\$100 thousand of each bond
Issuing and transaction location	Market (listed)
Issue price	Issue by denomination
Total price	NT\$200,000 thousand
Coupon rate	0.00%
Tenor	Three years Maturity: Nov. 28, 2022
Guarantee agency	None
Consignee	Mega Bank, Department of Trusts
Underwriting institution	Grand Fortune Securities Co., Ltd.
Certified Lawyer	Not applicable
Certified Public Accountant	Not applicable
Repayment method	Except of converting back to common stock by the bond holder according to Article 13, or buying back by the Company according to Article 21, and cancellation after buying back from over-the-counter markets by the Company, the Company implements redemption by cash at one time based on 101.5% of par value as the bond expires.

Outstanding Principal		NT\$0.- up to the date of November 28, 2022
Terms of redemption or advance repayment		Execution is based on articles 21 “The Buying-back” of the Company’s rule for issuance and conversion of convertible bond
Restrictive clause (Note 1)		None
Name of credit rating agency, rating date, rating of corporate bonds		Not applicable
Other rights attached	Converted amount of (exchange or stock warrant) Common Stocks, Global Depositary Receipts, or other securities up to the publication date of the annual report.	NT\$ 200,000,000 up to November 28, 2022.
	Issuance and conversion method (exchange or stock warrant)	Please refer to the Company’s “rule for issuance and conversion of convertible bond”
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders’ equity		As of the closing date of November 28, 2011, all the convertible corporate bonds of NT\$200,000,000 in circulation outside the country have been converted into ordinary shares, it just increased by 4,264,252 new shares. The maximum dilution ratio against to the existing shareholder's equity is 8.9%, which is not significant, and the holders of conversion bonds are usually converse to ordinary shares by gradual does neither have an immediate effect nor have a significant impact on shareholders' equity.
Transfer agent		Not applicable

Note 1: For instance, the limitation to cash dividends payouts, investment abroad or the requirement of keeping a fixed asset ratio.

Information on convertible corporate bond

Corporate bond type (Note 1)		The 2nd unsecured convertible corporate bond within territory of the R.O.C.	
Item		2021	current year up to March 31, 2022 (Note 2)
Market Price of Convertible Corporate Bond	Highest	111	124.85
	Lowest	100	100.10
	Average	106.45	110.08
Conversion Price		Adjusted to NT\$49.6 on Aug. 15, 2021	Adjusted to NT\$46.9 on Jul. 30, 2022

Issuance date and conversion price at issuance	Nov. 28, 2019 NT\$ 55	Nov. 28, 2019 NT\$ 55
Conversion method / Carrying-out (Note 1)	None	delivered 4,264,252 issuing shares

Note 1: Delivery of issued shares or issuance of new shares

Note 2: The 3-year convertible corporate bond's maturity date: Nov. 28, 2022.

3. Preferred shares: None
4. Global depository receipts (GDR) : None
5. Employee stock option: None
6. Restrictions on the handling of new shares of employees' rights: None
7. Status of new shares issuance in connection with merges and acquisitions: None
8. Financing Plans and Implementation: As of the quarter before the publication date of the annual report, there is no project that has not been completed or has been completed within the last three years and the benefits of the plan have not yet appeared.

V. Operational Highlights

1. Business Activities

(1) Business Scope

i. Main areas of business operations

The companies currently focuses on manufacture of non-consumer electronics in the niche market, providing customers one-stop services from product design to finished products, and small-volume production of a wide range of different items. It employs high-level automation and digitalization of precision machining technology. The company targets on the high-end market, and its major products include mechanical parts of avionics systems, 5Gcommunication cabinets, networking equipment, add value machine, food testing instrument, automotive cooling fan and sensor, solar inverter chassis, server, mechanical parts of medical display, game consoles, components of high-speed rail vehicle, industrial printers, etc. Its customers are global first-tier companies whose products are applied in communications, electronics, aerospace, medical, green energy, food equipment, automobiles, transportation and other industries.

ii. Revenue distribution

UNIT: NT\$ thousand ; %

Major Divisions	2021		2022	
	Sale revenues	%	Sale revenues	%
Telecommunications	678,644	50.23	890,922	49.79

Electronics	211,419	15.65	209,451	11.71
Aerospace	327,933	24.27	552,557	30.88
Healthcare	22,791	1.69	24,620	1.38
Other	110,195	8.16	111,643	6.24
Total	1,350,982	100.00	1,789,193	100.00

iii. Main products:

Main product series are listed as follows:

A. Telecommunication

- (A) 4G CABINET Series
- (B) 5G CABINET Series
- (C) I Mobile General Payment Series
- (D) COVER AMARA TESE Series
- (E) UPS+Battery Series
- (F) Smart Meters Series
- (G) IOT CABINET Series
- (H) SEVER RACK Series

B. Electronics

- (A) Optical base for 3D theater Series
- (B) Electronic control device box Series
- (C) Power distribution control panel Series

C. Aerospace

- (A) Flight Control System enclosure Series
- (B) Cockpit System and Displays enclosure Series
- (C) Mechanical Series of Electrical System and Power Conversional System

D. Medical

- (A) Diagnostic Displays Series
- (B) Radiology Displays Series
- (C) Mammography Displays Series
- (D) Surgery Displays Series
- (E) Mechanical Series of Point of Care Device

E. Others

- (A) Cabinet for food analyzer Series
- (B) Battery chassis for Green power system Series
- (C) Entertainment Series

- (D)Automotive Series
- (E)Industrial Printer& 3D Printer Series
- (F)High-Speed Railway Series
- (G)Oil Tank Series
- (H)Brewable Smart Beverage Vending Machine Series

iv. New products (services) development:

The sales department determines the future product development directions depending on the market needs and product development trends that meet market trends and values. In terms of production process and technology development, the company will enhance the production process technology capabilities and introduce new automation equipment to improve production efficiency and product quality. The details are listed in the follows:

Mid-term and long-term product development directions:
(1) Regarding the improvement in the field of non-aerospace technology and process capabilities, this year will focus on the deployment of fully automated spray production lines to enhance competitiveness and play production performance, in response to the rapid growth of Netcom products and orders such as communication cabinets and server data cabinets (Rack), contributing to operating income
(2) In terms of business development and future deployment, the company team has begun to contact and plan several leading industries and national strategic products. In Thailand at 2020, Jinpao invested in the establishment of an aerospace international certification academy, and the cultivation of technical talents will develop towards the all-round aerospace industry chain, integrating manufacturing, maintenance services, technical training and academic certification in diversified related aerospace fields.
(3) JPP cooperates with Thailand's national key strategy development Electric locomotive production plan and extension of the charging station development and deployment of the development of the EV Ecosystem and Clean Energy Facility; the other followed by the product research and development of Musk Space X parts. In active efforts, I hope to formally penetrate and join its manufacturing supplier team.
(4) Customized orders for electronics and food are also gradually increasing and strengthening. The first smart beverage vending machine in Thailand, developed in collaboration with customers, will also enter mass production in the second half of the year.

Mid-term and long-term production process and technology development:
(1) The new ERP system and KIOSK software and hardware systems have been implemented. At the same time, the plant adopts paperless policy that the R&D team has continuously tested parameters tuning to ensure the correctness of the collected big data. In the future, the company will employ big data to improve the production process of sheet metal, and integrates sensing systems and industrial technology to optimize the entire production process, and to make the best use of the resources, realizing the smart factory.
(2) Actively cooperate with customers to obtain 5G communication cabinet certification from telecom providers and orders for Netcom products from international manufacturers.
(3) Building a new plant for the manufacture of aerospace products, and applying for NADCAP accreditation in several special process categories like anodizing and thermal processing procedures. The certifications include mechanical parts of cockpit, and other sheet metal components.

(2) Industry Overview

i. Macroeconomic Environment and Future Development

A. Global telecommunication industry

Omdia pointed out in the "Global 5G Trend Observation Key Points in 2023" report that although 5G started slowly, its influence will become more obvious in 2023 as related technologies gradually mature, cross-industry cooperation deepens, and emerging markets begin to introduce 5G . Omdia predicts that about 31% of global telecom operators will provide 5G services in 2022, and it is expected to rise to 59% by the end of 2023, showing strong growth momentum.

Omdia research analyst pointed out: "5G applications in the Asia-Pacific region are still dominated by enterprises. In recent years, smart manufacturing has improved the productivity of many traditional factories, and smart cities also have development potential. As far as consumers are concerned, 5G will promote mobile phone services and equipment sales. Revenues have successively driven more intense price competition among telecom operators, resulting in lower interest rates. Although the killer application on the consumer side has not yet appeared, Omdia has observed the rapid growth of 5G “Fixed Wireless Access” (FWA), providing the Asia-Pacific region The high-speed and stable Internet connection capabilities of remote residents are also expected to see more consumer applications in the future.

Deepening cooperation between hyperscale cloud vendors and telecom operators: Cloud, AI, and multi-access edge computing (MEC) are the key to realizing the potential of 5G. They are also the core areas of expertise of hyperscalers, and will play a major role in the telecom market in 2023. A more important role is to assist telecom operators in modernizing their networks and developing new services. The two parties will establish close cooperation in three core areas in 2023, including migrating internal operations to the cloud for transformation, cooperating in 5G

network deployments, and jointly providing new 5G-supported services to the enterprise, industry, and consumer markets.

B. Global EV and charging industry outlook

Bloomberg News reported on December 20 that the market research company BloombergNEF recently released the latest overview of zero-emission vehicles. The global electric vehicle charging industry expects that the cumulative investment in 2023 will exceed 100 billion U.S. dollars, which will become a new milestone in the development of the industry. By the end of 2022, electric vehicle charging piles will Cumulative investment in hardware and installation will reach US\$62 billion, with an investment of US\$28.6 billion in 2022 alone, an increase of 228% from the previous year, of which 61% is attributed to the installation of more than 600,000 public charging piles in China.

U.S. Department of Energy officials said that the cumulative investment in the charging industry exceeded the \$100 billion mark, showing the industry's ability to respond to systemic challenges and opening the door to low-cost capital needed for eventual industry-scale development of up to \$1 trillion. The charging industry is developing rapidly, such as the expansion of factories, increased procurement commitments, and the influx of infrastructure investors. The overall charging ecosystem, including automobiles, charging, public utilities, and retail, is also working together. It is expected that between 2030 and 2035, Electric vehicles will account for 15% to 33% of the total number of passenger cars in Europe and the United States, and electric vehicle charging products will develop from a niche market to a truly mass market with wide sales.

C. Global Commercial Aircraft Aftermarket Parts Industry Outlook

It expects the commercial aircraft aftermarket parts market to register a CAGR of over 4% during the forecast period (2022-2027). Several airlines have been forced to retire aircraft early to reduce operating costs due to the COVID-19 pandemic. This has resulted in higher availability of rotatable and USM parts in stock that have re-entered the market supply chain through PMA holders and USM suppliers.

Growth in the commercial aircraft fleet and demand for timely maintenance, repair, and overhaul (MRO) services to maintain the fuel efficiency of these aircraft fleets and reduce aircraft emissions are expected to boost the market outlook over the forecast period. The market is becoming increasingly competitive and OEMs are also entering the market and maintaining parts inventories by buying back retired aircraft from airlines and using these aircraft as a source of parts for other aircraft in service. Boeing entered the USM market in 2019, offering parts to customers more cheaply while maintaining a steady supply chain for planes built by Boeing and rival Airbus.

The commercial aircraft aftermarket parts market is segmented by aircraft type into narrow-body, wide-body, and regional aircraft segments. By component type, the market is segmented into airframe, engine, interior, and other component types. By parts, the market is segmented into MRO parts and rotatable replacement parts. Other component types include components for cockpits, landing gear systems, fuel systems, electrical systems, oxygen systems and hydraulic systems. Key Market Trends- Narrow body segment is expected to witness the highest CAGR during the forecast period.

D. Industry development status of low-orbit satellites and related equipment

Low-orbit satellites have become a new battlefield for global satellite operators. 3GPP includes non-terrestrial wave communications for the first time.

The 3rd Generation Partnership Project (3GPP) was released for the first time, and the frozen version of Release 17 will be released in 2022. It will be included in the Non-terrestrial Network (NTN) communication for the first time as part of the 3GPP standard. This is the mobile communication industry a milestone in the satellite communications industry. After 3GPP is incorporated into NTN, the two industry chains will not only have more opportunities for interaction and cooperation, but also are expected to create a new industrial structure. At the time of active deployment of low-orbit satellites, SpaceX in the United States has the largest number of applications for launch. Other major satellite operators include Amazon in the United States, OneWeb in the United Kingdom, and Telesat in Canada. More than 50%; low-orbit satellite communication emphasizes that signal coverage is not restricted by terrain, and can complement mobile communication 5G. This is also the application direction of the NTN plan formulated by 3GPP Rel-17. It is expected that the output value of the global satellite market in 2023 is expected to increase.

ii. Industrial relationship with upstream, midstream and downstream

Jinpao's products and services belong to the midstream sector of the industry supply chain. The upstream companies provide raw materials like steel plates, copper plates and aluminum plates. Jinpao purchases raw materials from more than two suppliers, so that they have more choices to change suppliers. The downstream applications include telecommunication, server, cloud storage device, medical equipment and aerospace.

Jinpao's business is categorized to the metal forging industry based on the industrial classification system of Ministry of Economic Affairs. Its business models are based on Build to Order (BTO), including small-lot production of low-volume high-mix orders (i.e. punching press business) and mass production (ie. tooling design and manufacturing business). With regard to the supply chain of punching press machine, the upstream companies provide raw materials like steel, stainless steel, copper, aluminum. After the purchase of metal materials, Jinpao started the structural design of machine parts, followed by layout, laser cutting, stamping and bending processes. After that, welding, chrome treatment, powder/liquid painting, silk screen printing processes are conducted before finally assembly.

With regard to tooling manufacturing, after the purchase of metal materials and design, Jinpao conducts hard tooling stamping process. After that, welding, chrome treatment, powder coating/liquid painting, silk screen printing processes are conducted before final assembly. The finished products are distributed to companies in the downstream in the telecommunications, medical, aerospace and energy industries. The industry relevance of metal mechanical components in the upstream, midstream and downstream is shown in the following chart.

Industrial relationship with upstream, midstream and downstream companies:

<u>Upstream</u>		<u>Midstream</u>		<u>Downstream</u>
steel, stainless steel, copper, aluminum, magnesium, zinc and other metal materials	Molding: die casting, semi-solid forming, stamping, forging, extrusion	Secondary treatment: CNC, laser, chemical conversion coating, vibratory finishing, chemical etching, polishing, spinning, wire drawing	Surface treatment: spraying anode, electroplating transfer, PVD, NCVM	telecommuni cation industry, healthcare industry, aerospace industry, power industry

iii. Various product trends

A. Telecommunication

The development of the telecommunication industry has moved from 4G to 5G network. 5G data transfer speed is faster than 4G, so the energy consumption of the communication cabinet and host density is higher compared to 4G. As a result, 5G communication cabinets have more cooling requirements than 3G communication cabinets. The new communication cabinets are required to have high heat dissipation and increased strength in the internal structure in response to the requirement of high density. The main design trend of mechanical parts of servers in the future will emphasize on heat dissipation, strength structure, energy saving, high density, and rapid maintenance and disassembly.

B. Electronics

At present, the Company provides both general-purpose and custom electronics products. The general-purpose products include the system unit for heat dissipation and mechanical components of cameras. The company's 3D projector is the customized product which is designed and manufactured in accordance with customers' requirements. The internal designs will change depending on the special requirements of electronic components.

C. Aerospace

In response to the increasing demand for air transport in Asia, the aerospace industry in Asia is booming. Aluminum alloys are major materials of mechanical parts used for the aerospace application. In the past, European A5754 is the specified material of aluminum alloy used for the aerospace application. With more suppliers coming from Asia, the market is starting to adopt A5052 aluminum alloy from Asia suppliers to save cost. In addition, it's a trend to simplify internal structure and increase structural strength of mechanical parts.

D. Healthcare

As China and the United States increase health insurance coverage, reduce medical costs and improve medical services, the medical-related spending will increase year by year. The United States will procure affordable medical devices with high reliability to reduce the procurement cost. Since there is expansion of healthcare infrastructure in China, the Chinese medical device market has become more price-sensitive. Therefore, there is an increasing market demand for affordable healthcare products. It's a trend to develop multi-functional healthcare products to further reduce cost.

In terms of materials, titanium alloy is considered to be the best material applied to the invasive medical devices because of the lowest probability of rejection from the body. Stainless steel is considered to be the second best adopted materials. The non-invasive products such as X-ray machine and NMR instrument adopt stainless steel and aluminum because of their excellent resistance to corrosion and rust. As a result, titanium alloy, stainless steel and aluminum are regarded as mainstream metal choices in the coming years.

E. Others

Mechanical parts for the solar energy applications belong to a mature product line. In response to the reduction of solar subsidy policies in various countries, it's a trend to reduce procurement cost of mechanical parts to maintain the rate of return on solar power generation. In the past, solar DC/AC conversion boxes were mainly produced by die-casting process. However, the die-casting parts cost higher than sheet metal. Therefore, the sheet metal has become the mainstream adoption currently.

iv. Product competition

Jinpao focuses on small-volume production of diverse niche products instead of the highly competitive consumer market. Therefore, it's hard for competitors to penetrate the market where there is no intense competition. For example, Jinpao provides customized intelligent add value machines, and is the sole supplier of the customer. Besides, the company has in-house design and manufacturing capabilities of 4G or 5G communication cabinets. Because of its strong ODM capability, it is chosen as one of major suppliers of the Thai telecoms. The specifications of telecommunication products are varied. Also, the telecommunication supplying model features low-volume high-mix production. Therefore, the industry competition is relatively low.

It takes around three years to get accreditation of aerospace products having strict requirements of safety and stable quality. Also, the suppliers need to have custom design capability. Due to the high entry barrier, it's hard for new entrants to survive in the market. The existing suppliers are hard to replace, and normally the product life cycle could extend to 20 years.

As for the healthcare market, it takes around two years to achieve product certifications. Considering the safety of human body treatment, medical product suppliers are not easy to replace. Also, the hospitals have different needs of healthcare products. At present, Jinpao products are suppliers, providing custom design of mechanical parts of operating table and

pathological image display for customers. The company's healthcare products belong to the niche product line, which is predicted to have great growth potential and a low level of competition.

(3) Technology and R&D Overview

i. Ker Success Factors and Research Scope

Since its inception, Jinpao has been continuously researched and developed products on its own, and actively cultivated R&D personnel to keep its competitiveness in the market. The company has its own R&D center and capability to develop its core technology. It employs multinational R&D talents from other countries like Thailand, Malaysia, the Philippines and other English-speaking countries. The Company has built a competent R&D team that can quickly provide solutions in response to the customers' needs.

Jinpao began its business by developing and manufacturing metal stamping dies, and has started to develop CNC manufacturing technology since 1996. The company emphasizes on the development and manufacture of mechanical parts of electronics and telecommunication equipment as well as general metal parts. The company has experienced technical teams with excellent industrial design capabilities and rich mass production experiences, actively developing new production process technology. Jinpao owns in-house R&D capabilities to design innovative and high-quality products, enable product concept design to mass production, and deliver custom designs.

In terms of R&D, the company's food equipment has met the IP69 waterproof and dustproof requirements. The company conducts machining process of work pieces, and joints sheet metals by spot welding, achieving 50 micron precision. It's time consuming to manufacture mechanical parts by milling process. To deal with the issue, Jinpao used extrusion materials to replace part of the milling process, saving 50% of processing time.

In terms of manufacturing process, Jinpao developed laser cutting process of titanium alloy, the milling process and the welding process. The company is developing precision key components applied for the medical industry, such as artificial joints, bone connection parts and set screw. With many years of efforts and hard work, the Company's products have been recognized by the international companies, and the recently passed NADCAP accreditation based on specific process used in the aerospace application. The company has established a firm foundation in business development of in the aerospace industry. In addition to the research and development of new products and technologies, the Jinpao also put efforts to improve R&D efficiency and IP protection. In addition to the use of computer-aided design, the company introduced the Document Management and Security System (PLM) to implement digitization of important documents to avoid leaking important information of key technology.

ii. R&D expenses in the past five years

Unit: NT\$ thousand; %

Year Amount	2018	2019	2020	2021	2022
R&D expenses (A)	19,118	20,683	19,797	20,331	21,297
Net operating revenue (B)	1,217,575	1,437,581	1,259,442	1,350,982	1,789,193
R&D expenses as a percentage to operating revenues=(A)/(B)	1.57	1.44	1.57	1.50	1.19

iii. Overview product developments and research achievements in the past 2 years

Year	R&D Achievements
2021	Developed REAR WALL SWITCH PANEL WAVEJET Aerospace product
	Developed PER SRM 51-25-00 Aerospace product
	Developed HEAT SINK for AVIATORS 散熱模組
	Developed CIRCULAR CONNECTOR PANEL Aerospace product
	Developed AEROPAIR BRACKET Aerospace product
	Developed WIPER ROD PS Automotive product
	Developed BUSBAR AL ALLOY Automotive product
	Developed LCD Base Electronic product
	Developed IRIS UNIT Electronic product
	Developed BASE PLATE Electronic product product
	Developed Frame Unit EIL Busbar Fitting Electronic product
	Developed ROTOR CORE, t1.0mm Electronic product
	Developed BASE_NAMEPLATE Electronic product
	Developed COOLING FIN Energy product
	Developed Busbar plate Copper Energy product
	Developed Busbar plate Aluminium Energy product
	Developed CABINET WINE SCAN ASSY Food Industry product
	Developed INDICATOR COVER Food Industry product
	Developed CUBE WB300-S R BLACK Telecommunication product
	Developed 3JMDS-MM901 CHAMBER ASS'Y Telecommunication product
	Developed X0PD12006-C109 ROUTER BRACKET Telecommunication product
	Developed X0PD12006-C112 RACK Connector Spacer Telecommunication product
	Developed D16661-MX1301 CASE 35 Telecommunication product
	Developed 6PL23-MM100 THERMAL INSULATION DOOR Telecommunication product

	Developed KIT,THOR,6-UNIT SUB-RACK,SHEETMETAL Telecommunication product
	Developed CHARGER MINI STATION (SGCC) Telecommunication product
	Developed MECH ASSY BOTTOM H-EDFA Telecommunication product
	Developed S42022-L5020-A16 ETSI RACK Telecommunication product
	Developed HEAT SPREADER ARBOR EmETXI2700R14 Transportation product
2022	Developed PIVOT TRACK - BUCKET Aerospace product
	Developed RETAINING WASHER Aerospace product
	Developed SEAL RETAINER AVIATORS Aerospace product
	Developed LATCH BRACKET ASSY Aerospace product
	Developed STRAP ATTACH Aerospace product
	Developed DOUBLER ASSY, X MOUNT, INNER Aerospace product
	Developed ANGLE Aerospace product
	Developed SHEAR PLATE C75-C76 Aerospace product
	Developed Z-PROFILE Aerospace product
	Developed FRAME COUPLING Aerospace product
	Developed WIRING SUPPORT BAR CB PANEL Aerospace product
	Developed CIRCULAR CONNECTOR PLATE Aerospace product
	Developed TOP RAIL PROTECTION CARD Aerospace product
	Developed SIDE WALL PROTECTION CARD Aerospace product
	Developed REMOVABLE BRACKET product
	Developed CONNECTOR BRACKET Aerospace product
	Developed HORIZONTAL PROFILE ASSY Aerospace product
	Developed VERTICAL PROFILE LOWER ASSY Aerospace product
	Developed PRESSURE PLATE Aerospace product
	Developed CLEAT Aerospace product
	Developed ANTI-CRASH STRUT Aerospace product
	Developed SHEAR PLATE Aerospace product
	Developed SUPPORT ASSY Aerospace product
	Developed REINFORCEMENT PLATE Aerospace product
	Developed FRAME COUPLING Aerospace product
	Developed BEZEL - VCC DOOR Aerospace product
	Developed FRAME STIFFENER HD-30/2 Aerospace product
	Developed FIRESTONE SUPPORT ASSY -HD30/2 Aerospace product
	Developed SMART VITAL SIGNS STATION Electronic product
	Developed FRAME-HINGE-ASSY Electronic product
	Developed TERMINAL PROTECTION COVER Electronic product
	Developed BATTERY CHARGER 9 SLOT(TYPE S) Energy product

	Developed BATTERY CHARGER 18 SLOT(TYPE M) Energy product
	Developed Mufasa cabinet Food Industry product
	Developed Anti Foam manifold cover plate Food Industry product
	Developed Cover plate heat sink cpl Food Industry product
	Developed HOIST FITTING Aerospace product
	Developed HEATSINK-BMFT STD Aerospace product
	Developed THRUST BRACKET Aerospace product
	Developed DOOR BOTTOM Telecommunication product
	Developed FBM,THOR-MINI NIC-33 FACEPLATE ROHS Telecommunication product
	Developed FBM,WTS,SMA AND DISPLAY M Telecommunication product
	Developed STC,THOR-ASTRO,FRONT PANEL,8P,ROHS Telecommunication product
	Developed WIPER ROD PS Automotive product
	Developed 48U TESTER CABINET Automotive product
	Developed CHASSIS ASSY ECD90990127 Telecommunication product
	Developed OCA-20U-PE CABINET Telecommunication product
	Developed SMPS ATS 41U Telecommunication product
	Developed SUPPORT PLATE BOTTOM Telecommunication product

(4) Long-term and short-term business development

i. Short-term business development plans

A. Product marketing

(A) Build a talent inventory and expand production capacity to meet existing customers' requirements.

(B) Client cultivation in the telecommunication market, and understand market requirements of 3G, 4G and LTE products in Thailand.

(C) Increase sales of high value-added products to achieve growth of the company's sales revenue and profit.

(D) Improve services of existing customers.

(E) Increase sales of aerospace products through NADCAP accreditation of special process and development of new aerospace product lines to the U.S. aerospace companies.

B. Manufacturing technology

(A) Actively recruit R&D professionals to develop new products so as to expand market and have competitiveness.

(B) Keep introducing automation equipment, improving production process in capability and stability to increase production capacity and equipment utilization rate.

(C) Master and overcome key engineering technology, enhance quality and performance when adoption new materials, as well as establish and maintain database management system.

ii. Long-term business development plans

A. Product marketing

- (A) Develop customers who require electromechanical integration.
- (B) Get medical products related certifications, and expand sales channels
- (C) Set up overseas operation sites and expand Jinpao's overseas business

B. Manufacturing technology

- (A) Gain more U.S. NADCAP accreditations to make it easy to increase the U.S. aerospace market share.
- (B) Implement the information system integration to reduce production time, and enhance production process and automation capabilities to increase productivity.

2. Market and Sales Overview

(1) Market analysis

i. Sales region of main products

Unit: NT\$ thousand; %

Year Item		2021		2022	
		Sales Amount	%	Sales Amount	%
Export Sales	Americas	46,818	3.47	124,148	6.94
	Europe	308,978	22.87	440,183	24.60
	Asia	215,048	15.92	240,890	13.46
	Other area	352	0.03	2,117	0.12
	Subtotal	571,196	42.29	807,338	45.12
Domestic Sales		779,786	57.71	981,855	54.88
Total		1,350,982	100.00	1,789,193	100.00

ii. Market share

Jinpao provides low-volume high-mix niche products, to the customers in the telecommunications, aerospace, medical equipment, food, electronics, and green energy fields. The domestic public-listed companies focus on consumer electronic products at present. Jinpao has no competitors in Thailand by far. The company's diversified product lines make it hard to find comparison data from industry players. Therefore, it's difficult to calculate the market share.

iii. Future market supply and demand, and growth potential

A. Global Information and Communciation Industry

In 2023, AI and the cloud are the two major focuses that attract the most attention, and the prospects are promising. AI continues to development will accelerate Enterprise on applications.

IDC research pointed out that by 2026, the global government and enterprises will spend more than 300 billion US dollars on AI technology, which is more than twice the expenditure in 2022. It can be seen that the global public and private sectors continue to invest in and attach great importance to AI technology. Among them, the banking and retail industries will be the two industries that make the most AI investment, accounting for about a quarter of the total.

According to an iThome survey, Taiwanese companies plan to invest in the cloud in 2022 with an increase of 17%, from an average of 6.71 million dollars in 2021 to 7.87 million dollars. A record high has been reached on 13.35 million dollars. In terms of the proportion of cloud applications, enterprises estimate that the proportion of internal applications on the cloud will reach an average of 26.6% in 2022, which is also showing a growth trend compared with 21.4% in 2021.

Regarding the cloud investment trends of domestic enterprises, the three major public clouds (AWS, Azure, and GCP) have also fully landed in Taiwan in 2022. In the future, this trend towards cloud development does not seem to stop. IDC estimates that by 2025, 30% of the world's small and medium-sized enterprises will transfer half of their core work load to the cloud to improve business agility and continuously promote enterprise flexibility. It can be seen that cloud transformation will be one of the topics that enterprises cannot ignore.

According to Gartner's forecast, global spending on the IT industry will reach US\$4.6 trillion in 2023, an increase of about 5.1% compared to 2022, indicating that information technology will continue to grow. No matter what industry you are in or the size of your company, the introductions of AI and cloud transformation are increasingly important development directions.

On the other hand, the more vigorous the information industry develops, the more important the issue of information security becomes. My country's Ministry of Digital Development announced the introduction of a zero-trust architecture, which also marks the emphasis on information security, which is expected to drive the domestic private sector to follow up.

B. Global server industry

According to TrendForce's forecast for 2023, global server shipments will drop to 14.43 million units, with an annual growth shrink to rate of 1.31%. In addition to continued economic headwinds and high inflation, the four major cloud service providers (CSPs) in North America have revised down their server purchases this year. It has also been observed that Enterprises OEMs including Dell and HPE have also begun to reduce ODM motherboard production. TrendForce believes that global server shipments will drop to 14.43 million units in 2023, with an annual growth rate of 1.31%. The move of OEMs to revise their shipment forecasts, in addition to reflecting the lower-than-expected end demand, is more due to the impact of component inventory adjustments and customer control of financial expenditures.

OEMs may face considerable target adjustments this year, including traditional corporate brand suppliers led by Dell and HPE, while Inspur, the third largest OEM, is mostly affected by policy factors. As far as Dell is concerned, the semi-finished products in ODM and warehousing are still to be resolved. Even if the pressure can be temporarily relieved by transferring ODM orders, it is still unable to effectively reduce inventory. Therefore, it is estimated that the annual decline in Dell's server shipments this year will expand to 8.1%. HPE has not yet made any significant adjustments, but its

server shipments are still declining this year, with an annual decrease of 6.2%. In addition, according to the TrendForce survey, due to cost considerations, enterprise customers generally hope that the platform conversion rate will slow down after Ice Lake, which will directly affect the proportion of shipments of Sapphire Rapids models this year and the plan for the subsequent Emerald Rapids models. Therefore, The subsequent shipment performance of Dell and HPE still has the risk of recession.

According to TrendForce, China's server demand is still highly supported by policies, such as last year's State-owned Cloud, East Digital West Computing Project and other projects. At present, the Chinese market is facing a significant transformation, which has not yet affected the global server demand, but it is expected to drive a series of Ecosystem changes. Looking at Inspur, shipments in 2023 will focus on China's national-level tenders and operator tenders. The momentum of shipments is relatively weak on the eve of China's two sessions, and it is estimated that it will gradually increase after the second quarter.

However, TrendForce predicts that Inspur server shipments will still decline this year, with an annual decrease of about 3.2%. The number of servers purchased by Tencent, including Tencent, has been halved compared to the past; 2. The US Department of Commerce's sanctions have led to a delay in the bidding of state-owned cloud and East Digital West computing projects; 3. Emerging domestic OEMs, including ZTE, H3C, xFusion and the Chinese government The rise of Chuangxin-based third-party institutions will significantly share Inspur's territory; 4. The incentive factors brought about by the post-epidemic recovery have not been significantly sustained, and the consumption level gap caused by inflation has widened, leading to delays in corporate procurement plans.

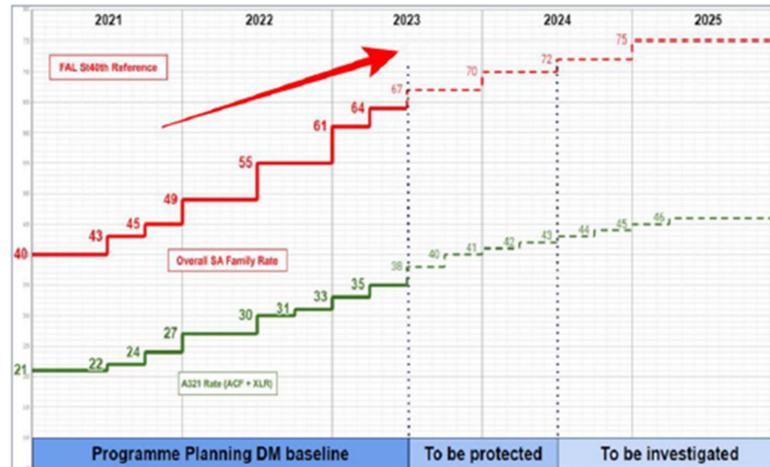
C. Global aerospace industry

The global aerospace market is forecast to grow from US\$261.12 billion in 2022 to US\$278.43 billion in 2023, expanding at a compound annual growth rate of 6.6%. At least in the short term, the Russo-Ukrainian war has undermined the global economy's chances of recovering from the COVID-19 pandemic. The war between the two countries has led to economic sanctions from multiple countries, a sharp rise in commodity prices, and supply chain chaos, causing overall inflation in goods and services, and affecting many markets around the world. The aerospace market will grow at a compound annual growth rate of 6.5% to US\$358.44 billion by 2027.

The largest region in the aerospace market in 2022 will be North America. North America is expected to be the fastest growing region during the forecast period. The regions covered in the aerospace market report are Asia Pacific, Western Europe, Central and Eastern Europe, North America, South America, Middle East Africa.

According to an internal report of Airbus, with the recovery of the aerospace industry, its previous aircraft manufacturing orders have been advanced, and even the main model A320, end customers are expected to deliver 65 aircraft per month this year, which is much better than last year's 43 aircraft level, plus Passenger planes are converted into cargo planes, and maintenance components have entered a growth stage. It is expected that the shipments of new aerospace aircraft and maintenance parts will continue the growth momentum of last year's quarter-by-quarter increase.

圖. 空中巴士單走道客機生產計劃



D. Thai medical equipment market

Thailand's medical equipment industry is mainly concentrated in the export market (accounting for about 70% of the total output), and most of the products are medical consumables. Full-year domestic sales are expected to grow by 3.5-4.0% in 2022, driven by a slowdown in the COVID-19 pandemic and patients returning to clinics and hospitals, increasing demand for medical equipment (such as hospital beds, X-ray and MRI equipment). However, exports in 2022 plummeted by 30.0-35.0%, as demand for disposable personal protective equipment (PPE), especially latex gloves, failed to maintain the high level of the previous year.

Looking forward to 2023-2025, the sales of medical equipment will continue to grow in the next three years. Based on the following favorable factors, the average annual growth rate of the domestic and international markets is expected to be 7.0-8.0% and 9.0-10.0% respectively: (i) hospitals and clinics resume normal consultation services; (ii) the medical tourism market picks up; Increasing emphasis on personal health and wellness will drive greater demand for personal protective equipment; (iv) aging society and rising incidence of non-communicable diseases (especially hypertension, diabetes, heart disease and stroke); (v) Continued demand from other countries, such as demand for blood pressure and blood glucose monitoring kits from elderly consumers in China and Japan.

E. Global test equipment and instruments

The non-destructive testing instrument market will witness the world's highest growth in 2020-2025.

The non-destructive testing equipment market research report from 2020 to 2025 proposes an in-depth evaluation station for non-destructive testing equipment. It provides an industry overview and market growth analysis and historical & future perspectives considering the bottom-up approach. According to the end-use applications in various regions, calculated in millions of dollars, estimate the global market size of non-destructive testing equipment for stations. The report covers the historical growth of the market, the impact of COVID-19 and predicts the recovery after COVID-19. The report also forecasts the investment in non-destructive testing equipment from 2020 to 2025.

The top companies in the global non-destructive testing equipment market are General Electric (NYSE: GE), Bosello High Technology Srl, Olympus (OTCMKTS: OCPNY), Nikon (OTCMKTS: NINOY), Magnaflux, Mistras, Sonatest, YXLON, Zetec, Inc, Fujifilm, Union, etc.

According to this research, in the next five years, the non-destructive testing equipment market will be calculated at a compound annual growth rate of 5.3%. The global market size will reach US\$49278 million from US\$409.5 million in 2019 and US\$407.8 million by 2025.

This report studies the non-destructive testing equipment market, which is a wide range of equipment used in science and industry to evaluate the performance of materials, components or systems without causing damage. Common non-destructive testing methods include ultrasound, magnetic powder, liquid penetrants, radiography, remote visual inspection, eddy current testing and low-coherence interferometry.

iv. Competitive niche

A. Competitive and quality products approved by the international big brands

With accumulated experiences of metal processing and manufacturing for years, the company has design and production capabilities from structural design, laser cutting, stamping and bending process, to powder (liquid) painting, silk screen printing, molding, etc. Jinpao has full in-house production capability, being able to control production quality and reduce failure rate to a controllable range.

Jinpao was certified by ISO9001, ISO14001, TS16949 (for automotive industry), AS9100 and NADCAP (for aerospace industry). It provides trust-worthy high-quality products, after-services, and on-time delivery. Also, it keeps investing on intelligent production facilities to enhance product quality and production efficiency. As a reputed company, Jinpao has become the designated supplier of many international manufacturers. Its products meet international standards that make it easy to expand the company's overseas markets.

B. R&D and marketing capabilities

Jinpao's professional R&D staff can modify the purchased automation equipment to meet the requirements from the production lines. They can also design production process and key tooling products on their own. With continuing improvement on production procedures and parameters, the company can provide fast design, sampling, trial run and shipment services based on OEM and ODM business as well as to offer complete solutions to customers from different verticals. Furthermore, the company can keep abreast of the ever-changing market dynamics, and introduce innovate products to differentiate itself from competitors.

C. Excellent location

The Thai government has an open attitude and policy towards foreign exchange. Besides, the infrastructure in the airport and seaport near the industrial zone is well facilitated. Moreover, the people are friendly. Those are favorable factors to contribute to the long-term development for the enterprises. Also, Thailand is located in the low-risk area with fewer natural disasters like earthquake and typhoon. The climate there is relatively stable in four seasons, making it hard for metal to oxidize and rust. Therefore, it's a favorable place for metal processing. Seeing it's located at the heart of the ASEAN

area, the company set up an operation center for its geographical convenience of shipment to enable low transportation cost and short delivery time. Jinpao believes the excellent location helps the company to expand the sales market in the ASEAN region, and might increase profits in the near future.

D. Outstanding management team

Jinpao's management team is composed of elites from finance, sales and production functions. They have their own expertise, and work in harmony with each other. They have the same work concept and goal, effectively leading the company to develop and grow at a steady pace. The R&D departments also utilized their professional skills to contribute to the company.

v. Favorable development prospects, unfavorable factors and countermeasures

A. Favorable factors

(A) Recognized by international companies, maintaining long-term and good cooperation

With years of efforts, Jinpao has become one of important suppliers in the ecosystem of the international companies, and is hard to be replaced. It requires long time and complicated process to get approval from the international companies' procure and certification systems. High quality, stable supply and R&D efficiency are top priorities to enter the ecosystem instead of pricing. Replacing suppliers might bring intangible loss and take much time that would impose a substantial risk and cost. In addition, long-time cooperation with international leading companies makes Jinpao well-known in the industry. It helps to develop new potential customers.

(B) ASEAN economy

ASEAN and China have formed a huge regional economy since 2010, and it has evolved into ASEAN+3 that include 10 member countries as well as China, Japan and Korea, and even extend to ASEAN+6 that include China, Japan, Korea, New Zealand, Australia and India. ASEAN provides tariff reduction and exemption for products traded in the region.

The members of ASEAN+N, expanded from a single country to a regional alliance, have formed ASEAN Economy Community (AEC). The enterprise established here will be more competitive than the ones in other countries. Malaysia and Thailand are located in the center of the ASEAN region. Jinpao, which set up operation center in Thailand, will make the best of the geographical advantage to expand its presence in new markets.

The Thai Government has implemented the large-scale economic reform plan called "Thailand 4.0" in recent years, which is a new policy initiative relatively rare seen in modern history. The government has promoted the ten major industrial upgrade plans to drive industry innovation and high added value. The plan is implemented at a national level across departmental committees, and includes corporate tax preferences on public infrastructure building.

"Thailand 4.0" is a 20-year national development plan between 2017 and 2036, divided into four five-year development phases. The Thai government promises to invest at least more than 3 trillion baht, around NT\$ 3 trillion, on public infrastructures in eight years, such as high-speed rail and highways. Besides, the

Thailand 4.0 illustrates the investment amount and details of East Economic Corridor (EEC). It will serve a passenger link to Don Muang International Airport, Suvarnabhumi International Airport and U-Tapao International Airport in Rayong. The government plans to build high-speed rail and double-track freight and passenger railway to connect the three airports as well as the digital industry park (Digital Park), and include Laem Chabang Port Phase III expansion.

Thailand 4.0 plans to drive the top ten target industries as a new engine for the nation's economic growth with a new economic model. The top ten hot industries, which are expected to attract hot money, can be divided into two categories. The first is to add value to existing industries through advanced technology, including new-generation cars, smart electronics, high-end tourism and medical tourism, high-efficiency agriculture and biotechnology, and food innovation. The second category includes five emerging industries that will lead the future economic growth of Thailand, including smart machinery and automation, aerospace, bioenergy and biochemistry, digitization, medical and health care industries.

The so-called new economic model shifts from the labor-intensive industry to high value-added and innovation-driven industry, from producing goods to producing innovative products. The model focuses on high-tech, industrial creativity and innovation.

(C) Strong market demand from emerging countries

In recent years, the economic growth rate of emerging markets has been increasing, and infrastructure investments in those countries have been greatly increased as well. The Chinese government has actively implemented the 4-trillion RMB infrastructures after the financial crisis, such as the investment projects of rail transport system and telecom base stations initiated in the 12th Five-Year Plan. The infrastructures accelerated the development and urbanization of the central and western regions in China. The Indian government increased the infrastructure investment from US\$ 514 billion in the 11th Five-Year Plan to US \$1 trillion in the 12th Five-Year Plan (2012~2017). The high growth and future development potential of the emerging markets, as well as the implementation of urbanization have led to a significant increase in demand for communications equipment. In addition, as economic conditions in emerging countries have improved, the public's awareness of healthcare has been increasing as well. Also, the governments of emerging countries actively set up healthcare reform policies and improve basic medical care. Those are driving factors to boost the medical device market with great business growth potential in the future.

(D) Competitive advantages in the uncontested market space

- a. Regional risk diversification –set up factories in Southeast Asia to avoid the world's factory – China competition.
- b. Jinpao has tax free preference which is promised by Thailand BOI (The Board of Investment of Thailand).
- c. No worries of huge natural disasters like typhoons, earthquakes, cold winter, etc. Thai people are not xenophobic and mild, and show high levels of obedience and cooperation.

(E) Low-volume high-mix production of special manufacturing / capability of rapid customized products

- a. Possess high-precision, high-tech, and high-degree composite manufacturing

- processing capability, as well as multinational engineering teams and knowledge management.
- b. With vertical integration related engineering equipment and technology, as well as the digitizing panel beaters plant to conduct the whole production process of precision mechanical parts.
- c. (a) and (b) empower Jinpao with quick integration and reaction.
- d. With ODM (Original Design Manufacturer) capability to create value for customers.
 - (1) Employ professionals specializes in 3D design to meet the customers' needs of special functions.
 - (2) Provide optimized solutions to reduce manufacturing costs without changing product features, and create value for customers.
- e. Have Stamping, Punching (N.C.T.), Laser, Bending and other standalone equipment. After integration, functional complementation, the equipments can be used for flexible production processes in accordance with the numbers of orders and manufacturing cost.
 - (a) Low-volume high-mix production
 - (b)Flexible mass customization
 - (c) Mass Production
- (F) Have manufacturing equipment and technology to manufacture mechanical parts for cutting-edge precision machines.
 - a. Integrate mold design and high-functioning equipment to provide high precision and advanced complex technology that the single process cannot offer.
 - b. With abilities to modify and improve machinery and equipment, as well as strong welding capability to enable firm and aesthetics connection of materials.
 - c. With the spray paint and coating abilities of different colors, reducing changeover time.
 - d. Understand and meet customers' requirements of complex production process quickly, and introduce a variety of precision testing equipment to ensure product quality and precision.
 - e. Actively cooperate with the machinery suppliers to develop first-class advanced automated and custom manufacturing equipment, and keep improving existing production processes.
 - f. Vertically integrate the manufacturing equipment and technology of metal mechanical parts to provide differentiation with fast response and flexibility to the market.
 - g. With a world-class AS9100 and NADCAP aerospace certifications of quality control and production process.
 - h. In terms of tooling design and manufacturing, Jinpao implemented standardization of tooling set and accessories as well as the design process to shorten mold delivery that makes it more competitive in the market.
- (G) Focus on six niche industries and keep good relationship with top-tier customers
 - a. Supply aerospace, telecommunications, green energy, healthcare, electronics, food

testing in the six niche markets.

- b. The low-volume high-mix custom production model creates high entry barrier that results in less competition.
- c. Maintain relationship with customer groups in the six niche low-risk markets with a diversification approach.

B. Unfavorable factors and countermeasures

(A) Raw material cost affects profitability

The major raw materials of Jinpao's products are stainless steel, copper, aluminum and other metal materials, accounting for around 50 percent of the product cost. Part of the low-volume high-mix products are easily affected by the price fluctuation of raw materials in particular.

Countermeasures:

- Cooperate with many suppliers of raw materials to strengthen procure capability.
- Sign long-term supply contacts with raw material suppliers to control the price fluctuation of raw materials effectively.
- Actively develop niche products with high added value to increase product profit margin.
- Observe the market trend of international raw materials, and use hedging instrument to offset potential losses.

(B) Industry competition

Jinpao faces increasing competition from existing and new players in the market. The price competition leads to lower profit margin, and forced the company to lower product price.

Countermeasures:

- Actively expand the market in the ASEAN region to eliminate market risk
- Build long-term relationship with existing customers, and develop new customers
- Continue to invest new equipment to enable innovative production process like smart factory to enhance production efficiency and reduce production cost so as to provide competitive pricing.
- Involved with the early-stage product development with customers to reduce price competition of mature products.
- Provide customers with integrated solutions of custom R&D to manufacturing services, product high-quality products, and offer a low-volume high-mix production with fast delivery to attract customers. Use the strategy to create entry barrier and differentiate it from competitors.

(C) Increasing exports ration, exchange rate fluctuations affect profitability

- In order to reduce the impact of exchange rate changes on profit, the company has opened a foreign currency deposit account for foreign exchange management, and sells foreign currency at the appropriate time or makes foreign currency payments to foreign manufacturers.
- The company's sales departments takes take into account the changes of the future exchange rate when negotiating the unit price with customers. The

quotation will be adjusted according to the changes of exchange rates to mitigate the impact of exchange rate fluctuations on the company's revenue and profit.

- The company's finance personnel keeps close contact with the foreign exchange department of the banks to get the sufficient and timely market information to predict the long-term and short-term trend of foreign exchange rates.
- In order to reduce the risk of foreign exchange, Jinpao adopts derivative financial instruments like buying forward to hedge the exposure to foreign exchange risks in accordance with the "Operating Procedures of Acquisition or Disposal of Assets". The company uses the investment strategy to avoid the relevant exchange rate risks and minimize the impact of exchange rate fluctuations.

(2) Main products' important functions and production process

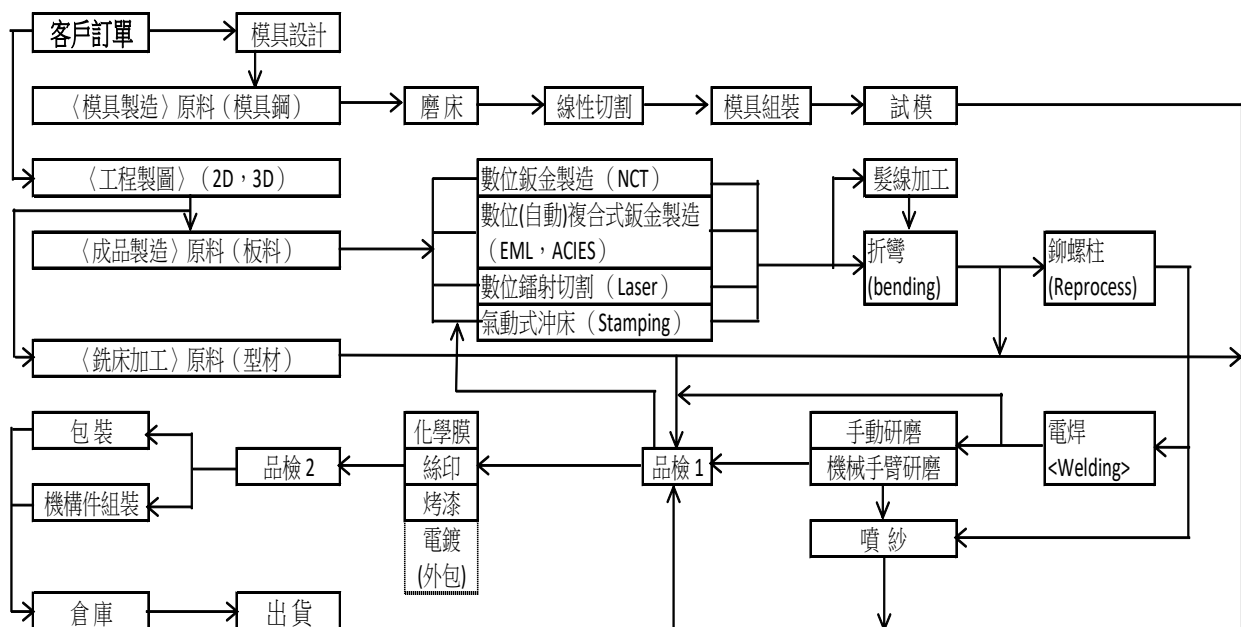
i. Main products' important functions

Main Products	Main functions and applications
Aerospace	Enclosures of flight control computer, mechanical parts of the aircraft cockpit electronics, enclosures and mechanical parts of telecommunication and navigation control systems
Telecommunications	Monitor control cabinet, optical fiber communication system, 4G LTE telecommunication cabinet, 5G telecommunication cabinet, telephone system switch box + IP phone system cabinet, telecommunication system cooling set-up box, multimedia self-refill billing machine, ups+battery series, smart meters, high-end smart storage system with identification function, vending machine supporting third-party payment, enclosures of self-service gas station, Server Rack cabinet etc.
Electronics	Medical parts of 3D monitor picture projector for digital cinema, surveillance system, camera, industrial printer and 3D printer, industrial ventilation system chassis, game console, cash register assembly
Healthcare	Mechanical parts of X-Ray, medical displays, mechanical components of endoscopy host machine
Transportation	Mechanical components of high-speed rail and automotive, MRT ticketing vending machines
Green energy	Mechanical components of solar energy systems, AC/DC solar inverter, electric vehicle charging pile, battery swap station, energy storage power plant cabinet, etc.
Food testing	Automatic check weightier, foreign object inspection equipment, quality test equipment, meat analyzer, milk analyzer.

ii. Main products' production process

客戶訂單: Receive customer's order 模具設計: Tooling design 原料(模具製造/模具鋼): Materials(tooling manufacturing / die steel) 工程製圖: 2D/3D drawing	原料(銑床加工/型材): raw material (milling process/extrusion) 數位鈑金製造: NCT stamping of sheet metals 數位(自動)複合式鈑金製造(EML, ACIES): Digital (automatic) composite
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磨床: Grinding 線性切割: Wire cutting 模具組裝: Mold assembly 試模: Tooling testing 原料(成品製造/板料): Raw material (manufacture of finished product / sheet metal)	manufacturing of sheet metals 數位雷射切割: Laser cutting 氣動式沖床: Pneumatic stamping 髮線加工: Hairline finishing 折彎: Bending 鉚螺柱: Rivet stud (Reprocess)
包裝: Packaging 機構件組裝: Assembly of mechanical parts 品檢 2 : Quality inspection 2 化學膜 Chemical coating 絲印 Screen printing 烤漆 Coating 電鍍(外包): Electroplating (outsourced) 倉庫 Warehouse 出貨 Shipping	品檢 1: Quality inspection 1 手動研磨: Manual grinding 機械手臂研磨 Robotic grinding 噴砂 Sand blasting 電銲 Welding



(3) Supply status of major raw materials

Jinpao purchases raw materials based on the orders received by the sales department, and the forecast of the customers. The company raises the procurement demand according to procurement timeliness, minimum order and safety stock. The company set up an internal procurement control measurements as basis of the purchasing policies. In addition to the consigned materials from customers, Jinpao purchase main materials from two suppliers to ensure stable supply and reasonable cost, avoiding supply shortage or disruptions.

(4) Significant changes in gross profit margin by main product or department in the last two years

i. Changes in gross profit margin in the last two years

Unit: NT\$ thousand

Item \ Year	2021	2022
Operating margin	447,612	648,002
Operating margin ratio (%)	33.13	36.22
Profit margin change (%)	9.23%	

Source: From the consolidated financial report signed and checked by the accounts.

ii. Gross profit margin analysis

The change of annual gross profit margin ratio is less than 20% in 2021 and 2022. There is no need to state the causes of changes.

(5) List of major suppliers and customers

i. The data is based on the suppliers' purchase amount and ratio that accounted for more than 10 percent in one of the two recent years, with explanation of the changes in the following:

Unit: NT\$ thousand

Item	2021				2022				Q1 2023			
Ranking	Company	Amount	Annual net purchase [%]	Relationship with issuer	Company	Amount	Annual net purchase [%]	Relationship with issuer	Company	Amount	Annual net purchase [%]	Relationship with issuer
1	United Coil Center	41,906	9.05	None	United Coil Center	82,517	12.73	None	Hoo Thai	17,299	9.65	None
2	TSK Steel	34,026	7.35	1 Board director is same	Kunshan Znan ming	54,793	8.45	None	Thai Steel	15,162	8.46	None

Item	2021				2022				Q1 2023			
Ranking	Company	Amount	Annual net purchase [%]	Relationship with issuer	Company	Amount	Annual net purchase [%]	Relationship with issuer	Company	Amount	Annual net purchase [%]	Relationship with issuer
—	Other	387,069	83.60		Other	510,942	78.82		Other	146,770	81.89	
—	Net purchase	463,001	100.00	—	Net purchase	648,252	100.00	—	Net purchase	179,231	100.00	—

Note: Hoo Thai Industrial Co., Ltd. (Hereinafter referred to as “HOO THAI”)

In 2021 and the first quarter of 2022, due to the increase in the sales of communication products, the demand for related raw materials such as galvanized steel plates and stainless steel plates increased, thus increasing the purchase of United Coil Center, the demand for related molds increased, so the molds were commissioned to be manufactured by Kunshan Znanming, and subsequent stamping orders were produced by our company.

ii. The data is based on the customers’ purchase amount and ratio that accounted for more than 10 percent in one of the two recent years, with explanation of the changes in the following:

Unit: NT\$ thousand

Item	2021				2022				Q1 2023			
Ranking	Company Name	Amount	Annual net sales [%]	Relationship with issuer	Company Name	Amount	Annual net sales [%]	Relationship with issuer	Company Name	Amount	Annual net sales [%]	Relationship with issuer
1	H Co.,	224,477	16.62%	None	Delta Thai	246,641	13.79%	None	Aeropair	88,771	15.88%	None
2	Delta Thai	154,239	11.42%	None	H Co.,	239,714	13.40%	None	H Co.,	71,123	12.72%	None
	Other	972,266	71.96%	—	Other	1,302,838	72.81%	—	Other	399,177	71.40%	—
	Net Sales	1,350,982	100.00%	—	Net Sales	1,789,193	100.00%	—	Net Sales	559,071	100.00%	—

The revenue of the company's communication products grew in 2021 and 2022, and orders for server communication products from Delta Electric and cloud cabinets from H Company increased. Therefore, they became customers whose revenue accounted for more than 10%.

In addition, due to the strong recovery of orders in the aerospace industry, the demand for related passenger aircraft to cargo aircraft and maintenance machincal parts increased, and then AEROPAIR jumped to become the company's largest customer in the first quarter of 2023.

(6) Production volume and value analysis for the last two years:

Unit: PCS ; NT\$ thousand

Year Production volume& value Main products	2021			2022		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Telecommunications	15,762,162	1,696,558	357,957	16,865,513	2,231,564	571,926
Electronics		4,357,941	115,412		3,480,181	131,837
Healthcare		213,380	18,958		174,061	15,462
Other		2,381,142	121,993		1,947,273	74,927
Aerospace	1,287,966	221,472	269,006	1,300,845	363,612	348,186
Total	17,050,128	8,870,493	883,326	18,166,358	8,196,691	1,142,338

(7) Sales volume and value analysis for the last two years:

Unit: PCS ; NT\$ thousand

Year Sales volume & value Main products	2021				2022			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value
Telecommunications	1,557,071	523,036	517,770	155,608	1,972,827	719,918	997,173	171,004
Electronics	4,021,134	163,934	380,682	47,485	3,655,722	159,450	351,918	50,001
Aerospace	35,743	7,310	189,693	320,623	87,670	17,158	247,794	535,399
Healthcare	25,907	7,046	171,236	15,745	32,054	6,556	140,930	18,064
Other	2,077,471	78,460	22,654	31,735	2,024,226	78,773	43,461	32,870
Total	7,717,326	779,786	1,282,035	571,196	7,772,499	981,855	1,781,276	807,338

3. Human Resources:

April 21, 2023

Year		2021	2022	Ending March 31, 2023
Number of employees	Managers	31	32	32
	Office staff	466	489	491
	Production line workers	583	742	770

	Total	1080	1263	1293
Average age		34.6	34.1	33
Average length of service		5.9	5.5	5.4
Education level distribution ratio	Masters or above	20	23	23
	University (College)	204	215	226
	High school	798	827	851
	Below high school	58	198	193

4. Environmental Expenditure Information

(1) Provide information of the company's improvement on the environmental pollution during two recent years and as of to the publishing date of the annual report. Any disputes of environment pollution should be explained with reasons and countermeasures. During two recent years, and during the current fiscal year up to the date of publication of the annual report, there is no environmental pollution. In 2015, Jinpao replaced all lights in the factory with energy-saving LED lights, and received Green Star Award from Industrial Estate Authority of Thailand. In October 2017, the Board of Directors approved to invest 28.5 million baht in the construction of a one-mega 1 MW solar energy system. Using the alternative energy helps the company to protect the environment and has saved 400,000 baht (100,000 kWh) per month. The construction was completed in the fourth quarter of 2018.

(2) List the amount of any loss including compensation caused by environmental pollution, and indicated mitigation measures like improvement plants being or to be taken and possible expenses the estimated amount of loss, disposition and compensations that may be incurred without taking countermeasures. If it cannot be reasonably estimated, the reasons why it cannot be reasonably estimated should be explained): the losses caused by environmental pollution during two recent years, and during the current fiscal year up to the date of publication of the annual report: None

(3)The company's waste disposal principles are listed as below:

- i. Classify and collect residual metal materials, and then sell them to the recycling companies.
- ii. Recyclables such as paper products and packaging materials are sold to the recycling companies.
- iii. The industrial waste and pollutants such as tarpaulin, gloves, sludge, waste oil, coolant, waste solvent, coating materials and cleaning materials that cannot be disposed of as garbage are sent to qualified waste management companies by paying the companies by weight.
- iv. According to the relevant regulations released by the Industrial Estate Authority of Thailand, all the disposal and management methods of wastes and pollutants shall be listed and compiled into a handbook which is submitted to the authority. The company can only implement the disposal and management of wastes and pollutants after the authority's approval.

(4) After passing the ISO 14000 Environmental management standard since 2008, the

company conducts regular inspection and verification annually, and conforms to the regulations to protect the environment for the certificate renewal.

- (5) The company developed new ERP system as well as hardware and software of Kiosk systems that are implemented in the factory. The R&D team has constantly checked and tested the tuning parameters to ensure the accuracy of collected data. In the future, the big data will be applied to the sheet metal process. The sensory control system and related industrial technology will be adopted to optimize the production process in the whole plant as well as use the resources in the most efficient way. The company aims to build a paperless smart factory.

5. Labor Relations

- (1) Various aspects of employee welfare measures, continuing education, job training, retirement system and its implementation, as well as labor agreements, labor rights and employment protection measures are listed as follows.

i. Employee benefits

- A. Year-end bonus, perfect attendance bonus
- B. New Year bonus.
- C. Year-end sports meet, lucky draw and party
- D. Meal allowance of 30 baht per day (after employment probation period)
- E. a pair of sneakers per year
- F. Three uniforms
- G. Two welder suits
- H. Provide free annual staff uniforms, and 1,000 baht clothing allowance to the employees with two years' service.
- I. Provide pregnant uniform
- J. Full attendance bonus
- K. Wedding gift money
- L. Funeral grant
- M. Annual health checkup
- N. 10-Year Service Award(celebrate the years of service milestone)
- O. Commuter bus
- P. Night shift allowance of 60 baht per day
- Q. Technical allowance
- R. Regional allowance
- S. Position allowance (for factory)
- T. Annual leaves based the labor laws
- U. Emergency loan from the Employee Welfare Committee
- V. Tuition subsidies and merit scholarships for employees' children
- W. Five-day workdays of indirect employees per week
- X. Work injury compensation from the department supervisors

ii. Continuing education and training

With the corporate culture of integrity, Jinpao has been working for the sustainable management environment and competitiveness in the market. The well-designed education

and training plans help employees to continuously improve work performance, increase career potentials, achieving the enterprise development and employees' growth in a win-win approach. The training programs are designed to boost employees' growth, available with industrial management, financial budgeting, sales, human resources, procurement, language and occupational safety in addition to the new employee orientation to meet the needs of various functions at work.

iii. Retirement system

The company has set up a staff retirement scheme in accordance with the labor pension related regulations.

The non-managerial employees and employer each allocates 3% of the monthly salary of the employee. This amount shall be deposited to the labor-management mutual savings fund after the employee passes the probation period.

Retirement benefits are paid at different percentages by years of service:

1 to 3 years – 25% allocated by the employer

3 to 4 years – 50% allocated by the employer

4 to 5 years – 75% allocated by the employer

More than 5 years – 100 % allocated by the employer

iv. Labor agreements, maintenance of employee rights and interests

The company pays much attention to the employee rights, and respects employees' opinions. The company sets up an anonymous suggestion system to let employees to communicate with the human resource department or high-ranking executives to maintain a good relationship between the management and employees.

- A. Labor Insurance Fund applies to the employees as follows (after employment probation period):
 - 1. Section Managers and above
 - 2. Group life insurance for high-risk employees
- B. The coverage of Occupational Accident Insurance is listed as follows:
 - 1. Occupational injuries and diseases
 - 2. Disability that occurs in the workplace
 - 3. Death or loss that occurs at work
- C. Social security benefits covers 7 items as follows:
 - 1. Disease or injuries that occur due to work
 - 2. Childbirth subsidy
 - 3. Disability benefit
 - 4. Survivors benefit
 - 5. Maternity benefits
 - 6. Pension
 - 7. Unemployment compensation

- (2) List any loss sustained as a result of labor disputes during two recent years, and during the current fiscal year up to the date of publication of the annual report, disclose an estimate of

losses incurred to date or likely to be incurred in the future, and indicate mitigation measures being or to be taken. The losses caused by labor disputes during two recent years and the current fiscal year up to the date of publication of the annual report: None

6. Information security management

(1) State the information on the security risk management framework, policies, specific management plans, and resources invested in the security management of Datacom.

1. Information Security Policy

In order to make the business of this agency operate smoothly, prevent the information or information system from being accessed, used, controlled, leaked, destroyed, tampered, destroyed or otherwise violated without authorization, and ensure its confidentiality (Confidentiality), integrity (Integrity)) and availability (Availability), this policy is specially formulated as follows for all colleagues to follow.

1. Effectively manage information assets, continuously perform risk assessment, and take appropriate protective measures.
2. Protect the information and information communication system from unauthorized access and maintain the confidentiality of the information and information communication system.
3. Protection against unauthorized modification to protect the integrity of information and information communication systems.
4. Ensure that authorized users can use the information and information system when needed.
5. Comply with laws and regulations.
6. In response to changes in the information security threat situation, information security education and training should be conducted to improve the information security awareness of colleagues in the agency.
7. Do not open emails from unknown sources or senders that cannot be clearly identified.
8. It is forbidden for multiple people to share a single information system account.
9. The use of non-copyright software systems is strictly prohibited.
10. Unauthorized use of external storage media is strictly prohibited.
11. The backup of important personal computer data is approved according to the electronic approval process, and the information department will set up the backup.

2. Information security goals

1. Be aware of the occurrence of information security incidents, and be able to complete notification, response and recovery operations within the specified time.
2. The email open rate and attachment click rate of the email social engineering exercise shall be handled in accordance with the regulations of the superior authority.
3. To meet the requirements for the classification of information security responsibility levels, and to reduce the threat of exposure to information security risks.
4. Improve personnel information security protection awareness, effectively detect and prevent external attacks.

3. Approval procedures for information security policies and objectives

The security policy of Zitong will be reviewed and approved by Chief Security Officer Chen Zitong after the review of the security management review meeting of Zitong.

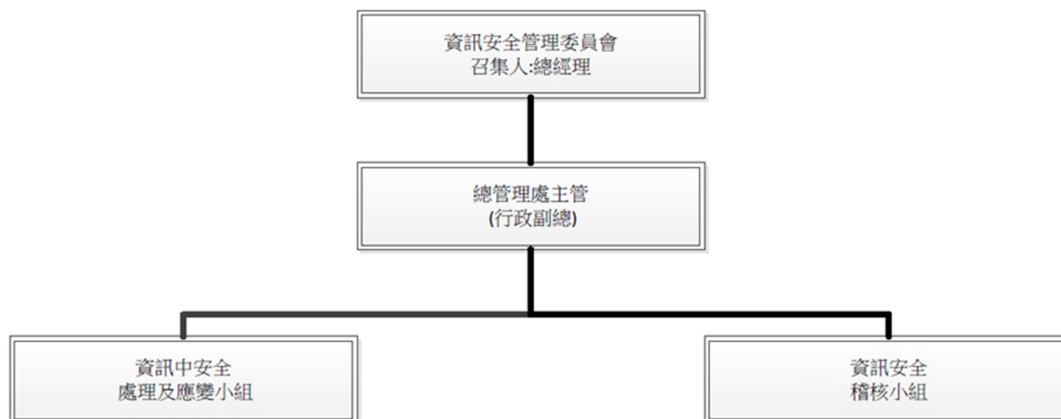
4. Publicity of information security policies and objectives

1. The information security policy and objectives of this agency shall be publicized to all personnel in the agency.
2. The agency shall publicize information security policies and objectives to stakeholders (such as IT service providers, and units related to the agency's connection operations).

5. Regular review procedures for information security policies and objectives

Infocom's security policies and objectives should be regularly reviewed for their appropriateness at Infocom's security management review meetings.

6. Organizational Structure



General Manager: Mr. Chung Kuo Sung

Deputy General Manager of Administration Department: Kuo Hui Ling

Handling and Response Team: Ye Ying Yi and IT Department

Audit Team: Hong Jiankai and Audit Office

(2) List the losses, possible impacts and countermeasures caused by major information security incidents in the most recent year and up to the date of publication of the annual report. If it cannot be reasonably estimated, the facts that cannot be reasonably estimated should be stated: None

7. Important contracts

Type of contract	Party	Contract Duration	Content	Restriction
Credit Line Agreement	LH Bank PCL	2018/6/28 (Auto renewed upon expiry)	Short-term loan	No
Loan agreement	Mega International Commercial Bank PCL	2022/11/7 (3 years after the date of drawdown)	Long-term loan	No
Loan agreement	UOB BANK (Thai) PCL	2014/9/17 (Auto renewed upon expiry)	Short-term loan	No
Loan agreement	Bangkok Bank PCL	2014/7/24 (Auto renewed upon expiry)	Short-term loan	No
Loan agreement	Mega International Commercial Bank	2015/6/6(Auto-renewed upon expiry)	Short-term loan	No
Loan agreement	Jinpao Europe SAS-1 (Subsidiary)	2022/8/25(1 year term after drawdown)	Short-term loan	No

Type of contract	Party	Contract Duration	Content	Restriction
Loan agreement	Taipei Fobon Bank	2022/3/1 (1 year term after drawdown)	Short-term loan	No
Service agreement	Jinpao Precision Japan Co., Ltd.	2022/1/1 to 2022/12/31	Markets R&D	No
Service agreement	Hoo Thai Industrial Co., Ltd.	2022/6/19 to 2023/6/19	Raw materials R&D	No
Joint venture A.	FREDBOU SARL	2019/5/10 to JV Co dismissed	JV a subsidiaey	No
Office rental A.	Mr. Yang Shei Yi	2018/8/16 to 2023/8/15	Office leasing	No
Loan agreement	Mega International Commercial Bank Foreign D	2020/11/6 (3 years term after drawdown)	Long-term loan	No
Loan agreement	Jinpao Euro SAS-2	2022/11/15 for 1 year	Loan to subsidiary	No
Appointment agreement	Mega International Commercial Bank Foreign D	2022/8/30 (3 years term after drawdown)	Mid-term loan	No
Liability insurance agreement	Mega assets insurance Co., Ltd.	2022/7/4 to 2023/6/30	Directors' liability insurance	No

VI. Financial Profile

1. Five-Year Financial Summary

(1) Condensed balance sheet and consolidated income statement

i. Condensed balance sheet – Based on IFRS

Unit: NT\$ thousand

<div style="display: flex; align-items: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Item</div> <div style="text-align: center;">Year</div> </div>		Financial information in the last 5 years					Current financing data ending Mar. 31, 2023 (Note 1)
		2018	2019	2020	2021	2022	
Current assets		822,330	1,344,157	1,103,539	1,072,381	1,615,504	1,537,162
Property, plant and equipment		1,368,637	1,529,787	1,684,621	1,440,132	1,586,042	1,604,090
Intangible assets		174,107	163,076	242,975	198,530	192,051	193,275
Other assets		151,831	282,656	213,744	217,344	330,092	342,745
Total assets		2,512,104	3,319,676	3,244,879	2,928,387	3,723,689	3,677,272
Current liabilities	Before distribution	605,009	927,150	769,089	1,007,656	1,317,770	1,172,801
	After distribution	707,617	1,010,113	860,785	1,108,085	1,451,971	1,172,801
Non-current liabilities		290,304	494,613	628,175	264,009	321,850	291,108
Total liabilities	Before distribution	895,313	1,421,763	1,397,264	1,271,665	1,639,620	1,463,909
	After distribution	997,921	1,504,726	1,488,960	1,372,094	1,773,821	1,463,909
Interests attributable to parent company owner		1,595,807	1,878,426	1,817,074	1,635,125	2,062,061	2,195,930
Non-controlling interests		20,984	19,487	30,541	21,597	22,008	17,433
Share Capital		394,646	436,646	436,646	436,646	479,289	479,289
Capital reserve	Before distribution	775,720	933,720	933,720	933,720	1,063,649	1,063,649
	After distribution	775,720	933,720	933,720	933,720	1,063,649	1,063,649
Retained earnings	Before distribution	441,355	430,149	455,269	494,509	637,712	758,423
	After distribution	338,747	347,186	363,573	394,080	503,511	758,423
Other interests		(15,914)	77,911	(8,561)	(229,750)	(118,589)	(105,431)
Treasury stock		—	—	—	—	—	—

Non-control interest		20,984	19,487	30,541	21,597	22,008	17,433
Total equity	Before distribution	1,616,791	1,897,913	1,847,615	1,656,722	2,084,069	2,213,363
	After distribution	1,514,183	1,814,950	1,755,919	1,556,293	1,949,868	2,213,363

Note 1: Financial report Q1 2023 was signed and reviewed by CPA

ii. Condensed Statements of Comprehensive Income – Based on IFRS
Unit: NT\$ thousand

Item \ Year	Financial information in the last 5 years					Current financial data ending March 31st, 2023 (Note: 1)
	2018	2019	2020	2021	2022	
Operating revenue	1,217,575	1,437,581	1,259,442	1,350,982	1,789,193	559,071
Operating margin	412,423	446,128	398,028	447,612	648,002	233,583
Operating income	176,039	135,650	113,840	165,087	322,424	146,459
Non-operating income and expenses	(2,290)	(30,328)	14,612	3,673	(17,540)	(7,048)
Income from continuing operations before income tax	173,749	105,322	128,452	168,760	304,884	139,411
Net income from continuing operations	146,469	90,678	117,284	124,736	243,180	120,937
Loss of suspended business unit	—	—	—	—	—	—
Net income	146,469	90,678	117,284	124,736	243,180	120,937
Other comprehensive income(net of tax)	55,929	91,831	(92,536)	(223,933)	112,024	13,417
Total comprehensive income	202,398	182,509	24,748	(99,197)	355,204	134,354
Profit attributable to the equity holders of the Company	146,518	91,402	115,873	130,936	243,632	120,711
Net profit attributable to non-controlling interests	(49)	(724)	1,411	(6,200)	(452)	226
Comprehensive income attributable to the equity holders of the Company	202,977	185,227	21,611	(90,253)	354,793	133,869
Comprehensive income attributable to non-controlling interests	(579)	(2,718)	3,137	(8,944)	411	485
Earnings per share	3.74	2.31	2.65	3.00	5.45	2.52

Note 1: Financial report of Q1 2023 was signed and reviewed by CPA

(2) Material matters that affected the consistency of the above financial statements, such as accounting changes, company mergers or closed business units, and their impact on the current fiscal year's financial statements: None

(3) The names of appointed certified accountants and their audit opinions in the last 5 years

i. The names of appointed certified accountants and their audit opinions in the last 5 years

Year	Name of accounting firm	Name of CPA	Audit opinion
2018	Deloitte & Touche	Yang Ching-Cheng / Chen Chih-Yuan	unqualified opinion
2019	Deloitte & Touche	Yang Ching-Cheng / Chen Chih-Yuan	unqualified opinion
2020	Deloitte & Touche	Yang Ching-Cheng / Chen Chih-Yuan	unqualified opinion
2021	Deloitte & Touche	Yang Ching-Cheng / Gung Tza-Li	unqualified opinion
2022	Deloitte & Touche	Gung Tza-Li / Chen Chao-Yu	unqualified opinion

ii. If the company changes the accountants in the last five years, the predecessor and the successor auditors should be listed with reasons of replacement: None

2. Five-Year Financial Analysis

Unit: Thousand NT Dollars
(Continued)

Item \ Year		Financial information for the last 5 years					Current financial data ending March 31, 2023
		2018	2019	2020	2021	2022	
Financial structure %	Debt to asset ratio	35.64	42.83	43.06	43.43	44.03	39.81
	Ratio of long-term capital to property, plant and equipment	137.81	161.67	232.61	138.24	151.69	156.13
Solvency %	Current ratio	135.92	144.98	143.49	106.42	122.59	131.07
	Quick ratio	90.02	116.21	105.19	77.17	90.10	89.49
	Interest coverage ratio	16.03	5.86	7.18	19.30	16.54	24.04
Operating performance	Receivable turnover rate (Times)	4.13	4.71	3.27	2.74	2.77	2.82
	Average collection days	88.37	77.49	111.78	133.21	131.77	129.43
	Inventory turnover (Times)	3.07	3.33	3.07	3.07	3.34	3.15
	Payable turnover rate (Times)	4.83	6.83	4.79	3.31	3.14	3.67
	Average sales days	118.89	109.6	118.91	118.91	109.28	115.87
	Property, plant and equipment turnover (Times)	0.99	1.01	0.82	0.86	1.21	1.40
	Total assets turnover (Times)	0.53	0.49	0.38	0.44	0.54	0.60
Profitability	Return on assets (%)	6.77	3.73	3.57	4.04	7.78	3.41
	Return on equity (%)	9.52	5.26	6.35	7.23	13.00	5.63
	Profit before tax to paid-in capital ratio (%)	44.03	24.12	29.42	12.31	63.61	29.09
	Net profit ratio (%)	12.03	6.36	9.31	9.23	13.59	21.63
	Earnings per share (NT)	3.74	2.31	2.65	3.00	5.45	2.52
Cash flow	Cash flow ratio (%)	36.45	15.15	45.86	23.08	15.80	5.38
	Cash flow adequacy ratio (%)	85.16	72.71	65.10	62.61	55.35	62.56
	Cash reinvestment ratio(%)	3.66	1.18	8.19	5.18	3.17	1.81
Leverage	Operating leverage	2.34	3.29	3.50	2.58	1.26	1.59
	Financial leverage	1.07	1.19	1.16	1.11	1.06	1.04

Description:

- (1) The ratio of long-term capital to property, plant and equipment: The decrease in 2022 compared with 2021 was mainly due to the increase in long-term capital positions in 2022 because the convertible corporate bonds issued at the end of 2019 has matured

in November 2022 and all conversions have been completed.

- (2) The increase in current ratio in 2022 compared to 2021 was mainly due to the transfer of convertible corporate bonds into capital from current liabilities in 2022.
- (3) The increase in quick ratio in 2022 compared to 2021 was mainly due to the transfer of convertible corporate bonds into capital from current liabilities in 2022.
- (4) The increase in interest coverage ratio in 2022 compared to 2021 was mainly due to the increase in profit before tax and interest in 2022.

Note: The formula for calculations is as follows:

1. Financial structure

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

(2) Long-term capital ratio to property, plant and equipment = (total equity + non-current liabilities) / net worth of property, plant and equipment

2. Solvency

(1) Current ratio = current assets / current liabilities

(2) Quick ratio = (current assets – inventory – prepaid expenses) / current liabilities

(3) Interest coverage ratio = earnings before interests and taxes / current interest expenses

3. Operating performance

(1) Receivable (including trade receivable and notes receivable arising from business operations) turnover ratio = net sales / average receivable (including trade receivable and notes receivable arising from business operations) for each period

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

(3) Inventory turnover ratio = cost of goods sold / average inventory

(4) Payable (including trade payable and notes payable arising from business operations) turnover ratio = cost of goods sold / average payables (including trade payable and notes payable arising from business operations) for each period

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

(6) Property, plant and equipment turnover ratio = net sales / average net worth of property, plant and equipment

(7) Total asset turnover ratio = net sales / 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 / Average Stockholders' Equity.

(3) Net profit margin = Net Income / Net Sales

(4) Earnings per share = (profit and loss attributable to owners of the parent – dividends paid for preferred shares) / weighted average number of shares outstanding

5. Cash flow

(1) Cash flow ratio = Net cash flow from operating activities / current liabilities

(2) Cash flow adequacy ratio = net cash flow from operating activities within five years / (capital expenditures + inventory additions + cash dividend) within five years

(3) Cash Flow Reinvestment Ratio = (cash provided by operating activities – cash dividends) / (gross property, plant and equipment + long-term investments + other noncurrent assets + working capital)

6. Leverage

(1) Operating leverage = (net sales - variable cost and expense) / operating income

(2) Financial leverage = operating income / (operating income – interest expenses)

3. Supervisors' or audit committee's report in the most recent year

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm of Deloitte & Touche was retained to audit JPP Holding Company Limited's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of JPP Holding Company Limited. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

JPP Holding Company Limited

Chairman of the Audit Committee: Shih-Chin Chen



Shih-Chin Chen

March 28, 2023

4. Financial statement for the most recent fiscal year, including an auditor's report prepared by a certified public accountant, and 2-year comparative balance sheet, statement of comprehensive income, statement of changes in equity, cash flow chart, and any related footnotes or attached appendices: See page 148 to page 213 for details.

5. The company's individual financial statement in the most recent fiscal years signed and audited by CPA. It does not contain statements of major accounting items. This company is a foreign issuer listed in its home country, so the regulation is not applicable to the company.

6. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.

VII. Review of Financial Conditions, Results and Risk Management

1. Analysis of Financial status

Unit: NT\$ thousand; %

Item \ Year	2021	2022	Difference	
			Amount	%
Current assets	1,072,381	1,615,504	543,123	50.65%
Property, plant and equipment	1,440,132	1,586,042	212,261	15.45%
Intangible assets	198,530	192,051	-6,479	-3.26%
Other assets	217,344	330,092	46,397	16.35%
Total assets	2,928,387	3,723,689	795,302	27.16%
Current liabilities	1,007,656	1,317,770	310,114	30.78%
Non-current liabilities	264,009	321,850	57,841	21.91%
Total liabilities	1,271,665	1,639,620	367,955	28.93%
Share capital	436,646	479,289	42,643	9.77%
Capital reserve	933,720	1,063,649	129,929	13.92%
Retained earnings	494,509	637,712	143,203	28.96%
Other interests	(229,750)	(118,589)	111,161	(48.38%)
Treasury stock	-	-	-	-
Non-controlling Interests	21,597	22,008	411	1.90%
Total equity	1,656,722	2,084,069	427,347	25.79%

Analysis of significant changes in assets, liabilities and shareholders' equity in the last two years (over 20% of the previous period):

- (1) Current assets increased by NT\$543 million, mainly due to the increase in accounts receivable and inventories. Because the sales revenue in 2022 was significantly higher than that in 2021, and it was mainly due to the increase in revenue from long-term customers, accounts receivable amount increased; in addition, due to the soaring global raw material prices, the amount of raw material stocking increased.
- (2) Other assets increased by NT\$56 million, mainly due to the increase in prepaid equipment.
- (3) Current liabilities increased by NT\$310 million, mainly due to the increase in short-term loans and accounts payable. Due to the company's continuous capital expenditures, short-term loans were first used to pay for it, then to decrease the current ratio by using long-term loans from financial institutions to repay short-term loans. The part will be improved thereof. Beside, the increase in accounts payable is mainly due to the increase in amount of raw materials stocking reserved by the Company.
- (4) Non-current liabilities increased by NT\$58 million, mainly due to the company's long-term loans withdrawing.
- (5) Retained earnings increased by NT\$143 million, mainly due to the company's operating profit.
- (6) Other equity increased by 111 million dollars, mainly due to the increase in the exchange rate of Thai baht against to Taiwan dollar.

2. Analysis of Operation Results

(1) The main reasons for the significant changes in operating revenues, operating profit and income before tax in the last two years.

Unit: NT\$ Thousand ; %

Item \ Year	2021	2022	Difference	
			Amount	%
Operating revenue	1,350,982	1,789,193	438,211	32.44%
Gross profit	447,612	648,002	200,390	44.77%
Operating net profit	165,087	322,424	157,337	95.31%
Non-operating revenue and expenses	3,673	-17,540	-21,213	-577.54%
Pre-tax net profit	168,760	304,884	136,124	80.66%
Current profit of continuing operations	124,736	243,180	118,444	94.96%
Loss from discontinued operations	-	-	-	-
Current net profit	124,736	243,180	118,444	94.96%
Other comprehensive income (net of income tax)	(223,933)	112,024	335,957	-150.03%
Total comprehensive income	(99,197)	355,204	454,401	-458.08%
Net income attributable to Shareholders of the parent	130,936	243,632	112,696	86.07%
Net income attributable to non-controlling interests	(6,200)	-452	5,748	-92.71%
Total comprehensive income attributable to shareholders of the parent	(90,253)	354,793	445,046	-493.11%
Total comprehensive income attributable to non-controlling interests	(8,944)	411	9,355	-104.60%

Item \ Year	2021	2022	Difference	
			Amount	%
Analysis of significant changes over 20% of the previous period and the change amounted to NT\$ 10 million:				
1. The net operating profit of 2022 increased by NT\$438 million compared with the same period of last year, main reason is due to the strong recovery of orders in the aerospace industry in 2022, and the large increase in orders for cloud cabinets and servers for communication products, the sales revenue increased compared with last year which amount increased by NT\$200 million compared with the same period last year.				
2. Non-operating income decreased by NT\$21 million, mainly due to the decrease in exchange benefits in 2022 compared to 2021.				
3. Due to the increase in the company's gross profit and a slight increase in administration and sales expenses, the net profit after tax increased by NT\$118 million compared with 2021, with an annual growth rate of 94.96%.				
4. The increase in comprehensive profit and loss for the period was mainly due to the increase in the exchange difference of the currency of translation.				

- (2) The output forecast and its basis, and its possible impacts on the financial performance in the future and counter measures:

The company mainly sets the annual sales target based on the customer's forecasts, production capacity and previous operating performance. The company's products are applied in various industries at the growth stage. The company will continue to develop new markets and expand business to increase market share and profitability as well as maintain good financial performance.

3. Analysis of Cash Flow

- (1) Cash flow analysis for the recent year (2022)

Unit: NT\$ thousand

Balance, beginning of year	Annual cash flow from operating activities	Annual cash flow from other activities	Balance (insufficient) amount	Cash shortage contingency plan	
				Investment plan	Financing plan
148,834	208,148	(166,386)	190,596	—	—
Analysis of changes in cash flow in the most fiscal year:					
Operating activities: The main reason is that the company continued to make profits in 2022.					
Investing activities: The cash outflow was mainly due to the acquisition of real estate, plant and equipment and the increase in investment in subsidiaries.					
Financing activities: The period caused to cash inflows were due to short-term banking loans withdraw.					

Source: 2022 consolidated financial statements signed and audited by CPA.

(2) The improvement plan of a lack of liquidity: not applicable

(3) Cash flow forecast analysis over the next year (2022):

Unit: NT\$ thousand

Balance, beginning of year	Annual cash flow from operating activities	Annual cash flow from other activities	Balance (insufficient) amount	Cash shortage contingency plan	
				Investment plan	Financing plan
190,596	571,031	(386,203)	375,424	—	—
Analysis of changes in cash flow over the next year: Operating activities: revenue and profit are expected to continue to grow in the future. Investing activities: to purchase production equipment will lead to cash outflows continuously. Financing activities: It is expected that cash dividends and banking installments of long-term loans will be repaid within this year.					

4. Major capital expenditures items:

The company has no significant capital expenditures in 2021 and 2022.

5. Investment policy in last year, main causes for the profits or losses, improvement plans and the investment plans for the coming year:

(1) Investment policy:

The company's current investment policy is based on the relevant investment targets of its main business, and is not engaged in non-core business operations. The relevant departments follow the internal control system “investment cycle” and the “Procedures for Acquisition or Disposal of Assets”. The procedure is discussed and approved by the Board of Directors or in the shareholders meeting.

(2) Main causes of profits or losses incurred by re-invested business and improvement plans:

Unit: NT\$ thousand

Item Re-invested company	Recognized profit (loss) in 2022	Main reasons for profit or loss	Improvement plan
JINPAO PRECISION INDUSTRY CO., LTD.	284,557	Revenue growth	None
Jinpao Precision Japan Co., Ltd.	28	Operation not came into economic scale yet	None
Jinpao Europe SAS	(1,848)	Due to global raw materials price surged in 2022, so related costs increased	Increased scale of operation in order to lower break-even point
Wefly Aero Co., Ltd.	(1,318)	Although the covid-19	None

		pneumonia is slowing down and the world is gradually unblocking, but the progress of enrollment has not yet recovered significantly	
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(3) Investment plans for the coming year: None

6. Analysis of risk management

(1) The effect upon the company's profits and losses of interest and exchange rate fluctuations and changes in the inflation rate, and countermeasures to be taken in the future:

i. The effect on the company's profits and losses of interest rate fluctuations and countermeasures to be taken in the future:

The main source of interest income of the Company is banking deposit, while interest expense is mainly due to interest charges arising from bank loans. The Company's annual interest incomes of 2021 and 2022 were NT\$ 450K and NT\$ 616K respectively, accounting for less than 1% of net operating income, and interest expenses were NT\$ 19,076K and NT\$ 19,623 respectively, accounting for a net operating income ratio of 1.41 % and 1.10%; the ratio is not high. Thus, the change in interest rate has no significant impact on the company.

Countermeasures:

If there is a large fluctuation of interest rate in the future and demand to continuous borrowing for the company, the company will use other financial tools to raise funds from capital market. In addition, the company will choose fixed or floating interest rates of loans depending on the interest rate movement to avoid the risk of interest rate fluctuations.

ii. The effect of exchange rate fluctuation upon the company's profits and losses, and countermeasures to be taken in the future:

A. The effect on the company's income

Item	Unit: NT\$ thousand	
	2021	2022
Exchange gains (losses)	27,453	2,268
Operating revenue	1,350,982	1,789,193
Exchange gains or losses /Operating income (%)	2.03	0.13
Net operating income	165,087	322,424
Exchange gains or losses /Net operating income (%)	16.63	0.70

The Company's exchange gain (loss) for the years of 2021 and 2022 were respectively NT\$ 27,453K and NT\$ 2,268K, and the exchange gain (loss) accounted for 2.03% and 0.13% of the net revenue, 16.63% and 0.70% of the operating income respectively. The most deals of import/export of company are quoted in U.S. dollars currency, but some of them were traded in Euro

currency, while the Company always adopts Thai baht for the payment to the local suppliers for daily operations. The company is exposed to foreign currency risk when there is appreciation of US dollars. Therefore, movements in foreign currency exchange rates have financial impact on the company's revenue and profit.

B. Contingency measures:

To effectively mitigate the risk of exchange rate fluctuation, Jinpao keeps close contact with banks to collect exchange rate-related financial information to understand and predict exchange rates trends in the future as well as take measures as follows to eliminate the impact of the company's revenue and profit by exchange rate fluctuation:

- (A) Open a US dollar savings account, and deposit the payments of customers in US dollars from the exports in a foreign currency account which is used for procurement payments to the foreign suppliers, and reduce the impact of exchange rate fluctuations by means of natural hedge through offsets of foreign currency claims and debts foreign currency credits and debts.
- (B) When the customer remits the payment to Jinpao's company bank account, the company will appropriately adjust the foreign exchange position depending on the demand for funds and movement of exchange rates.
- (C) The sales department considers the impact of exchange rate fluctuation on the sales price, and adjusts the product price according to the exchange rate fluctuation to mitigate the impact of exchange rate fluctuation on the company's revenue and profit before making a quotation for foreign customers.
- (D) The sales and procurement staff uses the real-time stock and foreign exchangemarket information provided by the correspondent banks as the basis when making a quotation and purchases of raw materials.
- (E) The company conducts the pre-saleof foreign exchange forward transaction depending on the foreign currency position and exchange rate changes in accordance with the Procedures for Acquisition or Disposal of Assets, and the net foreign exchange positionis used as the hedged instrument after natural hedging to reduce the exchange rate risk arising from the business operations of the company.

iii. The impact of inflation and countermeasures to be taken in the future:

The inflation has not materially affected the company's profit and loss in the past. The company will also appropriately adjust the sales price to cope with the inflation, so inflation may not have a significant impact on the company. The company review and compile relevant information for decision-making of the management with reference to the economic analysis data and reports of the government and research institutions regularly and from time to time.

- (2) The main reasons of the profit or loss due to investment of high-risk investments and highly leveraged investments, loans to other parties, endorsement, guarantee, and derivative transactions, and response measures to be taken in the future.

The company is committed to its core business and has a conservative financial polity. The company has not engaged in high-risk or highly leveraged investments in the most recent year as of the date of report publication. It has established the, "Operational Procedures for Lending Capital to Others'" and "Operational Procedures for Endorsements and Guarantees" as the bases for operations.

The company conducts trading in derivative commodities to avoid the risk of exchange rate fluctuations of foreign currency assets. The exchange rate of the contract has been determined, and there is no significant risk of cash flow. The company has performed transactions with the banks with good credit, and the possibility of credit risk is extremely low. The company conducts the transactions in compliance with the "Procedures for Acquisition or Disposal of Assets" with regular monitoring and evaluation.

(3) Future research and development projects, and expenditures expected in connection therewith:

R & D expenses of the company and its subsidiaries in 2021 and 2022 were NT\$ 20,331 thousand and NT\$ 21,297 thousand respectively. Jinpao has started to establish the intelligent production system, strengthen the industry 4.0 capabilities, manufacturing via MES, Kiosk, PLM and highly customized ERP system which are available to collect production data automatically then provides real-time production status to managers and manufacturing department. With regard to the future product development direction, the sales department will develop value-added products that meet market demands. In terms of production process and technology development, the company keeps improving the manufacturing capabilities and introduces the latest automation equipment to improve production efficiency and product quality. In order to develop the work direction, the company will continue to spend R&D expenses to enhance the company's competitiveness.

(4) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and response measures to be taken:

The company is an exempted company registered in the Cayman Islands, and the company is in compliance with Section 2 of Article 2-1 of Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants, or the recommended securities firm considers the issuer's financial report has significant influence on the overall economy, changes in the political and economic environment, relevant laws and regulations, foreign exchange control and taxation of the country of registration and the country of operation, and whether or not to recognize the effectiveness of the civil judgment of the courts in ROC. Please refer to the description of the risk items on page 13 above.

The company's financial operations have not significantly affected by changes in major political policies and economic environment in the Cayman Island, Thailand and Taiwan in the most recent year and the year as of the publication date of the annual report.

(5) Effect on the company's financial operations of developments in science and technology as well as industrial change, and response measures to be taken:
The Company always pays attention to the relevant technological changes in the industry, find out and keep up with the latest market trends, and evaluates its impact on the business operations. The company has no major technological or industrial changes that may significant affect the financial operations in the most recent year and the year as of the publication date of the annual report.

(6) Effect on the company's crisis management of changes in the company's corporate image, and response measures to be taken:

The company is committed to manufacture of high-quality products, and upholds the principle of good faith to maintain a good image of the company in the industry. In the most recent year and the year as of the publishing date of the annual report, the company has not changed the corporate image and affected the corporate image.

(7) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures to be taken:

In December 2018, the company completed the acquisition of two European subsidiaries, Atelier dedecolletage de Bigorre and SAS LUTEC. These two companies are professional aerospace milling machine suppliers, which have a synergy plus effect to the company's current production process capability; In addition, in the latest case happened in January 2020, the company also completed the acquisition of SPEM AERO SAS, a French company specializing in aerospace surface treatment and industrial painting, which is the first-tier supplier of Airbus Process. These three companies' factory locations are close to the French Airbus production base, which drives the two companies easily to access into the aerospace market and develop other quality customers. Other possible risks are due to the separation of Asian and European cultures. Relevant management methods and practices must be tailored to local conditions, and the advantages of both parties should be combined in order to create maximum benefits.

(8) Expected benefits and possible risks associated with any plant expansion, and mitigation measures to be taken:

In order to meet the order and production requirements of aerospace products, the subsidiary of the company, Jinpao (Thailand), has been expanded with the aerospace assembly and anode treatment plant at the current site of the Thai factory. It is expected to construction be completed within the October to November in 2019. In addition, the company will also apply for American aviation industrial certification "NADCAP" heat-treatment process line, and it is estimated that can be obtained the certification in the second quarter of 2020, then going to mass production, which should make a significant contribution to the overall profit of the group.

(9) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures to be taken:

i. Risks associated with purchasing and contingency measures

Single source never happened in the Company. The company has so many suppliers to choice for major raw materials. The purchase ratios of the top ten suppliers of 2021 compared with 2022 were 45.42% and 45.35% respectively. In order to ensure the stability and reliability of the source on supply and quality, the company makes appropriate adjustments of the purchase in accordance with the customers' demands, safety stock and delivery status as well as the market demand. The company has no excessive concentration of purchasing sources.

ii. Risks associated with sales and contingency measures

Most of the company's customers are listed companies in Thailand or

internationally renowned listed companies. The sales ratio of the first largest customers from the year 2020 to 2022 was 20.70%, 16.62% and 13.79% respectively, kept in a stable trend. The company's end products are mainly applied for the industrial market rather than consumer electronics market. It belongs to a kind of primarily customized products with relatively stable order all the way. The company has been recognized by the customers with its top-notch technology, and maintains a long-term stable cooperative relationship with them. The company's sales market comprises Asia, America and Australia, including Thailand and Japan. The company has actively developed business in Europe, and maintained good relationship with European customers. On the whole, the company has no risk in customer concentration.

(10) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding more than 10 percent of shares of the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:

In the most recent year and the year as of the date of report publication, the information on share transfer of directors and shareholder holding more than 10 percent of shares of the company is described in the Page 70 of the annual report. The matter has no significant impact on the company's operation rights and financial operations.

(11) The impact and risks of changes in governance personnel or top management of the company, and countermeasures:

There is no managing organizational change in the most recent year and up to the date of publication of the annual report.

(12) Litigious and non-litigious matters:

If there has been any substantial impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving a company director, supervisor, general manager, de facto responsible person, or major shareholder with more than 10 percent of shares of the company and affiliated companies, and the matter was finalized or remained pending during the current fiscal year up to the publication date of the annual report, the report shall disclose the information of the facts and amount in dispute, commencement date, main parties involved, and current status of the case.

In the most recent year and the year as of the date of report publication, there is no litigation or ongoing litigation, non-litigation.

(13) Other important risks and mitigation measures being or to be taken:

i. Risk of price fluctuation on raw materials

The main materials of the company's products are metals like iron, stainless steel and copper. In the last three years, the raw materials account for around 45% to 55% of product cost. The low-volume high-mix products are easily affected by the price fluctuation of raw materials in particular.

Countermeasures:

A. Purchase raw materials from more suppliers to increase bargaining power

- of suppliers.
- B. Actively develop high value-added niche products to increase profits.
- C. Observe changes in the price of raw materials and use hedging instruments to mitigate the risk of price volatility.
- D. Keep close and long-term relationship with major suppliers to ensure stable supply of raw materials.

ii. Risks associated with market competition

Jinpao faces increasing competition from existing and new players in the market. The price competition leads to lower profit margin, and forced the company to lower product price.

Countermeasures:

- A. Actively expand the market in the ASEAN region to eliminate market risk
- B. Build long-term relationship with existing customers, and develop new customers
- C. Continue to invest new equipment to enable innovative production process like smart factory to enhance production efficiency and reduce production cost so as to provide competitive pricing.
- D. Involved with the early-stage product development with customers to reduce price competition of mature products.
- E. Provide customers with integrated solutions of custom R&D to manufacturing services, product high-quality products, and offer a low-volume high-mix production with fast delivery to attract customers. Use the strategy to create entry barrier and differentiate it from competitors.

iii. Foreign currency risk

The company is selling and buying in U.S. dollars, and part of the customers use Euro as the trade currency. The company uses Thai baht for the payment to the suppliers and for the daily operations. The company is exposed to foreign exchange risk when there is appreciation of US dollars. Therefore, movements in foreign currency exchange rates have financial impact on the company's revenue and profit.

Countermeasures:

- A. Open a US dollar savings account, and deposit the payments of customers in US dollars from the exports in a foreign currency account which is used for procurement payments to the foreign suppliers, and reduce the impact of exchange rate fluctuations by means of natural hedge through offsets of foreign currency claims and debts foreign currency credits and debts.
- B. When a US dollar savings account, and deposit the payments of customers in US dollars from the exports in a foreign currency account which is used for procurement payments to the foreign suppliers, and reduce the impact of exchange rate fluctuations by means of natural hedge through offsets of foreign currency claims and debts foreign currency credits and debts.
- C. The sales department considers the impact of exchange rate fluctuation on the sales price, and adjusts the product price according to the exchange rate fluctuation to mitigate the impact of exchange rate fluctuation on the company's revenue and profit before making a quotation for foreign

customers.

- D. The sales and procurement staff uses the real-time stock and foreign exchange market information provided by the correspondent banks as the basis when making a quotation and purchases of raw materials.
- E. The company conducts the pre-sale of foreign exchange forward transaction depending on the foreign currency position and exchange rate changes in accordance with the Procedures for Acquisition or Disposal of Assets, and the net foreign exchange position is used as the hedged instrument after natural hedging to reduce the exchange rate risk arising from the business operations of the company.

iv. Risks associated with talent outflow

Contributed to the technological development, business strategies and client cultivation from high-ranking executives, the company has successfully grown and expanded its business since its inception. Most of the top management in the company has worked for more than ten years. The major personnel changes in the top management might cause operational risks. Therefore, the company is committed to providing a good working environment and welfare system to retain outstanding talents to enhance the company's competitiveness.

Countermeasures:

The company has been working to improve the internal working environment to reduce the risk of outflows of the top management. Talents are one of the most important assets, making the company highly competitive in the market. As a result, the company actively joins the academic and industry networks to approach outstanding talents and ask them to join the management team. On the other hand, it continues to provide a good working environment and welfare system to retain outstanding talents so as to enhance the company's competitiveness.

v. Environmental regulations raise the trade barrier

Due to destructed global ecological environment, imbalance of natural environment and increasing natural disasters, the worldwide governments pay more attention to environmental protection through legislation. Various regional and international organizations have signed agreements and are committed to environmental protection. For example, the European Union has prohibited the use of certain hazardous substances in electrical and electronic equipment, including Lead, Cadmium, Mercury, Hexavalent Chromium, Polybrominated Biphenyls, Polybrominated Diphenyl Ether since July 1, 2006. In addition, it is stated in the appendix that the proportion of lead in steel shall not exceed 0.35%, and restricts the use of lead-bearing materials such as leaded free-cutting steel. The legislation has great influence on the products which are able to be distributed in the region or not, as well as on customers' willingness to purchase and evaluation of the supplier, in addition to the impact on transaction cost.

Countermeasures:

In recent years, the awareness of environmental protection has risen. To meet the market requirement, the materials and production process adopted by Jinpao are compliant with environmental safety regulations. For example,

each batch of the main raw materials including stainless steel, aluminum, copper, steel and other metals will be attached with a Mill Certificate or SGS test report. And the company has a mass spectrometer which is a sophisticated testing instrument used for total inspection of incoming materials from external suppliers to ensure the chemical composition of metals and product testing to meet RoHS compliance. The iron scraps or residual materials generated in the production process are recycled to the steel mill for re-refining into steel raw materials.

The company's operational activities have been affected by climate change. As a result, the company conducted greenhouse gas inventory, and take measures to reduce carbon emission and greenhouse gas like changing the entire factory lighting to LED lights in 2015. Thus, the company was awarded the Green Star Award by the Industrial Estate Authority of Thailand in 2015. In the third quarter of 2018, the company invested in the construction of 100,000 kWh systems for solar power generation to meet the requirements of energy conservation, carbon reduction and world environmental protection. The company uses this alternative energy source to protect the environment and save electricity by 400,000 baht per month (100,000 kWh / month).

vi. Protection of shareholders' equity

There are many different differences between the Companies Law of Cayman Islands and Company Act of Taiwan. Although the Company has amended the Articles of Incorporation in accordance with the Checklist of Shareholders Right Protection Items for the foreign issuer released by Taiwan Stock Exchange Corporation. However, there are still many differences in terms of business operation, and the legal rights. The Law of ROC is not completely applicable to the company registered in the Cayman Islands. The investor may consult with experts before the investment, and understand the shareholder

Investors investing on the offshore company with a registration office in Cayman Islands companies they invest in. Investors should know and consult with experts to invest in whether the Cayman Islands have unprotected shareholders' rights.

vii. Certain conditions are possibly unable to provide sufficient protection

There are many risks and dangers in the business operation procedures, including failure, damage or abnormality of machinery and equipment, delay in delivery of equipment, labor strikes, fires, natural disasters, environmental disasters, occupational injuries, etc., which may have material adverse impacts on the Company's operations. Although the Company has insured fixed assets and inventory in accordance with the practices of the country of operation, such insurance may not be able to provide sufficient protection under certain circumstances. If the company suffers losses, it may adversely affect the company's operations.

viii. Explanation of information security risk assessment analysis

Analysis of the company's existing systems and ISA95 standards; at the business planning and logistics platforms there are ERP, PLM, HR, JODS, BPM, BI, KM, etc., whilst at the manufacturing operation platform with

JSIMS information system and AP100, and in factory at the monitoring system such as View and V Factory has CCTV and sensors installed at the perception layer. Except that every production machine usually does not provide external maintenance out of internet remote connection, the other backbone network architectures are equipped with firewalls for external links, and the backup mechanism is equipped with remote backup hosts. Although each system has different levels of information security protection, the target of recovery time since infected & damage is set within one hour. The external hard disk of the company's PC is controlled and recorded through DLP behaviors, the installation process of antivirus software in the factory, has to update in the WI operation instructions, and the virus code update mechanism has the antivirus server centrally to update the virus code simultaneously.

7. Other Major Risks: None

VIII. Special Disclosure

1. Summary of Affiliated Company

(1) Consolidated business report of affiliated companies

i. Organizational chart of affiliate companies

Please see: organization chart in the Company Profile

iii. Basic information of affiliated companies—company name, date of incorporation, address, paid-in capital, types of business

As of Dec. 31, 2022

Company Name	Setup date	address	Paid-in capital	Main biz scope
Jinpao Precision Industry Co., Ltd.	Jan. 13, 1998	631 Soi 12 Moo 4 Bangpoo Industrial Estate T. Phraksa, A. Muang, Samutprakarn 10280 Thailand.	THB 709,750,000	Design, manufacture and sell custom precision sheet metals.
Jinpao Precision Japan Co., Ltd.	Feb. 2, 2015	Vision Center Nihonbashi Fukushima Bldg. 2F, 1-5-3 Nihonbashimuromachi, Chuo-ku, Tokyo, 103-0022, Japan.	JPY 30,000,000	Responsible for the Japanese market and after-sales services.
Jinpao Europe SAS	Nov. 23, 2018	Zone Industrielle Pyrène Aéroport, 65290 Louey R.C.S. TARBES FRANCE	Euro 2,500,000	The joint venture owns two French milling plants ADB and Lutec.
Atelier de décolletage de Bigorre (ADB)	Mar. 24, 1999	Zone Industrielle Pyrène Aéroport, 65290 Louey R.C.S. TARBES FRANCE	Euro 103,968	Product and sale of metal milling parts
SAS LuTec	Apr. 29, 2004	27 Chemin Lou Tribail Zone Artisanale de Toctoucau CESTAS, 33610 FRANCE	Euro 287,548	Product and sale of metal milling parts
SPEM AERO SAS	Sep. 15, 1986	6 Rue Castelmouly, 65200 BAGNERES DE BIGORRE FRANCE, RCS TARBES	Euro 50,400	Aerospace surface treatment and industrial painting service
Wefly Aero Co., Ltd	Aug. 16, 2019	647 Moo4 Soi 11 Phraksa, A. Muang, Samutprakarn 10280 Thailand	THB 20,000,000	Aerospace education and training
I Motor Holding Co., Ltd.	Sep. 7, 2021	90 Moo4, T. Bangchalong, A. Bangpee, Samutprakarn 10280 Thailand	THB 40,200,000	Holding Company
I Motor Manufacturing Co., Ltd.	Nov. 5, 2020	90 Moo4, T. Bangchalong, A. Bangpee, Samutprakarn 10280 Thailand	THB 112,856,000	Product Electric Motorcycles
I Motor Marketing Co., Ltd.	Nov. 6, 2020	90 Moo4, T. Bangchalong, A. Bangpee, Samutprakarn 10280 Thailand	THB 25,000,000	Sale of Electric Motorcycles

iii. The presumption of a relationship of subordination and control under Article 369-3 of the Company Law: None

iv. The business scopes of affiliated companies are listed as below. If any of the affiliated companies has business relation with each other, the mutual dealings

and division of work among affiliates shall be described.

Company Name	Business Operations	Description of the mutual dealings and division of work among affiliates
Jinpao Precision Industry Co., Ltd.	Design, manufacture and sell custom precision sheet metals.	Not applicable
Jinpao Precision Japan Co., Ltd.	Responsible for the Japanese market and after-sales services.	Provide after-sales and product design services for the parent company. Explore business opportunities in the local market, cultivate customer relationships, and develop business.
Jinpao Europe SAS	The joint venture owns two French milling plants ADB and Lutec.	Explore business opportunities in European and African markets, cultivating customer relationships, and develop business.
Atelier de décolletage de Bigorre (ADB)	Produce and sale of metal milling parts	Produce, sale and provide service for European and African clients
SAS LuTec	Produce and sale of metal milling parts	Produce, sale and provide service for European and African clients
SPEM AERO SAS	Aerospace surface treatment and industrial painting service	Produce, sale and provide service for European and African clients

v. Names of directors and presidents of affiliated companies, and their shareholding or capital contribution to the company.

Dec. 31, 2022

Company name	Title	Name or representative	Shares owned	
			Capital Contribution / Shares	Shareholding Percentages (%)
Jinpao Precision Industry Co., Ltd.	Chairman and General Manager	Chung Kuo-Sung	1	0.00
	Director of the Board	Wang Wen-Shan	1	0.00
	Director of the Board and	Kuo Hui-Ling	0	0.00

	DeputyGeneral Manager			
Jinpao Precision Japan Co., Ltd.	Director of the Board	Yoshiaki Hoshizaki	60	10.00
	Director of the Board	Chung Kuo-Sung	0	0.00
Jinpao Europe SAS	Chairman	Chung Kuo-Sung	-	0.00
	Managing Director	Frederic BOURGON	600,000	24.0
	Director of the Board	Chen Hsin-Yuan	-	0.00
Atelier de décolletage de Bigorre (ADB)	Chairman	Chung Kuo-Sung	-	0.00
	Managing Director	Frederic BOURGON	-	0.00
	Director of the Board	Chen Hsin-Yuan	-	0.00
SAS LuTec	Chairman	Chung Kuo-Sung	-	0.00
	Managing Director	Frederic BOURGON	-	0.00
	Director of the Board	Chen Hsin-Yuan	-	0.00
SPEM AERO SAS	Chairman	Chung Kuo-Sung	-	0.00
	Managing Director	Frederic BOURGON	-	0.00
	Director of the Board	Chen Hsin-Yuan	-	0.00
I-Motor Holding Co., Ltd.	Chairman	Chung Kuo-Sung	1	0.00
I-Motor Manufacturing Co., Ltd.	Chairman	Chung Kuo-Sung	4,627	1.19
I-Motor Marking Co., Ltd.	Chairman	Chung Kuo-Sung	7,877	7.88

vi. Operation Status of affiliate companies:

Dec 31, 2022 Unit: NT\$ thousand

Co., name	capital	Total assets	Total liabilities	Net value	Operation incomes	Operation profit	Netincome (after tax)	EPS(\$) (after tax)
Jinpao Precision Industry Co., Ltd.	639,961	2,833,623	1,118,370	1,715,253	1,350,982	185,688	173,168	2.44
Jinpao Precision Japan Co., Ltd.	8,280	395	-	395	-	(249)	(249)	(415)
Jinpao Europe SAS	87,550	240,125	184,629	55,496	-	-	(22,442)	(89.77)
Atelier de décolletage de Bigorre	3,641	85,458	42,720	42,738	95,213	(7,322)	(6,876)	(1,190.44)
LuTec SAS	10,070	78,309	75,360	2,949	64,670	(5,582)	(4,474)	(10.71)
SPEM AERO SAS	1,765	50,321	19,380	30,941	64,179	(8,895)	(3,654)	(1,160)
Wefly Aero Co., Ltd	19,112	14,801	13,288	1,513	9,550	(3,176)	(3,093)	(1.85)
I Motor Holding Co., Ltd	33,555	33,547	8	33,539	-	(17)	(17)	(0.04)

(2) The consolidated financial statement of affiliated companies: please refer to the consolidated financial statements in the Financial Profile on the page 148.

Relational Business Consolidated Financial Statements:

(3) Relational report: None

2. Private placement securities in the most recent years: None.

3. The shares in the company held or disposed of by subsidiaries in the most recent years: None.

4. Descriptions of material matters of domestic shareholders' equity

Important matters of shareholder right	The differences of Articles of Incorporation
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protection	
<ol style="list-style-type: none"> 1. All general meetings shall be held in the territory of ROC. If the Directors resolve to hold a general meeting outside ROC or the shareholder(s) obtain the approval of the regulatory authority to hold a general meeting outside ROC, the Company or such shareholders shall apply for the approval of the Taipei Exchange (TPEX) thereof within two days after the board resolution or the authority's approval. 2. The shareholders who hold at least three percent of the issued shares for more than one year are entitled to convene the extraordinary general meeting and specifying the subjects for discussion and the reasons in writing. If the Board fails to give a notice for convening such meeting within 15 days after the date of such deposit, the shareholders are entitled to convene the general meeting after the authority's approval. 	<ol style="list-style-type: none"> 1. The Companies Law of Cayman Island does not regulate the convening of shareholders' general meeting, so Article 19.6 of the Article of Incorporation has not stated that the application of a general meeting convened by shareholders shall be submitted to the regulatory authority. The shareholders convene the extraordinary general meeting outside the ROC without an approval of the regulatory authority in the Cayman Islands, so Article 18.2 of the Articles of Incorporation only stated the application shall be submitted to TSE for its prior approval. If it is not subject to "the shareholder(s) who obtain the approval of convening shall apply for the approval of the Taipei Exchange (TPEX) thereof within two days", it may have no substantial impact on the shareholders rights and interest of ROC.
<p>When the company convenes a shareholders' meeting, the votes may be exercised by correspondence or electronically. The company shall adopt the electronic voting as one of the methods for exercising the votes if the company is in the range of companies subject to electronic voting requirement. If the general meeting is held outside Taiwan, the voting shall be exercised in writing or by way of electronic transmission. A Shareholder who exercises voting rights by correspondence or electronically shall be deemed to have attended such general meeting in person, but shall be deemed to have waived his votes in accordance with the extempore motion and the amendments of the proposals at such general meeting.</p>	<p>In respect of the exercise of voting rights by shareholders by correspondence or electronically, the Companies Law of Cayman Island does not state whether shareholders who exercise their voting rights by correspondence or electronically can be deemed to have attended the shareholders' meeting in person, and the lawyer of Cayman Islands have not found any relevant cases. The Article 25.4 states that " if the shareholder exercises voting rights by correspondence or electronically in accordance with the above provision, that is the shareholder appoints the chair to be a proxy to attend a shareholders meeting. The proxy cannot exercise voting rights for the items not stated in the written or electronic documents, and or for the amendments to original proposal of that meeting. A shareholder exercising voting rights by correspondence or electronic means will be deemed to waive his/her rights with respect to the extempore motion and /or amendments to original proposals of that meeting."The voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. In accordance with the Article of Incorporation 26.3, when the Chair is pointed as proxy to attend the general meeting to exercise the voting right, he/she is not subject to the regulation.</p>
<p>A company shall not do any of the following acts without a resolution adopted by a majority</p>	<ol style="list-style-type: none"> 1. Regarding the method of resolution at the shareholders' meeting, in addition to the

<p>of the shareholders present who represent two-thirds or more than half of the total number of its outstanding shares:</p> <ol style="list-style-type: none"> 1. Enter into, amend, or terminate any contract for lease of the company's business in whole, or for entrusted business, or for regular joint operation with others, transfer the whole or any essential part of its business or assets, accept the transfer of another's whole business or assets, which has great impact on the business operation of the company. 2. Change the Articles of Incorporation 3. The rights of shareholders holding preferred shares may be varied because of changes of the Articles of Incorporation, the revision shall be approved by a special resolution passed at a separate shareholders general meeting. 4. Make distribution of whole or part of dividends and bonus by the issuance of new shares 5. Resolutions of dissolution, consolidation or merger, and split-up 6. Issue restricted shares to employees 	<p>ordinary resolution and supermajority resolution in accordance with the applicable law, the Article 1.1 of the Articles of Incorporation specifies "Special Resolution" under the Companies Law of Cayman Islands. At the shareholders' meeting of the company, the resolution is approved by shareholders entitled to participate in the voting and attend the meeting in person, by authorization letters, or by a legally authorized representative by a non-natural person. The resolution is approved by at least two-thirds of the shareholders with the right to vote.</p> <p>2. Abide by the Companies Laws of Cayman Islands, the following items shall be approved by a special resolution:</p> <p>(1) Change Articles of Incorporation</p> <p>According to the Companies Law of Cayman Islands, the change of Articles of Incorporation shall be based on the Special Resolution of the Law. Therefore, Article 12.1 of the Articles of Incorporation does not determine the threshold and changed into the supermajority resolution in accordance with the Checklist of Shareholders Right Protection Items. In addition, in accordance with Article 13 of the Articles of Incorporation, if any modification or change to the Articles of Incorporation may affect any type of preferred rights, the relevant amendments or changes shall be passed by special resolution and shall be convened separately by the shareholders of the damaged shares. The shareholders' meeting was approved by a special resolution.</p> <p>(2) Dissolution:</p> <p>In accordance with the Companies Law of Cayman Island, if the company cannot pay their debts, it may be wound up and go into liquidation voluntarily. The resolutions of dissolution shall be made at the shareholders' meeting. The dissolution shall be made by a special resolution in accordance with the Companies Law of Cayman Island. Article 12.4(a) states determines the threshold for the resolution of the company to be voluntarily liquidated and dissolved due to the inability to settle its debts at maturity, and has not been changed into the items of supermajority resolution according to the provisions in the Checklist of Shareholders Right Protection Items.</p> <p>(3) Consolidation / Merger:</p>
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	<p>A "merger" or "consolidation" as defined under Companies Law of Cayman Islands is regulated by the mandatory provisions for the voting method, Article 12.3(b) of the Articles of Incorporation states the consolidation shall be approved by a supermajority resolution. The merger and/or consolidation defined by the Companies Law of Cayman Island may be approved by a special resolution.</p> <p>3. With regard to the difference between the matters mentioned above and in the Checklist of Shareholders Right Protection Items, the supermajority resolution in the Checklist of Shareholders Right Protection Items shall be regulated by supermajority resolution and special resolution respectively in the Articles of Incorporation. As these differences are due to legal requirements of the Cayman Islands, and the company's Articles of Incorporation have already listed the supermajority resolutions and special resolution in the Articles of Incorporation. As a result, the impact of shareholders' equity should be limited.</p>
<ol style="list-style-type: none"> 1. Supervisors of a company shall be elected by the meeting of shareholders, among them at least one supervisor shall have a domicile within the territory of the Republic of China. 2. The term of office of a supervisor shall not exceed three years, but he/she may be eligible for re-election. 3. In case all supervisors of a company are discharged, the board of directors shall, within 60 days, convene an extraordinary general meeting of shareholders to elect new supervisors. 4. Supervisors shall supervise the execution of business operations of the Company, and may at any time or from time to time investigate the business and financial conditions of the company, inspect accounting books and documents, and request the board of directors or managers to make reports thereon. 5. Supervisors shall audit the various statements and records prepared for submission to the shareholders' meeting by the board of directors, and shall make an auditing report of their findings and opinions at the meeting of shareholders. 6. In performing their functional duties under the preceding Paragraph, the supervisors 	<p>The Companies Law of Cayman Islands does not state the "Supervisor", and the issuer shall set up an audit committee. Therefore, there is no relevant regulation in the Articles of Incorporation.</p>

<p>may appoint a certified public accountant and lawyer to conduct the auditing on behalf of the Company.</p> <p>7. Supervisors shall attend the board meeting to express their opinions. In case the board of directors or any directors are in violation of the laws when carrying out the business operations of the company, regulations, the Articles of Incorporation or the resolutions of the shareholders' meeting, the supervisors shall forthwith advise, by a notice, the board of directors or the director to cease such act.</p> <p>8. Supervisor may each exercise the supervision power individually.</p> <p>9. A supervisor shall not be concurrently a director, a manager or other staff of the company.</p>	
<p>1. Any shareholders holding 3 percent or more of the total number of issued shares for a period of one year or a longer time shall have the right to submit a petition in writing for and on behalf of the Company against its director(s), and the Taiwan Taipei District Court may be court of the first instance for this matter.</p> <p>2. If the supervisor does not file litigation within 30 days after the shareholder's petition, the shareholder may file a lawsuit against the company, and agrees that Taipei District Court of Taiwan shall be the court of first instance for any litigation arising out of the articles.</p>	<p>The Companies Law of Cayman Islands does not state the "Supervisor", and the issuer shall set up an audit committee. Therefore, there is no relevant regulation in the Articles of Incorporation. However, with reference to Article 214 of the Company Act of the Republic of China on the minority shareholder's lawsuits and derivative actions against a director, (a) Article 48.3 of the Articles of Incorporation states that shareholders holding 3% or more of the total number of issued shares for a period of one year or a longer time (a) shall have litigation rights to file a lawsuit against the directors of the company, and agrees that Taipei District Court of Taiwan shall be the court of first instance for any litigation arising out of the articles. Or (b) the shareholders can ask the independent director in the audit committee to file a petition in writing against the director on behalf of the company, and agrees that Taipei District Court of Taiwan shall be the court of first instance for any litigation arising out of the articles. With references to (a) and (b), within 30 days after receiving the shareholder's claims, if (i) the Board of Directors does not give official permission for abovementioned conducts or the authorized independent director in the audit committee doesn't not file a lawsuit, or (ii) the commissioned independent director in the audit committee doesn't not file a lawsuit, the shareholders are eligible to file a lawsuit to the director on behalf of the company under the Law of the Cayman Island. Taipei District Court of Taiwan shall be the court of first instance for the litigation.</p>

	<p>However, lawyers in the Cayman Islands reminded the following provisions: The Companies Law of Cayman Island does not allow certain minority shareholders to file specific rules of derivative proceedings against directors in the Cayman Island's court. The company's Articles of Island is not a contract between the shareholders and the directors, but the agreement between the shareholders and the company is that even if the minority shareholders are allowed to file a derivative action against the directors in the Articles of Island, lawyers in the Cayman Island consider the content will not be able to regulate the directors. However, under the common law, all shareholders (including minority shareholders) have the right to file derivative actions (including litigation against directors) regardless of their shareholding ratio or shareholding period. Once the shareholder files a suit, the court in the Cayman Islands will have full discretion to determine whether the shareholder can continue the lawsuit.</p> <p>In the statement, even if the company's Articles of Incorporation (or shareholders with the required shareholding ratio or within the shareholding period) permits the shareholders to have the right to file a lawsuit against the director on behalf of the company. Whether the lawsuit can continue, the court in the Cayman Islands has the authority to rule on the case. According to the relevant judgment of the Grand Court in the Cayman Islands, when considering whether to approve the continuation of derivative proceedings, the applicable criterion is whether the Grand Court believes and accepts that the plaintiff's claim on behalf of the company is substantial and the unlawful conduct is claimed by the controllable company, and the controllers can prevent from the company's litigation. The Grand Court will make a determination on a case-by-case basis in accordance with the evidence. (Although the court may consider the statement of the Article of Incorporation, but it's not the decisive factor.)</p> <p>Under the Companies Law of the Cayman Islands, the Board of Directors shall make decisions (instead of individual directors) on behalf of the company. Therefore, the directors shall, in accordance with the provisions of the Articles of Incorporation, authorize any director</p>
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	<p>to file a lawsuit against other directors on behalf of the company by a resolution at the board meeting. The Companies Law of the Cayman Islands does not state in writing that shareholders are authorized to convene a board meeting to make a resolution of the specific matter. However, the Law does not prohibit the company from establishing rules relating to the board meeting agenda in the Articles of Incorporation (including the provisions of convening the board meeting).</p>
<ol style="list-style-type: none"> 1. A director shall have loyalty and shall exercise due care of a good administrator in conducting the business operation of the company. If he/she has acted contrary thereto, he/she may be liable for the damages sustained by the company therefrom. If the director does anything for himself/herself or on behalf of another person in violation of the preceding provision, the shareholders shall consider the earnings in such an act as earnings of the company and request the relevant director to return the benefit by a resolution at the shareholders' meeting. 2. If a director has, in the course of conducting the business operations of the company, violated any provision of the applicable laws and/or regulations and thus caused damages to any other person, he/she shall be liable for the damage and required to pay compensation. 3. Any manager and supervisor of the company shall bear the same liability for damages as the directors of the company when conducting the business operations. 	<p>In accordance with Article 48.4 of the Articles of Incorporation, "without prejudice and subject to the general directors' duties that a director owes to the company and its shareholders under common law principles and the laws of the Cayman Islands, the director shall have loyalty and shall exercise due care of a good administrator in conducting the business operation of the company. If the responsible person of a company has, in the course of conducting the business operations, violated any provision of the applicable laws and/or regulations and thus caused damage to the company, he/she shall be liable for the damage to the company. If the director does anything for himself/herself or on behalf of another person in violation of the preceding provision, the company shall, subject to the ordinary resolutions of the shareholders' meeting, take all appropriate actions and measures to the extent permitted by law to request the relevant director to return the benefit to the company. If a director has, in the course of conducting the business operations of the company, violated any provision of the applicable laws and/or regulations and thus caused damages to any other person, the director and the company have joint and several liabilities to compensate for such damage. If the director's indemnification obligation for such damage is not joint and several due to any reason, the director shall supplement any losses suffered by the company in violation of his or her responsibilities. The manager has the same indemnification obligation as the director of the company in the course of conducting the business operations."</p> <p>However, lawyers in the Cayman Islands reminded the following provisions: The director's duties can be roughly divided into a duty to exercise reasonable care, skill and diligence under the common law, and duty of loyalty. However, the directors are legally</p>

	<p>obligated under the provisions of various laws and, in certain circumstances, also have obligations to third parties (such as creditors). If the company is unable to pay off the debts or intends to evade payment of duty, the directors should consider the interests of the creditors when performing their duties.</p> <p>The company's Articles of Incorporation is an agreement between shareholders and the company, and the directors are not the related party of the company's Articles of Incorporation. As a result, all rights to claim damages to the directors caused by breaches of the obligations shall be stated in the service contract. Under the law in the Cayman Island, in general, a manager or supervisor does not have the same responsibility as a director or shareholder of the company. However, if the manager or supervisor is authorized to act on behalf of the senior executive, it will be subject to the same obligations as the company's directors. For the avoidance of doubt, the companies registered in the Cayman Island are generally required to regulate the liabilities and duties of managers or supervisors to the company and the shareholders of the company in the service contracts. Since the company's Articles of Incorporation are the agreement between shareholders and the company, the manager or supervisor is not the related party of the company's Articles of Incorporation. As a result, all rights to claim damages to the directors caused by breaches of the liabilities shall be stated in the service contract.</p> <p>In addition, regarding the provisions of the Directors' interests as the company's income, Lawyers in the Cayman Island considers that such regulations uncertain and too general, so they have doubts about their enforceability. For example, whether the court has the authority to rule on the case on a director's breach of obligation, and how to define the benefit (and the period in which it benefits). Cayman's lawyers also believe that this clause does not limit the director's obligations. Directors are still subject to various statutory obligations, duties specified in the common law and duty of loyalty under the Law in the Cayman Island.</p>
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5. Other Necessary Supplementary Notes

Commitment items of the listed company, and the information of implementation status:

Commitment items	Status of implementation	Results
1. The Company commits to modify the Procedures for Acquisition or Disposal of Assets to add the provision “The Company shall not waive the capital increase of Jinpao Precision Industry Co., Ltd. in coming years. Jinpao Precision Industry Co., Ltd. shall not waive the capital increase of JP Belgium BVBA in coming years. In the future, if the company is required to abandon the capital increase or dispose of the company in consideration of the strategic alliance or other consent of Taipei Exchange, it must be approved by the special resolution of the company's board meeting.” Any amendment shall be disclosed on the Disclosure of Material Corporate Governance Information, and reported to Taipei Exchange for future reference.	In accordance with the OTC Commitment required from Taipei Exchange (TPEX) on August 1, 2014 by Letter No. issued by Taipei Exchange on August 1, 2014, the company issued a letter of undertaking on July 1, 2014, and board meetings was convened on August 14, 2014 to approve the amended provisions of the Procedures for Acquisition or Disposal of Assets. The amended approved at the extraordinary shareholders’ meeting on August 22.	The undertaking was completed in 2014. Recently, JP Belgium BVBA has been closed for liquidation. On March 25, 2016. The Board of Directors passed the amended the Procedures for Acquisition or Disposal of Assets that deleted some provisions. The proposal has been discussed and <i>approved</i> by resolution at the shareholders' meeting on June 17.
2. The Company commits that the Related Party Transaction Policy, Procedures of Related Party, Specific Companies a ND Group Enterprises Transaction Management between the Company and the related parties shall be submitted to the Board of Directors of the Company and approved by the special resolution at the board meeting. The independent directors shall attend the meeting and express their opinions.	In accordance with the OTC Commitment required from TPEX on August 1, 2014 by Letter No. 10301011581, the Company issued a letter of undertaking on July 22, 2014, and convened the board meeting to modify the Procedures Of Related Party, Specific Companies and Group Enterprises Transaction Management of the company which was audited and approved by the audit committee. The amendments were approved by the special resolution passed at the board meeting.	The undertaking was completed in 2014.
3. The company commits to amend the articles of incorporation of the Company without violating the Cayman Islands Act (including mandatory or prohibitory provisions), so that the articles of incorporation comply with the relevant provisions of the Company Law	In accordance with the OTC Commitment required from TPEX on August 1, 2014 by Letter No. 10301011581, the company issued a letter of undertaking on July 22, 2014, and convened the board	The undertaking was completed in 2014.

Commitment items	Status of implementation	Results
and Securities and Exchange Act of the Republic of China, and convened the shareholders' meeting to discuss and pass the revision of the company's articles of incorporation before IPO and listing on the market.	meeting on August 14, 2014 to amend the Articles of Incorporation of the company. The amendments were approved by shareholders at the extraordinary generally meeting on August 22.	
4. The company commits to approve the amendment of the provisions of Article 9 of the articles of incorporation of the Company regarding the change of the company's registration place at the last shareholders' meeting (annual or extraordinary general meeting) that deleted the paragraph "... and except for the Company Law (and its amendments) and other provisions provided in the company's Articles of Incorporation, the company has the right to continue to exist as an incorporation under other applicable laws outside the Cayman Islands, and to cancel the registration in the Cayman Islands" as well as to deleted the provisions of Article 20.4 concerning the missing notification of shareholders' meetings.	The 9th Board of Directors discussed and approved the amendments to the memorandum and articles of incorporation on March 26, 2015. The resolutions were submitted to the shareholders' meeting. The shareholders voted to approve the amendments on June 30, 2015.	The undertaking was completed in 2015.
5. The Company commits that the registered office of the Company shall be maintained in the Cayman Islands without being changed or transferred to jurisdiction outside the Cayman Islands before the shareholders' meeting approves the provisions of Article 9 of the company's Articles of Incorporation.	The company's registered office is still in the Cayman Islands in accordance with the letter of undertaking and the amended Article 9 of the Articles of Incorporation.	The undertaking is under implementation.

IX. Material effect on price or value of securities

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, such situations shall be listed one by one: None.

Appendix

JPP Holding Company Limited and Subsidiaries

**Consolidated Financial Statements for the Years
Ended December 31, 2022 (Restated) and 2021 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
JPP Holding Company Limited

Opinion

We have audited the accompanying consolidated financial statements of JPP Holding Company Limited and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 (after restatement) and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

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

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 4 to the audited financial statements after restatement. The Group is required to purchase certain high-cost semi-finished products designated by specific customers and recognizes the semi-finished products as temporary debits before assembling. The Group should then recognize these temporary debits along with trade payables on a net basis in accordance with IFRS 15. Refer to Note 4 to the audited financial statements after restatement for the effects of the restatement. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

The key audit matters of the Group's consolidated financial statements for the year ended December 31, 2022 (audited after restatement) are stated as follows:

Accuracy of the Revenue of the Group as Agent to Specific Customer

To generate revenue from specific customers, the Group is required to purchase certain high-cost semi-finished products designated by the specific customers. After the products are assembled, the Group sells them back to the specific customers. Since the role of the Group as an agent in the transaction arrangement involves significant accounting judgment, we considered the accuracy of revenue of the Group to the specific customers as a key audit matter.

The main audit procedures that we performed in response to the accuracy of revenue of the Group as agent the specific customers were as follows:

- We examined the implementation process of the agreement between the Group and its specific customers and confirmed the role of the Group as an agent.
- We analyzed the actual sales conditions based on the agreed terms and evaluated the Group's control over the inventory of semi-finished products during the manufacturing process for the related transactions.
- We reviewed the appropriateness of all relevant transactions recognized.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Tza-Li Gung and Chao-Yu Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

July 24, 2023

Notice to Readers

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

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

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

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

ASSETS	2022(Restated)		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 190,596	5	\$ 148,834	5
Financial assets at amortized cost - current (Notes 4, 9 and 30)	77,490	2	71,541	3
Trade receivables (Notes 4 and 10)	771,129	22	519,021	18
Trade receivables from related parties (Notes 4, 10 and 29)	1,772	-	1,737	-
Inventories (Notes 4 and 11)	387,706	11	294,781	10
Other current assets (Notes 18 and 29)	<u>40,513</u>	<u>1</u>	<u>36,467</u>	<u>1</u>
Total current assets	<u>1,469,206</u>	<u>41</u>	<u>1,072,381</u>	<u>37</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	24,806	1	35,174	1
Investments accounted for using the equity method (Notes 4 and 13)	38,383	1	23,326	1
Property, plant and equipment (Notes 4, 14, 29 and 30)	1,586,042	44	1,373,781	47
Right-of-use assets (Notes 4 and 15)	56,745	2	66,351	2
Other intangible assets (Notes 4 and 17)	126,321	3	135,384	5
Goodwill (Notes 4 and 16)	65,730	2	63,146	2
Deferred tax assets (Notes 4 and 25)	7,014	-	6,045	-
Other non-current assets (Note 18)	<u>203,144</u>	<u>6</u>	<u>152,799</u>	<u>5</u>
Total non-current assets	<u>2,108,185</u>	<u>59</u>	<u>1,856,006</u>	<u>63</u>
TOTAL	<u>\$ 3,577,391</u>	<u>100</u>	<u>\$ 2,928,387</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 19 and 30)	\$ 532,197	15	\$ 333,780	11
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 20)	-	-	5,133	-
Notes payable	784	-	2,331	-
Trade payables	285,807	8	275,775	9
Trade payables to related parties (Note 29)	7,085	-	7,066	-
Other payables (Notes 21 and 29)	116,338	3	50,134	2
Current tax liabilities (Notes 4 and 25)	21,044	1	13,947	1
Lease liabilities - current (Notes 4 and 15)	7,494	-	12,943	-
Current portion of bonds payable (Notes 4 and 20)	-	-	161,328	6
Current portion of long-term borrowings (Notes 4, 19 and 30)	169,930	5	127,318	4
Other current liabilities	<u>30,793</u>	<u>1</u>	<u>17,901</u>	<u>1</u>
Total current liabilities	<u>1,171,472</u>	<u>33</u>	<u>1,007,656</u>	<u>34</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4, 19 and 30)	204,316	6	151,902	5
Deferred tax liabilities (Notes 4 and 25)	43,900	1	33,603	1
Lease liabilities - non-current (Notes 4 and 15)	27,156	1	33,421	1
Net defined benefit liabilities - non-current (Notes 4 and 22)	45,519	1	43,285	2
Guarantee deposits received (Note 4)	13	-	13	-
Other non-current liabilities	<u>946</u>	<u>-</u>	<u>1,785</u>	<u>-</u>
Total non-current liabilities	<u>321,850</u>	<u>9</u>	<u>264,009</u>	<u>9</u>
Total liabilities	<u>1,493,322</u>	<u>42</u>	<u>1,271,665</u>	<u>43</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)				
Share capital				
Ordinary shares	<u>479,289</u>	<u>13</u>	<u>436,646</u>	<u>15</u>
Capital surplus	<u>1,063,649</u>	<u>30</u>	<u>933,720</u>	<u>32</u>
Retained earnings				
Legal reserve	121,716	3	108,622	4
Special reserve	229,750	7	89,284	3
Unappropriated earnings	<u>286,246</u>	<u>8</u>	<u>296,603</u>	<u>10</u>
Total retained earnings	<u>637,712</u>	<u>18</u>	<u>494,509</u>	<u>17</u>
Other equity	<u>(118,589)</u>	<u>(3)</u>	<u>(229,750)</u>	<u>(8)</u>
Total equity attributable to owners of the Company	2,062,061	58	1,635,125	56
NON-CONTROLLING INTERESTS (Note 23)	<u>22,008</u>	<u>-</u>	<u>21,597</u>	<u>1</u>
Total equity	<u>2,084,069</u>	<u>58</u>	<u>1,656,722</u>	<u>57</u>
TOTAL	<u>\$ 3,577,391</u>	<u>100</u>	<u>\$ 2,928,387</u>	<u>100</u>

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

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

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

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 29)	\$ 1,789,193	100	\$ 1,350,982	100
OPERATING COSTS (Notes 11, 24 and 29)	<u>1,141,191</u>	<u>64</u>	<u>903,370</u>	<u>67</u>
GROSS PROFIT	<u>648,002</u>	<u>36</u>	<u>447,612</u>	<u>33</u>
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	36,826	2	31,583	2
General and administrative expenses	266,942	15	230,518	17
Research and development expenses	21,297	1	20,331	2
Expected credit loss recognized	<u>513</u>	<u>-</u>	<u>93</u>	<u>-</u>
Total operating expenses	<u>325,578</u>	<u>18</u>	<u>282,525</u>	<u>21</u>
PROFIT FROM OPERATIONS	<u>322,424</u>	<u>18</u>	<u>165,087</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 13, 24 and 29)				
Other gains and losses	3,494	-	18,665	1
Finance costs	(19,623)	(1)	(19,076)	(2)
Share of loss of associates	(4,656)	-	(5,414)	-
Interest income	616	-	450	-
Other income	<u>2,629</u>	<u>-</u>	<u>9,048</u>	<u>1</u>
Total non-operating income and expenses	<u>(17,540)</u>	<u>(1)</u>	<u>3,673</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	304,884	17	168,760	12
INCOME TAX EXPENSE (Notes 4 and 25)	<u>61,704</u>	<u>3</u>	<u>44,024</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>243,180</u>	<u>14</u>	<u>124,736</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(16,083)	(1)	13,479	1
Exchange differences on translation to the presentation currency	120,672	7	(237,744)	(17)

(Continued)

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

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

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 7,435	-	\$ 332	-
Other comprehensive income (loss) for the year, net of income tax	112,024	6	(223,933)	(16)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	\$ 355,204	20	\$ (99,197)	(7)
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 243,632	14	\$ 130,936	10
Non-controlling interests	(452)	-	(6,200)	(1)
	\$ 243,180	14	\$ 124,736	9
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 354,793	20	\$ (90,253)	(7)
Non-controlling interests	411	-	(8,944)	-
	\$ 355,204	20	\$ (99,197)	(7)
EARNINGS PER SHARE (Note 26)				
Basic	\$ 5.45		\$ 3.00	
Diluted	\$ 5.09		\$ 2.94	

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

(With Deloitte & Touche auditors' report dated July 24, 2023)

(Concluded)

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company												
								Other Equity					
								Exchange Differences on Translation of the Financial Statements of	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other				
	Ordinary Share Capital (Note 23)		Capital	Retained Earnings (Note 23)				Foreign	Comprehensive			Non-controlling	
	Shares (Thousand)	Amount	Surplus (Note 23)	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Operations	Income	Other Equity	Total	Interests	Total Equity
BALANCE AT JANUARY 1, 2021	43,664	\$ 436,646	\$ 933,720	\$ 97,814	\$ 89,284	\$ 268,171	\$ 455,269	\$ (21,510)	\$ 12,949	\$ (8,561)	\$ 1,817,074	\$ 30,541	\$ 1,847,615
Appropriation of 2020 earnings													
Legal reserve	-	-	-	10,808	-	(10,808)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(91,696)	(91,696)	-	-	-	(91,696)	-	(91,696)
	-	-	-	10,808	-	(102,504)	(91,696)	-	-	-	(91,696)	-	(91,696)
Net profit for the year ended December 31, 2021	-	-	-	-	-	130,936	130,936	-	-	-	130,936	(6,200)	124,736
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	-	(234,668)	13,479	(221,189)	(221,189)	(2,744)	(223,933)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	130,936	130,936	(234,668)	13,479	(221,189)	(90,253)	(8,944)	(99,197)
BALANCE AT DECEMBER 31, 2021	43,664	436,646	933,720	108,622	89,284	296,603	494,509	(256,178)	26,428	(229,750)	1,635,125	21,597	1,656,722
Appropriation of 2021 earnings													
Legal reserve	-	-	-	13,094	-	(13,094)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	140,466	(140,466)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(100,429)	(100,429)	-	-	-	(100,429)	-	(100,429)
	-	-	-	13,094	140,466	(253,989)	(100,429)	-	-	-	(100,429)	-	(100,429)
Conversion of convertible bonds	4,264	42,643	129,929	-	-	-	-	-	-	-	172,572	-	172,572
Net profit for the year ended December 31, 2022	-	-	-	-	-	243,632	243,632	-	-	-	243,632	(452)	243,180
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	-	127,244	(16,083)	111,161	111,161	863	112,024
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	243,632	243,632	127,244	(16,083)	111,161	354,793	411	355,204
BALANCE AT DECEMBER 31, 2022	47,928	\$ 479,289	\$ 1,063,649	\$ 121,716	\$ 229,750	\$ 286,246	\$ 637,712	\$ (128,934)	\$ 10,345	\$ (118,589)	\$ 2,062,061	\$ 22,008	\$ 2,084,069

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

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 (AUDITED AFTER RESTATEMENT) AND 2021

(In Thousands of New Taiwan Dollars)

	2022(Restated)	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 304,884	\$ 168,760
Adjustments for:		
Depreciation expense	149,721	148,006
Amortization expense	16,032	17,610
Expected credit loss recognized	513	93
Net (gain) loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(1,719)	5,566
Finance costs	19,623	19,076
Interest income	(616)	(450)
Dividend income	(94)	-
Share of loss of associates	4,656	5,414
Gain on disposal of property, plant and equipment	(201)	(2,050)
Allowance for inventory valuation and obsolescence loss (reversed)	1,659	(219)
Unrealized loss on foreign currency exchange	2,349	3,862
Impairment loss on goodwill	-	5,272
Changes in operating assets and liabilities		
Notes receivables	-	8
Trade receivables	(213,740)	(116,855)
Trade receivables from related parties	85	3,161
Inventories	(68,841)	(39,677)
Other current assets	4,790	14,001
Notes payable	(1,547)	1,723
Trade payables	(16,627)	62,764
Trade payables to related parties	(464)	(2,222)
Other payables	61,223	(13,670)
Other current liabilities	11,117	(843)
Net defined benefit liabilities	(639)	2,992
Cash generated from operations	272,164	282,322
Interest received	564	471
Dividends received	94	-
Interest paid	(15,860)	(13,540)
Income tax paid	(48,814)	(32,331)
Net cash generated from operating activities	208,148	236,922
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(2,964)	(4,891)
Acquisition of long-term investments accounted for using the equity method	(17,475)	(19,554)
Payments for property, plant and equipment	(257,292)	(104,565)
Proceeds from disposal of property, plant and equipment	9,000	2,134
Increase in refundable deposits	(315)	(100)
Purchase of other intangible assets	(760)	(3,422)
Increase in other non-current assets	(1,085)	-
		(Continued)

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 (AUDITED AFTER RESTATEMENT) AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
Decrease in other non-current assets	\$ -	\$ 3,028
Increase in prepayments of equipment	<u>(36,456)</u>	<u>(7,425)</u>
Net cash used in investing activities	<u>(307,347)</u>	<u>(134,795)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,047,871	620,203
Repayments of short-term borrowings	(869,038)	(431,956)
Proceeds from long-term borrowings	171,100	-
Repayments of long-term borrowings	(129,190)	(244,637)
Repayment of the principal portion of lease liabilities	(15,099)	(15,569)
(Decrease) increase in other non-current liabilities	(925)	952
Dividends paid to owners of the Company	<u>(100,429)</u>	<u>(91,696)</u>
Net cash generated from (used in) financing activities	<u>104,290</u>	<u>(162,703)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>36,671</u>	<u>5,337</u>
NET INCREASE (DECREASE) IN CASH	41,762	(55,239)
CASH AT THE BEGINNING OF THE YEAR	<u>148,834</u>	<u>204,073</u>
CASH AT THE END OF THE YEAR	<u>\$ 190,596</u>	<u>\$ 148,834</u>

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

(Concluded)

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

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

1. ORGANIZATION AND OPERATIONS

JPP Holding Company Limited (the “Company”) was incorporated in the Cayman Islands on May 17, 2012, and was set up for the purpose of organizational restructuring. The Company completed organizational restructuring on June 10, 2013, and after restructuring, the Company became the ultimate parent company of the whole group.

The Company was listed on the mainboard of the Taipei Exchange in October 2014 and transferred the listing to the Taiwan Stock Exchange (TWSE) on March 9, 2017.

The functional currency of the Company is the Thai Baht. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since the Company’s shares are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 28, 2023.

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

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the accounting policies of the Company and the entities controlled by the Company (collectively, the “Group”).

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

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

- b. The reason and effects of the restatement

The Group is required to purchase certain high-cost semi-finished products designated by specific customers and recognizes the semi-finished products as temporary debits before assembling. The Group should then recognize these temporary debits along with trade payables on a net basis in accordance with IFRS 15. Therefore, the Group restated the consolidated financial statements for the year ended December 31, 2022.

The effects of assets, liabilities and equity on December 31, 2022 are as follows:

	Amount before Restatement	Effects of Restatement	Amount after Restatement
Assets			
Current assets	\$ 1,615,504	\$ (146,298)	\$ 1,469,206
Non-current assets	<u>2,108,185</u>	<u>-</u>	<u>2,108,185</u>
Total assets	<u>\$ 3,723,689</u>	<u>\$ (146,298)</u>	<u>\$ 3,577,391</u>
Liabilities			
Current liabilities	\$ 1,317,770	\$ (146,298)	\$ 1,171,472
Non-current liabilities	<u>321,850</u>	<u>-</u>	<u>321,850</u>
Total liabilities	<u>\$ 1,639,620</u>	<u>\$ (146,298)</u>	<u>\$ 1,493,322</u>
Equity			
Equity attributable to owners of the Company	\$ 2,062,061	\$ -	\$ 2,062,061
Non-controlling interests	<u>22,008</u>	<u>-</u>	<u>22,008</u>
Total equity	<u>\$ 2,084,069</u>	<u>\$ -</u>	<u>\$ 2,084,069</u>

c. Basis of preparation

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

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

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

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

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;

- 2) Liabilities due to be settled within 12 months after the reporting period; even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

e. Basis of consolidation

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

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

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

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

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

See Note 12 and Table 7 for the detailed information of subsidiaries (including the percentage of ownership and main businesses).

f. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gains on bargain purchases. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period on facts and circumstances that existed as of the acquisition date. The measurement period does not exceed 1 year from the acquisition date.

g. Foreign currencies

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

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

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

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency which are not retranslated.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Company's foreign operations (including the subsidiaries, associates, joint ventures or branch operations in other countries or subsidiaries which use currencies that are different from the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of Company and non-controlling interests as appropriate). The exchange differences accumulated in equity, which resulted from the translation of the assets and liabilities of the entities in the Group from functional currencies to the presentation currency, are not subsequently reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities of acquired foreign operation are treated as assets and liabilities of the foreign operation and translated at the rates of exchange prevailing at the end of each reporting period. Exchange differences are recognized in other comprehensive income.

h. Inventories

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

i. Investments in associates

An associate is an entity over which the Group has a significant influence and is neither a subsidiary nor an interest in a joint venture. The Group uses the equity method to account for its investments in associates.

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

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate 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 Group's

share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

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

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

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, 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.

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

j. Property, plant and equipment

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

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate 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.

k. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

1. 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. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Intangible assets acquired in business combinations

Intangible assets that are acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date which is regarded as their cost. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

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.

m. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

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

n. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

ii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in equity instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income, without diminishing the carrying amounts of such financial assets.

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

Except for financial liabilities at FVTPL that are measured at fair value, all financial liabilities are measured at amortized cost using the effective interest method.

Fair value is determined in the manner described in Note 28.

b) Derecognition of financial liabilities

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

4) Convertible bonds

The conversion option component of the convertible bonds issued by the Group, which will be settled other than by the exchange of a fixed amount of cash or other financial assets for a fixed number of the Company's own equity instruments, is classified as a derivative financial liability.

On initial recognition, the derivative financial liability component of the convertible bonds is recognized at fair value, and the initial carrying amount of the non-derivative financial liability component is determined by deducting the amount of the derivative financial liability component from the fair value of the hybrid instrument as a whole. In subsequent periods, the non-derivative financial liability component of the convertible bonds is measured at amortized cost using the effective interest method. The derivative financial liability component is measured at fair value, and the changes in fair value are recognized in profit or loss.

o. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of precision sheet metal products and is recognized when the goods are delivered to the customer's specific location or when the goods are shipped. Revenue and trade receivables are recognized concurrently.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Rendering of services

Service income is recognized when services are provided.

p. Leases

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

1) The Group as lessor

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

2) The Group as lessee

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

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

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

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

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

q. Borrowing costs

The borrowing costs are recognized in profit or loss in the period in which they are incurred.

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when

employees have rendered services entitling them to the contributions.

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

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

s. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

6. CASH

	December 31	
	2022	2021
Cash on hand	\$ 679	\$ 743
Checking accounts and demand deposits	<u>189,917</u>	<u>148,091</u>
	<u>\$ 190,596</u>	<u>\$ 148,834</u>

The market rate intervals of cash in bank at the end of the reporting period are as follows:

	December 31	
	2022	2021
Demand deposits	0.01%-0.85%	0.02%-0.20%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Financial liabilities held for trading - current</u>		
Derivative		
Second issuance of convertible bonds in Taiwan (Note 20)	<u>\$ -</u>	<u>\$ 5,133</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
<u>Non-current</u>		
Overseas unlisted ordinary shares	\$ 21,708	\$ 35,174
Private equity funds	<u>3,098</u>	<u>-</u>
	<u>\$ 24,806</u>	<u>\$ 35,174</u>

The Group acquired ordinary shares of overseas unlisted companies and private equity funds for medium-to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months	<u>\$ 77,490</u>	<u>\$ 71,541</u>

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were 0.40%-3.50% and 0.35%-0.45% per annum as of December 31, 2022 and 2021, respectively.
- b. Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

10. TRADE RECEIVABLES

	December 31	
	2022	2021
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 773,945	\$ 521,243
Less: Allowance for impairment loss	<u>(1,044)</u>	<u>(485)</u>
	<u>\$ 772,901</u>	<u>\$ 520,758</u>

The average credit period of sales of goods is 30-90 days. No interest was charged on trade receivables.

The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base. Then, due to historical experience, the Group recognized an allowance for impairment loss of 100% against all receivables aged over 180 days if the receivables had not been recovered before the issuance of the consolidated financial statements.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are 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 Past Due	Up to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0%-0.01%	0%-0.30%	0%-8.13%	0%-70.15%	0%-100%	
Gross carrying amount	\$ 677,402	\$ 62,961	\$ 31,336	\$ 1,056	\$ 1,190	\$ 773,945
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(10)</u>	<u>(602)</u>	<u>(26)</u>	<u>(406)</u>	<u>(1,044)</u>
Amortized cost	<u>\$ 677,402</u>	<u>\$ 62,951</u>	<u>\$ 30,734</u>	<u>\$ 1,030</u>	<u>\$ 784</u>	<u>\$ 772,901</u>

December 31, 2021

	Not Past Due	Up to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0%-0.00%	0%-0.05%	0%-0.75%	0%-92.52%	0%-100%	
Gross carrying amount	\$ 504,655	\$ 7,414	\$ 5,019	\$ 3,361	\$ 794	\$ 521,243
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(82)</u>	<u>-</u>	<u>(14)</u>	<u>(389)</u>	<u>(485)</u>
Amortized cost	<u>\$ 504,655</u>	<u>\$ 7,332</u>	<u>\$ 5,019</u>	<u>\$ 3,347</u>	<u>\$ 405</u>	<u>\$ 520,758</u>

The movements of the loss allowance of trade receivables are as follows:

	2022	2021
Balance at January 1	\$ 485	\$ 443
Add: Net remeasurement of loss allowance	513	93
Foreign exchange gains and losses	<u>46</u>	<u>(51)</u>
Balance at December 31	<u>\$ 1,044</u>	<u>\$ 485</u>

11. INVENTORIES

	December 31	
	2022	2021
Finished goods	\$ 71,553	\$ 55,058
Work in process	152,635	94,905
Raw materials	154,407	142,588
Inventories in transit	<u>9,111</u>	<u>2,230</u>
	<u>\$ 387,706</u>	<u>\$ 294,781</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2022	2021
Cost of inventories sold	\$ 1,139,532	\$ 903,589
Inventory write-downs loss (reversed) (Note)	<u>1,659</u>	<u>(219)</u>
	<u>\$ 1,141,191</u>	<u>\$ 903,370</u>

Note: The reversals of write-downs resulted from increased selling prices in certain markets or the increase in the sale of the aged inventories.

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31	2021	
The Company	Jinpao Precision Industry Co., Ltd. (Jinpao)	Material parts design and manufacturing	99.99	99.99	Note
Jinpao	Jinpao Precision Japan Co., Ltd. (Jinpao Japan)	Processed metal products development and trading	80.00	80.00	Note
Jinpao	Jinpao Europe SAS (Jinpao Europe)	Metal parts manufacturing and milling	76.00	76.00	Note
Jinpao Europe	Atelier De Decolletage De Bigorre (ADB)	Metal parts manufacturing and milling	100.00	100.00	Note
Jinpao Europe	SAS LUTEC (LUTEC)	Metal parts manufacturing and milling	100.00	100.00	Note
Jinpao Europe	SPEM AERO SAS (SPEM)	Surface treatment	90.00	90.00	Note

Note: The financial statements of the Group and Jinpao were prepared on the basis of their functional currency, the Thai Baht. The financial statements of Jinpao Japan were prepared on the basis of its functional currency, the Japanese Yen. The financial statements of Jinpao Europe, ADB, LUTEC and SPEM were prepared on the basis of their functional currency, the Euro. In the preparation of the consolidated financial statements, the account items were translated into the presentation currency, the New Taiwan dollar, as follows: All balance sheet accounts were translated at their respective functional currencies at the balance sheet dates, equity accounts were translated based on the historical exchange rates, and all income statement accounts were translated at the average exchange rates for the periods. Exchange differences on translation of foreign currencies are recognized as other comprehensive income and classified within the shareholders' equity section. The spot exchange rates of THB to NT\$ on December 31, 2022 and 2021 are THB1=NT\$0.8941 and THB1=NT\$0.8347, respectively. The average exchange rates of THB to NT\$ in 2022 and 2021 are THB1=NT\$0.8555 and THB1=NT\$0.8823, respectively.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Associates that are not individually material	<u>\$ 38,383</u>	<u>\$ 23,326</u>
	For the Year Ended December 31	
	2022	2021
The Group's share of:		
Net loss for the period	\$ (4,656)	\$ (5,414)
Other comprehensive income (loss)	<u>-</u>	<u>-</u>
Total comprehensive income (loss) for the year	<u>\$ (4,656)</u>	<u>\$ (5,414)</u>

The Group acquired 40% of the shares of I motor Holding Co., Ltd. in September 2021.

The Group acquired the shares of I motor Manufacturing Co., Ltd. at a percentage different from its existing ownership percentage in September 2022, then the Group acquired the shares at the same percentage in December 2022.

The Group acquired the shares of I motor Marketing Co., Ltd. at the same percentage as its existing ownership percentage in September 2022.

Refer to Table 7 "Information on Investees" for the nature of activities, principal places of business and country of incorporation of the associate.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2021	\$ 576,166	\$ 528,938	\$ 1,579,509	\$ 91,946	\$ 2,776,559
Additions	-	9,580	87,567	7,418	104,565
Reclassifications	1,486	-	(1,486)	-	-
Disposals	-	-	(49,024)	(1,387)	(50,411)
Effects of foreign currency exchange differences	<u>(73,032)</u>	<u>(67,020)</u>	<u>(198,236)</u>	<u>(11,959)</u>	<u>(350,247)</u>
Balance at December 31, 2021	<u>\$ 504,620</u>	<u>\$ 471,498</u>	<u>\$ 1,418,330</u>	<u>\$ 86,018</u>	<u>\$ 2,480,466</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2021	\$ -	\$ 182,623	\$ 921,687	\$ 66,536	\$ 1,170,846
Disposals	-	-	(49,024)	(1,303)	(50,327)
Depreciation expense	-	24,369	103,174	8,402	135,945
Effects of foreign currency exchange differences	<u>-</u>	<u>(24,226)</u>	<u>(116,752)</u>	<u>(8,801)</u>	<u>(149,779)</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 182,766</u>	<u>\$ 859,085</u>	<u>\$ 64,834</u>	<u>\$ 1,106,685</u>
Carrying amount at December 31, 2021	<u>\$ 504,620</u>	<u>\$ 288,732</u>	<u>\$ 559,245</u>	<u>\$ 21,184</u>	<u>\$ 1,373,781</u>

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2022	\$ 504,620	\$ 471,498	\$ 1,418,330	\$ 86,018	\$ 2,480,466
Additions	-	116,916	134,210	6,166	257,292
Disposals	-	-	(59,458)	(2,020)	(61,478)
Effects of foreign currency exchange differences	<u>35,853</u>	<u>38,783</u>	<u>100,198</u>	<u>6,311</u>	<u>181,145</u>
Balance at December 31, 2022	<u>\$ 540,473</u>	<u>\$ 627,197</u>	<u>\$ 1,593,280</u>	<u>\$ 96,475</u>	<u>\$ 2,857,425</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2022	\$ -	\$ 182,766	\$ 859,085	\$ 64,834	\$ 1,106,685
Disposals	-	-	(50,699)	(1,980)	(52,679)
Depreciation expense	-	27,343	103,450	7,535	138,328
Effects of foreign currency exchange differences	<u>-</u>	<u>14,009</u>	<u>60,176</u>	<u>4,864</u>	<u>79,049</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 224,118</u>	<u>\$ 972,012</u>	<u>\$ 75,253</u>	<u>\$ 1,271,383</u>
Carrying amount at December 31, 2022	<u>\$ 540,473</u>	<u>\$ 403,079</u>	<u>\$ 621,268</u>	<u>\$ 21,222</u>	<u>\$ 1,586,042</u> (Concluded)

Except for the recognition of depreciation expense and the additions of buildings and machinery and equipment from non-related parties, the Group did not have significant disposal of property, plant and equipment for the years ended December 31, 2022 and 2021. Furthermore, after assessment, there was no indication of impairment, hence, the Group did not perform any impairment test.

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

Building of factory	20 years
Air-conditioner system	5 years
Machinery and equipment	3-20 years
Other equipment	5 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings was set out in Note 30.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Carrying amount</u>		
Buildings	<u>\$ 56,745</u>	<u>\$ 66,351</u>

	For the Year Ended December 31	
	2022	2021
Depreciation change for right-of-use assets		
Buildings	\$ 11,393	\$ 12,061

Except for the recognition of depreciation expense, the Group did not have significant addition, sublease, and impairment of right-of-use assets during the years ended December 31, 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amount</u>		
Current	\$ 7,494	\$ 12,943
Non-current	\$ 27,156	\$ 33,421

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Buildings	1.75%-3.25%	1.75%-3.25%

c. Material lease-in activities and terms

The Group leases buildings for the use of plants and offices with lease terms of 5 to 10 years. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to low-value asset leases	\$ 2,547	\$ 2,309
Total cash outflow for leases	\$ (18,380)	\$ (18,692)

The Group's leases of certain office equipment qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. GOODWILL

	For the Year Ended December 31	
	2022	2021
<u>Cost</u>		
Balance at January 1	\$ 68,134	\$ 75,850
Effects of foreign currency exchange differences	<u>2,746</u>	<u>(7,716)</u>
Balance at December 31	<u>\$ 70,880</u>	<u>\$ 68,134</u>
<u>Accumulated impairment loss</u>		
Balance at January 1	\$ 4,988	\$ -
Recognition impairment loss during the year	-	5,272
Effects of foreign currency exchange differences	<u>162</u>	<u>(284)</u>
Balance at December 31	<u>\$ 5,150</u>	<u>\$ 4,988</u>
Net Balance at December 31	<u>\$ 65,730</u>	<u>\$ 63,146</u>
	</	

As of the years ended December 31, 2022 and 2021, the recoverable amount was determined based on a DCF calculation that used cash flow projection in the financial budgets approved by management covering a 5-year period with the aforementioned discount rate, respectively. The cash flows beyond 5 years have been extrapolated, using a 0% per annum growth rate. Other key assumptions included budgeted revenue and budgeted gross margin. Such assumptions were based on the past performance of the cash-generating unit and management's expectations of market development.

Due to the impact of COVID-19 in 2021, the actual sales growth of ADB and LUTEC did not turn out as expected. The recoverable amount of the goodwill was \$141,804 thousand, which was lower than the related carrying amount for the years ended December 31, 2021, and an impairment loss of \$5,272 thousand was recognized in 2021.

After the impairment assessment in 2022, the recoverable amount was higher than the carrying amount, and no impairment loss was recognized.

17. OTHER INTANGIBLE ASSETS

	Other Intangible Assets	Computer Software	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 127,990	\$ 107,086	\$ 235,076
Additions	-	3,422	3,422
Effects of foreign currency exchange differences	<u>(13,089)</u>	<u>(13,732)</u>	<u>(26,821)</u>
Balance at December 31, 2021	<u>\$ 114,901</u>	<u>\$ 96,776</u>	<u>\$ 211,677</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2021	\$ 14,345	\$ 53,606	\$ 67,951
Amortization expense	8,842	8,768	17,610
Effects of foreign currency exchange differences	<u>(2,012)</u>	<u>(7,256)</u>	<u>(9,268)</u>
Balance at December 31, 2021	<u>\$ 21,175</u>	<u>\$ 55,118</u>	<u>\$ 76,293</u>
Carrying amount at December 31, 2021	<u>\$ 93,726</u>	<u>\$ 41,658</u>	<u>\$ 135,384</u>
<u>Cost</u>			
Balance at January 1, 2022	\$ 114,901	\$ 96,776	\$ 211,677
Additions	-	760	760
Disposals	-	(297)	(297)
Effects of foreign currency exchange differences	<u>4,702</u>	<u>6,908</u>	<u>11,610</u>
Balance at December 31, 2022	<u>\$ 119,603</u>	<u>\$ 104,147</u>	<u>\$ 223,750</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2022	\$ 21,175	\$ 55,118	\$ 76,293
Amortization expense	8,357	7,675	16,032
Disposals	-	(297)	(297)
Effects of foreign currency exchange differences	<u>1,145</u>	<u>4,256</u>	<u>5,401</u>
Balance at December 31, 2022	<u>\$ 30,677</u>	<u>\$ 66,752</u>	<u>\$ 97,429</u>
Carrying amount at December 31, 2022	<u>\$ 88,926</u>	<u>\$ 37,395</u>	<u>\$ 126,321</u>

Except for the recognition of amortization expenses, other intangible assets of the Company did not have significant addition, disposal and impairment in 2022 and 2021.

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Other intangible assets	12.3-18 years
Computer software	10 years

18. OTHER ASSETS

	December 31	
	2022	2021
<u>Current</u>		
Temporary debits	\$ -	\$ 1,581
Prepaid expenses and others	<u>40,513</u>	<u>34,886</u>
	<u>\$ 186,811</u>	<u>\$ 36,467</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 195,370	\$ 146,821
Refundable deposits	1,198	897
Others	<u>6,576</u>	<u>5,081</u>
	<u>\$ 203,144</u>	<u>\$ 152,799</u>

The Group is required to purchase certain semi-finished products designated by the specific customers and recognizes the semi-finished products as temporary debits before assembling.

19. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
<u>Secured borrowings (Note 30)</u>		
Bank loans*	<u>\$ 532,197</u>	<u>\$ 333,780</u>

* The range of weighted average effective interest rates on bank loans was 2.15%-2.90% and 1.49%-2.22% per annum on December 31, 2022 and 2021, respectively. The part of loans is secured by Jinpao as a guarantee.

b. Long-term borrowings

	December 31	
	2022	2021
<u>Secured borrowings (Note 30)</u>		
Bank loans (1)	\$ 44,659	\$ 83,344
Bank loans (2)	-	32,545
Bank loans (3)	35,159	59,172
		(Continued)

	December 31	
	2022	2021
Bank loans (4)	\$ 178,506	\$ -
Bank loans	<u>37,880</u>	<u>3,685</u>
	296,204	178,746
<u>Unsecured borrowings</u>		
Bank loans	<u>78,042</u>	<u>100,474</u>
	374,246	279,220
Less: Current portions	<u>(169,930)</u>	<u>(127,318)</u>
Long-term loans	<u>\$ 204,316</u>	<u>\$ 151,902</u>
		(Concluded)

- 1) As of December 31, 2022 and 2021, the annual weighted average effective interest rates of the bank borrowings secured by the Group's freehold land and buildings (see Note 30) were 2.23% both. The loan is due on August 7, 2023.
- 2) As of December 31, 2021, the annual weighted average effective interest rate of the bank borrowings secured by Jinpao as a guarantee for the bank loan was 1.8%. According to the provisions of the loan contract, the current ratio shall not be lower than 100% (inclusive), the debt ratio shall not be higher than 100% (inclusive), and the net value shall not be lower than NT\$1,550,000 thousand (inclusive). The loan is due on December 26, 2022.
- 3) As of December 31, 2022 and 2021, the annual weighted average effective interest rate of the bank borrowings secured by Jinpao as a guarantee for the bank loan was 1.8% both. According to the provisions of the loan contract, the current ratio shall not be lower than 100% (inclusive), the debt ratio shall not be higher than 100% (inclusive), and the net value shall not be lower than NT\$1,550,000 thousand (inclusive). The loan is due on November 30, 2023.
- 4) As of December 31, 2022, the annual weighted average effective interest rate of the bank borrowings secured by the Group's freehold land, machine and equipment, and buildings (see Note 30) was 2.59%. The loan is due on August 19, 2025.

20. BONDS PAYABLE

	December 31	
	2022	2021
Second issuance of unsecured domestic convertible bonds in Taiwan	\$ <u>-</u>	\$ <u>161,328</u>

On November 28, 2019, the Group issued 2 thousand units of 0% NTD-denominated unsecured convertible bonds in Taiwan, with an aggregate principal amount of \$200,000 thousand. The maturity date of the bonds is on November 28, 2022.

Each bond entitles the holder to convert it into ordinary shares of the Group at a conversion price of \$55. In the case of ex-right or ex-dividend, the conversion price should be adjusted according to the adjustment formula. The conversion price was adjusted on December 23, 2019, August 4, 2020, August 15, 2021 and July 30, 2022 from \$55 to \$54.6, \$54.6 to \$52.1, \$52.1 to \$49.6 and \$49.6 to \$46.9, respectively.

Conversion may occur at any time between February 29, 2020 and November 28, 2022. If the bonds have not been converted and the closing price of the Group's ordinary shares exceeds 30% of the conversion price for at least 30 consecutive trading days consecutively or the value of the outstanding convertible bonds falls lower than 10% of the original total amount issued, they will be redeemed at face value from February 29, 2020 to October 19, 2022.

The liability component includes embedded financial derivatives and non-financial derivative liabilities. On December 31, 2021, the fair value of such embedded financial derivatives was \$5,133 thousand, and the amount of liabilities of non-financial derivatives liabilities measured at amortized cost was \$161,328 thousand. The effective interest rate for liabilities was 2.2256% per annum on initial recognition.

Liability component at January 1, 2021 (separately recognized as bonds payable of \$180,633 thousand and financial assets at FVTPL - current of \$152 thousand)	\$ 180,481
Interest charged at the effective interest rate	3,750
Loss on valuation of financial assets	5,566
Effects of exchange rate changes	<u>(23,336)</u>
Liability component at December 31, 2021 (separately recognized as bonds payable of \$161,328 thousand and financial liability at FVTPL - current of \$5,133 thousand)	166,461
Interest charged at the effective interest rate	2,700
Convertible bonds converted into ordinary shares	(172,572)
Gain on valuation of financial assets	(1,719)
Effects of exchange rate changes	<u>5,130</u>
Liability component at December 31, 2022	<u>\$ -</u>

As of December 31, 2022, the second issuance of unsecured domestic convertible bonds in Taiwan had been converted to 4,264 thousand ordinary shares in total.

21. OTHER LIABILITIES

	December 31	
	2022	2021
<u>Current</u>		
Other payables		
Payables for equipment	\$ 39,542	\$ 1,575
Others	<u>76,796</u>	<u>48,559</u>
	<u>\$ 116,338</u>	<u>\$ 50,134</u>

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The employees of the Company of the Group in Taiwan adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Then, the "pay as you go" basis adopted by Jinpao Europe, ADB, LUTEC and SPEM of the Group in accordance with the French pension system, which is a state-managed defined contribution plan. Under the basis, the Company makes monthly contributions at a certain percentage of the monthly salaries and wages.

b. Defined benefit plan

The defined benefit plans adopted by Jinpao of the Group in accordance with the Labor Protection Act is operated by the government of Thailand, which is a state-managed defined contribution plan. The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries, basing on years of service and the salaries before the estimated retirement date.

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

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 45,519	\$ 43,285
Fair value of plan assets	<u>-</u>	<u>-</u>
Net defined benefit liabilities	<u>\$ 45,519</u>	<u>\$ 43,285</u>

Movements in net defined benefit liabilities are as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	<u>\$ 46,063</u>	<u>\$ -</u>	<u>\$ 46,063</u>
Service cost			
Current service cost	2,607	-	2,607
Interest expense	<u>384</u>	<u>-</u>	<u>384</u>
Recognized in profit or loss	2,991	-	2,991
Others	<u>(5,769)</u>	<u>-</u>	<u>(5,769)</u>
Balance at December 31, 2021	<u>43,285</u>	<u>-</u>	<u>43,285</u>
Service cost			
Current service cost	(891)	-	(891)
Interest expense	<u>415</u>	<u>-</u>	<u>415</u>
Recognized in profit or loss	(476)	-	(476)
Benefits paid	(163)	-	(163)
Others	<u>2,873</u>	<u>-</u>	<u>2,873</u>
Balance at December 31, 2022	<u>\$ 45,519</u>	<u>\$ -</u>	<u>\$ 45,519</u>

The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2022	2021
Discount rates	0.39%-2.81%	0.39%-2.81%
Expected rates of salary increase	3.00%-6.00%	3.00%-6.00%

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

	December 31	
	2022	2021
Discount rates		
1% increase	\$ (3,099)	\$ (2,879)
1% decrease	\$ 3,415	\$ 3,139
Expected rates of salary increase		
1% increase	\$ 4,224	\$ 3,537
1% decrease	\$ (3,746)	\$ (3,147)

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

	December 31	
	2022	2021
Expected contributions to the plan for the next year	\$ -	\$ -
Average duration of the defined benefit obligation	10 years	10 years

23. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2022	2021
Numbers of shares authorized (in thousands)	60,000	60,000
Value of shares authorized	\$ 600,000	\$ 600,000
Number of shares issued and fully paid (in thousands)	47,928	43,664
Value of shares issued	\$ 479,289	\$ 436,646

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

As of December 31, 2022, the second issuance of unsecured domestic convertible bonds in Taiwan had been converted to 4,264 thousand shares. The number of ordinary shares issued after the conversion was 47,928 thousand, and the value of shares issued was \$479,289 thousand.

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Premium from issuance of ordinary shares	\$ 1,063,649	\$ 933,720

- * 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 only once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit (except when accumulated legal reserve have already achieved paid-in capital of the Company), setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 24(h).

The Group's operations are highly specialized with customized products and are in the growth stage. The board of directors of the Group proposes the distribution plan based on previous years' retained earnings, overall growth, financial planning, capital needs, industry outlook and future development plans, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. When distributing dividends, the Group should first (i) pay the reserved amount for the yearly tax payment; (ii) offset losses of previous years; (iii) set aside as a legal reserve 10% of the remaining profit (legal reserve); and (iv) set aside as special reserve required by Taiwan Stock Exchange by the rules governing the special reserve of public companies. In accordance with the Company Law of the Cayman Islands and rules of public companies, where the Group made a profit in a fiscal year, the Group may combine all or parts of the accumulated undistributed retained earnings after considering the financial, operational and administrative factors, and the board should advise the shareholders that no less than 20% of the undistributed retained earnings should be distributed as dividends to shareholders unless the undistributed retained earnings are less than 20% of the outstanding ordinary shares. The dividends can be distributed in shares or cash, but the cash dividends should not be less than 10% of the total dividends distributed.

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

The appropriations of earnings for 2021 and 2020, which were approved in the shareholders' meetings on June 23, 2022 and July 29, 2021, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
Legal reserve	\$ 13,094	\$ 10,808		
Special reserve	140,466	-		
Cash dividends	100,429	91,696	\$ 2.3	\$ 2.1

The appropriation of earnings for 2022 had been proposed by the Company's board of directors on March 28, 2023. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 24,363	
Cash dividends	134,201	\$ 2.8

The appropriation of earnings for 2022 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 20, 2023.

d. Non-controlling interests

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 21,597	\$ 30,541
Net loss for the year	(452)	(6,200)
Other comprehensive income/(loss) during the year		
Exchange differences on translation of the financial statements of foreign entities	<u>863</u>	<u>(2,744)</u>
Balance at December 31	<u>\$ 22,008</u>	<u>\$ 21,597</u>

e. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	2022	2021
Balance at January 1	\$ (256,178)	\$ (21,510)
Recognized for the year		
Exchange differences on translation to the presentation currency	120,672	(237,744)
Exchange differences on the translation of the financial statements of foreign operations	<u>6,572</u>	<u>3,076</u>
Other comprehensive income recognized for the year	<u>127,244</u>	<u>(234,668)</u>
Balance at December 31	<u>\$ (128,934)</u>	<u>\$ (256,178)</u>

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

	2022	2021
Balance at January 1	\$ 26,428	\$ 12,949
Other comprehensive income (loss) recognized for the year		
Unrealized (loss) gain - equity instruments	<u>(16,083)</u>	<u>13,479</u>
Balance at December 31	<u>\$ 10,345</u>	<u>\$ 26,428</u>

24. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	\$ <u>616</u>	\$ <u>450</u>

b. Other income

	For the Year Ended December 31	
	2022	2021
Dividends revenue	\$ 94	\$ -
Others	<u>2,535</u>	<u>9,048</u>
	\$ <u>2,629</u>	\$ <u>9,048</u>

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net foreign exchange gain	\$ 2,268	\$ 27,453
Impairment loss on goodwill (Note 16)	-	(5,272)
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	1,719	(5,566)
Gain on disposal of property, plant and equipment	201	2,050
Others	<u>(694)</u>	<u>-</u>
	\$ <u>3,494</u>	\$ <u>18,665</u>

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	\$ 16,189	\$ 14,512
Interest on convertible bonds	2,700	3,750
Interest on lease liabilities	<u>734</u>	<u>814</u>
	\$ <u>19,623</u>	\$ <u>19,076</u>

e. Impairment losses recognized on financial assets

	For the Year Ended December 31	
	2022	2021
Trade receivables	\$ <u>513</u>	\$ <u>93</u>

f. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 138,328	\$ 135,945
Right-of-use assets	11,393	12,061
Other intangible assets	<u>16,032</u>	<u>17,610</u>
	<u>\$ 165,753</u>	<u>\$ 165,616</u>
An analysis of deprecation by function		
Operating costs	\$ 130,816	\$ 128,121
Operating expenses	<u>18,905</u>	<u>19,885</u>
	<u>\$ 149,721</u>	<u>\$ 148,006</u>
An analysis of amortization by function		
Operating costs	\$ 8,582	\$ 9,127
Operating expenses	<u>7,450</u>	<u>8,483</u>
	<u>\$ 16,032</u>	<u>\$ 17,610</u>

g. Employee benefits expense

Function	2022			2021		
	Operating Costs	Operating Expense	Total	Operating Costs	Operating Expense	Total
Properties						
Salary expense	\$ 248,790	\$ 145,429	\$ 394,219	\$ 217,199	\$ 121,751	\$ 338,950
Insurance expense	-	484	484	-	599	599
Pension expense						
Defined contribution plans	168,011	44,157	212,168	134,052	38,747	172,799
Defined benefit plans	-	(476)	(476)	-	2,991	2,991
Remuneration of directors and supervisors	-	3,385	3,385	-	3,155	3,155
Other employee benefits	<u>18,084</u>	<u>27,238</u>	<u>45,322</u>	<u>16,596</u>	<u>20,246</u>	<u>36,842</u>
Total employee benefits expense	<u>\$ 434,885</u>	<u>\$ 220,217</u>	<u>\$ 655,102</u>	<u>\$ 367,847</u>	<u>\$ 187,489</u>	<u>\$ 555,336</u>

As of December 31, 2022 and 2021, the Group's monthly average of employees was 1,185 and 1,026 employees, respectively, including 4 directors not concurrently serving as employees for both years. Employee benefits expense of both years is calculated based on the abovementioned number of employees.

The average employee benefits expense for the years ended December 31, 2022 and 2021 was \$552 thousand and \$540 thousand, respectively.

The average employee salary expense and bonuses for the years ended December 31, 2022 and 2021 was \$334 thousand and \$332 thousand, respectively. The average employee salary expense has increased by 1% year over year.

The remuneration of managers is decided by the board of directors. Directors, supervisors, and managers' salary remuneration should correspond with the financial performance. If there is a significant decline in profit or long-term loss, the salary remuneration should not be higher than that of last year. If it is higher than that of last year, reasonable description needs to be disclosed and presented in the shareholders' meeting.

h. Compensation of employees and remuneration of directors

The Company accrued compensation of employees at rates between 0.1% and 10%, and accrued remuneration of directors at rates no higher than 2% of the net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021, which have been approved by the Company's board of directors on March 28, 2023 and March 25, 2022, respectively, are as follows:

Amount

	For the Year Ended December 31	
	2022	2021
Compensation of employees	\$ 320	\$ 240
Remuneration of directors	1,200	1,200

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

The compensation of employees and remuneration of directors which have been approved by the Company's board of directors on March 25, 2022 and March 26, 2021, and the amounts recognized in the consolidated financial statements as follows:

	For the Year Ended December 31			
	2021		2020	
	Compensation of Employees	Remuneration of Directors	Compensation of Employees	Remuneration of Directors
Amounts approved in the board of directors' meeting	\$ 240	\$ 1,200	\$ 160	\$ 1,200
Amounts recognized in the annual consolidated financial statements	\$ 320	\$ 1,200	\$ 160	\$ 1,200

The aforementioned difference was not significant for the years ended December 31, 2021, it was adjusted to profit and loss for the years ended December 31, 2022.

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

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains	\$ 58,803	\$ 63,861
Foreign exchange losses	(56,535)	(36,408)
Net foreign exchange gains	\$ 2,268	\$ 27,453

25. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 39,476	\$ 28,831
Deferred tax		
In respect of the current year	<u>22,228</u>	<u>15,193</u>
Income tax expense recognized in profit or loss	<u>\$ 61,704</u>	<u>\$ 44,024</u>

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

	For the Year Ended December 31	
	2022	2021
Profit before tax	<u>\$ 304,884</u>	<u>\$ 168,760</u>
Income tax expense calculated at the statutory rate	\$ 64,116	\$ 30,941
Tax-exempt income	(3,292)	(4,923)
Deferred tax effect of earnings of subsidiaries	(21,864)	3,459
Unrecognized deductible temporary differences	<u>22,744</u>	<u>14,547</u>
Income tax expense recognized in profit or loss	<u>\$ 61,704</u>	<u>\$ 44,024</u>

The Company was established in the British Cayman Islands and is exempt from paying income tax.

The applicable tax rate used by Jinpao in Thailand was 20%. The applicable tax rate used by Jinpao Japan, Jinpao Europe, ADB, LUTEC and SPEM is operated by the government.

b. Current tax liabilities

	December 31	
	2022	2021
Current tax liabilities		
Income tax payable	<u>\$ 21,044</u>	<u>\$ 13,947</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Allowance for inventory valuation loss	\$ 2,449	\$ 187	\$ -	\$ 183	\$ 2,819
Allowance for doubtful accounts	10	52	-	3	65
Defined benefit plans	<u>3,586</u>	<u>277</u>	<u>-</u>	<u>267</u>	<u>4,130</u>
	<u>\$ 6,045</u>	<u>\$ 516</u>	<u>\$ -</u>	<u>\$ 453</u>	<u>\$ 7,014</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Retaining earnings of subsidiaries	<u>\$ 33,603</u>	<u>\$ 22,744</u>	<u>\$ (15,180)</u>	<u>\$ 2,733</u>	<u>\$ 43,900</u>

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Allowance for inventory valuation loss	\$ 3,044	\$ (221)	\$ -	\$ (374)	\$ 2,449
Allowance for doubtful accounts	1	9	-	-	10
Defined benefit plans	3,751	327	-	(492)	3,586
Investment losses	<u>824</u>	<u>(761)</u>	<u>-</u>	<u>(63)</u>	<u>-</u>
	<u>\$ 7,620</u>	<u>\$ (646)</u>	<u>\$ -</u>	<u>\$ (929)</u>	<u>\$ 6,045</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Retaining earnings of subsidiaries	<u>\$ 38,232</u>	<u>\$ 14,547</u>	<u>\$ (14,321)</u>	<u>\$ (4,855)</u>	<u>\$ 33,603</u>

d. Tax Exemption Information

Jinpao has been granted rights and privileges for the production of metal stamping, metal pieces and aircraft conversion under the Investment Promotion Act of B.E. 2520 (1977), summarized as follows:

- 1) The preferential measures granted under Certificate Number 1050(1)/2555 includes the following:
 - Exemption from import duties on machinery as approved by the Board of Investment.
 - Exemption from corporate income tax for the period of 8 years from the telecommunication income is first derived from the promoted activities which were on November 15, 2012.
 - In case of losses arising from operations during the period during which the Company is granted exemption from corporate income tax, such losses incurred can be deducted from net profit after the corporate income tax exemption period up to 5 years from the expiry date of such period and can be selected to deduct from the net profit of any one year or several years.
 - Reduction from corporate income tax at 50% of normal rate for the period of 5 years after that period of 8 years from the date of the Company receiving the respective revenues.
- 2) The preferential measures granted under Certificate Number 1218(1)/2555 includes the following:
 - Exemption from import duties on machinery as approved by the Board of Investment.
 - Exemption from corporate income tax for the period of 8 years from the aircraft conversion income is first derived from the promoted activities which were on January 4, 2013.
 - In case of losses arising from operations during the period which the Company is granted exemption from corporate income tax, such losses incurred can be deducted from net profit after the corporate income tax exemption period up to 5 years from the expiry date of such period and can be selected to deduct from net profit of any one year or several years.
 - Reduction from corporate income tax at 50% of normal rate for the period of 5 years after that period of 8 years from the date of the Company receiving the respective revenues.
- 3) The preferential measures granted under Certificate Number 61-0665-1-04-1-0 includes the following:
 - Exemption from import duties on machinery as approved by the Board of Investment.
 - Exemption from corporate income tax for the period of 3 years from the income is first derived from the promotion certificate which were on October 1, 2018. The deduction limit amount is 50% of the investment amount, excluding land price and working capital.
 - In case of losses arising from operations during the period which the Company is granted exemption from corporate income tax, such losses incurred can be deducted from net profit after the corporate income tax exemption period up to 5 years from the expiry date of such period and can be selected to deduct from net profit of any one year or several years.
- 4) The preferential measures granted under Certificate Number 61-0664-1-00-2-0 includes the following:
 - Exemption from import duties on machinery as approved by the Board of Investment.
 - Exemption from corporate income tax for the period of 8 years from the aircraft conversion income is first derived from the promoted activities which were on April 1, 2021.

- In case of losses arising from operations during the period which the Company is granted exemption from corporate income tax, such losses incurred can be deducted from net profit after the corporate income tax exemption period up to 5 years from the expiry date of such period and can be selected to deduct from net profit of any one year or several years.
- Reduction from corporate income tax at 50% of normal rate for the period of 5 years after that period of 8 years from the date of the Company receiving the respective revenues.

Jinpao has met the requirements stipulated by the Board of Investment.

The Company is exempt from paying tax since it was incorporated in the Cayman Islands. The corporate income tax of Jinpao, Jinpao Japan, ADB, LUTEC and SPEM of the group through 2021 has been assessed by the tax authorities.

26. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2022	2021
Profit for the year attributable to owners of the Company	\$ 243,632	\$ 130,936
Effects of potentially dilutive ordinary shares - convertible bonds	<u>981</u>	<u>9,316</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 244,613</u>	<u>\$ 140,252</u>

Weighted average number of ordinary shares outstanding (in thousands of shares) is as follows:

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	44,734	43,664
Effects of potentially dilutive ordinary shares:		
Convertible bonds	3,326	4,032
Compensation of employees	<u>6</u>	<u>8</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>48,066</u>	<u>47,704</u>

The Group may settle the compensation paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is 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.

27. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. Key management personnel of the Group reviews the capital structure on an annual basis. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the number of dividends paid to shareholders, the number of new shares issued, and the amount of new debt issued or existing debt redeemed.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

December 31, 2021

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 161,328	\$ 207,900	\$ -	\$ -	\$ 207,900

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

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Investments in equity instruments at FVTOCI				
Overseas unlisted ordinary shares	\$ -	\$ -	\$ 21,708	\$ 21,708
Private equity fund	-	-	3,098	3,098
	\$ -	\$ -	\$ 24,806	\$ 24,806

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 5,133	\$ -	\$ 5,133
Investments in equity instruments at FVTOCI				
Overseas unlisted ordinary shares	\$ -	\$ -	\$ 35,174	\$ 35,174

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

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - redemption, repurchase, and conversion rights of convertible bonds.	The valuation of convertible bonds is based on a binary tree valuation model, the inputs include fluctuation of conversion price, risk free interest rate, discount rate, and liquidity risk.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Overseas unlisted ordinary shares	Market approach
Private equity fund	Discounted cash flow method: to capture the present value of the expected future economic benefits to be derived from the ownership of these investees with long-term revenue growth rates, long-term pre-tax operating margin, WACC and discount for lack of marketability.

c. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets at FVTOCI	\$ 24,806	\$ 35,174
Financial assets at amortized cost (1)	1,040,987	741,133
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	-	5,133
Financial liabilities at amortized cost (2)	1,462,755	1,109,634

- 1) The balances include loans and receivables measured at amortized cost, which comprise cash, financial assets at amortized cost, trade receivables, and trade receivables from related parties.
- 2) The balances include financial liabilities measured at amortized cost, which comprise short-term loans, notes payable, trade and other payables, trade payables to related parties, current portion of long-term borrowings, current portion of bonds payable and long-term borrowings.

d. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, trade payables, lease liabilities, bonds payable, and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and 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 foreign currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

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

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 33.

The Group has foreign currencies transactions which mainly expose the Group to fluctuations in the USD. Although the amounts of the resultant gains or losses from the financial assets and liabilities denominated in foreign currencies are offsetting, the Group is exposed to foreign currency risk because of the fact that the amount of foreign currency financial assets are greater than liabilities.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the Thai Baht (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency-denominated monetary items and foreign exchange forward contracts designated as cash flow hedges and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the Thai Baht strengthening 5% against the relevant currency. For a 5% weakening of the Thai Baht against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2022	2021
Profit or loss	\$ 16,928 *	\$ 6,029 *

* This was mainly attributable to the exposure outstanding on USD receivables and payables which were not hedged at the end of the reporting period.

b) Interest rate risk

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

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting period are as follows:

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 77,490	\$ 71,541
Financial liabilities	331,348	416,267
Cash flow interest rate risk		
Financial assets	189,917	148,091
Financial liabilities	609,745	404,425

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments 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.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased by \$4,198 thousand and \$2,563 thousand, respectively, which was mainly a result of variable-rate deposits and borrowings.

c) Other price risk

The Group was exposed to equity price risk through its investments in unlisted equity securities (recognized in financial assets at FVTOCI - non-current). Equity investments are held for strategic rather than for trading purposes, the Group does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, the Group's pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$248 thousand and \$352 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation, could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties, and the Group's exposure and the credit ratings of its counterparties are continuously monitored. The aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved regularly.

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

The Group's concentration of credit risk of 70% and 68% of total trade receivables as of December 31, 2022 and 2021, respectively, was due to the Group's five largest customers.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. The Group is creditworthy and maintains good relationships with financial institutions. Therefore, the Group has no issues when applying for financing facilities from financial institutions.

a) Liquidity and interest risk rate table for non-derivative financial liabilities

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

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

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 103,672	\$ 399,535	\$ 53,105	\$ -	\$ -
Lease liabilities	596	1,191	5,707	25,999	1,157
Variable interest rate liabilities	44,705	223,525	17,882	37,880	-
Fixed interest rate liabilities	<u>60,620</u>	<u>70,608</u>	<u>208,788</u>	<u>242,435</u>	<u>-</u>
	<u>\$ 209,593</u>	<u>\$ 694,859</u>	<u>\$ 285,482</u>	<u>\$ 306,314</u>	<u>\$ 1,157</u>

Additional information on the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	<u>\$ 7,494</u>	<u>\$ 25,999</u>	<u>\$ 1,157</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 52,185	\$ 253,156	\$ 29,965	\$ -	\$ -
Lease liabilities	574	1,149	11,220	21,052	12,369
Variable interest rate liabilities	18,968	83,881	149,674	151,902	-
Fixed interest rate liabilities	<u>-</u>	<u>16,694</u>	<u>391,881</u>	<u>-</u>	<u>-</u>
	<u>\$ 71,727</u>	<u>\$ 354,880</u>	<u>\$ 582,740</u>	<u>\$ 172,954</u>	<u>\$ 12,369</u>

Additional information on the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	<u>\$ 12,943</u>	<u>\$ 21,052</u>	<u>\$ 12,369</u>	<u>\$ -</u>	<u>\$ -</u>

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing facilities

	December 31	
	2022	2021
Unsecured bank overdraft facilities:		
Amount used	\$ 134,115	\$ 125,205
Amount unused	<u>-</u>	<u>-</u>
	<u>\$ 134,115</u>	<u>\$ 125,205</u>
Secured bank loan facilities which may be extended by mutual agreement:		
Amount used	\$ 971,022	\$ 640,188
Amount unused	<u>172,407</u>	<u>334,522</u>
	<u>\$ 1,143,429</u>	<u>\$ 974,710</u>

29. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Group and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Hoo Thai Industrial Co., Ltd. (Hoo Thai)	Related party with the same board
Chin I Metal Co., Ltd. (Chin I)	Related party with the same board
Hong Yang Thailand Co., Ltd. (Hong Yang)	Related party with the same board

b. Sales of goods

<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Related party with the same board	\$ 11,650	\$ 8,350

The prices of goods sold to related parties were made with reference to the market prices and based on the contracts.

c. Purchases of goods

<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Related party with the same board	\$ 31,288	\$ 29,315

Purchases prices were based on markup of cost and calculated after consideration of the market prices.

d. Receivables from related parties (excluding loans to related parties)

<u>Line Item</u>	<u>Related Party Category</u>	<u>December 31</u>	
		<u>2022</u>	<u>2021</u>
Accounts receivable	Related party with the same board		
	Hoo Thai	\$ 1,732	\$ 1,692
	Chin I	<u>40</u>	<u>45</u>
		\$ 1,772	\$ 1,737

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment loss was recognized for trade receivables from related parties.

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

Line Item	Related Party Category	December 31	
		2022	2021
Accounts payable	Related party with the same board		
	Hoo Thai	\$ 6,981	\$ 7,048
	Chin I	104	15
	Hong Yang	<u>-</u>	<u>3</u>
		<u>\$ 7,085</u>	<u>\$ 7,066</u>

The outstanding trade payables to related parties are unsecured and will be settled in cash.

f. Acquisition of property, plant and equipment

Related Party Category	Purchase Price For the Year Ended December 31	
	2022	2021
Related party with the same board	<u>\$ 6,764</u>	<u>\$ -</u>

g. Other transactions with related parties

Line Item	Related Party Category	For the Year Ended December 31	
		2022	2021
Operating costs - rental and other expenses	Related party with the same board	<u>\$ 3,954</u>	<u>\$ 3,038</u>
Miscellaneous revenue	Related party with the same board	<u>\$ 29</u>	<u>\$ 33</u>

Line Item	Related Party Category	December 31	
		2022	2021
Other receivables (classified under other current assets)	Related party with the same board	<u>\$ 9</u>	<u>\$ 5</u>
Other payables	Related party with the same board	<u>\$ 775</u>	<u>\$ 254</u>

Rental amounts of rental agreements with related parties were made with reference to the market prices and based on general payment terms.

Miscellaneous revenue, operating cost, and payment terms from transactions with related parties were based on mutual agreement from both parties.

h. Remuneration of key management personnel

The remuneration of directors and key executives for the years ended December 31, 2022 and 2021 are as follows:

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 9,022	\$ 9,112
Post-employment benefits	<u>303</u>	<u>332</u>
	<u>\$ 9,325</u>	<u>\$ 9,444</u>

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

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2022	2021
Pledged deposits (classified as financial assets at amortized cost)	\$ 77,490	\$ 71,541
Property, plant and equipment, net amount	<u>377,900</u>	<u>363,026</u>
	<u>\$ 455,390</u>	<u>\$ 434,567</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Unrecognized commitments of Jinpao on the balance sheet date are as follows:

As of December 31, 2022 and 2021, the unpaid amounts from Jinpao's purchase of land, construction of new factories and purchase of equipment but whose contracts have been signed were \$99,343 thousand and \$12,461 thousand, respectively.

32. SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

On January 19, 2023, the Company's board of directors passed a resolution to construct on the factory building acquired from a non-related party for self-use, and the chairman was authorized to supervise the construction, negotiation and signing of documents.

33. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 6,641	34.3913 (USD:THB)	\$ 355,904
EUR	1,131	36.4494 (EUR:THB)	<u>44,760</u>
			<u>\$ 400,664</u>
			(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 564	34.3913 (USD:THB)	\$ 17,335
EUR	72	36.4494 (EUR:THB)	<u>2,340</u>
			<u>\$ 19,675</u>
			(Concluded)

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 4,573	33.2469 (USD:THB)	\$ 126,926
EUR	286	37.5083 (EUR:THB)	<u>8,952</u>
			<u>\$ 135,878</u>

Financial liabilities

Monetary items			
USD	229	33.2469 (USD:THB)	\$ 6,352
EUR	50	37.5083 (EUR:THB)	<u>1,572</u>
			<u>\$ 7,924</u>

The Group is mainly exposed to the USD and EUR. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between the respective functional currencies and the presentation currency are disclosed. The significant realized and unrealized foreign exchange gains (losses) are as follows:

Foreign Currency	For the Year Ended December 31			
	2022		2021	
	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
THB	0.8823 (THB:NTD)	<u>\$ 2,268</u>	0.8823 (THB:NTD)	<u>\$ 27,453</u>

34. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)

- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 9) Trading in derivative instruments (None)
- 10) Intercompany relationships and significant intercompany transactions (Table 6)
- 11) Information on investees (Table 7)
- b. Information on investments in mainland China (None)
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

35. SEGMENT INFORMATION

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

a. Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments.

	For the Year Ended December 31	
	2022	2021
Revenue from external customers	\$ 1,789,193	\$ 1,350,982
Inter-segment revenue	<u>-</u>	<u>-</u>
Segment revenue	1,789,193	1,350,982
Eliminations	<u>-</u>	<u>-</u>
Consolidated revenue	<u>\$ 1,789,193</u>	<u>\$ 1,350,982</u>
Segment income	\$ 322,424	\$ 165,087
Non-operating income and expense	<u>(17,540)</u>	<u>3,673</u>
Income before income tax	<u>\$ 304,884</u>	<u>\$ 168,760</u>

Segment profit represents the profit before tax earned by each segment without allocation of interest income, gains or losses on disposal of property, plant and equipment, exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Total segment assets and liabilities

The Group's valuation of assets and liabilities was not provided to the chief operating decision maker.

c. Other segment information

For the year ended December 31, 2021

	Molding and Metal Parts Department	
	For the Year Ended December 31	
	2022	2021
Depreciation and amortization	\$ 165,753	\$ 165,616

d. Revenue from major products and services

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

	For the Year Ended December 31	
	2022	2021
Founding mold and metal parts	\$ 1,789,193	\$ 1,350,982

e. Geographical information

The Group operates in the principal geographical areas - Thailand and France. The Group's revenue from continuing operations from external customers by location of operations and information are detailed in a) segment revenue and results.

f. Information on major customers

Included in revenue from the molding and metal parts department of \$1,789,193 thousand and \$1,350,982 thousand in 2022 and 2021, respectively, is revenue of approximately \$246,641 thousand and \$224,477 thousand, which arose from sales to the Group's largest customer. Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2022	2021
Customer A	\$ 246,641	\$ 154,239
Customer B	239,714	224,477

TABLE 1

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

TABLE 2

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 1)	Ending Balance (Note 1)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
0	JPP Holding Company Limited	Jinpao Europe	Other receivables - related party	Yes	\$ 103,530 (EUR 3,400)	\$ - (EUR -)	\$ - (EUR -)	Note 4	Short-term financing needs	\$ -	Funding needs for short-term investments	\$ -	None	\$ -	\$ 412,412 (20% of net assets of JPP Holding Company Limited)	\$ 824,824 (40% of net assets of JPP Holding Company Limited)	Note 2
		Jinpao Europe	Other receivables - related party	Yes	95,010 (EUR 2,970)	- (EUR -)	- (EUR -)	Note 3	Short-term financing needs	-	Funding needs for short-term investments	-	None	-	412,412 (20% of net assets of JPP Holding Company Limited)	824,824 (40% of net assets of JPP Holding Company Limited)	Note 2
		Jinpao Europe	Other receivables - related party	Yes	111,248 (EUR 3,400)	111,248 (EUR 3,400)	111,248 (EUR 3,400)	Note 4	Short-term financing needs	-	Funding needs for short-term investments	-	None	-	412,412 (20% of net assets of JPP Holding Company Limited)	824,824 (40% of net assets of JPP Holding Company Limited)	Note 2
		Jinpao Europe	Other receivables - related party	Yes	97,178 (EUR 2,970)	97,178 (EUR 2,970)	97,178 (EUR 2,970)	Note 3	Short-term financing needs	-	Funding needs for short-term investments	-	None	-	412,412 (20% of net assets of JPP Holding Company Limited)	824,824 (40% of net assets of JPP Holding Company Limited)	Note 2
2	ADB	LUTEC	Other receivables - related party	Yes	2,290 (EUR 70)	2,290 (EUR 70)	2,290 (EUR 70)	Note 5	Short-term financing needs	-	Funding needs for short-term investments	-	None	-	8,431 (20% of net assets of ADB)	16,863 (40% of net assets of ADB)	Note 2
3	Jinpao Europe	LUTEC	Other receivables - related party	Yes	2,290 (EUR 70)	2,290 (EUR 70)	2,290 (EUR 70)	Note 5	Short-term financing needs	-	Funding needs for short-term investments	-	None	-	11,090 (20% of net assets of Jinpao Europe)	22,181 (40% of net assets of Jinpao Europe)	Note 2
		LUTEC	Other receivables - related party	Yes	9,162 (EUR 280)	9,162 (EUR 280)	9,162 (EUR 280)	Note 5	Short-term financing needs	-	Funding needs for short-term investments	-	None	-	11,090 (20% of net assets of Jinpao Europe)	22,181 (40% of net assets of Jinpao Europe)	Note 2
		LUTEC	Other receivables - related party	Yes	1,636 (EUR 50)	1,636 (EUR 50)	1,636 (EUR 50)	Note 5	Short-term financing needs	-	Funding needs for short-term investments	-	None	-	11,090 (20% of net assets of Jinpao Europe)	22,181 (40% of net assets of Jinpao Europe)	Note 2

Note 1: The financing facilities are approved by the board of directors of the Company and converted at the exchange rate on the balance sheet date.

Note 2: The transactions of the related parties have been eliminated in consolidated financial statements as of and for the year ended December 31, 2022.

Note 3: The annual interest rate for other receivables of funding is based on EUR LIBOR 3M plus 1.95%.

Note 4: The annual interest rate for other receivables of funding is based on EUR LIBOR 3M plus 2.00%.

Note 5: The annual interest rate for other receivables of funding is based on EUR LIBOR 3M/6M plus 1.75%.

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

TABLE 3

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period (Note 1)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 1)	Actual Amount Borrowed (Note)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
1	JINPAO	JPP Holding Company Limited	Note 2	\$ 391,580 (20% of net assets of Jinpao)	\$ 114,520 (EUR 3,500)	\$ - (EUR -)	\$ - (EUR -)	\$ -	-	\$ 978,952 (50% of net assets of Jinpao)	-	Y	-	
		JPP Holding Company Limited	Note 2	391,580 (20% of net assets of Jinpao)	88,344 (EUR 2,700)	35,338 (EUR 1,080)	35,338 (EUR 1,080)	-	1.80	978,952 (50% of net assets of Jinpao)	-	Y	-	
		JPP Holding Company Limited	Note 2	391,580 (20% of net assets of Jinpao)	61,240 (US\$ 2,000)	- (US\$ -)	- (US\$ -)	-	-	978,952 (50% of net assets of Jinpao)	-	Y	-	
		JPP Holding Company Limited	Note 2	391,580 (20% of net assets of Jinpao)	216,230 (US\$ 7,000)	- (US\$ -)	- (US\$ -)	-	-	978,952 (50% of net assets of Jinpao)	-	Y	-	

Note 1: The limit of the guarantee amount has been approved by the board of directors of the Company, and the exchange rates are based on the rates at the end of the reporting period.

Note 2: A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares (In Thousands)	Carrying Amount	Percentage of Ownership	Fair Value	
JPP Holding Company Limited	<u>Shares</u> Superior Plating Technology Holding (Thailand) Co., Ltd.	None	Financial assets at FVTOCI - non-current	350	\$ 21,708	5.62	\$ 21,708	
	<u>Private equity funds</u> Golden Asia Fund III, LPA	None	Financial assets at FVTOCI - non-current	-	3,098	-	3,098	

TABLE 4

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company That Acquires Real Estate	Property Name	Occurrence Date	Amount	Payment Status	Related Party	Relationship	If the Transaction Object Is A Related Party, the Previous Data Transfer				Reference Basis for Price Determination	Achieve Purpose and Usage	Other Agreed Matters
							Holder	Relationship	Transfer Date	Amount			
Jinpao	Staff restaurant and mold warehouse on the second floor of Lane 11, Bangpu Industrial Zone, factory building 1 and other ancillary facilities and systems	August 25, 2022 (Note 1)	\$ 46,827 (THB 55,000)	10% of the contract amount as advance payment, 5% of the contract amount as performance bond shall be provided by the contractor, and the project delay penalty shall not exceed 10% of the contract amount.	Pan Asia Supply Co., Ltd.	Unrelated	-	-	-	\$ -	Negotiated price	It is used as a restaurant for employees and a warehouse for machinery and equipment.	(Notes 2 and 3)

- Note 1: The date was contract date.
- Note 2: The seller shall be responsible for related taxes, fees and transfer service fee.
- Note 3: The criteria of the disclosures is used internally regulations for acquisition or disposal of individual real estate, or right-of-use assets at prices of at least THB50 million should be recognized.

TABLE 5

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
JPP Holding Company Limited	Jinpao Europe	Parent and subsidiary	\$ 215,506 (EUR 6,587)	-	\$ -	-	\$ -	\$ -

Note: The transactions of the related parties have been eliminated in the consolidated financial statements as of and for the year ended December 31, 2022.

TABLE 6**JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	JPP Holding Company Limited	Jinpao Europe	a	Other accounts receivable	\$ 208,426	Normal (Note 5)	5.60
		Jinpao Europe	a	Interest receivable	7,080	Normal (Note 5)	0.19
		Jinpao Europe	a	Interest income	3,418	Normal (Note 5)	0.19
1	ADB	LUTEC	c	Other accounts receivable	2,290	Normal (Note 5)	0.06
2	Jinpao Europe	LUTEC	c	Other accounts receivable	13,088	Normal (Note 5)	0.35
		ADB	c	Operating income	3,681	Normal (Note 5)	0.21

Note 1: Business relationships between the parent and subsidiaries are numbered as follows:

- a. Parent: 0.
- b. Subsidiaries are numbered in order from 1.

Note 2: Relationship between parties is numbered as follows:

- a. Parent to subsidiary.
- b. Subsidiary to parent.
- c. One subsidiary to another subsidiary.

Note 3: The percentage of consolidated operating revenue or consolidated total assets: For balance sheet accounts, the percentage is calculated by dividing the ending balance of the account by consolidated total assets; for income statement accounts, the percentage is calculated by dividing the interim accumulated amount of the account by the consolidated operating revenue.

Note 4: The disclosure of the significant transactions is determined by the materiality.

Note 5: The transactions of the related parties have been eliminated in the consolidated financial statements as of and for the year ended December 31, 2022.

TABLE 7

JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTEEES FOR THE YEAR ENDED DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2022	December 31, 2021	Shares	%	Carrying Amount			
JPP Holding Company Limited	Jinpao Precision Industry Co., Ltd.	631 Soi 12 Moo 4 Bangpoo Industrial Estate T. Phraksa, A. Muang, Samutprakarn 10280	Material parts design and manufacturing	\$ 1,429,475 (THB 1,538,437 thousand)	\$ 1,429,475 (THB 1,538,437 thousand)	70,974,998	99.99	\$ 1,957,904	\$ 284,557	\$ 284,557	Note 1
Jinpao Precision Industry Co., Ltd.	Jinpao Precision Japan Co., Ltd.	Vision Center Nihonbashi Fukushima Bldg. 2F, 1-5-3 Nihonbashimuromachi, Chuo-ku, Tokyo, 103-0022, Japan	Developing and selling metal processed products	(¥ 6,489 24,000 thousand)	(¥ 6,489 24,000 thousand)	480	80.00	331	35	28	Note 1
	Jinpao Europe SAS	Zone Industrielle Pyrène Aéroport, 65290 Louey	Metal parts manufacturing and milling	(EUR 68,278 1,900 thousand)	(EUR 68,278 1,900 thousand)	1,900,000	76.00	41,977	(2,432)	(1,848)	Note 1
	Wefly Aero Co., Ltd	647 Moo 4 Soi 11 Phraska, A. Muang Samutprakarn, 10280 Thailand	Aviation training	(THB 4,808 5,000 thousand)	(THB 4,808 5,000 thousand)	500,000	25.00	-	(8,573)	(1,318)	-
	I motor manufacturing Co., Ltd.	No. 13/43, MOO 3, T. Samet, A. Chonburi, Chonburi 20000, Thailand	Mobility vehicles manufacturing	(THB 26,401 29,585 thousand)	(THB 11,883 12,983 thousand)	295,848	24.86	21,690	(9,202)	(2,288)	-
	I motor marketing Co., Ltd.	No. 13/43, MOO 3, T. Samet, A. Chonburi, Chonburi 20000, Thailand	Mobility vehicles marketing and selling	(THB 5,717 6,375 thousand)	(THB 2,437 2,550 thousand)	63,748	25.50	2,327	(4,100)	(1,046)	-
	I motor holding Co., Ltd.	No. 13/43, MOO 3, T. Samet, A. Chonburi, Chonburi 20000, Thailand	Holding company	(THB 13,322 16,080 thousand)	(THB 13,322 16,080 thousand)	160,799	40.00	14,366	(9)	(4)	-
Jinpao Europe SAS	Atelier de décolletage de Bigorre	Zone Industrielle Pyrène Aéroport, 65290 Louey	Metal parts manufacturing and milling	(EUR 151,770 4,300 thousand)	(EUR 151,770 4,300 thousand)	5,776	100.00	105,722	(2,399)	(2,399)	Note 1
	SAS LUTEC	27 Chemin Lou Tribail Zone Artisanale de Toctoucau CESTAS, 33610	Metal parts manufacturing and milling	(EUR 52,943 1,500 thousand)	(EUR 52,943 1,500 thousand)	417,933	100.00	34,606	3,840	3,840	Note 1
	SPEM AERO SAS	6 Rue du Castelmouly, 65200 Bagnères-de-Bigorre	Surface treatment	(EUR 112,934 3,351 thousand)	(EUR 112,934 3,351 thousand)	2,835	90.00	98,177	4,991	4,492	Note 1

Note 1: Calculated based on the investees' audited financial statements for the same period and the Company's shareholding proportion.

Note 2: Except for Wefly, I motor manufacturing Co., Ltd., I motor marketing Co., Ltd. and I motor Holding Co., Ltd., the investment gain (loss) of the investee companies, investments accounted for using the equity method and net asset values between investee companies have been fully eliminated upon the preparation of the consolidated financial statements.

TABLE 8**JPP HOLDING COMPANY LIMITED AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2022**

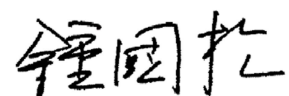
Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Ho Sheng Holdings Co., Ltd.	6,698,599	13.97
Powell Group Co., Ltd.	5,195,408	10.83
Believing Power Co., Ltd.	4,105,747	8.56
Happy Forever International Ltd.	3,936,390	8.21
KC Billion Investment Co., Ltd.	2,678,920	5.58
Luckace Investments Limited	2,418,362	5.04

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 (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

經寶精密控股股份有限公司

JPP Holding Company Limited

董事長



總經理

