

Stock Code: 4535

**FINE BLANKING & TOOL CO., LTD.
AND SUBSIDIARIES**

**Consolidated Financial Statements and
Independent Auditors' Review Report**

**For the Six Months Ended
June 30, 2024 and 2023**

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Independent Auditors' Review Report

To Fine Blanking & Tool Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Fine Blanking & Tool Co., Ltd. (the "Company") and its subsidiaries (the "Group"), as of June 30, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months and the six months ended June 30, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements 2410 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months and the six months ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Yen, Kuo-Yu and Chi, Chia-Yu.

Ful-Fill & Co., CPAs
Changhua, Taiwan
Republic of China
August 7, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

FINE BLANKING & TOOL CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheets
June 30, 2024, December 31, 2023, and June 30, 2023
(Expressed in Thousands of New Taiwan Dollars)

| | | | June 30, 2024 | | December 31, 2023 | | June 30, 2023 | |
|-------|---------------------------------------------------|------------------|---------------|--------|-------------------|--------|---------------|--------|
| Items | | Notes | Amount | % | Amount | % | Amount | % |
| 11×× | CURRENT ASSETS: | | | | | | | |
| 1100 | Cash and cash equivalents | 4 and 6(1) | \$ 982,543 | 31.29 | \$ 993,619 | 30.35 | \$ 988,691 | 30.60 |
| 1136 | Current financial assets at amortized cost | 4 and 6(2) | 164,789 | 5.25 | 199,810 | 6.10 | 113,692 | 3.52 |
| 1150 | Notes receivable, net | 4 and 6(3) | 11,168 | 0.36 | 5,778 | 0.18 | 6,490 | 0.20 |
| 1170 | Accounts receivable, net | 4, 5 and 6(3) | 297,357 | 9.47 | 292,861 | 8.95 | 314,636 | 9.74 |
| 1180 | Accounts receivable due from related parties, net | 4, 5, 6(3) and 7 | 156,113 | 4.97 | 142,293 | 4.34 | 143,887 | 4.45 |
| 1200 | Other receivables | | 4,732 | 0.15 | 7,905 | 0.24 | 19,973 | 0.62 |
| 130× | Inventories | 4, 5 and 6(4) | 308,815 | 9.83 | 390,037 | 11.91 | 401,216 | 12.42 |
| 1410 | Prepayments | | 32,133 | 1.02 | 34,868 | 1.07 | 26,587 | 0.82 |
| 1470 | Other current assets | | 389 | 0.01 | 538 | 0.02 | 716 | 0.02 |
| 11×× | Total current assets | | 1,958,039 | 62.35 | 2,067,709 | 63.16 | 2,015,888 | 62.39 |
| 15×× | NON-CURRENT ASSETS: | | | | | | | |
| 1600 | Property, plant and equipment | 4, 6(5) and 8 | 1,021,828 | 32.54 | 1,033,638 | 31.57 | 1,043,153 | 32.29 |
| 1755 | Right-of-use assets | 4 and 6(6) | 43,243 | 1.38 | 42,998 | 1.31 | 45,780 | 1.42 |
| 1801 | Computer software, net | | 6,548 | 0.21 | 2,553 | 0.08 | 2,284 | 0.07 |
| 1805 | Goodwill | 4 and 5 | 15,603 | 0.50 | 15,521 | 0.47 | 15,541 | 0.48 |
| 1840 | Deferred tax assets | 4, 5 and 6(12) | 25,589 | 0.81 | 20,139 | 0.62 | 25,950 | 0.80 |
| 1915 | Prepayments for business facilities | | 9,426 | 0.30 | 24,153 | 0.74 | 26,834 | 0.83 |
| 1920 | Guarantee deposits paid | | 10,276 | 0.33 | 10,276 | 0.31 | 10,386 | 0.32 |
| 1995 | Other non-current assets, others | | 49,556 | 1.58 | 56,904 | 1.74 | 45,170 | 1.40 |
| 15×× | Total non-current assets | | 1,182,069 | 37.65 | 1,206,182 | 36.84 | 1,215,098 | 37.61 |
| 1×× | TOTAL ASSETS | | \$ 3,140,108 | 100.00 | \$ 3,273,891 | 100.00 | \$ 3,230,986 | 100.00 |
| 21×× | CURRENT LIABILITIES: | | | | | | | |
| 2130 | Currenct contract liabilities | 4 | \$ 15,390 | 0.49 | \$ 18,081 | 0.55 | \$ 16,741 | 0.52 |
| 2150 | Notes payable | 4 | 525 | 0.02 | 2,883 | 0.09 | 443 | 0.01 |
| 2170 | Accounts payable | 4 | 242,297 | 7.72 | 268,309 | 8.20 | 242,413 | 7.50 |
| 2180 | Accounts payable to related parties | 4 and 7 | 5,219 | 0.16 | 7,996 | 0.24 | 2,400 | 0.07 |
| 2200 | Other payables | | 72,009 | 2.29 | 99,564 | 3.04 | 224,050 | 6.94 |
| 2230 | Current tax liabilities | 4 and 6(12) | 47,129 | 1.50 | 65,128 | 1.99 | 48,235 | 1.49 |
| 2250 | Current provisions | 4 | 111 | 0.00 | 21 | 0.00 | 47 | 0.00 |
| 2280 | Current lease liabilities | 4 and 6(7) | 830 | 0.03 | 1,072 | 0.03 | 1,297 | 0.04 |
| 2399 | Other current liabilities | | 2,115 | 0.07 | 2,136 | 0.07 | 2,044 | 0.06 |
| 21×× | Total current liabilities | | 385,625 | 12.28 | 465,190 | 14.21 | 537,670 | 16.63 |

(Continued)

FINE BLANKING & TOOL CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheets
June 30, 2024, December 31, 2023, and June 30, 2023
(Expressed in Thousands of New Taiwan Dollars)

| Items | Notes | June 30, 2024 | | December 31, 2023 | | June 30, 2023 | |
|-------|---------------------------------------------------------------------|---------------|--------------|-------------------|--------------|---------------|--------------|
| | | Amount | % | Amount | % | Amount | % |
| 25×× | NON-CURRENT LIABILITIES: | | | | | | |
| 2551 | Provisions for employee benefits, non-current | 4 | \$ 7,238 | 0.23 | \$ 7,238 | 0.22 | \$ - |
| 2570 | Deferred tax liabilities | 4 and 6(12) | 93 | 0.00 | 4,550 | 0.14 | 505 |
| 2580 | Non-current lease liabilities | 4 and 6(7) | 14,276 | 0.45 | 13,557 | 0.42 | 14,450 |
| 2640 | Net defined benefit liability, non-current | 4, 5 and 6(8) | - | - | - | - | 15,432 |
| 2645 | Guarantee deposits received | | 286 | 0.01 | 133 | 0.00 | 135 |
| 25×× | Total non-current liabilities | | 21,893 | 0.69 | 25,478 | 0.78 | 30,522 |
| 2×× | Total liabilities | | 407,518 | 12.97 | 490,668 | 14.99 | 568,192 |
| 31×× | EQUITY ATTRIBUTABLE TO OWNERS OF PARENT: | | | | | | |
| 3110 | Ordinary share | 6(9) | 756,617 | 24.10 | 756,617 | 23.11 | 756,617 |
| 3210 | Capital surplus, additional paid-in capital | 6(9) | 150,801 | 4.80 | 150,801 | 4.61 | 150,801 |
| 3300 | Retained earnings | 6(9) | | | | | |
| 3310 | Legal reserve | | 499,116 | 15.89 | 480,974 | 14.69 | 480,974 |
| 3320 | Special reserve | | 80,932 | 2.58 | 65,920 | 2.01 | 65,920 |
| 3350 | Unappropriated retained earnings | | 1,023,532 | 32.60 | 1,082,485 | 33.06 | 988,618 |
| 3400 | Other equity interest | 6(9) | | | | | |
| 3410 | Exchange differences on translation of foreign financial statements | | (65,389) | (2.08) | (80,932) | (2.47) | (67,090) |
| 31×× | Total equity attributable to owners of parent | | 2,445,609 | 77.89 | 2,455,865 | 75.01 | 2,375,840 |
| 36×× | NON - CONTROLLING INTERESTS | 6(9) | 286,981 | 9.14 | 327,358 | 10.00 | 286,954 |
| 3×× | Total equity | | 2,732,590 | 87.03 | 2,783,223 | 85.01 | 2,662,794 |
| 3×2× | TOTAL LIABILITIES AND EQUITY | | \$ 3,140,108 | 100.00 | \$ 3,273,891 | 100.00 | \$ 3,230,986 |

(See accompanying notes to consolidated financial statements.)

FINE BLANKING & TOOL CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the six months ended June 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

| Items | Notes | For the Three Months Ended June 30 | | | | For the Six Months Ended June 30 | | | |
|-------------------------------------------------------------------------------------------|-------------------|------------------------------------|----------------|------------------|----------------|----------------------------------|----------------|--------------------|----------------|
| | | 2024 | | 2023 | | 2024 | | 2023 | |
| | | Amount | % | Amount | % | Amount | % | Amount | % |
| 4000 OPERATING REVENUE | 4, 5, 6(10) and 7 | \$ 712,310 | 100.00 | \$ 669,473 | 100.00 | \$ 1,401,301 | 100.00 | \$ 1,367,104 | 100.00 |
| 5000 OPERATING COSTS | 6(4)(13) | <u>(576,503)</u> | <u>(80.93)</u> | <u>(547,421)</u> | <u>(81.77)</u> | <u>(1,133,724)</u> | <u>(80.91)</u> | <u>(1,103,739)</u> | <u>(80.74)</u> |
| 5900 GROSS PROFIT FROM OPERATIONS | | <u>135,807</u> | <u>19.07</u> | <u>122,052</u> | <u>18.23</u> | <u>267,577</u> | <u>19.09</u> | <u>263,365</u> | <u>19.26</u> |
| 6000 OPERATING EXPENSES | 6(13) | | | | | | | | |
| 6100 Selling expenses | | (10,250) | (1.44) | (10,924) | (1.63) | (20,109) | (1.44) | (22,330) | (1.63) |
| 6200 Administrative expenses | | (43,997) | (6.18) | (36,244) | (5.41) | (84,183) | (6.01) | (71,745) | (5.25) |
| 6300 Research and development expenses | | (6,555) | (0.92) | (6,815) | (1.02) | (13,504) | (0.96) | (13,543) | (0.99) |
| 6450 Impairment loss determined in accordance with IFRS 9 | | <u>(1)</u> | <u>(0.00)</u> | <u>1,466</u> | <u>0.22</u> | <u>219</u> | <u>0.02</u> | <u>824</u> | <u>0.06</u> |
| Total operating expenses | | <u>(60,803)</u> | <u>(8.54)</u> | <u>(52,517)</u> | <u>(7.84)</u> | <u>(117,577)</u> | <u>(8.39)</u> | <u>(106,794)</u> | <u>(7.81)</u> |
| 6900 NET OPERATING INCOME | | <u>75,004</u> | <u>10.53</u> | <u>69,535</u> | <u>10.39</u> | <u>150,000</u> | <u>10.70</u> | <u>156,571</u> | <u>11.45</u> |
| 7000 NON-OPERATING INCOME AND EXPENSES | 6(11) | | | | | | | | |
| 7100 Interest income | | 7,999 | 1.12 | 6,318 | 0.94 | 14,496 | 1.04 | 11,791 | 0.86 |
| 7010 Other income | | 4,536 | 0.64 | 1,632 | 0.24 | 6,203 | 0.44 | 4,861 | 0.36 |
| 7020 Other gains and losses | | 5,326 | 0.75 | 3,186 | 0.48 | 20,022 | 1.43 | 1,027 | 0.08 |
| 7510 Interest expense | 6(7) | <u>(152)</u> | <u>(0.02)</u> | <u>(142)</u> | <u>(0.02)</u> | <u>(286)</u> | <u>(0.02)</u> | <u>(283)</u> | <u>(0.02)</u> |
| Total non-operating income and expenses | | <u>17,709</u> | <u>2.49</u> | <u>10,994</u> | <u>1.64</u> | <u>40,435</u> | <u>2.89</u> | <u>17,396</u> | <u>1.28</u> |
| 7900 PROFIT BEFORE INCOME TAX | | <u>92,713</u> | <u>13.02</u> | <u>80,529</u> | <u>12.03</u> | <u>190,435</u> | <u>13.59</u> | <u>173,967</u> | <u>12.73</u> |
| 7950 INCOME TAX EXPENSE | 4 and 6(12) | <u>(25,639)</u> | <u>(3.60)</u> | <u>(24,382)</u> | <u>(3.64)</u> | <u>(50,794)</u> | <u>(3.62)</u> | <u>(47,491)</u> | <u>(3.47)</u> |
| 8200 PROFIT FOR THE PERIOD | | <u>67,074</u> | <u>9.42</u> | <u>56,147</u> | <u>8.39</u> | <u>139,641</u> | <u>9.97</u> | <u>126,476</u> | <u>9.26</u> |
| 8300 OTHER COMPREHENSIVE INCOME, NET | | | | | | | | | |
| 8360 Components of other comprehensive income that will be reclassified to profit or loss | | | | | | | | | |
| 8361 Exchange differences on translation | | <u>(9,056)</u> | <u>(1.27)</u> | <u>3,967</u> | <u>0.59</u> | <u>17,069</u> | <u>1.22</u> | <u>2,931</u> | <u>0.21</u> |
| OTHER COMPREHENSIVE INCOME(LOSS), NET OF INCOME TAX | | <u>(9,056)</u> | <u>(1.27)</u> | <u>3,967</u> | <u>0.59</u> | <u>17,069</u> | <u>1.22</u> | <u>2,931</u> | <u>0.21</u> |
| 8500 TOTAL COMPREHENSIVE INCOME | | <u>\$ 58,018</u> | <u>8.15</u> | <u>\$ 60,114</u> | <u>8.98</u> | <u>\$ 156,710</u> | <u>11.19</u> | <u>\$ 129,407</u> | <u>9.47</u> |
| 8600 PROFIT ATTRIBUTABLE TO | | | | | | | | | |
| Owners of parent | | \$ 43,737 | 6.14 | \$ 38,339 | 5.73 | \$ 95,257 | 6.80 | \$ 87,557 | 6.41 |
| Non-controlling interests | | <u>23,337</u> | <u>3.28</u> | <u>17,808</u> | <u>2.66</u> | <u>44,384</u> | <u>3.17</u> | <u>38,919</u> | <u>2.85</u> |
| | | <u>\$ 67,074</u> | <u>9.42</u> | <u>\$ 56,147</u> | <u>8.39</u> | <u>\$ 139,641</u> | <u>9.97</u> | <u>\$ 126,476</u> | <u>9.26</u> |
| 8700 COMPREHENSIVE INCOME ATTRIBUTABLE TO | | | | | | | | | |
| Owners of parent | | \$ 39,875 | 5.60 | \$ 37,126 | 5.55 | \$ 110,800 | 7.91 | \$ 86,387 | 6.32 |
| Non-controlling interests | | <u>18,143</u> | <u>2.55</u> | <u>22,988</u> | <u>3.43</u> | <u>45,910</u> | <u>3.28</u> | <u>43,020</u> | <u>3.15</u> |
| | | <u>\$ 58,018</u> | <u>8.15</u> | <u>\$ 60,114</u> | <u>8.98</u> | <u>\$ 156,710</u> | <u>11.19</u> | <u>\$ 129,407</u> | <u>9.47</u> |
| 9750 BASIC EARNINGS PER SHARE (NTD) | 4 and 6(14) | <u>\$ 0.58</u> | | <u>\$ 0.51</u> | | <u>\$ 1.26</u> | | <u>\$ 1.16</u> | |

(See accompanying notes to consolidated financial statements.)

FINE BLANKING & TOOL CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the six months ended June 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

| Items | Equity Attributable to Owners of Parent | | | | | | Total | Non-controlling Interests | Total Equity |
|---------------------------------------------------------------------|-----------------------------------------|-----------------|-------------------|-----------------|----------------------------------|---------------------------------------------------------------------|--------------|---------------------------|--------------|
| | Ordinary Share | Capital Surplus | Retained Earnings | | | Others | | | |
| | | | Legal Reserve | Special Reserve | Unappropriated Retained Earnings | Exchange Differences on Translation of Foreign Financial Statements | | | |
| BALANCE, JANUARY 1, 2023 | \$ 756,617 | \$ 150,801 | \$ 459,608 | \$ 97,955 | \$ 1,041,715 | \$ (65,920) | \$ 2,440,776 | \$ 326,160 | \$ 2,766,936 |
| Appropriation of earnings: | | | | | | | | | |
| Legal reserve | | | 21,366 | | (21,366) | | - | | - |
| Reversal of special reserve | | | | (32,035) | 32,035 | | - | | - |
| Cash dividends | | | | | (151,323) | | (151,323) | (82,226) | (233,549) |
| Profit for the period | | | | | 87,557 | | 87,557 | 38,919 | 126,476 |
| Other comprehensive income (loss) for the period | | | | | | | | | |
| Exchange differences on translation of foreign financial statements | | | | | | (1,170) | (1,170) | 4,101 | 2,931 |
| BALANCE, JUNE 30, 2023 | \$ 756,617 | \$ 150,801 | \$ 480,974 | \$ 65,920 | \$ 988,618 | \$ (67,090) | \$ 2,375,840 | \$ 286,954 | \$ 2,662,794 |
| BALANCE, JANUARY 1, 2024 | \$ 756,617 | \$ 150,801 | \$ 480,974 | \$ 65,920 | \$ 1,082,485 | \$ (80,932) | \$ 2,455,865 | \$ 327,358 | \$ 2,783,223 |
| Appropriation of earnings: | | | | | | | | | |
| Legal reserve | | | 18,142 | | (18,142) | | - | | - |
| Special reserve | | | | 15,012 | (15,012) | | - | | - |
| Cash dividends | | | | | (121,056) | | (121,056) | (86,287) | (207,343) |
| Profit for the period | | | | | 95,257 | | 95,257 | 44,384 | 139,641 |
| Other comprehensive income (loss) for the period | | | | | | | | | |
| Exchange differences on translation of foreign financial statements | | | | | | 15,543 | 15,543 | 1,526 | 17,069 |
| BALANCE, JUNE 30 2024 | \$ 756,617 | \$ 150,801 | \$ 499,116 | \$ 80,932 | \$ 1,023,532 | \$ (65,389) | \$ 2,445,609 | \$ 286,981 | \$ 2,732,590 |

(See accompanying notes to consolidated financial statements.)

FINE BLANKING & TOOL CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the six months ended June 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

| | For the Six Months Ended June 30 | |
|---------------------------------------------------------------------|----------------------------------|------------|
| | 2024 | 2023 |
| CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES : | | |
| Profit before income tax | \$ 190,435 | \$ 173,967 |
| Adjustments: | | |
| Adjustments to reconcile profit (loss) | | |
| Depreciation expenses | 53,567 | 52,934 |
| Amortization expense | 18,748 | 16,000 |
| Expected credit loss (gain) | (219) | (824) |
| Interest expense | 286 | 283 |
| Interest income | (14,496) | (11,791) |
| Loss (gain) on disposal of property, plant and equipment | (14) | (331) |
| Impairment loss (gain on reversal) on non-financial assets | - | 127 |
| Changes in operating assets and liabilities | | |
| Decrease (increase) in notes receivable, net | (5,390) | 218 |
| Decrease (increase) in accounts receivable, net | (4,331) | 59,163 |
| Decrease (increase) in accounts receivable due from related parties | (13,766) | 3,195 |
| Decrease (increase) in other receivables | 1,800 | (13,834) |
| Decrease (increase) in inventories | 81,222 | 68,721 |
| Decrease (increase) in prepayments | 3,015 | (2,800) |
| Decrease (increase) in other current assets | 149 | 486 |
| Total changes in operating assets | 62,699 | 115,149 |
| Increase (decrease) in contract liabilities | (2,691) | (2,247) |
| Increase (decrease) in notes payable | (2,358) | 213 |
| Increase (decrease) in accounts payable | (26,012) | (48,745) |
| Increase (decrease) in accounts payable to related parties | (2,777) | (4,873) |
| Increase (decrease) in other payable | (27,732) | (48,626) |
| Increase (decrease) in provisions | 90 | 35 |
| Increase (decrease) in other current liabilities | (21) | (2,191) |
| Total changes in operating liabilities | (61,501) | (106,434) |
| Cash inflow (outflow) generated from operations | 249,505 | 239,080 |
| Interest received | 15,925 | 14,025 |
| Interest paid | (565) | (557) |
| Income taxes paid | (79,455) | (77,208) |
| Net cash flows from (used in) operating activities | 185,410 | 175,340 |

(Continued)

FINE BLANKING & TOOL CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the six months ended June 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

| | <u>For the Six Months Ended June 30</u> | |
|----------------------------------------------------------------------|-----------------------------------------|--------------------------|
| | <u>2024</u> | <u>2023</u> |
| CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES : | | |
| Decrease (increase) in financial assets at amortized cost - current | 35,021 | 113,435 |
| Acquisition of property, plant and equipment | (10,476) | (43,343) |
| Proceeds from disposal of property, plant and equipment | 497 | 331 |
| Decrease (increase) in software charge | (500) | - |
| Decrease (increase) in prepayments for business facilities | (11,681) | (34,380) |
| Decrease (increase) in refundable deposits | - | 29 |
| Decrease (increase) in other non-current assets | <u>(8,114)</u> | <u>(19,471)</u> |
| Net cash flows from (used in) investing activities | <u>4,747</u> | <u>16,601</u> |
| CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES : | | |
| Payments of lease liabilities | (754) | (745) |
| Increase (decrease) in guarantee deposits received | 153 | (65) |
| Cash dividends | (207,166) | (82,226) |
| Change in non-controlling interests | <u>1,526</u> | <u>4,101</u> |
| Net cash flows from (used in) financing activities | <u>(206,241)</u> | <u>(78,935)</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | <u>5,008</u> | <u>830</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | <u>(11,076)</u> | <u>113,836</u> |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | <u>993,619</u> | <u>874,855</u> |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | <u><u>\$ 982,543</u></u> | <u><u>\$ 988,691</u></u> |

(See accompanying notes to consolidated financial statements.)

FINE BLANKING & TOOL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the Six Months Ended June 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. History and Organization

Fine Blanking & Tool Co., Ltd. (the “Company”) was incorporated in March 1988. As of June 30, 2024, the Company’s paid-in capital was \$756,617,400. The major business activities of the Company and subsidiaries (together referred to as the “Group”) are the manufacture and sale of automobile, motorcycle parts and various molds. The Company's head office and factory are located in Shengang Township, Changhua County.

The public offering was approved by the Securities and Futures Bureau in December 1998. The Company’s shares were approved by the Securities and Futures Bureau to list on the Taipei Exchange in January 2003 and have been trading on the Taipei Exchange since April 16, 2003.

2. Approval Date and Procedures of the Financial Statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on August 7, 2024.

3. Application of New Standards, Amendments and Interpretations

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (IFRS) as endorsed by the Financial Supervisory Commission (FSC)

In preparing the accompanying consolidated financial statements, the Group has adopted the following IFRS, International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) that issued by the International Accounting Standards Board (IASB) and have been endorsed by the FSC, with effective date from January 1, 2024:

| <u>New Standards, Interpretations and Amendments</u> | <u>Effective Date Issued by IASB</u> |
|-------------------------------------------------------------------------------|-------------------------------------------------|
| Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback” | January 1, 2024 |
| Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” | January 1, 2024 |
| Amendments to IAS 1 "Non-current Liabilities with Covenants" | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements" | January 1, 2024 |

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

- (2) The IFRSs issued by the IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

| <u>New Standards, Interpretations and Amendments</u> | <u>Effective Date Issued by IASB</u> |
|--------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture” | To be determined by IASB |
| IFRS 17 “ Insurance Contracts” | January 1, 2023 |
| Amendments to IFRS 17 “ Insurance Contracts” | January 1, 2023 |
| Amendment to IFRS 17 “Initial application of IFRS 17 and IFRS 9 – comparative information” | January 1, 2023 |
| IFRS 18 “Presentation and Disclosure in Financial Statements” | January 1, 2027 |
| Amendments to IAS 21 “Lack of Exchangeability” | January 1, 2025 |

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment, and will disclose the relevant impact when the assessment is complete.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

- (1) Compliance statement

The consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting,” endorsed and issued into effect by the FSC.

- (2) Basis of preparation

The accompanying consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries. The total comprehensive income of subsidiaries is attributed to the Company's shareholders and non-controlling interests, even if this results in non-controlling interests having a deficit balance.

Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

All significant transactions, balances, income, and expenses between the Company's consolidated entities are eliminated in full on consolidation.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect 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 Company's shareholders.

B. Subsidiaries included in the consolidated financial statements

| <u>Name of Investor</u> | <u>Name of Subsidiary</u> | <u>Business Activities</u> | <u>Percentage of Ownership</u> | | |
|-------------------------------|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-------------------|------------------|
| | | | <u>2024/6/30</u> | <u>2023/12/31</u> | <u>2023/6/30</u> |
| The Company | Superiority Enterprise Corp. | Investment | 100.0% | 100.0% | 100.0% |
| The Company | Propitious International Inc. | Investment | 55.75% | 55.75% | 55.75% |
| Superiority Enterprise Corp. | Suzhou Fine Blanking & Tool Co., Ltd. | Products and precision stamping parts for automobiles and special vehicles | 100.0% | 100.0% | 100.0% |
| Propitious International Inc. | GSK Vietnam Co., Ltd. | Manufacturing, processing and production of products and precision stamping parts for automobiles, motorcycles and special vehicles | 100.0% | 100.0% | 100.0% |

(4) Foreign currency transactions and foreign operations

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). When preparing consolidated financial statements, each consolidated entity's operational results and financial position are converted to NTD.

In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (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 translated at the rates prevailing at that date. 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. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on 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.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the foreign operations are translated into NTD 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, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

(5) Classification of current and non-current assets and liabilities

Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- A. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- B. Assets held mainly for trading purposes;
- C. Assets that are expected to be realized within twelve months from the balance sheet date; or
- D. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- A. Liabilities that are expected to be settled within the normal operating cycle;
- B. Liabilities arising mainly from trading activities;
- C. Liabilities that are to be settled within twelve months from the balance sheet date; or

- D. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments in operations.

(7) Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities other than financial assets and financial liabilities at 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.

A. Financial assets

Financial assets are classified into the following categories: financial assets at amortized cost and financial assets at fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified following the change in the business model.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at FVTPL:

- a. The objective of the Group's business model is achieved by collecting contractual cash flows.
- b. The assets' contractual cash flows represent solely payments of principal and interest.

At initial recognition, these assets are recognized at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, these assets are measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets at fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets and accounts receivable, which is presented as accounts receivable. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

Impairment of financial assets

At each balance sheet date, the Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including account receivables).

The Group always recognizes lifetime Expected Credit Loss (“ECL”) for account receivables. For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the 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 ECL.

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

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

B. Financial liabilities

Financial liabilities are classified as financial liabilities at FVTPL or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on the subsequent measurement including interest paid are recognized in profit or loss.

If the financial liabilities at fair value through profit or loss do not have quoted prices in an active market and their fair value cannot be reliably measured, then they are classified as financial liabilities measured at cost on balance sheet and carried at cost as at the reporting date.

Financial liabilities carried at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate (EIR) method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(8) Inventories

The company uses a perpetual inventory system and the inventories are stated at cost. The cost of inventories is calculated using the monthly weighted average method. After making provision for obsolescence, inventories are measured at the lower of cost and net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(9) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met.

Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately. Depreciation is recognized in profit or loss. The estimated useful lives of property, plant and equipment are as follows: buildings and structures 14~50 years, machinery and equipment 2~20 years, transportation equipment 3~10 years, facilities 2~15 years, and other equipment 2~10 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates, any change is accounted for as a change in estimate.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(10) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(11) Intangible assets

A. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

B. Other intangible assets

Intangible assets acquired are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their economic lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(12) Impairment of tangible and intangible assets

A. Goodwill

Goodwill is not amortized and instead is tested for impairment annually, or more frequently when there is an indication that the cash generating unit may be impaired. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. If the recoverable amount of a cash-generating unit is less than its carrying amount, the difference is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to the other assets of the cash generating unit pro rata based on the carrying amount of each asset in the cash generating unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

B. Other tangible assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

(13) Provisions for liabilities

Provisions are recognized when the Group has a present obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(14) Employee benefits

A. Retirement benefits

The contribution obligation of a defined contribution plan is recognized as an expense during the period of service provided by the employee. The benefit expenses of a defined benefit pension plan are recognized as defined benefit costs in accordance with the actuarial result.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. The service cost (including current service cost) and the net interest of the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period when they occur. Remeasurement, including actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period when it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

B. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(15) Income tax

Income tax expense represents the sum of the current and deferred income tax.

Current income tax is calculated based on the taxable income of the current year. As part of the profits or losses belong to taxable or deductible items in other reporting periods, or do not belong to taxable or deductible items, the taxable income is different from the net income reported in the statements of comprehensive income. The current income tax-related liabilities of the Group are calculated in accordance with the tax rate that has been legislated or substantively legislated at the end of the reporting period.

An additional 5% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax liabilities are generally recognized for all future taxable temporary differences. Deferred tax assets are recognized

only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

(16) Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer. Revenue is recognized when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. The details of the Group's major sources of revenue were as follows:

The Group mainly manufactures parts and molds for automobile, motorcycle and other transportation. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional. Payment term granted to customers is due 60-90 days from the invoice date, and to some customers is 120 days. Therefore, the Group does not adjust the monetary time value of the transaction price. For some of the contracts, part of the consideration was received from customers before transferring a promised good to a customer, and the Group has the obligation to transfer the goods subsequently. Accordingly, the Group recognized the consideration received in advance from customers under contract liabilities.

Rental income is recognized as non-operating income over time in accordance with term of the lease. Depreciation and direct costs attribute to investment property is recognized in operating expenses.

(17) Government grants

Government grants are recognized only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred are recognized in profit or loss of the period in which they become receivable.

Government grants are presented in the financial statements as follows: Unrealized government grants (that is, the benefits of deferred government grants) are classified as liabilities in the balance sheet; realized government grants are other income in the comprehensive income statement.

(18) Operating segments information

Operating segments are reported in a manner consistent with the internal management reports provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

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

In the application of the Group's accounting policies mentioned in note 4, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be 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 estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The following are the critical judgments, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

(1) The loss allowance of accounts receivable

The Group has estimated the loss allowance of accounts receivable based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs.

As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group recognized the loss allowance of \$636 thousand, \$855 thousand and \$184 thousand, respectively.

(2) Impairment of tangible and intangible assets other than goodwill

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future revenue and expenses related to the specific asset groups with the consideration of the nature of industry. Any changes in these estimates based on changed economic conditions or business strategies could result in significant impairment charges or reversal in future years.

For the six months ended June 30, 2024 and 2023, the Group recognized the impairment loss of \$0 thousand and \$128 thousand, respectively.

(3) Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgment, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units.

For the six months ended June 30, 2024 and 2023, the Group recognized no impairment loss of goodwill.

(4) Realization of deferred income tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires the management's subjective judgment and estimate, including the future revenue growth and profitability, tax holidays, the amount of tax credits can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets.

As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group recognized the deferred tax assets of \$25,589 thousand, \$20,139 thousand and \$25,950 thousand, respectively.

(5) Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Group uses judgment and estimate to determine the net realizable value of inventory at the end of each reporting period. The Group estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. This inventory valuation is based primarily on the estimated market value of inventories at the end of the financial reporting period and is therefore subject to significant change.

As of June 30, 2024, December 31, 2023 and June 30, 2023, the carrying amounts of inventories were \$308,815 thousand, \$390,037 thousand and \$401,216 thousand, respectively.

(6) Defined benefit obligations

When calculating and determining the present value of employee benefit obligations, the Group must use judgments and estimates to determine the relevant actuarial assumptions at the end of the financial reporting period, including the discount rate and the expected rate of return of the planned assets. Any change in actuarial assumptions may significantly affect the amount of the Group's defined benefit obligations.

As of June 30, 2024, December 31, 2023 and June 30, 2023, the carrying amounts of determined benefit obligations were \$0 thousand, \$0 thousand and \$15,432 thousand, respectively.

6. Explanation of Significant Accounts

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

(1) Cash and cash equivalents

| Items | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|-------------------|-------------------|-------------------|-------------------|
| Cash | \$ 674 | \$ 688 | \$ 506 |
| Deposits in banks | 981,869 | 992,931 | 988,185 |
| Total | <u>\$ 982,543</u> | <u>\$ 993,619</u> | <u>\$ 988,691</u> |

The cash and cash equivalents of the Group had not been pledged as collateral.

(2) Current financial assets at amortized cost

| Items | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|---------------------------------|---------------|-------------------|---------------|
| Time deposits over three months | \$ 164,789 | \$ 199,810 | \$ 113,692 |

(3) Notes and accounts receivable, net

| Items | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|-----------------------------------------------|-------------------|-------------------|-------------------|
| Notes receivable | \$ 11,168 | \$ 5,778 | \$ 6,490 |
| Less: Loss allowance | - | - | - |
| Accounts receivable | 297,750 | 294,660 | 314,064 |
| Less: Allowance for exchange gains and losses | 241 | (1,000) | 708 |
| Less: Loss allowance | (634) | (799) | (136) |
| Accounts receivable from related parties | 156,115 | 142,349 | 143,935 |
| Less: Allowance for exchange gains and losses | - | - | - |
| Less: Loss allowance | (2) | (56) | (48) |
| Total | <u>\$ 464,638</u> | <u>\$ 440,932</u> | <u>\$ 465,013</u> |

For trade receivables, the Group applies a simplified approach in calculating ECLs to recognize for credit losses expected over the remaining life of the exposure. As of June 30, 2024, December 31, 2023 and June 30, 2023, the analysis of the Group's expected credit losses of accounts receivable were as follows:

| Items | Carrying amount | Lifetime expected credit loss rate | Loss allowance provision |
|-----------------------------------------------|-------------------|------------------------------------|--------------------------|
| June 30, 2024 | | | |
| Not past due | \$ 427,695 | 0.00%-0.01% | \$ 4 |
| Past due within 90 days | 25,547 | 0.00%-0.12% | 9 |
| Past due 91-180 days | - | 0.00%-68.22% | - |
| Past due over 180 days | 623 | 100.00% | 623 |
| Less: Allowance for exchange gains and losses | 241 | | |
| Total | <u>\$ 454,106</u> | | <u>\$ 636</u> |

| Items | Carrying amount | Lifetime expected credit loss rate | Loss allowance provision |
|-----------------------------------------------|-------------------|------------------------------------|--------------------------|
| December 31, 2023 | | | |
| Not past due | \$ 408,350 | 0.00%-0.04% | \$ 92 |
| Past due within 90 days | 27,682 | 0.00%-5.91% | 44 |
| Past due 91-180 days | 258 | 0.00%-43.63% | - |
| Past due over 180 days | 719 | 100.00% | 719 |
| Less: Allowance for exchange gains and losses | (1,000) | | |
| Total | <u>\$ 436,009</u> | | <u>\$ 855</u> |

| Items | Carrying amount | Lifetime expected credit loss rate | Loss allowance provision |
|-----------------------------------------------|-------------------|------------------------------------|--------------------------|
| June 30, 2023 | | | |
| Not past due | \$ 427,717 | 0.00%-0.04% | \$ 96 |
| Past due within 90 days | 30,280 | 0.00%-5.91% | 88 |
| Past due 91-180 days | 2 | 0.00%-43.63% | - |
| Past due over 180 days | - | 100.00% | - |
| Less: Allowance for exchange gains and losses | 708 | | |
| Total | <u>\$ 458,707</u> | | <u>\$ 184</u> |

For the six months ended June 30, 2024 and 2023, the movement in the allowance for notes and accounts receivable were as follows:

| Items | For the six months ended June 30 | |
|---------------------------------|----------------------------------|---------------|
| | 2024 | 2023 |
| Balance, beginning of period | \$ 855 | \$ 1,008 |
| Provision (reversal) | (219) | (824) |
| Effect of exchange rate changes | - | - |
| Balance, end of period | <u>\$ 636</u> | <u>\$ 184</u> |

The accounts receivable of the Group had not been pledged as collateral.

(4) Inventories

| Items | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|-----------------------------------------------------------------|---------------|-------------------|---------------|
| Finished goods | \$ 121,115 | \$ 158,094 | \$ 136,833 |
| Work in process | 124,993 | 120,337 | 126,265 |
| Raw materials | 123,435 | 171,896 | 191,281 |
| Others | 3,047 | 1,228 | 1,937 |
| Inventory in transit | 2,312 | 4,841 | 2,247 |
| Less: Allowance for inventory valuation and obsolescence losses | (66,087) | (66,359) | (57,347) |
| Total | \$ 308,815 | \$ 390,037 | \$ 401,216 |

The inventories of the Group had not been pledged as collateral. The cost of inventories recognized as cost of goods sold for the six months ended June 30, 2024 and 2023 were as follows:

| Items | For the three months ended June 30 | | For the six months ended June 30 | |
|-----------------------------------|------------------------------------|------------|----------------------------------|--------------|
| | 2024 | 2023 | 2024 | 2023 |
| Cost of goods sold | \$ 574,603 | \$ 545,143 | \$ 1,131,844 | \$ 1,101,638 |
| Net losses (gains) on inventories | 93 | (88) | 105 | (69) |
| Inventory scrap loss | 1,886 | 238 | 2,313 | 679 |
| Losses on inventory valuation | (79) | 2,128 | (538) | 1,491 |
| Total | \$ 576,503 | \$ 547,421 | \$ 1,133,724 | \$ 1,103,739 |

(5) Property, plant and equipment

| Items | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|--------------------------|---------------|-------------------|---------------|
| Land | \$ 399,060 | \$ 399,060 | \$ 399,060 |
| Buildings and structures | 266,647 | 273,446 | 218,082 |
| Machinery and equipment | 274,033 | 270,953 | 279,455 |
| Transportation equipment | 11,460 | 10,776 | 10,504 |
| Office equipment | 4,891 | 4,918 | 3,357 |
| Other equipment | 34,096 | 43,059 | 39,329 |
| Construction in progress | 31,641 | 31,426 | 93,366 |
| Total | \$ 1,021,828 | \$ 1,033,638 | \$ 1,043,153 |

| Items | Land | Buildings and structures | Machinery and equipment | Transportation equipment | Office equipment | Other equipment | Construction in progress | Total |
|------------------------------------------|------------|--------------------------|-------------------------|--------------------------|------------------|-----------------|--------------------------|--------------|
| Cost: | | | | | | | | |
| 2024/1/1 | \$ 399,060 | \$ 624,781 | \$ 1,895,436 | \$ 27,039 | \$ 16,416 | \$ 200,055 | \$ 31,426 | \$ 3,194,213 |
| Additions | | 732 | 3,924 | 1,987 | 391 | 3,442 | | 10,476 |
| Disposals | | (130) | (18,032) | (1,140) | (60) | (4,334) | | (23,696) |
| Transfers | | 3,331 | 20,567 | | 292 | (3,666) | | 20,524 |
| Effect of exchange rate changes | | 5,516 | 21,591 | 285 | 227 | 1,680 | 215 | 29,514 |
| 2024/6/30 | \$ 399,060 | \$ 634,230 | \$ 1,923,486 | \$ 28,171 | \$ 17,266 | \$ 197,177 | \$ 31,641 | \$ 3,231,031 |
| 2023/1/1 | \$ 399,060 | \$ 554,728 | \$ 1,881,125 | \$ 20,334 | \$ 14,668 | \$ 187,583 | \$ 69,928 | \$ 3,127,426 |
| Additions | | 12,229 | 13,848 | 610 | 777 | 13,628 | 26,046 | 67,138 |
| Disposals | | (783) | (10,821) | (1,082) | (638) | (2,182) | | (15,506) |
| Transfers | | 62,811 | 29,726 | 7,487 | 1,810 | 3,020 | (62,692) | 42,162 |
| Effect of exchange rate changes | | (4,204) | (18,442) | (310) | (201) | (1,994) | (1,856) | (27,007) |
| 2023/12/31 | \$ 399,060 | \$ 624,781 | \$ 1,895,436 | \$ 27,039 | \$ 16,416 | \$ 200,055 | \$ 31,426 | \$ 3,194,213 |
| 2023/1/1 | \$ 399,060 | \$ 554,728 | \$ 1,881,125 | \$ 20,334 | \$ 14,668 | \$ 187,583 | \$ 69,928 | \$ 3,127,426 |
| Additions | | | 9,720 | 466 | 388 | 3,218 | 29,551 | 43,343 |
| Disposals | | (551) | (10,208) | | (69) | (1,777) | | (12,605) |
| Transfers | | 6,808 | 12,198 | 6,153 | | (645) | (7,065) | 17,449 |
| Effect of exchange rate changes | | (551) | (2,569) | 60 | (11) | 482 | 952 | (1,637) |
| 2023/6/30 | \$ 399,060 | \$ 560,434 | \$ 1,890,266 | \$ 27,013 | \$ 14,976 | \$ 188,861 | \$ 93,366 | \$ 3,173,976 |
| Accumulated depreciation and impairment: | | | | | | | | |
| 2024/1/1 | \$ - | \$ 351,335 | \$ 1,624,483 | \$ 16,263 | \$ 11,498 | \$ 156,996 | \$ - | \$ 2,160,575 |
| Depreciation | | 13,952 | 26,539 | 1,248 | 743 | 9,623 | | 52,105 |
| Disposals | | (130) | (17,715) | (974) | (60) | (4,334) | | (23,213) |
| Transfers | | | | | | | | |
| Effect of exchange rate changes | | 2,426 | 16,146 | 174 | 194 | 796 | | 19,736 |
| 2024/6/30 | \$ - | \$ 367,583 | \$ 1,649,453 | \$ 16,711 | \$ 12,375 | \$ 163,081 | \$ - | \$ 2,209,203 |
| 2023/1/1 | \$ - | \$ 331,316 | \$ 1,593,868 | \$ 15,584 | \$ 11,114 | \$ 140,121 | \$ - | \$ 2,092,003 |
| Depreciation | | 23,419 | 56,629 | 2,018 | 1,184 | 20,631 | | 103,881 |
| Disposals | | (783) | (10,821) | (1,082) | (637) | (2,182) | | (15,505) |
| Transfers | | | | | | | | |
| Effect of exchange rate changes | | (2,617) | (15,193) | (257) | (163) | (1,574) | | (19,804) |
| 2023/12/31 | \$ - | \$ 351,335 | \$ 1,624,483 | \$ 16,263 | \$ 11,498 | \$ 156,996 | \$ - | \$ 2,160,575 |
| 2023/1/1 | \$ - | \$ 331,316 | \$ 1,593,868 | \$ 15,584 | \$ 11,114 | \$ 140,121 | \$ - | \$ 2,092,003 |
| Depreciation | | 11,432 | 28,109 | 855 | 591 | 10,614 | | 51,601 |
| Disposals | | (551) | (10,208) | | (69) | (1,777) | | (12,605) |
| Transfers | | | | | | | | |
| Effect of exchange rate changes | | 155 | (958) | 70 | (17) | 574 | | (176) |
| 2023/6/30 | \$ - | \$ 342,352 | \$ 1,610,811 | \$ 16,509 | \$ 11,619 | \$ 149,532 | \$ - | \$ 2,130,823 |
| Carrying amounts: | | | | | | | | |
| 2024/6/30 | \$ 399,060 | \$ 266,647 | \$ 274,033 | \$ 11,460 | \$ 4,891 | \$ 34,096 | \$ 31,641 | \$ 1,021,828 |
| 2023/12/31 | \$ 399,060 | \$ 273,446 | \$ 270,953 | \$ 10,776 | \$ 4,918 | \$ 43,059 | \$ 31,426 | \$ 1,033,638 |
| 2023/6/30 | \$ 399,060 | \$ 218,082 | \$ 279,455 | \$ 10,504 | \$ 3,357 | \$ 39,329 | \$ 93,366 | \$ 1,043,153 |

The significant part of the Group's buildings includes plants, main office building, utilities engineering and air conditioning system, and the related depreciation is calculated using the estimated useful lives of 5-50 years.

As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group recognized \$15,299 thousand, \$16,627 thousand and \$18,358 thousand as a reserve for impairment loss from property, plant and equipment.

As of June 30, 2024, December 31, 2023 and June 30, 2023, information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

For the period ended June 30, 2024, December 31, 2023 and June 30, 2023, no borrowing cost was capitalized as part of property, plant and equipment.

(6) Right-of-use assets

A. The carrying amount of the right-of-use assets were as follows:

| Items | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|--------------------------|------------------|-------------------|------------------|
| Land | \$ 42,480 | \$ 41,697 | \$ 43,941 |
| Transportation equipment | 763 | 1,301 | 1,839 |
| Total | <u>\$ 43,243</u> | <u>\$ 42,998</u> | <u>\$ 45,780</u> |

Movements in Right-of-use assets were as follows:

| Items | Land | Transportation equipment | Total |
|---------------------------------|------------------|--------------------------|------------------|
| Cost: | | | |
| 2024/1/1 | \$ 50,718 | \$ 3,228 | \$ 53,946 |
| Additions | 1,050 | | 1,050 |
| Disposals | | | |
| Effect of exchange rate changes | 783 | | 783 |
| 2024/6/30 | <u>\$ 52,551</u> | <u>\$ 3,228</u> | <u>\$ 55,779</u> |
| 2023/1/1 | \$ 52,000 | \$ 3,308 | \$ 55,308 |
| Additions | | 431 | 431 |
| Disposals | | (511) | (511) |
| Effect of exchange rate changes | (1,282) | | (1,282) |
| 2023/12/31 | <u>\$ 50,718</u> | <u>\$ 3,228</u> | <u>\$ 53,946</u> |
| 2023/1/1 | \$ 52,000 | \$ 3,308 | \$ 55,308 |
| Additions | | 431 | 431 |
| Disposals | | (511) | (511) |
| Effect of exchange rate changes | 336 | | 336 |
| 2023/6/30 | <u>\$ 52,336</u> | <u>\$ 3,228</u> | <u>\$ 55,564</u> |

| Items | Land | Transporation equipment | Total |
|---------------------------------|------------------|----------------------------|------------------|
| Depreciation: | | | |
| 2024/1/1 | \$ 9,021 | \$ 1,927 | \$ 10,948 |
| Depreciation | 924 | 538 | 1,462 |
| Disposals | | | |
| Effect of exchange rate changes | 126 | | 126 |
| 2024/6/30 | <u>\$ 10,071</u> | <u>\$ 2,465</u> | <u>\$ 12,536</u> |
| 2023/1/1 | \$ 7,402 | \$ 1,357 | \$ 8,759 |
| Depreciation | 1,846 | 1,081 | 2,927 |
| Disposals | | (511) | (511) |
| Effect of exchange rate changes | (227) | | (227) |
| 2023/12/31 | <u>\$ 9,021</u> | <u>\$ 1,927</u> | <u>\$ 10,948</u> |
| 2023/1/1 | \$ 7,402 | \$ 1,357 | \$ 8,759 |
| Depreciation | 917 | 543 | 1,460 |
| Disposals | | (511) | (511) |
| Effect of exchange rate changes | 76 | | 76 |
| 2023/6/30 | <u>\$ 8,395</u> | <u>\$ 1,389</u> | <u>\$ 9,784</u> |
| Carrying amounts: | | | |
| 2024/6/30 | <u>\$ 42,480</u> | <u>\$ 763</u> | <u>\$ 43,243</u> |
| 2023/12/31 | <u>\$ 41,697</u> | <u>\$ 1,301</u> | <u>\$ 42,998</u> |
| 2023/6/30 | <u>\$ 43,941</u> | <u>\$ 1,839</u> | <u>\$ 45,780</u> |

- B. The Group leases land for the use of plants with lease terms of 45 to 50 years, and leases transportation equipment with lease terms of 3 years.

The Group leases photocopying equipment and transportation equipment with lease terms of less than one year, these leases are short-term and leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(7) Lease liabilities

- A. The carrying amount of the lease liabilities were as follows:

| June 30, 2024 | | | |
|---------------|-------------------------------|-----------|-----------------------------------------|
| Items | Future minimum lease payments | Interest | Present value of minimum lease payments |
| Within 1 year | \$ 1,385 | \$ 555 | \$ 830 |
| 2-3 years | 1,714 | 1,072 | 642 |
| 4-5 years | 1,546 | 1,034 | 512 |
| Over 5 years | 21,608 | 8,486 | 13,122 |
| Total | \$ 26,253 | \$ 11,147 | \$ 15,106 |
| Current | \$ 1,385 | \$ 555 | \$ 830 |
| Non-current | \$ 24,868 | \$ 10,592 | \$ 14,276 |

| December 31, 2023 | | | |
|-------------------|-------------------------------|-----------|-----------------------------------------|
| Items | Future minimum lease payments | Interest | Present value of minimum lease payments |
| Within 1 year | \$ 1,612 | \$ 540 | \$ 1,072 |
| 2-3 years | 1,911 | 1,034 | 877 |
| 4-5 years | 1,459 | 997 | 462 |
| Over 5 years | 20,578 | 8,360 | 12,218 |
| Total | \$ 25,560 | \$ 10,931 | \$ 14,629 |
| Current | \$ 1,612 | \$ 540 | \$ 1,072 |
| Non-current | \$ 23,948 | \$ 10,391 | \$ 13,557 |

| June 30, 2023 | | | |
|---------------|-------------------------------|-----------|-----------------------------------------|
| Items | Future minimum lease payments | Interest | Present value of minimum lease payments |
| Within 1 year | \$ 1,846 | \$ 549 | \$ 1,297 |
| 2-3 years | 2,259 | 1,039 | 1,220 |
| 4-5 years | 1,481 | 999 | 482 |
| Over 5 years | 21,296 | 8,548 | 12,748 |
| Total | \$ 26,882 | \$ 11,135 | \$ 15,747 |
| Current | \$ 1,846 | \$ 549 | \$ 1,297 |
| Non-current | \$ 25,036 | \$ 10,586 | \$ 14,450 |

The amount of lease liabilities increased \$1,040 thousand for the six months ended June 30, 2024. The interest rate is 3.80763%. The amount of lease liabilities increased \$431 thousand for the six months ended June 30, 2023. The interest rate is 1.7%. The expiry date is February 2026.

B. The amounts recognized in profit or loss were as follows:

| Items | For the three months ended June 30 | | For the six months ended June 30 | |
|----------------------------------------|------------------------------------|--------|----------------------------------|--------|
| | 2024 | 2023 | 2024 | 2023 |
| Interest on lease liabilities | \$ 152 | \$ 142 | \$ 286 | \$ 283 |
| Expenses relating to short-term leases | \$ 193 | \$ 265 | \$ 375 | \$ 458 |

C. The amounts recognized in the statement of cash flows for the Group were as follows:

| Items | For the six months ended June 30 | |
|-------------------------------|----------------------------------|----------|
| | 2024 | 2023 |
| Total cash outflow for leases | \$ 1,695 | \$ 1,760 |

(8) Employee benefits

A. Defined contribution plans

The plan under the R.O.C. Labor Pension Act (the “Act”) is deemed a defined contribution plan. Pursuant to the Act, the Company has made monthly contributions equal to 6% of each employee’s monthly salary to employees’ pension accounts. Furthermore, GSK Vietnam Co., Ltd. and Suzhou Fine Blanking & Tool Co., Ltd. also make contributions at certain percentages of the total monthly salary of their employees. Accordingly, the Group recognized expenses for the six months ended June 30, 2024 and 2023, respectively, were as follows:

| Items | For the three months ended June 30 | | For the six months ended June 30 | |
|--------------------------------------|------------------------------------|----------|----------------------------------|----------|
| | 2024 | 2023 | 2024 | 2023 |
| Defined contribution pension expense | \$ 2,872 | \$ 2,784 | \$ 5,697 | \$ 5,713 |

B. Defined benefit plans

The Company has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee’s length of service and average monthly salary for the six-month period prior to retirement. The Company contributes an amount based on the actuarial result to pension funds (the Funds) each month, which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee’s name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year.

The Funds are operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds.

The Company reached an agreement with the employees who chose the old pension scheme in July 2023 in accordance with the Labor Standards Law and the Labor Pension Act to settle the pension fund, and has obtained an approval letter from the Trust Department, Bank of Taiwan, in August and September 2023. The related information in the financial statements was as follows:

| Items | For the six months ended June 30, 2023 | June 30, 2023 |
|----------------------------------|----------------------------------------------|---------------|
| Labor pension reserve account | | \$ 9,248 |
| Employee benefit liabilities | | 15,464 |
| Pension cost | \$ 191 | |

(9) Equity

A. Ordinary share

As of June 30, 2024, the Company's authorized common shares amounted to \$1,200,000,000, and the outstanding common shares amounted to \$756,617,400, consisting of 75,661,740 shares of common stock, with a par value of \$10 per share.

B. Capital surplus

| Items | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|-------------------------------|---------------|-------------------|---------------|
| Additional paid-in capital | \$ 150,801 | \$ 150,801 | \$ 150,801 |

Under the relevant laws, the capital surplus generated from the excess of the issuance price over the par value of capital stock (including the stock issued for new capital, mergers, convertible bonds and the surplus from treasury stock transactions) and donations 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 stock dividends up to a certain percentage of the Company's paid-in capital.

C. Retained earnings

Operating within the automobile and motorcycle parts industry, the Company shall first take into consideration its operating environment, and industry developments, as well as its programs to maintain its operating efficiency and meet its capital expenditure budget and

financial goals. As stipulated in the Company's Articles of Incorporation, the earnings, if any, shall be distributed as follows:

If there is net profit after tax for each fiscal year, no lower than 2% of profit of the current year is distributable as employees' compensation and no higher than 5% of profit of the current year is distributable as remuneration to directors. However, the company's accumulated losses shall have been covered (if any). The Company's net earnings should first be used to pay taxes and offset the prior years' deficits, if any. Of the remaining balance with the adjustment amount of the undistributed earnings, the legal reserve is to be appropriated. A special reserve shall also be set aside or reversed in accordance with laws. Then, any remaining profit, together with any undistributed retained earnings from previous years, shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval. Dividend to be distributed shall be no less than 10% of the current-year retained earnings available for distribution. The cash dividends shall not be less than 20% of the total dividends. Nevertheless, the board of directors could make adjustments according to the actual profit and capital status of the company in the current year and propose the appropriation for resolution at the shareholders' meeting.

According to the Act, a company shall set aside legal reserve until it equals to the paid-in capital. The legal capital reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

Pursuant to existing regulations, the Company is required to set aside additional special capital reserve equivalent to the net debit balance of the other components of shareholders' equity, such as the accumulated balance of foreign currency translation reserve, unrealized valuation gains and losses from available-for-sale financial assets, etc. For the subsequent decrease in the deduction amount to shareholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

The amounts of dividends on the appropriations of earnings for 2023 and 2022 had been approved during shareholders' meeting on May 21, 2024 and May 30, 2023 as follows:

| Items | Appropriation | | Dividend per share | |
|-----------------|---------------|-----------|--------------------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| Legal reserve | \$ 18,142 | \$ 21,366 | | |
| Special reserve | 15,012 | (32,035) | | |
| Cash dividends | 121,059 | 151,323 | \$ 1.60 | \$ 2.00 |

D. Others

Changes in others for the six months ended June 30, 2024 and 2023 were as follows:

| Items | | For the six months ended June 30 | |
|---------------------------------------------------------------------|------------------------------|----------------------------------|-------------|
| | | 2024 | 2023 |
| Exchange differences on translation of foreign financial statements | Balance, beginning of period | \$ (80,932) | \$ (65,920) |
| | Changes in period | 15,543 | (1,170) |
| | Balance, end of period | \$ (65,389) | \$ (67,090) |

E. Non-controlling interests

Changes in the amount of non-controlling interests for the six months ended June 30, 2024 and 2023 were as follows:

| Items | | For the six months ended June 30 | |
|---------------------------------------------------------------------|--|----------------------------------|------------|
| | | 2024 | 2023 |
| Balance, beginning of period | | \$ 327,358 | \$ 326,160 |
| Appropriation of earnings | | (86,287) | (82,226) |
| Profit for the period | | 44,384 | 38,919 |
| Exchange differences on translation of foreign financial statements | | 1,526 | 4,101 |
| Balance, end of period | | \$ 286,981 | \$ 286,954 |

(10) Operating revenue

Disaggregation of revenue for the six months ended June 30, 2024 and 2023 were as follows:

| Items | For the three months ended June 30 | | For the six months ended June 30 | |
|---------------|------------------------------------|------------|----------------------------------|--------------|
| | 2024 | 2023 | 2024 | 2023 |
| Sale of goods | \$ 700,230 | \$ 653,295 | \$ 1,377,227 | \$ 1,337,370 |
| Others | 12,080 | 16,178 | 24,074 | 29,734 |
| Total | \$ 712,310 | \$ 669,473 | \$ 1,401,301 | \$ 1,367,104 |

(11) Non-operating income and expenses

The details of non-operating income and expenses for the six months ended June 30, 2024 and 2023 were as follows:

| Items | For the three months ended June 30 | | For the six months ended June 30 | |
|----------------------|------------------------------------|----------|----------------------------------|----------|
| | 2024 | 2023 | 2024 | 2023 |
| Non-operating income | | | | |
| Rent income | \$ 674 | \$ 202 | \$ 878 | \$ 406 |
| Other income | 3,862 | 1,430 | 5,325 | 4,455 |
| Total | \$ 4,536 | \$ 1,632 | \$ 6,203 | \$ 4,861 |

| Items | For the three months ended June 30 | | For the six months ended June 30 | |
|----------------------------------------------------------|------------------------------------|----------|----------------------------------|----------|
| | 2024 | 2023 | 2024 | 2023 |
| Other gains and losses | | | | |
| Gain (loss) on disposal of property, plant and equipment | \$ (114) | \$ 230 | \$ 104 | \$ 355 |
| Foreign exchange losses | 5,713 | 3,325 | 20,426 | 1,652 |
| Others | (273) | (369) | (508) | (852) |
| Impairment loss | - | - | - | (128) |
| Total | \$ 5,326 | \$ 3,186 | \$ 20,022 | \$ 1,027 |

(12) Income tax

A. Income tax expense recognized in profit or loss

| Items | For the six months ended June 30 | |
|-------------------------------------------------------|----------------------------------|-----------|
| | 2024 | 2023 |
| Current income tax expense | | |
| Current tax expense recognized in the current year | \$ 58,954 | \$ 56,493 |
| Income tax adjustments on prior years | 16 | (24) |
| Tax on undistributed profit | 1,361 | 3,650 |
| Deferred income tax expense | | |
| The origination and reversal of temporary differences | (9,537) | (12,628) |
| Income tax expense recognized in profit or loss | \$ 50,794 | \$ 47,491 |

- B. A reconciliation of income before income tax and income tax expense recognized in profit or loss

| Items | For the six months ended June 30 | |
|---------------------------------------------------|----------------------------------|------------|
| | 2024 | 2023 |
| Income before tax | \$ 190,435 | \$ 173,967 |
| Income tax expense at the statutory rate | \$ 48,724 | \$ 40,625 |
| Tax effect of adjusting items | | |
| Nondeductible items in determining taxable income | 693 | 3,708 |
| Tax on undistributed profit | 1,361 | 3,650 |
| Income tax adjustments on prior years | 16 | (24) |
| Changes in deferred tax | | |
| Temporary differences | - | (468) |
| Income tax expense recognized in profit or loss | \$ 50,794 | \$ 47,491 |

- C. Deferred income tax assets and liabilities

| Items | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|-------------------------------------------------------------------------|---------------|-------------------|---------------|
| Deferred income tax assets | | | |
| Account receivable | \$ 3 | \$ - | \$ - |
| Provisions | 22 | 4 | 9 |
| Inventory | 10,562 | 9,426 | 6,623 |
| Long-term investments | 6,053 | - | 8,408 |
| Property, plant and equipment | 3,543 | 3,806 | 4,170 |
| Unrealized gross profit from intercompany transactions within the Group | 334 | 575 | 759 |
| Net defined benefit liability | 3,625 | 3,514 | 3,501 |
| Foreign currency assets and liabilities | 1,447 | 1,447 | 2,480 |
| Land use rights | - | 1,367 | - |
| Total | \$ 25,589 | \$ 20,139 | \$ 25,950 |
| Deferred income tax liabilities | | | |
| Long-term investments | \$ - | \$ 4,548 | \$ - |
| Foreign currency assets and liabilities | 93 | 2 | 505 |
| Total | \$ 93 | \$ 4,550 | \$ 505 |

D. Changes in deferred income tax assets and liabilities

For the six months ended June 30, 2024

| Items | Balance, beginning of period | Profit or loss | Effect of exchange rate changes | Balance, end of period |
|-------------------------------------------------------------------------------|------------------------------------|-----------------|---------------------------------------|------------------------------|
| Deferred income tax assets | | | | |
| Account receivable | \$ - | \$ 3 | \$ - | \$ 3 |
| Provisions | 4 | 18 | | 22 |
| Inventory | 9,426 | 1,072 | 64 | 10,562 |
| Long-term investments | - | 6,053 | | 6,053 |
| Property, plant and equipment | 3,806 | (382) | 119 | 3,543 |
| Unrealized gross profit from intercompany transactions within the Group | 575 | (260) | 19 | 334 |
| Right-of-use assets / liabilities | 3,514 | (57) | 168 | 3,625 |
| Net defined benefit liability | 1,447 | | | 1,447 |
| Foreign currency assets and liabilities | 1,367 | (1,367) | | - |
| Total | <u>\$ 20,139</u> | <u>\$ 5,080</u> | <u>\$ 370</u> | <u>\$ 25,589</u> |

| | | | | |
|-----------------------------------------|-----------------|-----------------|-------------|--------------|
| Deferred income tax liabilities | | | | |
| Long-term investments | \$ 4,548 | \$ 4,548 | \$ - | \$ - |
| Foreign currency assets and liabilities | 2 | (91) | | 93 |
| Total | <u>\$ 4,550</u> | <u>\$ 4,457</u> | <u>\$ -</u> | <u>\$ 93</u> |

For the six months ended June 30, 2023

| Items | Balance, beginning of period | Profit or loss | Effect of exchange rate changes | Balance, end of period |
|-------------------------------------------------------------------------------|------------------------------------|-----------------|---------------------------------------|------------------------------|
| Deferred income tax assets | | | | |
| Account receivable | \$ - | \$ - | \$ - | \$ - |
| Provisions | 2 | 7 | | 9 |
| Inventory | 6,804 | (171) | (10) | 6,623 |
| Long-term investments | - | 8,408 | | 8,408 |
| Property, plant and equipment | 4,578 | (350) | (58) | 4,170 |
| Land use rights | 1,004 | (252) | 7 | 759 |
| Unrealized gross profit from intercompany transactions within the Group | 3,486 | 90 | (75) | 3,501 |
| Net defined benefit liability | 2,480 | | | 2,480 |
| Foreign currency assets and liabilities | 135 | (135) | | - |
| Total | <u>\$ 18,489</u> | <u>\$ 7,597</u> | <u>\$ (136)</u> | <u>\$ 25,950</u> |
| Deferred income tax liabilities | | | | |
| Long-term investments | \$ 5,150 | \$ 5,150 | \$ - | \$ - |
| Foreign currency assets and liabilities | 135 | (370) | | 505 |
| Received in advance | 250 | 251 | (1) | - |
| Total | <u>\$ 5,535</u> | <u>\$ 5,031</u> | <u>\$ (1)</u> | <u>\$ 505</u> |

E. Unrecognized deferred tax assets

As of June 30, 2024, December 31, 2023 and June 30, 2023, deferred income tax asset items that are not very likely realizable and hence are not recognized of the Group were as follows:

| Item | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|----------------------------|---------------|-------------------|---------------|
| Deferred income tax assets | \$ 43,734 | \$ 40,458 | \$ 40,955 |

F. The tax authorities have examined income tax returns of the Company through 2022.

(13) Employee benefits, depreciation, depletion, and amortization expenses

| | | For the three months ended June 30 | | | | | |
|----------------------------|-------------|------------------------------------|-------------------|-----------|--------------|-------------------|-----------|
| | | 2024 | | | 2023 | | |
| By item | By function | Cost of sale | Operating expense | Total | Cost of sale | Operating expense | Total |
| Employee benefits | | | | | | | |
| Salary | | \$ 70,495 | \$ 18,856 | \$ 89,351 | \$ 50,836 | \$ 17,268 | \$ 68,104 |
| Labor and health insurance | | 6,657 | 2,185 | 8,842 | 6,941 | 2,031 | 8,972 |
| Pension | | 1,782 | 1,090 | 2,872 | 1,822 | 1,057 | 2,879 |
| Remuneration directors | | - | 3,427 | 3,427 | - | 3,354 | 3,354 |
| Others | | 14,261 | 2,272 | 16,533 | 14,180 | 2,062 | 16,242 |
| Depreciation | | 22,801 | 4,319 | 27,120 | 23,116 | 3,614 | 26,730 |
| Amortization | | 6,328 | 3,220 | 9,548 | 5,904 | 2,492 | 8,396 |

| | | For the six months ended June 30 | | | | | |
|----------------------------|-------------|----------------------------------|-------------------|------------|--------------|-------------------|------------|
| | | 2024 | | | 2023 | | |
| By item | By function | Cost of sale | Operating expense | Total | Cost of sale | Operating expense | Total |
| Employee benefits | | | | | | | |
| Salary | | \$ 121,656 | \$ 38,930 | \$ 160,586 | \$ 101,958 | \$ 34,773 | \$ 136,731 |
| Labor and health insurance | | 13,225 | 5,024 | 18,249 | 13,942 | 4,845 | 18,787 |
| Pension | | 3,514 | 2,183 | 5,697 | 3,788 | 2,116 | 5,904 |
| Remuneration directors | | - | 6,940 | 6,940 | - | 6,919 | 6,919 |
| Others | | 25,846 | 4,831 | 30,677 | 27,623 | 4,374 | 31,997 |
| Depreciation | | 45,258 | 8,309 | 53,567 | 45,795 | 7,139 | 52,934 |
| Amortization | | 12,276 | 6,472 | 18,748 | 11,223 | 4,777 | 16,000 |

Note: For the periods ended June 30, 2024 and 2023, the average numbers of employees of the Group were 1,011 and 1,039, respectively. The numbers of directors excluding the employees were both 8.

For the six months ended June 30, 2024 and 2023, the estimated amounts of remuneration to employees and directors were \$10,557 thousand and \$9,901 thousand, which were calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's Articles. These remunerations were expensed under operating costs or operating expenses of each period. If there are any subsequent adjustments to the actual remuneration amounts, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

Remuneration to employees and directors for 2023 approved by the board of directors at February 27, 2024 were in the amounts of \$12,772 thousand and \$9,196 thousand, and the remuneration to employees and directors for 2022 approved by the board of directors at March 6, 2023 were in the amounts of \$14,729 thousand and \$10,605 thousand and had been presented in the shareholders' meeting on May 21, 2024 and May 30, 2023, respectively. There is no difference between the aforementioned approved amounts and the amounts charged against earnings of 2023 and 2022, respectively.

The information about the remuneration to employees and directors is available on the Market Observation Post System website.

(14) Earnings per share of common stock

| Items | For the three months ended June 30 | | For the six months ended June 30 | |
|-------------------------------------------------------------------------|------------------------------------|-----------|----------------------------------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| Profit attributable to common shareholders of the parent (in thousands) | \$ 43,737 | \$ 38,339 | \$ 95,257 | \$ 87,557 |
| The number of outstanding shares at beginning of period (in thousands) | 75,661.74 | 75,661.74 | 75,661.74 | 75,661.74 |
| Weighted-average number of common shares (in thousands) | 75,661.74 | 75,661.74 | 75,661.74 | 75,661.74 |
| Basic earnings per share | \$ 0.58 | \$ 0.51 | \$ 1.26 | \$ 1.16 |

(15) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(16) Financial instruments

A. Categories of financial instruments

| Items | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|------------------------------------|---------------|-------------------|---------------|
| Financial assets | | | |
| Financial assets at amortized cost | | | |
| Cash and cash equivalents | \$ 982,543 | \$ 993,619 | \$ 988,691 |
| Financial assets at amortized cost | 164,789 | 199,810 | 113,692 |
| Receivables | 464,638 | 440,932 | 465,013 |
| Total | \$ 1,611,970 | \$ 1,634,361 | \$ 1,567,396 |

| Items | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|-----------------------------------------|---------------|-------------------|---------------|
| Financial liabilities | | | |
| Financial liabilities at amortized cost | | | |
| Payables | \$ 248,041 | \$ 279,188 | \$ 245,256 |
| Lease liabilities — current | 830 | 1,072 | 1,297 |
| Lease liabilities — non-current | 14,276 | 13,557 | 14,450 |
| Total | \$ 263,147 | \$ 293,817 | \$ 261,003 |

B. Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies, measures and manages the aforementioned risks based on the Group's policy and risk tendency.

For the above-mentioned financial risks, the Group has established suitable policies, procedures, and internal control according to related regulations. Important financial activities need to be reviewed by the Board of Directors according to applicable regulations and the internal control system. While a financial plan is being implemented, the Group needs to strictly follow applicable financial operating procedures about the overall financial risk management.

C. Market risk

The market risk of the Group is the risk of volatility in fair value or cash flows of financial instruments as a result of the varying prices on the market. Market risk mainly includes exchange rate risk, interest rate risk, and other price risk.

In practice, it is rarely the case that a single risk variable will change independently from other

risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

a. Currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and net investment in foreign operations.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables; therefore, there is natural hedge effect. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analyses is as follows.

When USD appreciates or depreciates against NTD by 1%, the profit increases / decreases as follows:

| Items | For the six months ended June 30 | | | |
|-----------------------|----------------------------------|--------------|--------------|--------------|
| | 2024 | | 2023 | |
| | Appreciation | Depreciation | Appreciation | Depreciation |
| Profit for the period | \$ 6,813 | \$ (6,813) | \$ 5,667 | \$ (5,667) |
| Equity | 7,200 | (7,200) | 7,005 | (7,005) |

b. Interest rate risk

The interest rate risk is the risk of volatility in the fair value or cash flows in the future of financial instruments as a result of changing interest rates on the market. The interest rate risk of the Group mainly comes from borrowings at floating interest rates. Since most short-term loans of the Group for the six months ended June 30, 2024 and 2023 are fixed rate borrowings, the interest rate fluctuations risk of future cash flows was insignificant.

D. Credit risk management

Credit risk is the risk of financial losses to the Group if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's operating activities (mainly receivables from customers) and financial activities (mainly deposits in banks and financial instruments).

Each business unit manages customer credit risk by following the policies, procedures and controls of the customer's credit risk of the Group. The credit risk assessment of all customers is based on factors such as the financial status of the customer, the evaluation of the credit rating agency, past historical trading experience, current economic environment and internal company evaluation criteria. The Group also uses certain credit enhancement tools (such as advance sales receipts) at appropriate times to reduce the credit risk of specific customers.

Receivables from top ten customers of the total accounts receivable of the Group represented as follows. The credit concentration risk of other accounts receivable was insignificant.

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|------------|---------------|-------------------|---------------|
| Percentage | 73.28% | 70.42% | 71.03% |

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks and corporate organizations with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

E. Liquidity risk management

The Group manages its liquidity risk by maintaining adequate cash and cash equivalents and bank loan. The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Non-derivative financial instruments

| | Within 1 year | 2-3 years | 4-5 years | Over 5 years | Total |
|-------------------|---------------|-----------|-----------|--------------|------------|
| June 30, 2024 | | | | | |
| Payables | \$ 248,041 | \$ - | \$ - | \$ - | \$ 248,041 |
| Lease liabilities | 830 | 642 | 512 | 13,122 | 15,106 |
| December 31, 2023 | | | | | |
| Payables | \$ 279,188 | \$ - | \$ - | \$ - | \$ 279,188 |
| Lease liabilities | 1,072 | 877 | 462 | 12,218 | 14,629 |
| June 30, 2023 | | | | | |
| Payables | \$ 245,256 | \$ - | \$ - | \$ - | \$ 245,256 |
| Lease liabilities | 1,297 | 1,220 | 482 | 12,748 | 15,747 |

F. Fair value of financial instruments

a. Valuation techniques for financial instruments that are measured at fair value

The fair values of the financial assets and liabilities refer to the amounts of current transaction of the said instruments with the interested counterparties (instead of mandatory means or liquidation). The methods and assumptions used to estimate the fair value of the Group's financial assets and liabilities are as follows:

The carrying amount of cash and cash equivalents, receivables, other current assets, payables, and short-term borrowings approximate their fair value due to their short maturities.

b. Fair value of financial instruments measured at amortized cost

The Group considers that the carrying amounts of financial assets and liabilities that are measured at amortized cost approximate their fair values.

c. Fair value hierarchy of financial instruments

(a) Definition of fair value hierarchy

The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

(b) Fair value hierarchy information

The Group did not have financial instruments such as financial assets classified at fair value through profit or loss and consequently fair value hierarchy information was not disclosed.

G. The information on the foreign-currency financial assets and liabilities with significant effect

| June 30, 2024 | | | | December 31, 2023 | | | |
|-------------------------------------------|----|---------------|---------|-------------------------------------------|---------|---------------|-------------|
| Foreign currency amount (In thousands) | | Exchange rate | NTD | Foreign currency amount (In thousands) | | Exchange rate | NTD |
| <u>Financial assets</u> | | | | | | | |
| Monetary items: | | | | | | | |
| USD | \$ | 14,771 | 32.4500 | \$ | 479,322 | \$ | 11,683 |
| EUR | | 139 | 34.7100 | | 4,838 | | 196 |
| RMB | | 29,312 | 4.5532 | | 133,464 | | 35,441 |
| VND | | 281,010,897 | 0.0013 | | 359,694 | | 325,308,390 |
| | | | | | | | |
| <u>Financial liabilities</u> | | | | | | | |
| Monetary items: | | | | | | | |
| USD | \$ | 66 | 32.4500 | \$ | 2,142 | \$ | 248 |
| RMB | | 8,469 | 4.5532 | | 38,563 | | 11,191 |
| VND | | 71,175,666 | 0.0013 | | 91,105 | | 81,275,129 |
| | | | | | | | |

June 30, 2023

| Financial assets | | | | Financial liabilities | | | |
|-------------------------------------------|---------------|---------|------------|-------------------------------------------|---------------|----------|--|
| Foreign currency amount (In thousands) | Exchange rate | NTD | | Foreign currency amount (In thousands) | Exchange rate | NTD | |
| Monetary items: | | | | | | | |
| USD | \$ 10,892 | 31.1400 | \$ 339,190 | \$ 102 | 31.1400 | \$ 3,182 | |
| EUR | 125 | 33.8100 | 4,212 | - | 33.8100 | - | |
| RMB | 32,967 | 4.3096 | 142,073 | 7,201 | 4.3096 | 31,034 | |
| VND | 244,544,922 | 0.0013 | 322,799 | 69,660,398 | 0.0013 | 91,952 | |
| JPY | 57,341 | 0.2150 | 12,328 | 10,634 | 0.2150 | 2,286 | |

7. Related-Party Transactions

(1) Names of related parties and relationship with the Group:

| Related party name | Related party categories |
|--------------------------------------|--------------------------|
| GSK Corporation | Other related party |
| GSK Autotech & Furniture Inc. | Other related party |
| Shin San Shing Co., Ltd. | Other related party |
| GSK Intek Co., Ltd. | Other related party |
| Medcare Manufacturing Inc. | Other related party |
| GSK Technologies Inc. | Other related party |
| Uni Auto Parts Manufacture Co., Ltd. | Other related party |
| Shanghai Yuxing Trading Co., Ltd. | Other related party |

(2) Significant related party transactions:

A. Purchases of goods

| Items | For the three months ended June 30 | | For the six months ended June 30 | |
|-----------------------|------------------------------------|----------|----------------------------------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| Other related parties | \$ 11,933 | \$ 9,398 | \$ 21,088 | \$ 18,312 |

The purchases prices and payment terms to related parties were not significantly different from those of purchases to third parties. The payment terms for purchases to related parties were 2 months. The payments were paid by remittance.

B. Operating revenue

| Items | For the three months ended June 30 | | For the six months ended June 30 | |
|-----------------------|------------------------------------|------------|----------------------------------|------------|
| | 2024 | 2023 | 2024 | 2023 |
| Other related parties | | | | |
| GSK Corporation | \$ 111,888 | \$ 84,034 | \$ 226,348 | \$ 170,228 |
| GSK Technologies | 71,661 | 93,558 | 149,757 | 206,723 |
| Others | 12,313 | 11,604 | 23,302 | 20,416 |
| Total | \$ 195,862 | \$ 189,196 | \$ 399,407 | \$ 397,367 |

The sales prices and collection terms to related parties were not significantly different from those of sales to third parties. The payments were collected by 2-4 month promissory notes or remittance.

C. Notes receivable / payable and accounts receivable / payable (no interest bearing)

a. Accounts receivable

| Items | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|-----------------------|---------------|-------------------|---------------|
| Other related parties | | | |
| GSK Technologies | \$ 51,805 | \$ 49,005 | \$ 60,409 |
| GSK Corporation | 89,238 | 81,482 | 71,457 |
| Others | 15,072 | 11,862 | 12,069 |
| Less: Loss allowance | (2) | (56) | (48) |
| Total | \$ 156,113 | \$ 142,293 | \$ 143,887 |

b. Accounts payable

| | | | |
|-----------------------|----------|----------|----------|
| Other related parties | \$ 5,219 | \$ 7,996 | \$ 2,400 |
|-----------------------|----------|----------|----------|

c. Other receivables

| | | | |
|-----------------------|--------|--------|-----------|
| Other related parties | \$ 577 | \$ 213 | \$ 15,463 |
|-----------------------|--------|--------|-----------|

D. Property transactions

For the six months ended June 30, 2024 and 2023, the Group's property transactions to its related parties are summarized as follows:

| Items | Name of equipment | Years | Purchase price | Outstanding payment |
|-------------------------------|--------------------------------|-------|----------------|---------------------|
| GSK Autotech & Furniture Inc. | Desktop C type hydraulic press | 2024 | \$ 85 | \$ - |
| GSK Corporation | Ultrasonic equipment | 2023 | 23 | - |

E. Others

For the six months ended June 30, 2024 and 2023, the Group's other transactions to its related parties are summarized as follows:

| Items | For the three months ended June 30 | | For the six months ended June 30 | |
|-------------------------------------|------------------------------------|--------|----------------------------------|--------|
| | 2024 | 2023 | 2024 | 2023 |
| Agency fee | \$ 207 | \$ 207 | \$ 482 | \$ 472 |
| Manufacturing overhead - outsourced | 842 | 678 | 1,575 | 1,567 |

F. Compensation of key management personnel

| Items | For the three months ended June 30 | | For the six months ended June 30 | |
|------------------------------|------------------------------------|----------|----------------------------------|----------|
| | 2024 | 2023 | 2024 | 2023 |
| Short-term employee benefits | \$ 4,918 | \$ 4,607 | \$ 10,123 | \$ 9,526 |

For details of total compensation paid to the key management personnel, please refer to the annual report of the Company.

8. Pledged Assets: None

9. Significant Contingent Liabilities and Unrecognized Commitments

- (1) As of June 30, 2024, amounts available under letters of credit for import: None
- (2) As of June 30, 2024, capital expenditures contracted for but not yet incurred were as follows:

| Items | Contract target | Counterparty | Total contract amount (In thousands) | Accumulated payment as at June 30, 2024 (In thousands) |
|-------------------------------------|------------------------------------------------------------------|--------------------------------------|-----------------------------------------|-----------------------------------------------------------|
| Construction in progress | Expansion of the first plant in Hanoi, Vietnam - Office building | Chien Huong. JSC | VND 30,476,007 | \$ 30,858 |
| Prepayments for business facilities | Double-sided grinder | Ri Qing Chemistry Industry Co., Ltd. | JPY 40,000 | 8,259 |

10. Significant Disaster Loss: None

11. Significant Subsequent Events: None

12. Others: None

13. Supplementary Disclosures

(1) Information on significant transactions

A. Loans to others: None

B. Provision of endorsements and guarantees to others: None

C. Holding of marketable securities at the end of the periods: None

D. Acquisition or sale of the same security with the accumulated cost exceeding \$100 million or 20% of the Company's paid-in capital: None

E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid in capital or more: Please refer to table 1.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None

I. Trading in derivative financial instruments undertaken during the reporting periods ended: None

J. Significant inter-company transactions during the reporting periods: Please refer to table 2.

(2) Information on investees

Relevant information of investees over which the Company has direct or indirect significant influence or control: Please refer to table 3.

(3) Information on investments in mainland China

A. The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please refer to table 4.

B. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: Please refer to table 2.

(4) Information on major shareholders

List of all shareholders with ownership of 5 percent or greater showing the names and the number of

shares and percentage of ownership held by each shareholder: Please refer to table 5.

14. Segment Information

Information reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance focuses on location of operations. The ways of manufacturing and marketing strategy are the same; however, the Group manages its business by location due to regional difference from culture, economy environment and so on. Specifically, the Group's reportable segments were as follows:

Domestic Operations Department – Design, research and development, production, manufacturing and sales of metal stamping parts for automobiles, motorcycles and bicycles.

Overseas Operations Department – Manufacturing, processing and production of various products and precision stamping parts for automobiles, motorcycles and special vehicles.

The Group's segment profit (loss) is measured with the operating profit (loss) before tax, which is used as a basis for the Group in assessing the performance of the operating segments.

(1) Operating segments information

| For the six months ended June 30, 2024 | Domestic operations department | Overseas operations department | Adjustment and elimination | Total |
|-------------------------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------|
| Revenue | | | | |
| Revenue from external customers | \$ 626,746 | \$ 774,555 | \$ - | \$ 1,401,301 |
| Intersegment revenues | 7,126 | 699 | (7,825) | - |
| Total revenue | 633,872 | 775,254 | (7,825) | 1,401,301 |
| Segment profit or loss | 120,709 | 124,919 | (55,193) | 190,435 |
| Segment assets | 2,664,612 | 1,122,706 | (647,210) | 3,140,108 |
| For the six months ended June 30, 2023 | Domestic operations department | Overseas operations department | Adjustment and elimination | Total |
| Revenue | | | | |
| Revenue from external customers | \$ 649,747 | \$ 717,357 | \$ - | \$ 1,367,104 |
| Intersegment revenues | 6,693 | 3,185 | (9,878) | - |
| Total revenue | 656,440 | 720,542 | (9,878) | 1,367,104 |
| Segment profit or loss | 113,852 | 95,059 | (34,944) | 173,967 |
| Segment assets | 2,761,539 | 1,106,064 | (636,617) | 3,230,986 |

Table 1: Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid in capital or more

In Thousands of NTD

For the six months ended June 30, 2024

| Name of company | Related party | Nature of relationship | Transaction details | | | | Abnormal Transaction | | Notes/Accounts payable or receivable | | Note |
|--------------------------------------------|-----------------------|----------------------------------------------------|---------------------|---------|------------|---------------|----------------------|---------------|--------------------------------------|------------|------|
| | | | Purchase/ Sale | Amount | % of total | Payment terms | Unit price | Payment terms | Ending balance | % of total | |
| Fine Blanking & Tool Co., Ltd. | GSK Corporation | The entity's chairman is the same as the Company's | Sale | 226,348 | 16.15% | 60 days | Normal | Normal | 89,238 | 19.21% | |
| Fine Blanking & Tool Co., Ltd. GSK Vietnam | GSK Technologies Inc. | The entity's chairman is the Company's director | Sale | 149,757 | 10.69% | 60 days | Normal | Normal | 51,805 | 11.15% | |

Table 2: Significant inter-company transactions during the reporting periods

In Thousands of NTD
For the six months ended June 30, 2024

| No. (Note 1) | Name of company | Counterparty | Nature of relationship (Note 2) | Intercompany transactions | | | |
|-----------------|-----------------------------------|-----------------------|---------------------------------------|---------------------------|--------|----------------------|-----------------------------------------------------------------------------|
| | | | | Account name | Amount | Trading terms | Percentage of consolidated net revenue or total assets (Note 3) |
| 0 | Fine Blanking & Tool Co., Ltd. | GSK Vietnam Co., Ltd. | 1 | Operating revenue | 6,298 | Normal trading terms | 0.45% |
| 0 | Fine Blanking & Tool Co., Ltd. | GSK Vietnam Co., Ltd. | 1 | Accounts receivable | 906 | Normal trading terms | 0.03% |

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) 0 represents the parent company.
- (2) Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Transactions labeled as follows:

- (1) represents transactions between the parent company and its subsidiaries.
- (2) represents transactions between the subsidiaries and the parent company.
- (3) represents transactions between subsidiaries.

Note 3: The percentage calculation is based on the consolidated total operating revenue or total assets. For balance sheet items, each item’s end-of-period balance is shown as a percentage to the consolidated total assets as of the end of the period. For profit or loss items, cumulative amounts are shown as percentages to the consolidated total operating revenue for the period.

Note 4: The Company shall determine whether the significant transactions be included in this table based on the principle of materiality.

Table 3: Relevant information of investees over which the Company has direct or indirect significant influence or control (excluding information on investment in mainland China)

In Thousands of NTD

For the six months ended June 30, 2024

| Name of investor | Name of investee (Note 1, 2) | Location | Main businesses and products | Original investment amount | | Balance as of June 30, 2024 | | | Net income (losses) of investee (Note 2(2)) | Share of profits/losses (Note 2(3)) | Note |
|--------------------------------------|----------------------------------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------|-----------------------------|-------------------------------|-------------------|------------------------------------------------------|-------------------------------------------|------------------------------------------------------------------------------------------------------|
| | | | | June 30, 2024 | December 31, 2023 | Shares | Percentage of ownership | Carrying value | | | |
| Fine Blanking & Tool Co., Ltd. | Propitious International Inc. | BVI | Investment | 347,044 | 347,044 | - | 55.75% | 375,447 | 100,309 | 55,918 | Transactions on the left have been eliminated while preparing the consolidated financial statements. |
| Fine Blanking & Tool Co., Ltd. | Superiority Enterprise Corp. | BVI | investment and import/export trade | 391,965 | 391,965 | - | 100.00% | 279,721 | (651) | (290) | Transactions on the left have been eliminated while preparing the consolidated financial statements. |
| Propitious International Inc. | GSK Vietnam Co., Ltd. | Vietnam | Manufacturing, processing and production of products and precision stamping parts for automobiles, motorcycles and special vehicles, and coating and processing | 606,351 | 606,351 | - | 100.00% | 635,899 | 98,283 | 98,104 | Transactions on the left have been eliminated while preparing the consolidated financial statements. |

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of "Name of investee", "Location", "Main business and products", "Original investment amount" and "Shares held as of June 30, 2024" should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the "Note" column.
- (2) The "Net income (losses) of investee" column should fill in amount of net profit (loss) of the investee for this period.
- (3) The "Share of profits/losses" column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

Table 4: Information on investment in mainland China

| In Thousands of NTD | | | | | | | | | | | | |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-----------------------------------------------------------|---------------------------------------------------------------------|------------------|--------|-------------------------------------------------------------------|---------------------------------|-------------------------|--------------------------------------|-------------------------------------|-------------------------------------------------------------|
| For the six months ended June 30, 2024 | | | | | | | | | | | | |
| Name of investee | Main businesses and products | Total amount of paid-in capital | Method of investment (Note 1) | Accumulated outflow of investment from Taiwan as of January 1, 2024 | Investment flows | | Accumulated outflow of investment from Taiwan as of June 30, 2024 | Net income (losses) of investee | Percentage of ownership | Share of profits/losses (Note 2(2)B) | Carrying amount as of June 30, 2024 | Accumulated inward remittance of earnings in current period |
| | | | | | Outflow | Inflow | | | | | | |
| Suzhou Fine Blanking & Tool Co., Ltd. | Products and precision stamping parts for automobiles and special vehicles, and production and sales of other transportation equipment | 391,965 | Note 1(2) Investment through Superiority Enterprise Corp. | 391,965 | - | - | 391,965 | (639) | 100% | (639) | 283,806 | - |

| | | |
|--------------------------------------------------------------|--------------------------------------------------------------|---------------------------|
| Accumulated investment in mainland China as of June 30, 2024 | Investment amounts authorized by Investment Commission, MOEA | Upper Limit on Investment |
| 391,965 | 395,904 | 1,467,365 |

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Direct investment in mainland China.
- (2) Indirectly investment in mainland China through companies registered in a third region (Please specify the name of the company in third region).
- (3) Other methods.

Note 2: In the "Share of profits/losses" column:

- (1) It should be indicated if the investee was still in the incorporation arrangement and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A.The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B.The financial statements were audited by the auditors of the parent company.
 - C.Others.

Note 3: The numbers in this table are expressed in NTD.

Table 5: Information on major shareholders

Unit: Share
June 30, 2024

| Shareholding Shareholder's name | Number of common shares | Number of preferred shares | Percentage |
|-----------------------------------------|----------------------------|-------------------------------|------------|
| Chuan Tai Investment Co., Ltd. | 14,462,693 | | 19.11% |
| GSK Investment Development Co, Ltd. | 10,352,725 | | 13.68% |
| Taiwan Fu Hsing Industrial Co., Ltd. | 7,552,867 | | 9.98% |
| Chuan Dau Investment Co., Ltd. | 6,944,668 | | 9.17% |

Note: Total shares transferred in dematerialised form (including treasury shares)
amounted to 75,661,740 shares = 75,661,740 common shares + 0 preferred shares.