

Stock Code:4535



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

## 2022 Annual Report

**Notice to readers**

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

Market Observation Post System

**<https://mops.twse.com.tw/mops/web/index>**

FBT Annual Report is available at: **<http://www.fineblanking.com.tw/>**

Printed on May 8, 2023

# *Serving the world with pride*



FBT\_Facility I: Production & Commercial Headquarter.



FBT\_Facility II: R&D Tooling Center



FBT Facility III: Disk & Production Center



Suzhou Fine Blanking & Tool



GSK Vietnam Co.



GSK Vietnam Co. Hanoi Branch

## *Our core values:*



## *Our mission-*

*To become a trusted “professional fineblanking” and “precision blanking” service provider integrating advanced knowledge and technologies.*

## Our philosophy-

- ❑ Talent development
- ❑ Team spirit
- ❑ Customer satisfaction
- ❑ Social contribution

### Automotive Application 汽車零件



### Motorcycle Application 摩托車類部品



**Pioneer in stamping technologies**

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**Overseas Securities Exchange:** None °

**Corporate Website:** <http://www.fineblanking.com.tw/>

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# **I. Letter to Shareholders**

## **Dear Shareholders,**

Due to the continued lifting of the COVID-19 pandemic in Europe, America, and Southeast Asia, orders in 2022 continued to rebound from the year of 2021. Coupled with the mass production of newly developed parts, the Company reported a 13.55% growth in consolidated net revenue and a 21.16% growth in consolidated net income in 2022

From 2020 to 2021, the pandemic of COVID -19 affected the global supply chain and caused the global economy to oscillate. However, due to the continuous lifting of the lockdown of the pandemic in 2022, the order volume of original customers gradually recovered and the mass production of newly developed parts showed a better performance than the 2021. The revenue has grown significantly. In 2023, we will continue to strive for development opportunities for new customers, and to accumulate momentum for future growth. In terms of internal operational efficiency, we will continue to deepen the data collection and the application of various operational information systems such as ERP, BI, PLM, EFGP, supplier platform, and energy management to improve operational efficiency. In 2023, the MES intelligent production system and mold production system will continue to optimize the operation to improve the timeliness of production data management; in terms of improving the ability to develop technology, the development systems such as SE production preparation, ME process technology, and development quality assurance continue to focus on cultivating development and technical talents, thereby improving the efficiency of development and mass production; in the improvement of process technology ability, the core ability is strengthened by production process automation, in-depth innovation of precision stamping mold technology and research of material technology; in terms of talent training, continue to use project management to improve technical and management capabilities and shorten the learning and growth time; continue to promote TPM and other improvement activities to improve management processes and reduce production costs.

In the future, the Company will continue investing group resources in the OEM market for automobile, motorcycle, and bicycle parts, and make persistent improvements to R&D capacity and production technology for broader product and market potentials. Information systems will be more thoroughly integrated into operations for improved efficiency, and the Company plans to continue its support for the FMS project as a way to increase management capacity, shorten production turnaround time, improve delivery, reduce costs, and raise profitability.

Below is an explanation of the Company's 2022 business results, 2023 business plan, future growth strategies, and susceptibility to external influence:

## **1.1 2022 business report**

### **1.1.1 Results of the 2022 business plan**

The group reported NT\$3,141,305,000 of consolidated net revenue for 2022, up 13.55% from the NT\$2,766,438,000 reported for 2021; net profit before tax amounted to NT\$418,195,000 in 2022, up 21.75% from the NT\$343,500,000 in 2021; net profit after tax amounted to NT\$306,478,000 in 2022, up 21.16% from the NT\$252,953,000 in 2021; net income attributable to owners of the parent was reported at NT\$213,388,000 for 2022, up 17.76% from the NT\$181,204,000 in 2021.

### 1.1.2. Budget implementation

The 2022 financial budget prepared by the Company is for internal management purposes only and no external financial forecast has been announced.

Unit: In Thousands of New Taiwan Dollars; %

Items	2022 Estimated Consolidated Financial Statements	2022 Consolidated Financial Statements	Achievement rate%
OPERATING REVENUE	2,723,037	3,141,305	115.36%
OPERATING COSTS	(2,174,463)	(2,532,909)	116.48%
GROSS PROFIT FROM OPERATIONS	548,574	608,396	110.91%
Total operating expenses	(221,294)	(231,704)	104.70%
NET OPERATING INCOME	327,280	376,692	115.10%
NON-OPERATING INCOME AND EXPENSES	9,176	41,503	452.30%
PROFIT BEFORE INCOME TAX	336,456	418,195	124.29%
INCOME TAX EXPENSE	(90,029)	(111,717)	124.09%
PROFIT FOR THE PERIOD	246,427	306,478	124.37%
OTHER COMPREHENSIVE INCOME			
Components of other comprehensive income that will not be reclassified to profit or loss			
Gains (losses) on remeasurements of defined benefit plans	(400)	344	
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	80	(69)	
Gains (losses) on remeasurements of defined benefit (net of Income tax)	(320)	275	
Components of other comprehensive income that will be reclassified to profit or loss			
Exchange differences on translation	15,413	53,627	348%
OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAX	15,093	53,902	357%
TOTAL COMPREHENSIVE INCOME	261,520	360,380	137.80%
PROFIT ATTRIBUTABLE TO			
Owners of parent	170,956	213,388	124.82%
Non-controlling interests	75,471	93,090	123.35%
	246,427	306,478	124.37%
COMPREHENSIVE INCOME ATTRIBUTABLE TO			
Owners of parent	179,984	245,698	136.51%
Non-controlling interests	81,536	114,682	140.65%
	261,520	360,380	137.80%
BASIC EARNINGS PER SHARE (NTD)	2.26	2.82	124.82%

### 1.1.3. Financial income and expenditure

#### 1. Comparison of consolidated financial performance

Unit: In Thousands of New Taiwan Dollars; %

Items \ Year	2021	2022	increase or decrease %
OPERATING REVENUE	2,766,438	3,141,305	13.55%
OPERATING COSTS	(2,226,107)	(2,532,909)	13.78%
GROSS PROFIT FROM OPERATIONS	540,331	608,396	12.60%
Total operating expenses	(206,472)	(231,704)	12.22%
NET OPERATING INCOME	333,859	376,692	12.83%
NON-OPERATING INCOME AND EXPENSES	9,641	41,503	330.48%
PROFIT BEFORE INCOME TAX	343,500	418,195	21.75%
INCOME TAX EXPENSE	(90,547)	(111,717)	23.38%
PROFIT FOR THE PERIOD	252,953	306,478	21.16%
OTHER COMPREHENSIVE INCOME			
Components of other comprehensive income that will not be reclassified to profit or loss			
Gains (losses) on remeasurements of defined benefit	159	344	116.35%
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(32)	(69)	115.63%
Gains (losses) on remeasurements of defined benefit (net of Income tax)	127	275	116.54%
Components of other comprehensive income that will be reclassified to profit or loss			
Exchange differences on translation	(8,617)	53,627	722.34%
OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAX	(8,490)	53,902	734.89%
TOTAL COMPREHENSIVE INCOME	244,463	360,380	47.42%
PROFIT ATTRIBUTABLE TO			
Owners of parent	181,204	213,388	17.76%
Non-controlling interests	71,749	93,090	29.74%
	252,953	306,478	21.16%
COMPREHENSIVE INCOME ATTRIBUTABLE TO			
Owners of parent	175,790	245,698	39.77%
Non-controlling interests	68,673	114,682	67.00%
	244,463	360,380	47.42%
BASIC EARNINGS PER SHARE (NTD)	2.40	2.82	17.76%

## 2. Profitability analysis (Consolidated Financial Statements)

Items	Year	2021 (A)	2022 (B)	Increase or decrease rate/amount (B-A)
Return on Total Assets (%)		8.45	9.56	1.11
Return on Equity (%)		10.06	11.44	1.38
Pre-tax Income to Paid-in Capital Ratio (%)		45.40	55.27	9.87
Net Margin (%)		9.15	9.76	0.61
BASIC EARNINGS PER SHARE (NTD) (Note)		2.40	2.82	0.42

Note: Earnings per share are calculated by retroactively adjusting the number of outstanding shares.

### 1.1.4. Research and development achievements (new samples submitted)

Product	Purpose
Safety System – Iron 24-tooth hex rings, pallet valves, 5XX iron bearings, 610 iron bearings, K-shaped latches, latches, connecting plates. Interior System – Right support base packaging assemblies, left support base packaging assemblies, traction plate, interior compartment assemblies LH/RH, right/left outer exterior compartment assemblies, right outer exterior compartment body assemblies, handle. Drive train – Bearing spacers, transmission rod assemblies, spot welding bolt, connecting rod small assemblies LH/RH	Automotive Application
Safety System – Brake discs, smart discs, lace forged discs, front sensing wheels, rear sensing wheels, floating discs, brake lever assemblies Engine System – 34T chain wheels, filler tabs Drive train – Gear sets, brake lever assemblies, 20T chain wheels, rear connecting toothed plate LH/RH, shock absorber assemblies, drive chain wheels, 37T chain wheels, 39T chain wheels, 38T chain wheels, 40T chain wheels, 41T chain wheels, camshaft assemblies, tappet Car Body System – Middle bracket-LH, locomotive handle, fixing plate	Motorcycle Application
Tools and equipment – Front bracket (LH)/(RH), bracket (125 type), fixed bracket (125 type), gasket, ring set, main gear plate, cover, washer, lining plate, unhooking stop, unhooking fixed seat Golf cart – Secondary clutch assemblies, paddle assemblies, paddle assemblies (TPS) All Terrain Vehicle (ATV) – A-arm assemblies RH/LH, direction unit, direction column combination Bicycle – Brake discs	Others Applica

## 1.2 Summary of the 2023 business plan

### 1.2.1. Operational guidelines/goals

1. Improvement of operational efficiency: Ongoing efforts are being made to take greater advantage of the data gathered through ERP, BI, PLM, EFGP, energy management, and operational information systems for improved operational efficiency. A supplier EC platform was introduced in 2018 as an integrated digital solution for purchasing, order

placement, and bookkeeping, and continuous efforts have been made since 2020 to optimize the system and increase the number of users. The Company plans to introduce a new manufacturing execution system (MES) in 2023 to further improve production management efficiency.

2. Improvement of development efficiency: The Company continues to train talent with expertise in SE, ME, and quality assurance to aid in future development and mass production efforts. By building competence from within, the Company is able to provide customers with a greater diversity of assembly molds at lower cost, and develop proprietary production procedures and patents over time to take the Company's competitive advantage to the next level.
3. Improvement of production technology: The Company aims to strengthen its core capacity by incorporating automated processes and precision stamping molds and by investing in the research of new processes and materials.
4. Improvement of the management process: Campaigns such as TPS and TPM, FMS, and internal suggestions will be enforced persistently to improve the management process and lower production costs.
5. Ongoing talent development: We aim to improve employees' know-how and management skills and shorten the learning curve through our project management approach.

### 1.2.2. Expected sales

Main products	Unit	Sales volume
Press parts and assemblies	Thousand (group)	42,840
Car motorcycle seats, etc.	Thousand units	2,797

The above projections were made based on sales performance for Q4 2022 after taking into consideration the effect of new products that are expected to commence mass production in 2023.

### 1.2.3. Key production/sales policies

1. Integrate resources across subsidiaries in Taiwan, Mainland China, and Vietnam toward expanding business size, revenue, and profit.
2. Continually strengthen R&D capacity through new product development, product improvement, technology enhancement, knowledge base creation, and real applications.
3. Make persistent investments in production automation, advanced information systems, new processes, and production improvement projects for increases in production efficiency and operational performance.
4. Enforce supplier management throughout the supply chain; maintain relationships with critical partners; incorporate outsourced processes into internal procedures or consolidate work processes to shorten the production cycle; raise production efficiency and level of cooperation across suppliers.

## 1.3 Future development strategies

In terms of automobile parts, the Company primarily sells seat belt parts, pipe fittings, precision metal stamped composite parts and mechanical parts, and car seats to Europe, America, Mainland China, and Southeast Asia. Ongoing efforts are being made to develop new parts for customers.

Parts for motorcycles, special vehicles (such as beach buggies and golf buggies), and bicycles are sold in markets that are local to the production facilities. Not only does the Company have Mainland Chinese and Vietnamese subsidiaries in place to grow sales of stamped parts and seats in their local markets, the Vietnamese subsidiary has also been tasked with the responsibility of growing the Southeast Asian market, while the Taiwan office continues to focus on the European and American markets. Overall, the group

continues its plan to develop high value-added products and parts for “recreational and diversified applications.”

In the future, the Company aims to enhance R&D capacity and expand markets with an emphasis on car and motorcycle parts as well as stamped parts for different industry applications.

## **1.4 The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions**

Over the long term, industry participants will have to compete on the ability to fit into the global production specialization, as well as economies of scale, and in this regard:

1. The Company will invest persistently in improving production facilities in Taiwan, and thereby increase its appeal for sales orders from Europe and America.
2. Through the Mainland Chinese and Vietnamese subsidiaries, the Company will continue working closely with influential automobile manufacturers in the local markets to grow its presence in the Asia Pacific area.
3. All offices in Taiwan, Vietnam, and Mainland China have established themselves as prominent members of the automobile and motorcycle supply chain, and passed certification for IATF 16949 - Automotive Quality Management System. In addition to producing goods in line with IATF 16949, the group is also committed to optimizing production procedures and developing new products/technologies as ways to increase customer satisfaction.

In light of rising environmental protection and carbon reduction awareness around the world, the Taiwan office first passed certification for ISO 14001 - Environmental Management System in 2001 and was later certified for the revised version of ISO 14001:2015 in May 2018. The Mainland subsidiary, too, was certified for the revised version of ISO 14001:2015 in 2017, and passed certification for TOSHMS and OHSAS 18001 - Safety and Health Management System in 2009, CNS 45001 and ISO 45001 in May 2019, ISO 50001:2011 - Energy Management System in August 2015, and ISO 50001:2018 in August 2019. Greenhouse gas survey reports between 2015 and 2021 were validated in March to April the following year, and reduction measures were adopted according to the outcomes of greenhouse gas surveys. The reports show that Scope 1 + Scope 2 emissions represent 84% of the total emissions (with Scope 2 largely attributed to purchased electricity), and in response, the Company adopted ISO 50001 - Energy Management System as a means to achieve carbon reduction targets. In November 2020, the Company passed certification for ISO 14051:2011 - Material Flow Cost Accounting (MFCA) for the motorcycle brake discs produced; these products are made using a family mold design that increases the utilization rate of raw materials. The Company published its sixth (2020) corporate social responsibility report in July 2021, which was validated by BSI Pacific Limited Taiwan Branch to conform with AA1000 AS:2018 Assurance Standard Type 1 and GRI Sustainability Reporting Standards core requirements, and won “Silver” in the Corporate Sustainability Report Awards - Conventional Manufacturing during the 14th TCSA. This accomplishment serves as proof of the Company’s commitment to social responsibility and integrity when engaging in business activities.

The overall business environment has been impacted by the COVID-19 pandemic, which led to significant variation in sales throughout the global automobile supply chain between 2020 and 2022. Even so, the trend of globalization persists and the Company will continue enhancing its core competitiveness with the introduction of technology and business development strategies both for the long term and the short term, and integrate group resources more effectively toward the OEM market for automobile parts.

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

**Chairman: Wu, Chung-Yi**

## II. Company Profile

### 2.1 Date of Incorporation: March 17, 1988.

### 2.2 Company History

#### 2.2.1. Company History

Year	Description
1988	Company was founded with a share capital of NT\$26,000,000.
1992	Introduced the “Conventional Industry Technology Upgrade Program.”
1993	Introduced the “Production Automation Technology Counseling Program.”
1994	Relocated the factory to Chuansing Industrial Park located in Shengang Township, Changhua County, to support production expansion and to provide employees with a more spacious work environment.
	Made a cash capital increase of NT\$30,000,000, increasing share capital to NT\$56,000,000.
1996	Obtained ISO 9002 certification.
	Capitalized NT\$56,000,000 of earnings, increasing share capital to NT\$112,000,000.
1997	Named Exemplar of Business Administration by the Small and Medium Enterprise Administration, Ministry of Economic Affairs.
1998	Made a cash capital increase of NT\$60,000,000 and capitalized NT\$25,760,000 of earnings, increasing share capital to NT\$197,760,000.
	Completed development of automobile engine SHIM and planned mass production.
	Created a corporate website in August for marketing and for promotion of the corporate image.
	Received approval from the Securities and Futures Commission to become a public company in December.
1999	Passed QS 9000 and raised product quality to international standards.
2000	Capitalized NT\$19,776,000 of earnings, increasing share capital to NT\$217,536,000.
2001	Passed ISO 14001 certification and adopted environmental trends of the world.
2002	Capitalized NT\$65,260,800 of earnings, increasing share capital to NT\$282,796,800.
	Shares were listed for trading on the Emerging Stock Market.
2003	Shares were listed on the TPEX on April 16.
	Passed certification for ISO 9000:2000.
	Capitalized NT\$28,279,680 of earnings, increasing share capital to NT\$311,076,480.
2004	Capitalized NT\$77,769,120 of earnings, increasing share capital to NT\$388,845,600.
	Passed ISO/TS 16949 in December.
	Invested in the establishment of GSK Vietnam Co., Ltd. in December.
2005	Passed certification for ISO 14001:2004 - Environmental Management System in April.
	Capitalized NT\$97,211,400 of earnings, increasing share capital to NT\$486,057,000.
2006	Invested in the establishment of Suzhou Fine Blanking & Tool in Mainland China in August.
	Won the 7th Industry Elite Award from the Ministry of Economic Affairs in December.
	Capitalized NT\$87,443,000 of earnings and made a cash capital increase of NT\$62,500,000, increasing share capital to NT\$636,000,000.

Year	Description
2007	Made an indirect investment into Unisun Industrial Co., Ltd. in Vietnam in January.
	Made an indirect investment into Viet Chin Industrial Co., Ltd. in Vietnam in April.
	Capitalized NT\$63,600,000 of earnings, increasing share capital to NT\$699,600,000.
2008	The new Northern Vietnam Plant of Viet Chin Industrial Co., Ltd. began construction in January.
	Suzhou Fine Blanking & Tool commenced mass production in May.
	Acquired FBT 2nd Plant in June.
	The new Northern Vietnam Plant of Viet Chin Industrial Co., Ltd. was completed in October.
	Suzhou Fine Blanking & Tool passed ISO/TS 16949 certification.
2009	Construction of FBT 2nd Plant was completed and relocation was completed in April.
	Passed certification for TOSHMS and OHSAS 18001 in May.
	Suzhou Fine Blanking & Tool passed certification for ISO 14001 - Environmental Management System.
	Capitalized NT\$20,988,000 of earnings, increasing share capital to NT\$720,588,000.
2010	Changxing Precision Stamping, a business investment of Suzhou Fine Blanking & Tool, commenced mass production in April.
	The 3 Vietnamese subsidiaries merged into one entity, GSK Vietnam Co., Ltd., in July.
	Subsidiary GSK Vietnam Co., Ltd. began phase two plant construction in northern Vietnam in November.
2011	Introduced TPS in January.
	Acquired FBT 3rd Plant in March.
	Subsidiary GSK Vietnam Co., Ltd. completed phase two plant construction in northern Vietnam in August.
	Assembled the first Remuneration Committee in December.
2012	Subsidiary GSK Vietnam Co., Ltd. completed phase three plant construction in northern Vietnam in March.
	Capitalized NT\$36,029,400 of earnings, increasing share capital to NT\$756,617,000.
	Received the 2012 Healthy Workplace - "Group Health Award" from the Bureau of Health Promotion.
2013	GSK Vietnam Co., Ltd. passed ISO/TS 16949 certification in June.
	FBT 3rd Plant commenced recruitment in September.
2014	The 3rd Plant passed certification for ISO 14001 and OHSAS 18001 in May.
	The 3rd Plant passed certification for ISO/TS 16949 in November.
2015	The Company ranked in the 6%-20% tier among TPEx-listed companies during the first Corporate Governance Evaluation in April .
	The 3rd Plant passed certification for CNS 15506 in May.
	Passed certification for ISO 50001:2011 in August.
2016	The Company's 2015 greenhouse gas survey passed validation for ISO 14064-1 in April.
	The Company ranked in the 6%-20% tier among TPEx-listed companies during the second Corporate Governance Evaluation in April.
	The Company published its first 2015 CSR report in August, which was validated to conform with AA1000 AS:2008 Assurance Standard Type 1 and GRI G4 core requirements.
	Won in the Corporate Sustainability Report Awards (Bronze) during the 9th TCSA in October.
	Participated in Changhua County's annual user-friendly nursery room competition and won an Excellence Award in the Factory Division in November.

Year	Description
2017	The Company ranked in the 6%-20% tier among TPEX-listed companies during the third Corporate Governance Evaluation in April .
	The Company’s 2016 greenhouse gas survey passed validation for ISO 14064-1 in May.
	Suzhou Fine Blanking & Tool passed certification for the revised version of ISO 14001:2015 - Environmental Management System in June.
	Suzhou Fine Blanking & Tool passed certification for IATF 16949 - Automotive Quality Management System in July.
	The Company published its second 2016 CSR report in July, which was validated to conform with AA1000 AS:2008 Assurance Standard Type 1 and GRI G4 core requirements.
	Won Silver in the Corporate Sustainability Report Awards - IT & IC Manufacturing during the 10th TCSA in October.
	Participated in the 30th Taiwan Continuous Improvement Award for the first time, and won the Gold Tower Award in December.
2018	The Company ranked in the 6%-20% tier among TPEX-listed companies during the fourth Corporate Governance Evaluation in April 2017 year.
	Passed certification for the revised version of ISO 14001:2015 - Environmental Management System in May.
	The Company’s 2017 greenhouse gas survey passed validation for ISO 14064-1 in May.
	Received an Excellence Award for TPM Individual Improvement from CTPM in June.
	The Company published its third 2017 CSR report in July, which was validated to conform with AA1000 ASy:2008 Assurance Standard Type 1 and GRI G4 core requirements.
	Passed certification for the revised version of IATF 16949 and ISO 9001:2015 in September.
	Won “Silver” in the Corporate Sustainability Report Awards - IT & IC Manufacturing during the 11th TCSA in October.
	Won the 2018 BSI Sustainability Excellence Award in November.
	Participated in the 31st Taiwan Continuous Improvement Award, and won the Gold Tower Award in November. The Hanoi Plant of GSK Vietnam Co., Ltd. passed certification for the revised version of IATF 16949 and ISO 9001:2015 in December.
2019	The Company ranked in the 6%-20% tier among TPEX-listed companies during the fifth Corporate Governance Evaluation in April 2018 year.
	Passed certification for CNS 45001 and ISO 45001:2018 - Occupational Health and Safety Management System in May.
	The Company’s 2018 greenhouse gas survey passed validation for ISO 14064-1 in May.
	Passed certification for the revised version of ISO 50001:2018 in August.
	The Company published its fourth 2018 CSR report in August, which was validated to conform with AA1000 AS:2008 Assurance Standard Type 1 and GRI Sustainability Reporting Standards core requirements.
	Won “Silver” in the Corporate Sustainability Report Awards - IT & IC Manufacturing during the 12th TCSA in November.
	Won the 2019 BSI Sustainability Excellence Award in November.
	Participated in the 32nd Taiwan Continuous Improvement Award, and won the Gold Tower Award - 1 Star in November.

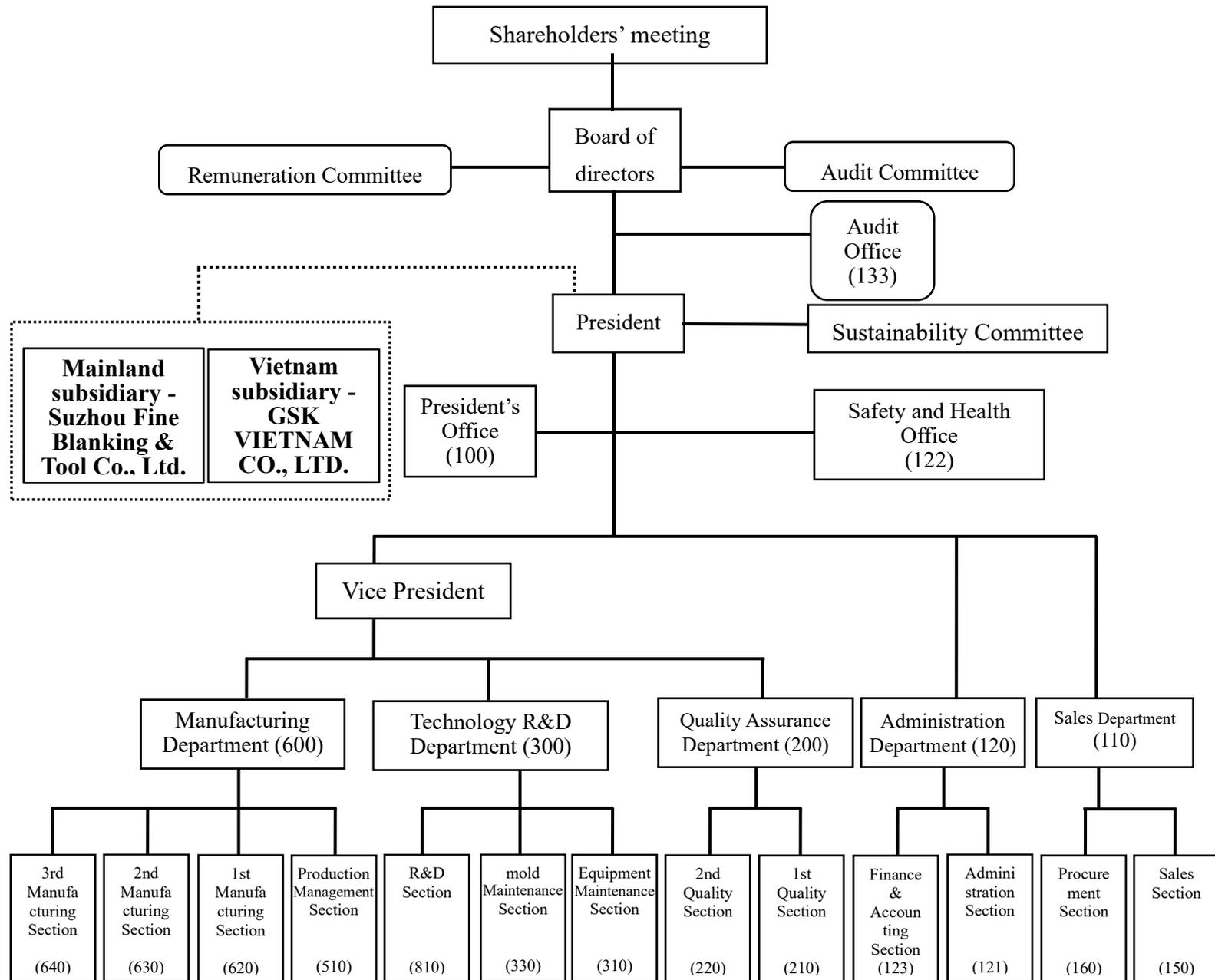
Year	Description
2020	The Company ranked in the 6%-20% tier among TPEX-listed companies during the sixth Corporate Governance Evaluation in April .
	The Company’s 2019 greenhouse gas survey passed validation for ISO 14064-1 in May.
	Assembled the first Audit Committee in June.
	The Company published its fifth 2019 CSR report in August, which was validated to conform with AA1000 AS:2018 Assurance Standard Type 1 and GRI Sustainability Reporting Standards core requirements.
	Passed certification for ISO 14051 - Material Flow Cost Accounting (MFCA) in November.
	Won “Silver” in the Corporate Sustainability Report Awards - Conventional Manufacturing during the 13th TCSA in November.
	Won the 2020 BSI Sustainability Resilience Pilot Award in November.
	Participated in the 33rd Taiwan Continuous Improvement Award - Self-improvement Division, and won the Gold Tower Award in November.
	Founded the “FBT Safety and Health Circle” in December at the suggestion of the Changhua County Government Department of Labor Affairs.
2021	The Company ranked in the 6%-20% tier among TPEX-listed companies during the seventh Corporate Governance Evaluation in April .
	The Company’s 2020 greenhouse gas survey passed validation for ISO 14064-1:2018 in April.
	The Company published its sixth 2020 CSR report in July, which was validated to conform with AA1000 AS:2008 Assurance Standard Type 1 and GRI Sustainability Reporting Standards core requirements.
	Won “Silver” in the Corporate Sustainability Report Awards - Conventional Manufacturing during the 14th TCSA in November.
	Won the 2021 BSI Sustainability Resilience Pilot Award in November.
	Participated in the 34th Taiwan Continuous Improvement Award - Self-improvement Category, and won the Silver Tower Award in December.
2022	GSK Vietnam Co., Ltd. began phase three plant construction in northern Vietnam in March.
	The Company’s 2021 greenhouse gas survey passed validation for ISO 14064-1:2018 in April.
	The Company ranked in the 6%-20% tier among TPEX-listed companies during the eighth Corporate Governance Evaluation in April .
	In May 2021, the climate-related financial disclosure (TCFD) report was verified as Level-5: excellent level.
	The Company published its seventh 2021 CSR report in July, which was validated to conform with AA1000 v3 Assurance Standard Type 1 and GRI Sustainability Reporting Standards core requirements.
	Won “Silver” in the Corporate Sustainability Report Awards - Conventional Manufacturing during the 15th TCSA in November.
	Won the 2022 BSI Sustainability Resilience Pilot Award in November.
	Participated in the 35rd Taiwan Continuous Improvement Award - Self-improvement Division, and won the Gold Tower Award in December.
2023	The Company ranked in the 6%-20% tier among TPEX-listed companies during the ninth Corporate Governance Evaluation in April.

- 2.2.2. Mergers, acquisitions, investments in affiliated enterprises, and restructuring that took place in the last year and up until the publication date of the annual report: None.
- 2.2.3. Major transfers or changes of shareholding by directors, supervisors, or shareholders with more than 10% ownership interest: None.
- 2.2.4. Major changes in management, business model, or business activities and other matters that are material to shareholders or the Company (e.g. occurrences in earlier years that are material to stakeholders' understanding of the Company): None.

### III. Corporate Governance Report

#### 3.1 Organization.

##### 3.1.1 Organization Chart



### 3.1.2 Responsibilities of main departments

Main department	Responsibilities
President's Office	<ul style="list-style-type: none"> <li>A. Overseeing of all management affairs of the Company.</li> <li>B. Setting and execution of operational goals.</li> <li>C. Establishment and execution of the enterprise resource planning (ERP) system and integration of digitalized processes.</li> <li>D. Information and communication safety promotion, coordination, supervision, and review of information and communication safety management matters.</li> <li>E. Management of overseas investments.</li> <li>F. Promote various improvement activities.</li> <li>G. Planning and maintenance of the internal control system</li> </ul>
Audit Office	<ul style="list-style-type: none"> <li>A. Establishment, follow-up, and inspection of the internal audit system.</li> </ul>
Safety and Health Office	<ul style="list-style-type: none"> <li>A. Establishment of occupational hazard prevention programs and supervision of related departments.</li> <li>B. Planning and supervision of worker safety, worker safety training, and safety and health facility inspections across departments.</li> <li>C. Supervision of operational environment testing and environmental safety and health improvements.</li> <li>D. Waste removal and management.</li> <li>E. Plan worker health checkup, implement health management, and promote health promotion activities.</li> <li>F. Preparation of greenhouse gas emission inventory (including the reporting boundary and organizational boundary) and report.</li> </ul>
Sales Department	<ul style="list-style-type: none"> <li>A. Planning of new products and coordination of new product development.</li> <li>B. Establishment of sales plans and coordination with production units.</li> <li>C. Sales execution, collection management, and statistical analysis.</li> <li>D. Pre-sale and after-sale service.</li> <li>E. Expansion of the global sales network and gathering and analysis of business intelligence.</li> <li>F. Overseeing of raw material purchase, outsourced processing, subcontractor management, payment arrangement, and safety and health requirements in procurement; ensuring compliance of the procurement process</li> </ul>
Administration Department	<ul style="list-style-type: none"> <li>A. Human resources planning; establishment and implementation of personnel management system.</li> <li>B. Establishment and execution of administration and general affairs systems.</li> <li>C. Financial planning, capital management, and funding.</li> <li>D. Budget planning and shareholder services.</li> <li>E. Establishment and execution of bookkeeping, account closure, and taxation systems.</li> <li>F. Auditing, supervision, and guidance of financial and accounting affairs in overseas subsidiaries.</li> </ul>
Quality Assurance Department	<ul style="list-style-type: none"> <li>A. Responsible for assuring the quality of products made.</li> <li>B. Quality testing in new product development.</li> <li>C. Investigation of causes of defects and determining of accountability.</li> <li>D. Inspection and record-keeping of purchased materials, production procedures, and finished products; application of statistical techniques.</li> <li>E. The Company reserves the right to stop shipping and production in case of abnormal product quality in order to correct the quality problem.</li> </ul>

Main department	Responsibilities
Technology R&D Department	<ul style="list-style-type: none"> <li>A. Responsible for mold design, manufacturing, and maintenance.</li> <li>B. Construction outsourcing, work supervision, and control.</li> <li>C. Tracking and auditing of maintenance quality and construction progress.</li> <li>D. Execution of factory power management, equipment maintenance, and machinery maintenance.</li> <li>E. Implementation of energy conservation and efficiency enhancement tasks according to the energy management system improvement program.</li> <li>F. Supply management, equipment troubleshooting and maintenance, equipment inspection, and trial-run and inspection of new equipment.</li> <li>G. New plant construction, procedure changes, and power allocation planning.</li> <li>H. Product packaging design, establishment of standard work hours, and establishment of engineering criteria for new products.</li> <li>I. Understanding of future product technologies and market trends.</li> <li>J. Research, design, and development of high-end product technologies, and understanding of integrated product technologies.</li> <li>K. Support for new product and software and hardware-developing technologies; business management in new product development.</li> <li>L. Technical guidance and product improvement for upstream vendors.</li> <li>M. Assistance for overseas subsidiaries with product R&amp;D in early stages and ensuring customers' trust in the Company's products for alignment with overall plans.</li> <li>N. Planning of TPS "Production Preparation Processes," such as engineering planning, equipment planning, basic planning, equipment purchase, testing, engineering preparation, official production, and preliminary flow control; implementation of TPS "Production Preparation Process" tasks.</li> </ul>
Manufacturing Department	<ul style="list-style-type: none"> <li>A. Ensuring that finished goods and raw materials are properly stored according to customers' requirements.</li> <li>B. Overseeing of raw materials, product packaging, property management, and progress of outsourced processing.</li> <li>C. Overseeing of raw material availability and shipping at factory sites.</li> <li>D. Responsible for detailed planning of product manufacturing, and executions.and after-sale maintenance.</li> </ul>

## 3.2 Directors and Management Team

### 3.2.1 Director Information(I)

March 31,2023

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	R.O.C	Chiuan-Dau INVESTMENT Co., Ltd	(N/A)	06/18/2020	3	06/27/2008	4,906,668	6.49%	6,104,668	8.07%	0	0	0	0	(N/A)	None	None	None	None
	R.O.C	Chiuan-Dau INVESTMENT Co., Ltd. Representative: Chung-Yi Wu	Male 61~70 years old	06/18/2020	3	07/30/1998 Newly appointed director	1,310,631	1.73%	1,310,631	1.73%	135,024	0.18%	0	0	(Note : A)	(Note : A)	Director	Yu-Mei Wu	brother and sister
Director	R.O.C	Chiuan-Tai INVESTMENT CORP.	(N/A)	06/18/2020	3	03/05/1988	14,462,693	19.11%	14,462,693	19.11%	0	0	0	0	(N/A)	None	None	None	None
	R.O.C	Chiuan-Tai INVESTMENT CORP. Representative: Chung-Ming Wu	Male 51~60 years old	06/18/2020	3	06/23/2014	56,379	0.07%	58,379	0.08%	0	0	0	0	(Note : B)	(Note : B)	None	None	None

Note : A.Chairman: Chiuan-Dau INVESTMENT Co., Ltd. Representative:Chung-Yi Wu

Experience ( Education ) : U.S.A in the University of California, Los Angeles Business Seminar Program

●Chairman, FINE BLANKING & TOOL CO., LTD. ●Chairman, ALL TRY CORPORATION ●Chairman, GSK Autotech & Furniture ●Chairman, SHIN SAN SHING CO., LTD.

●Chairman, Chiuan-Tai INVESTMENT CORP ●Chairman, GSK INVESTMENT DEVELOPMENT CORP. ●Chairman, GSK CORPORATION

●Independent Director, GIANT MANUFACTURING CO., LTD.

Other Position : ●Chairman, FINE BLANKING & TOOL CO., LTD. ●Chairman, ALL TRY CORPORATION ●Chairman, GSK Autotech & Furniture

●Chairman, SHIN SAN SHING CO., LTD. ●Chairman, Chiuan-Tai INVESTMENT CORP ●Chairman, GSK INVESTMENT DEVELOPMENT CORP. ●Chairman, GSK CORPORATION

●Director, GSK Technologies Inc. ●Director, GSK INTEK CO., LTD. ●Director, OFIS INTERNATIONAL CO., LTD. ●Director, Chiuan-Dau INVESTMENT Co., Ltd.

Note : B. Director :Chiuan-Tai INVESTMENT CORP. Representative: Chung-Ming Wu

Experience ( Education ) : Xin-Pu Industrial College.

●Director and General manager, FINE BLANKING & TOOL CO., LTD. ●Director and General manager, GSK VIETNAM CO., LTD. ●Chairman, Suzhou Fine Blanking & Tool Co., Ltd.

●Executive Director, SUPERIORITY ENTERPRISE CORP ●Executive Director, Propitious International Inc.

Other Position :

●Director and General manager, FINE BLANKING & TOOL CO., LTD. ●Director, GSK VIETNAM CO., LTD. , ●Chairman, Suzhou Fine Blanking & Tool Co., Ltd.

●Executive Director, SUPERIORITY ENTERPRISE CORP ●Executive Director, Propitious International Inc. ●Chairman, IDEA INVESTMENT Co., Ltd.

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	R.O.C	Chiuan-Tai INVESTMENT CORP	(N/A)	06/18/2020	3	03/05/1988	14,462,693	19.11%	14,462,693	19.11%	0	0	0	0	(N/A)	None	None	None	None
	R.O.C	Chiuan-Tai INVESTMENT CORP. Representative:Kuan-Hsing Wu	Male 41~50 years old	06/18/2020	3	06/27/2008	135,024	0.18%	135,024	0.18%	0	0	0	0	(Note : C)	(Note : C)	None	None	None
Director	R.O.C	GSK INVESTMENT DEVELOPMENT CORP.	(N/A)	06/18/2020	3	03/05/1988 Newly appointed supervisor 06/22/2011 Newly appointed director	10,352,725	13.68%	10,352,725	13.68%	0	0	0	0	(N/A)	None	None	None	None
	R.O.C	GSK INVESTMENT DEVELOPMENT CORP. Representative:Chung-Wuu Li	Male 61~70 years old	06/18/2020	3	12/27/1999 Newly appointed director 06/28/2002 Newly appointed supervisor 06/22/2011 Re-appointed director	28,948	0.04%	28,948	0.04%	0	0	0	0	(Note : D)	(Note : D)	None	None	None

Note : C.Director : Chiuan-Tai INVESTMENT CORP. Representative:Kuan- Hsing Wu

Experience ( Education ) : Dayeh University , Director and Head of Production Management, FINE BLANKING & TOOL CO., LTD.

Other Position : Director and General Manager's Office The High Commissioner, FINE BLANKING & TOOL CO., LTD.

Note : D.Director : GSK INVESTMENT DEVELOPMENT CORP. Representative:Chung-Wuu Li

Experience ( Education ) : U.S.A Virginia State University

●Chairman, GSK Technologies Inc. ●Chairman, Shanghai Yuxing Trading Co., td. ●Director and General Manager , GSK Corporation ●Director, FINE BLANKING & TOOL CO., LTD.

●Director, GSK VIETNAM CO., LTD.

Other Position :

●Chairman, GSK Technologies Inc. ●Chairman, Shanghai Yuxing Trading Co., td. ●Vice Chairman, GSK Corporation ●Director , FINE BLANKING & TOOL CO., LTD.

●Director , GSK VIETNAM CO., LTD. ●Supervisors, SHIN SAN SHING CO., LTD.

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Spouse & Minor Shareholding		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	R.O.C	Fu Yen Investment Co., Ltd.	(N/A)	06/18/2020	3	06/27/2001	774,510	1.02%	774,510	1.02%	0	0	0	0	(N/A)	None	None	None	None
	R.O.C	Fu Yen Investment Co., Ltd. Representative: Jui-Chang Lin	Male 61~70 years old	06/18/2020	3	07/30/1998	0	0	0	0	0	0	0	0	(Note : E)	(Note : E)	None	None	None
Director	R.O.C	Yu-Mei Wu	Female 61~70 years old	06/18/2020	3	06/28/2002 Newly appointed supervisor 06/27/2008 Newly appointed director 06/22/2011 Reappointed supervisor 06/18/2020 Re-appointed director	1,146,484	1.52%	1,146,484	1.52%	0	0	0	0	(Note : F)	(Note : F)	Chairman	Chung-Yi Wu	brother and sister

Note : E.Director :Fu Yen Investment Co., Ltd. Representative: Jui-Chang Lin

Experience ( Education ) : Soochow University Department of Accounting

● Chairman , Taiwan Fu Hsing Industrial Co., Ltd. ●Director, LAUNCH TECHNOLOGIES CO., LTD. ●Director, TAIFLEX Scientific Co., Ltd. ●Director, FINE BLANKING & TOOL CO., LTD.,

●Director, Advanced International Multitech Co.,Ltd.

Other Position :

●Chairman , Taiwan Fu Hsing Industrial Co., Ltd. (9924 TWSE) ●Legal representative of the director, FINE BLANKING & TOOL CO., LTD (4535 TPEX),

●Legal representative of the director, LAUNCH TECHNOLOGIES CO., LTD (8420 TPEX), ●Legal representative of the director, Advanced International Multitech Co.,Ltd. (8938 TPEX),

●Legal representative of the director, TAIFLEX Scientific Co., Ltd (8039 TWSE).

Note : F.Director :Yu-Mei Wu

Experience ( Education ) : Lizen High School

●Director, GSK Corporation ●Director, ALL TRY CORPORATION ●Director, GSK INTEK CO., LTD. ●Supervisors, FINE BLANKING & TOOL CO., LTD.  
●Supervisors, MEDCARE MANUFACTURING INC. ●Supervisors, GSK Autotech & Frurniture INC. ●Supervisors, GSK Technologies Inc.  
●Supervisors, Chiuan-Tai INVESTMENT CORP. ●Supervisors, GSK INVESTMENT DEVELOPMENT CORP.

Other Position :

●Director, GSK Corporation ●Director, ALL TRY CORPORATION ●Director, GSK INTEK CO., LTD. ●Director, FINE BLANKING & TOOL CO., LTD.  
●Supervisors, MEDCARE MANUFACTURING INC. ●Supervisors, GSK Autotech & Frurniture INC. ●Supervisors, GSK Technologies Inc. ●Supervisors, Chiuan-Tai INVESTMENT CORP.  
●Supervisors, GSK INVESTMENT DEVELOPMENT CORP.

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Spouse & Minor Shareholding		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	R.O.C	CHING YUAN INVEST MENT Co.,Ltd	(N/A)	06/18/ 2020	3	06/18/2020	514,000	0.68%	566,000	0.75%	0	0	0	0	(N/A)	None	None	None	None
	R.O.C	CHING YUAN INVEST MENT Co.,Ltd. Represent ative:Yen- Hsing Wu	Male  41~50 years old	06/18/ 2020	3	06/18/2020	221,187	0.29%	221,187	0.29%	0	0	0	0	(Note : G)	(Note : G)	Chairman	Chung- Yi Wu	Father and son
Independ ent Director	R.O.C	Chia-Chi Kuo	Female  51~60 years old	06/18/ 2020	3	06/23/2015	0	0	0	0	0	0	0	0	(Note : H)	(Note : H)	None	None	None

Note : G. Director :CHING YUAN INVESTMENT Co.,Ltd. Representative:Yen-Hsing Wu

Experience ( Education ) : Japan Waseda University The degree of Master of Arts in International

●Commissioner, GSK Information Department ●Sheraton Hotel FO ●Assistant to the Chairman of Kaiya Real Estate Co., Ltd ●GSK Operations Assistant ●GSK Operations General Assistant,  
●GSK Operations General Manager

Other Position:

●GSK System Chief Executive Officer ●Director, CHING YUAN INVESTMENT Co.,Ltd. ●Director, SUPERIORITY ENTERPRISE CORP ●Director, FINE BLANKING & TOOL CO., LTD.

Note : H.Independent Director: Chia-Chi Kuo

Experience ( Education ) : Accounting,National Taiwan University

●Gloria J. C. Kuo & Co., CPAs ●Independent Director, FINE BLANKING & TOOL CO., LTD. ●Independent Director, FORMOSA TAFFETA CO., LTD.  
●Director, ZONGTAI REAL ESTATE DEVELOPMENT CO., LTD.

Other Position:

●Gloria J. C. Kuo & Co., CPAs ●Independent Director, FINE BLANKING & TOOL CO., LTD. ●Independent Director, FORMOSA TAFFETA CO., LTD.  
●Director, ZONGTAI REAL ESTATE DEVELOPMENT CO., LTD.

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Spouse & Minor Shareholding		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director	R.O.C	Yi-Min Lin	Male	06/18/2020	3	06/18/2020	0	0	0	0	0	0	0	Master of Accounting, National Changhua University of Education FULL-GO & CO., CPAs	<ul style="list-style-type: none"> <li>●FULL-GO &amp; CO., CPAs ,</li> <li>●Independent Director, FINE BLANKING &amp; TOOL CO., LTD.</li> <li>●Supervisors, FLAVOR FULL FOODS INC. Supervisors</li> </ul>	None	None	None	
			51~60 years old																
Independent Director	R.O.C	Cheng-Shong Hong	Male	06/18/2020	3	06/18/2020	0	0	0	0	0	0	0	Ph.D., Electrical Engineering, National Cheng Kung University National Kaohsiung Normal University Professor, Department of Electronic Engineering ,	<ul style="list-style-type: none"> <li>●National Kaohsiung Normal University Professor, Department of Electronic Engineering ,</li> <li>●Independent Director, FINE BLANKING &amp; TOOL CO., LTD.</li> </ul>	None	None	None	
			61~70 years old																

Note :

1. President or manager of the highest equivalent grade being the same person as or a spouse or first-degree relative of the Chairman: **None**.
2. An Audit Committee was set up following the re-election of directors on 6/18/2020, hence no supervisor information is available.

Major shareholders of the institutional shareholders

March 31,2023

Name of Institutional Shareholders	Major Shareholders
Chiuan-Tai INVESTMENT CORP.	GSK INVESTMENT DEVELOPMENT CORP. (42.4%), WEI-LI WU (16.4%),CHING YUAN INVESTMENT Co.,Ltd. (16.38%), GSK CORPORATION (12.07%),MEDCARE MANUFACTURING INC. (3.93%)
GSK INVESTMENT DEVELOPMENT CORP.	CHING YUAN INVESTMENT Co., Ltd. (19.99%), HE HSING INVESTMENT LTD. (19.99%),WEI-LI WU (13.48%), GSK CORPORATION (11.15%),HE JU INVESTMENT LTD. (10.04%), YEN-HSING WU (8.5%) MEDCARE MANUFACTURING INC. (6.15%), TZU-YU WU YEN (4.9%)
Chiuan-Dau INVESTMENT Co., Ltd.	Caribbean Holding Universal Limited(98.86%),CHUNG -YI WU (1.14%)
Fu Yen Investment Co., Ltd.	Fu Syun Investment Co.,Ltd (45.75%),Hong Cheng Investment Co.,Ltd (16.77%),Lian Guang Investment Co.,Ltd (13.66), Sheng You Investment Co.,Ltd (10.43%),Sheng You Investment Co.,Ltd (7.33%), Yuan Sheng International Investment Co.,Ltd (3.43%),JIAN-KUN CHEN (2.63%)
CHING YUAN INVESTMENT Co., Ltd.	YEN-HSING WU (100%)

**Major shareholders of the Company's major institutional shareholders**

March 31,2023

Name of Institutional Shareholders	Major Shareholders
GSK CORPORATION	GSK INVESTMENT DEVELOPMENT CORP.(54.23%), Chiuan-Tai INVESTMENT CORP.(24.80%), CHING YUAN INVESTMENT Co., Ltd.(5.49%), WEI-LI WU (4.16%),Chiuan-Dau INVESTMENT Co., Ltd.(4.11%)
MEDCARE MANUFACTURING INC.	GSK INVESTMENT DEVELOPMENT CORP. (45.45%), Chiuan-Tai INVESTMENT CORP. (27.27%), WEI-LI WU (18.33%),ZENTAKU KOGYO COMPANY (3.05%)
HE HSING INVESTMENT LTD.	ALEXIS HOLDINGS CORPORATION(100%)
Caribbean Holding Universal Limited	Caribbean Technology Investment Fund.
HE JU INVESTMENT LTD.	YU-MEI WU(100%)
Fu Syun Investment Co.,Ltd	JUI-PI CHANG,(34%),TZU-HSIEN LIN(34%), TZU-YANG LIN(29%),JUI-CHANG LIN(3%)
Lian Guang Investment Co.,Ltd	WEN-SHING LIN(22%),MEI-HUI HSU(20%), CHIH-CHENG LIN(29%),CHIH-YU LIN(29%)
Hong Cheng Investment Co.,Ltd	LI-WEN LIN YI(39%),CHAO-HUNG LIN(38%), SHAO-CHIEN LIN(15%),SHAO-CHIEH LIN(8%)
Sheng You Investment Co.,Ltd	MIAO-CHEN LIN(5%),TENG-TSAI LIN(59%), CHIH-WEI LIN(14%),PING-KUAN LIN(14%),CHIH-NING LIN(8%)
Deli International Investment Co.,Ltd	MIAO-YIN LIN(21%),CHEN-YAO CHEN(20%),SZU-CHIN CHEN(30%),SZU-KAI CHEN(29%)
Yuan Sheng International Investment Co.,Ltd	SU-YAN LIN(25%),YUAN-SHEN WU(25%),YI-HSIN WU(25%), SHU-HAO WU(25%)

### 3.2.1 Director Information(II)

#### 3.2.1.1 Professional qualifications and independence analysis of directors :

Name	Criteria	Professional Qualification and Experience	Independent Directors' Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
Chairman, Chiuan-Dau INVESTMENT Co., Ltd. Representative: Chung-Yi Wu	<ul style="list-style-type: none"> <li>● Required work experience in commerce, law, finance, accounting or other fields required by the business of the company Professional qualifications and Experience this Annual Report 3.2.1 Director Information( I ) ( pages 15-19 )</li> <li>● None of the directors had any of the conditions stated in Article 30 of The Company Act (Note 1)</li> </ul>		(N/A)	None
Director, Fu Yen Investment Co., Ltd. Representative: Jui-Chang Lin				None
Director, Chiuan-Tai INVESTMENT CORP. Representative: Chung-Ming Wu				None
Director, Chiuan-Tai INVESTMENT CORP. Representative: Kuan- Hsing Wu				None
Director, GSK INVESTMENT DEVELOPMENT CORP. Representative: Chung-Wuu Li				None
Director, Yu-Mei Wu				None
Director, CHING YUAN INVESTMENT Co.,Ltd. Representative: Yen-Hsing Wu				None
Independent Director, Chia-Chi Kuo	<p>All of the following situations apply to each and every of the Independent Directors:</p> <ol style="list-style-type: none"> <li>1. Satisfy the requirements of Article 14-2 of "Securities and Exchange Act" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" (Note 2) issued by Taiwan's Securities and Futures Bureau</li> <li>2. Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any FBT shares</li> <li>3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service"</li> </ol>	1		
Independent Director, Yi-Min Lin		None		
Independent Director, Cheng-Shong Hong		None		

Note 1: A person shall not act in a management capacity for a company, and if so appointed, must be immediately discharged if they have been:

1. Convicted for a violation of the Statutes for the Prevention of Organizational Crimes and: has not started serving the sentence; has not completed serving the sentence; or five years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
2. Convicted for fraud, breach of trust or misappropriation, with imprisonment for a term of more than one year, and: has not started serving the sentence; has not completed serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
3. Convicted for violation of the Anti-Corruption Act, and: has not started serving the sentence; has not completed serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
4. Adjudicated bankrupt or adjudicated to commence a liquidation process by a court, and having not been reinstated to his or her rights and privileges;
5. Sanctioned for unlawful use of credit instruments, and the term of such sanction has not expired yet;
6. if she/he does not have any or limited legal capacity; or
7. if she/he has been adjudicated to require legal guardianship and such requirement has not been revoked yet

- Note 2:
1. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.
  2. Not serving concurrently as an independent director on more than three other public companies in total.
  3. During the two years before being elected and during the term of office, meet any of the following situations:
    - (1) Not an employee of the company or any of its affiliates;
    - (2) Not a director or supervisor of the company or any of its affiliates;
    - (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
    - (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs(2) and (3);
    - (5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law;
    - (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;
    - (7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent);
    - (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company; and
    - (9) Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT\$500,000". Board Diversity and Independence TSMC establishes the "Guidelines for Nomination of Directors" that set out the procedures and criteria for the no

### **3.2.1.2. Board Diversity and Independence :**

#### **3.2.1.2.1. Board Diversity**

According to Article 20 of the Company's "Corporate Governance Code of Conduct," members of the board of directors are required to possess the knowledge, skills, and characters needed to perform their duties.

For ideal corporate governance, the board of directors as a whole shall possess the following capacities:

1. Operational judgment.
2. Accounting and financial analysis.
3. Business administration.
4. Crisis management.
5. Industry knowledge.
6. Global market vision.
7. Leadership.
8. Decision making.

Furthermore, director candidates are selected according to the diversity guidelines while taking into consideration the Company's business model and specific requirements, including but not

limited to gender, age, ethnicity, language, cultural background, education, industry experience, and professional experience.

The board of directors has been structured based on the Company's size and major shareholders' shareholding position. It is stated in the Articles of Incorporation that there should be seven to eleven director seats, adjustable depending on the Company's practical requirements.

Composition of the board members should consider diversity in a manner that supports the Company's operations, business activities, and growth requirements, provided that the number of directors who concurrently hold managerial positions does not exceed one-third of the board. The diversification policy should include, without being limited to, the following two principles:

1. Background and values: Gender, age, nationality, culture etc.
2. Knowledge and skills: Professional background (e.g. law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

### **Implementation of diversity criteria**

The Company has specified in the Articles of Incorporation that directors are to be elected using the candidate nomination system in accordance with Articles 30 and 192-1 of The Company Act. The board of directors has been structured based on the Company's size and major shareholders' shareholding position. It is stated in the Articles of Incorporation that there should be seven to eleven director seats, adjustable depending on the Company's practical requirements.

The current board comprises 10 directors (including 3 independent directors) with different genders, ages, professional knowledge, and backgrounds that conform with the diversity criteria. Board members have extensive experience and expertise in terms of business administration, leadership, decision-making, industry knowledge, finance, accounting, and marketing. The Company values the financial and accounting expertise of its board members, and aims to have 30% of board members specialized in this area; out of the 10 existing board members, 5 possess professional background and experience in accounting, representing 50% of the board members. The Company also values gender equality among board members, and aims to have female directors make up at least 20% of the board; out of the 10 existing board members, 2 are female, representing 20% of the board members. The Company has set goals to keep the number of directors with concurrent management roles below one-third; out of the 10 existing board members, 2 hold concurrent positions as employees of the Company, representing 20% of the board members. The relevant implementation is summarized in the chart on the page 26:

#### **3.2.1.2.2. Board independence**

All directors of the Company have been elected in accordance with the Company's "Articles of Incorporation," "Directors Election Policy," "Corporate Governance Code of Conduct," and "Independent Director Responsibility Principles" and Article 14-2 of the Securities and Exchange Act. In 2006, the Company introduced a candidate nomination system and a cumulative voting system for all independent and non-independent directors, and encouraged shareholders' participation by allowing shareholders with more than a certain ownership percentage to nominate candidates. Each candidate is subjected to an eligibility review, and each director is required to sign a Nominee Statement to declare that they are free of the conditions listed in Article 30 of The Company Act. The nomination proceeds entirely in compliance with laws and is announced to the public to prevent abuse of the nomination system, and thereby protect shareholders' interest. Furthermore, each director is handed a list of important guidelines

that they are required to obey (e.g.: the Director/Supervisor Compliance Manual, Notes on Securities Market Regulations for Directors, Supervisors and Major Shareholders of TWSE Listed Companies, Independent Director Compliance Manual etc.) when they assume office to keep them informed of relevant rights and responsibilities.

The board of directors provides guidance for corporate strategies, exercises supervision over the management, and is held responsible to shareholders. The board exercises its authorities in accordance with the Company's "Articles of Incorporation," "Corporate Governance Code of Conduct," "Board of Directors Conference Policy," "Ethical Behavior Guidelines for Directors and Managers," "Ethical Corporate Management Best-Practice Principles," shareholders' meeting resolutions, and relevant laws. In terms of composition, the current board of directors has 3 independent directors representing 30% of the board and 7 non-independent directors representing 70% of the board. Although 3 of the directors have relationships characterized as within the second degree of kinship to each other, the board persistently evaluates the independence of individual directors while taking into account all relevant factors, including whether directors are able to offer constructive criticism to the management and other directors, whether the viewpoints expressed are independent from the management or other directors, and whether their behavior within and outside board meetings is appropriate. Independent, non-standing directors of the Company have acted within expectations under appropriate circumstances. The board places great emphasis on independence and transparency; both independent and non-independent directors exercise authority in their own separate capacity.

The Company has established a board performance evaluation system and conducts internal board self-assessments, director self-assessments, and functional committee self-assessments once a year. The outcomes of the evaluation are presented to the board of directors and subsequently disclosed in the Company's annual report and website.

Implementation of the Diversity Policy for Board Members

Diversity criteria  Director Name	Basic composition							Operational management	Leadership & decision- making	Industry knowledge	Financial accounting	Marketing	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
	Gender	Concurrent employment at the Company	Age distribution			Independent Director Term/years of service							Title	Name	Relation
			41 - 50	51 - 60	61 - 70	Under 3 years	4-8 Years								
Chairman Chung -Yi Wu	Male				V			V	V	V		V	Director	Yu-Mei Wu	brother and sister
													Director	Yen-Hsing Wu	Father and son
Director Chung-Ming Wu	Male	V		V				V	V	V		V			
Director Kuan- Hsing Wu	Male	V	V					V	V	V					
Director Jui-Chang Lin	Male				V			V	V	V	V	V			
Director Hung-Wuu Li	Male				V			V	V	V		V			
Director Yu-Mei Wu	Female				V			V	V	V	V		Chairman	Chung -Yi Wu	brother and sister
Director Yen-Hsing Wu	Male		V					V	V	V			Chairman	Chung -Yi Wu	Father and son
Independent Director Chia-Chi Kuo	Female			V			V	V	V		V				
Independent Director Yi-Min Lin	Male			V		V		V	V		V				
Independent Director Cheng-Shong Hong	Male				V	V					V				

### 3.2.2 Management Team

March 31, 2023

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	ROC	Chung-Ming Wu	Male	09/01/2012	58,379	0.08%	0	0	0	0	Xin-Pu Industrial College. Director and General manager, GSK VIETNAM CO., LTD. ,	<ul style="list-style-type: none"> <li>●Director and General manager, FINE BLANKING &amp; TOOL CO., LTD.</li> <li>●Director and General manager, GSK VIETNAM CO., LTD. ,</li> <li>●Chairman, Suzhou Fine Blanking &amp; Tool Co., Ltd.</li> <li>●Executive Director, SUPERIORITY ENTERPRISE CORP</li> <li>●Executive Director, Propitious International Inc.</li> </ul>	None	None	None
Vice President	ROC	Chin-Tsu Hsieh	Male	11/12/2013	7,000	0.01%	0	0	0	0	Department of Mechanical Engineering, Taichung Municipal Dongshih Industrial High School. General Manager of GSK (China)	<ul style="list-style-type: none"> <li>●Director, SUPERIORITY ENTERPRISE CORP</li> <li>●Director, Suzhou Fine Blanking &amp; Tool Co., Ltd.</li> </ul>	None	None	None
Assistant Manager of the President's Office and Acting Spokesperson/ Cybersecurity Officer	ROC	Chun Chieh Lin (Note 2)	Male	04/01/2014	0	0	0	0	0	0	Department of Management and Information, National Open University. Senior Specialist and Deputy Manager of the R&D Department, and Deputy Manager of the Sales Department of the Company	None	None	None	None

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Manager of the Sales Department	ROC	Neng-Tang Chou	Male	10/03/2012	4,573	0.01%	0	0%	0	0	Department of Industrial Engineering, Shu-Teh Junior College of Technology and Commerce. Chief of the Quality Assurance Section and Deputy Manager of the Quality Assurance Department of the Company	None	None	None	None
Manager of the Quality Assurance Department	ROC	Ming-Hsing Lin	Male	06/01/2019	17,844	0.02%	0	0	0	0	Department of Mechanical Engineering, Chienkuo Industrial Junior College. Chief of the Engineering Section, Manager of the Quality Assurance Department, and Manager of the Technology Department of the Company	None	None	None	None
Manager of the Technology R & D Department	ROC	Jung-Feng Wu	Male	03/26/2009	6,264	0.01%	3,631	0.005%	0	0	Department of Engineering Management, United College of Technology and Commerce. Head of the Production Management Section and Manager of the Production Management Department of the Company	None	None	None	None
Manager of the Manufacturing Department	ROC	Chia-Che Chang	Male	10/03/2012	0	0	0	0	0	0	Department of Mechanical Engineering, Feng Chia University. Head of the Manufacturing Section and Senior Specialist of the President's Office of the Company	None	None	None	None
Manager of the Administration Department and Spokesperson	ROC	Mei-Niang Liu	Female	03.28.2008	3,081	0.0041%	0	0	0	0	Master of International Business Management, Da-Yeh University. Senior Specialist of the President's Office and Chief of the Administration Office of the Company	<ul style="list-style-type: none"> <li>•Supervisors, GSK VIETNAM CO., LTD.</li> <li>•Director, SUPERIORITY ENTERPRISE CORP</li> </ul>	None	None	None

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chief Internal Auditor	ROC	Pei-Jung Wu	Female	05.04.2021	0	0	0	0	0	0	Department of Finance and Banking, Shih Chien University. Chief Internal Auditor of Tait Marketing & Distribution Co., Ltd. and CUB Elecparts Inc.	None	None	None	None
Corporate Governance Officer	ROC	Ya-Ling Huang (Note 2)	Female	03.06.2023	0	0	0	0	0	0	Department of Business Administration, National Open Colleague of Continuing Education Affiliated to Taichung University of Science and Technology  Chief and Vice Section Chief, Finance and Accounting Section of the Company	None	None	None	None

Note : (1).Financial and accounting affairs are handled by separate and independent sub-divisions under the Administration Department.

(See the organization chart for details)

(2).On March 6, 2023, the Board of Directors approved the appointment of the new Corporate Governance Officer, Ya-Ling Huang, and the new Cybersecurity Officer, to the Assistant Manager in the President's Office, Jun-Jie Lin.

(3).President or manager of the highest equivalent grade being the same person as or a spouse or first-degree relative of the Chairman: **None**.

### 3.3 Compensation paid to directors, the President, and vice presidents in the last year

#### 3.3.1. The salary paid to Remuneration of Directors and Independent Directors in the most recent year

##### 1. Remuneration of Directors and Independent Directors

Unit: NT\$ thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees						Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or parent company (Note 1)		
		Base Compensation (A)		pension contribution (B)		Directors Compensation(C)(Note2)		Allowances (D)				Salary, Bonuses, and Allowances (E)		pension contribution (F)		Employee Compensation (G)						
		The company	All companies in the consolidated financial	The company	Companies in the consolidated financial	The company	Companies in the consolidated financial	The company	Companies in the consolidated financial	The company	Companies in the consolidated financial	The company	Companies in the consolidated financial	The company	Companies in the consolidated financial	Cash	Stock	Cash	Stock		The company	Companies in the consolidated financial
Chairman	Chiuan-Dau INVESTMENT Co., Ltd. Representative: Chung -Yi Wu	4,626	4,626	0	0	3,605	3,605	42	42	3.88%	3.88%	0	0	0	0	0	0	0	0	3.88%	3.88%	None
Director	Fu Yen Investment Co., Ltd. Representative: Jui-Chang Lin	0	0	0	0	1,200	1,200	42	42	0.58%	0.58%	0	0	0	0	0	0	0	0	0.58%	0.58%	None
Director	Chiuan-Tai INVESTMENT CORP. Representative: Chung-Ming Wu	0	0	0	0	2,200	2,200	42	42	1.05%	1.05%	2,603	2,603	0	0	1,166	0	1,166	0	2.82%	2.82%	None
Director	Chiuan-Tai INVESTMENT CORP. Representative: Kuan- Hsing Wu	0	0	0	0	800	800	42	42	0.39%	0.39%	647	647	32	32	80	0	80	0	0.75%	0.75%	None
Director	GSK INVESTMENT DEVELOPMENT CORP. Representative: Chung-Wuu Li	0	0	0	0	1,200	1,200	42	42	0.58%	0.58%	0	0	0	0	0	0	0	0	0.58%	0.58%	None
Director	Yu-Mei Wu	0	0	0	0	800	800	42	42	0.39%	0.39%	0	0	0	0	0	0	0	0	0.39%	0.39%	None
Director	CHING YUAN INVESTMENT Co.,Ltd. Representative: Yen-Hsing Wu	0	0	0	0	800	800	42	42	0.39%	0.39%	0	0	0	0	0	0	0	0	0.39%	0.39%	None

Unit: NT\$ thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or parent company (Note 1)
		Base Compensation (A)		pension contribution (B)		Directors Compensation(C)(Note 2)		Allowances (D)				Salary, Bonuses, and Allowances (E)		pension contribution (F)		Employee Compensation (G)						
		The company	All companies in the consolidated financial	The company	Companies in the consolidated financial	The company	Companies in the consolidated financial	The company	Companies in the consolidated financial	The company	Companies in the consolidated financial	The company	Companies in the consolidated financial	The company	Companies in the consolidated financial	The company		Companies in the consolidated financial		The company	Companies in the consolidated financial	
																Cash	Stock	Cash	Stock			
Independent Director Chia-Chi Kuo	Chia-Chi Kuo	396	396	0	0	0	0	77	77	0.22%	0.22%	0	0	0	0	0	0	0	0	0.22%	0.22%	None
Independent Director Chia-Chi Kuo	Yi-Min Lin	396	396	0	0	0	0	77	77	0.22%	0.22%	0	0	0	0	0	0	0	0	0.22%	0.22%	None
Independent Director Chia-Chi Kuo	Cheng-Shong Hong	396	396	0	0	0	0	77	77	0.22%	0.22%	0	0	0	0	0	0	0	0	0.22%	0.22%	None

1. The policy, system, standards, and structure by which independent and non-independent director compensation is paid, and the association between the amount paid and directors' responsibilities, risks, and time committed:  
(1) According to the Company's "Director Remuneration and Employee Remuneration Allocation Policy": independent directors are paid NT\$25,000 per month per person, and an additional NT\$8,000 per month per person for assuming a concurrent role as Remuneration Committee member, regardless of profitability.  
(2) According to the Company's Articles of Incorporation, director remuneration may not exceed 5% of the profit before tax, employee remuneration, and director remuneration. According to the Company's "Director Remuneration and Employee Remuneration Allocation Policy, the board of directors makes annual allocations of remuneration at no more than 5% of the current year's earnings, after taking into consideration the uncertainties and risks associated with future operations. The allocated amount of remuneration is reviewed by the Remuneration Committee at the end of the year and subsequently presented to the board of directors; the board then approves the final sum after evaluating the uncertainties and risks associated with future operations, and allocates it to individual directors based on the level of contribution to the Company's performance. Independent directors are not entitled to director remuneration allocated from the annual profit.

2. Compensation received by directors for providing services to any company included in the financial statements in the last year (e.g. consultancy services without the title of an employee), except those disclosed in the above table: None.

Note: (1) Represents pension contribution required by laws.

**Range of Remuneration**

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements (I)
Less than NT\$ 1,000,000	Chiuan-Tai INVESTMENT CORP. Representative: Kuan- Hsing Wu CHING YUAN INVESTMENT Co., Ltd. Representative: Yen-Hsing Wu Yu-Mei Wu, Chia-Chi Kuo, Yi-Min Lin, Cheng-Shong Hong	Chiuan-Tai INVESTMENT CORP. Representative: Kuan- Hsing Wu CHING YUAN INVESTMENT Co., Ltd. Representative: Yen-Hsing Wu Yu-Mei Wu, Chia-Chi Kuo, Yi-Min Lin, Cheng-Shong Hong	CHING YUAN INVESTMENT Co., Ltd. Representative: Yen-Hsing Wu Yu-Mei Wu, Chia-Chi Kuo, Yi-Min Lin, Cheng-Shong Hong	CHING YUAN INVESTMENT Co., Ltd. Representative: Yen-Hsing Wu Yu-Mei Wu, Chia-Chi Kuo, Yi-Min Lin, Cheng-Shong Hong
NT\$1,000,000 ~ NT\$1,999,999	Fu Yen Investment Co., Ltd. Representative: Jui-Chang Lin GSK INVESTMENT DEVELOPMENT CORP. Representative: Chung-Wuu Li	Fu Yen Investment Co., Ltd. Representative: Jui-Chang Lin GSK INVESTMENT DEVELOPMENT CORP. Representative: Chung-Wuu Li	Fu Yen Investment Co., Ltd. Representative: Jui-Chang Lin Chiuan-Tai INVESTMENT CORP. Representative: Kuan- Hsing Wu GSK INVESTMENT DEVELOPMENT CORP. Representative: Chung-Wuu Li	Fu Yen Investment Co., Ltd. Representative: Jui-Chang Lin Chiuan-Tai INVESTMENT CORP. Representative: Kuan- Hsing Wu GSK INVESTMENT DEVELOPMENT CORP. Representative: Chung-Wuu Li
NT\$2,000,000 ~ NT\$3,499,999	Chiuan-Tai INVESTMENT CORP. Representative: Chung-Ming Wu	Chiuan-Tai INVESTMENT CORP. Representative: Chung-Ming Wu	None	None
NT\$3,500,000 ~ NT\$4,999,999	None	None	None	None
NT\$5,000,000 ~ NT\$9,999,999	Chiuan-Dau INVESTMENT Co., Ltd. Representative: Chung -Yi Wu	Chiuan-Dau INVESTMENT Co., Ltd. Representative: Chung -Yi Wu	Chiuan-Dau INVESTMENT Co., Ltd. Representative: Chung -Yi Wu Chiuan-Tai INVESTMENT CORP. Representative: Chung-Ming Wu	Chiuan-Dau INVESTMENT Co., Ltd. Representative: Chung -Yi Wu Chiuan-Tai INVESTMENT CORP. Representative: Chung-Ming Wu
NT\$10,000,000 ~ NT\$14,999,999	None	None	None	None
NT\$15,000,000 ~ NT\$29,999,999	None	None	None	None
NT\$30,000,000 ~ NT\$49,999,999	None	None	None	None
NT\$50,000,000 ~ NT\$99,999,999	None	None	None	None
Greater than or equal to NT\$100,000,000	None	None	None	None
Total	10	10	10	10

### 3.3.2. The salary paid to Remuneration of the President and Vice Presidents in the most recent year

#### 1. Remuneration of the President and Vice Presidents

Unit: NT\$ thousands

Title	Name	Salary(A)		pension contribution (B)(Note1 )		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company (Note)
		The company	Companies in the consolidated financial	The company	Companies in the consolidated financial	The company	Companies in the consolidated financial statement	The company		Companies in the consolidated		The company	Companies in the consolidated financial	
								Cash	Stock	Cash	Stock			
President	Chung-Ming Wu	1,529	1,529	0	0	1,074	1,074	1,166	0	1,166	0	1.7663%	1.7663%	None
Vice President	Chin-Tsu Hsieh	1,113	1,113	70	70	598	598	700	0	700	0	1.1627%	1.1627%	None

Note : (1) Represents pension contribution required by laws.

Range of Remuneration

Range of Remuneration	Name of President and Vice Presidents	
	The company	Companies in the consolidated financial statements (E)
Less than NT\$ 1,000,000	None	None
NT\$1,000,000 ~ NT\$1,999,999	None	None
NT\$2,000,000 ~ NT\$3,499,999	Chin-Tsu Hsieh	Chin-Tsu Hsieh
NT\$3,500,000 ~ NT\$4,999,999	Chung-Ming Wu	Chung-Ming Wu
NT\$5,000,000 ~ NT\$9,999,999	None	None
NT\$10,000,000 ~ NT\$14,999,999	None	None
NT\$15,000,000 ~ NT\$29,999,999	None	None
NT\$30,000,000 ~ NT\$49,999,999	None	None
NT\$50,000,000 ~ NT\$99,999,999	None	None
Greater than or equal to NT\$100,000,000	None	None
Total	2	2

2. Names of managers who received employee remuneration

Unit: NT\$ thousands

	Title	Name	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Company officer	President	Chung-Ming Wu	0	1,166	1,166	0.5464%
	Vice President	Chin-Tsu Hsieh	0	700	700	0.3280%
	Deputy Manager of the President's Office and Acting Spokesperson	Chun Chieh Lin	0	2,069	2,069	0.9696%
	Manager of the Quality Assurance Department	Ming-Hsing Lin				
	Manager of the Sales Department	Neng-Tang Chou				
	Manager of the Manufacturing Department	Chia-Che Chang				
	Manager of the Technology R&D Department	Jung-Feng Wu				
	Manager of the Administration Department and Spokesperson	Mei-Niang Liu				
	Chief Internal Auditor	Peu-Jung Wu				
	Corporate Governance Officer	Ya-Ling Huang				

Note:

- (1) According to the Articles of Incorporation, employee remuneration is only paid in cash and not in shares; for this reason, the amount of employee remuneration paid in shares shown in the above chart is 0.
- (2) Financial and accounting affairs are handled by separate and independent sub-divisions under the Administration Department.

**3.3.3.** Amount of compensation paid in the last 2 years by the Company and all companies included in the consolidated financial statements to the Company’s directors, supervisors, President, and vice presidents, and their respective proportions to net income, as well as the policies, standards, and packages by which they were paid, the procedures through which compensation was determined, and the association with business performance and future risks:

1. Percentage of separate or standalone net income paid by the Company and all companies included in the consolidated financial statements as compensation to the Company’s directors, supervisors, President, and vice presidents in the last 2 years

Item Title	The company				Companies in the consolidated financial statements			
	2021		2022		2021		2022	
	Amount (thousands)	Ratio of the net income(after tax)	Amount (thousands)	Ratio of the net income(after tax)	Amount (thousands)	Ratio of the net income(after tax)	Amount (thousands)	Ratio of the net income(after tax)
Remuneration of Directors	17,005	9.38%	21,473	10.06%	17,005	9.38%	21,473	10.06%
Remuneration of Supervisors	0	0%	0	0%	0	0%	0	0%
Remuneration of the President and Vice Presidents	5,541	3.06%	6,250	2.93%	5,541	3.06%	6,250	2.93%

Note : 1. The sum of compensation paid to directors in 2022 was higher compared to 2021 due to increased net income in 2022, from which the Company allocated a higher amount of director remuneration. The Company held a full re-election of directors on June 18, 2020, after which an Audit Committee consisting of all the independent directors was set up, and hence no supervisor remuneration was paid in 2022. Compensation for the President and vice presidents increased in 2022 compared to 2021 due to higher net income reported in 2022, from which the Company allocated higher amounts for year-end bonuses and employee remuneration.

Note : 2. Directors’ compensation excludes compensation paid to two of the directors for assuming concurrent duties as President and employee.

2. Compensation policies, standards, packages, and procedures, and association with future risks and business performance:

(1) Compensation policy, standards, packages:

A. Directors’ compensation is paid according to Article 23 of the Company’s “Articles of Incorporation,” which caps the amount of director remuneration at 5% of the profit before tax, employee remuneration, and director remuneration. However, profit must first be retained for reimbursement of cumulative losses, if any.

Directors’ compensation is subject to regular evaluation according to the “Director Remuneration and Employee Remuneration

Allocation Policy.” The outcome of the performance evaluation and the rationality of the compensation are subject to review by the Remuneration Committee and board of directors, at which time the board will again approve the final sum after taking into consideration the uncertainties and risks associated with future operations, and allocate it to individual directors based on the level of contribution to the Company’s performance. Furthermore, according to the Company’s “Director Remuneration and Employee Remuneration Allocation Policy,” independent directors are paid monthly fixed compensation and are not entitled to director remuneration. Allocation of the above director remuneration has to be reported to the shareholders’ meeting.

- B. Managers’ compensation is determined according to internal policies such as “Remuneration Committee Charter,” “Director Remuneration and Employee Remuneration Allocation Policy,” “Year-end Bonus and Special Bonus Allocation and Payment Policy,” “Salary Determination Policy,” and “Labor Pension Management Policy.” Yearly compensation for members of the executive management includes a fixed component and a variable component that changes depending on the performance results. Compensation for senior managers is correlated with operational performance. According to the Company’s “Articles of Incorporation,” at least 2% of profit concluded in the year shall be allocated as employee remuneration (from profit before tax, employee remuneration, and director remuneration). However, profit must be retained to cover cumulative losses, if any. The above decisions are subject to board of directors’ approval and reported to the shareholders’ meeting.

Outcome of the performance evaluation conducted in accordance with the “Director Remuneration and Employee Remuneration Allocation Policy” will serve as reference for the payment of managers’ bonus. Managers’ performance is evaluated using financial indicators including the management profit and loss account, profit contribution of individual business segments/departments, and managers’ target attainment rates, which provide the basis for performance-based compensation. The compensation system is examined from time to time to reflect operating conditions and to comply with applicable laws.

- C. Managers’ compensation package, as outlined in the Remuneration Committee Charter, includes cash salary, retirement benefits or severance pay, allowances, and incentives. These payments are consistent with the scope of directors’ and managers’ compensation stated in the “Regulations Governing Information to Be Published in Annual Reports of Public Companies.”

(2) Procedures for determining compensation:

- A. Directors’ and managers’ compensation is regularly assessed based on the outcome of the performance evaluation conducted in accordance with the “Director Remuneration and Employee Remuneration Allocation Policy.” Meanwhile, compensation for the Chairman and the President is determined according to the “Salary Determination Policy” and “Year-end Bonus and Special Bonus Allocation and Payment Policy” after taking into consideration the peer level and operational performance indicators, and is subject to the review of the Remuneration Committee. To ensure strong association with corporate performance, the Company measures managers’ performance using operational, governance, and financial indicators such as profit before tax, Corporate Governance Evaluation etc.
- B. Performance self-assessments for the board, board members, and functional committee members in 2022 all surpassed standards by a significant extent. the Company reported profit before tax totaling NT\$418,195,000 for 2022, up 21.75% from the NT\$343,500,000 in 2021. With regards to Corporate Governance Evaluation, the Company has been ranked in the top 6-20% tier of listed companies

from the 1st to the 9th year. The 2022 manager performance evaluation found that managers all delivered the set targets.

- C. Directors' and managers' performance evaluation and the rationality of their compensation are subject to annual review by the Remuneration Committee and the board of directors, which takes into consideration not only individual performance, target attainment, and contribution, but also the Company's overall business performance, future industry risks and trends etc. The Company examines its compensation system from time to time to reflect the prevailing circumstances and laws, and sets compensation at a reasonable level after taking into account current corporate governance trends, business continuity, and risk management concerns. The actual amounts of 2022 directors' and managers' compensation paid were reviewed by the Remuneration Committee and presented for resolution by the board of directors.
- (3) Association with business performance and future risks:
- A. The Company adjusts its compensation policies, standards, and systems primarily to support overall operations. Individual compensation is determined based on target attainment and level of contribution, and this association is deemed effective at improving the overall efficiency of the board of directors and the management. The Company also observes the compensation standards of its peers to ensure that it remains competitive at retaining top management talent in the given industry.
  - B. The Company has aligned the performance targets of its managers with "risk management" to ensure that risks within the scope of duty are duly managed and prevented. Outcomes of the performance evaluation are associated with human resources and salary/compensation policies. All important decisions by the management are made after weighing various risk factors. Outcomes of such decisions are reflected in the final profit performance, and are relevant to the management's compensation and future risk control efforts.

### 3.4 Implementation of Corporate Governance

#### 3.4.1 Operations of the Board of Directors

##### Operations of the Board of Directors

total of 6 (A) meetings of the Board of Directors were held in 2022. The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B/A 】	Remarks
Chairman	Chiuan-Dau INVESTMENT Co., Ltd. Representative: Chung-Yi Wu	6	0	100%	6/18/2020 Re-elected
Director	Chiuan-Tai INVESTMENT CORP. Representative: Chung-Ming Wu	6	0	100%	6/18/2020 Re-elected
Director	Chiuan-Tai INVESTMENT CORP. Representative: Kuan- Hsing Wu	6	0	100%	6/18/2020 Re-elected
Director	Fu Yen Investment Co., Ltd. Representative: Jui-Chang Lin	6	0	100%	6/18/2020 Re-elected
Director	GSK INVESTMENT DEVELOPMENT CORP. Representative: Chung-Wuu Li	6	0	100%	6/18/2020 Re-elected
Director	Yu-Meu Wu	6	0	100%	Former supervisor 6/18/2020 Newly-elected
Director	CHING YUAN INVESTMENT Co., Ltd. Representative: Yen-Hsing Wu	6	0	100%	6/18/2020 Newly-elected
Independent Director	Chia-Chi Kuo	6	0	100%	6/18/2020 Re-elected
Independent Director	Yi-Min Lin	6	0	100%	6/18/2020 Newly-elected
Independent Director	Cheng-Shong Hong	6	0	100%	6/18/2020 Newly-elected
Other information required:					
I) For Board of Directors meetings that meet any of the following descriptions, state the date, session, the discussed agenda, independent directors' opinions and how the company has responded to such opinions: (1) Conditions described in Article 14-3 of the Securities and Exchange Act:					

Meeting date (session)	Motion details	Opinions from all independent directors and the Company's response to independent directors' opinions
March 2, 2022 (1st meeting of 2022)	Review of the allocation and payment of the 2021 director/supervisor/employee remuneration.	Passed by all independent directors
	Discussion on the issuance of the 2021 "Declaration of Internal Control System of Fine Blanking & Tool Co., Ltd."	
	Evaluation and discussion on the change of financial statement auditors starting from the first quarter of 2022 following an internal rotation within Fu Feng CPAs.	
	Discussion on amendments to the Company's "Asset Acquisition and Disposal Procedures."	
August 2, 2022 (4th meeting of 2022)	Discussion on amendments to the Company's "Internal Control System" and "Internal Audit Implementation Rules."	
December 12, 2022 (6th meeting of 2022)	Review of the allocation and payment of the 2022 director/employee remuneration.	
March 6, 2023 (1st meeting of 2023)	Review and revision of the distribution and payment amount of 2022 directors' and employees' remuneration.	
	Discussion on the issuance of the 2022 "Declaration of Internal Control System of Fine Blanking & Tool Co., Ltd."	
	Regular assessment of the independence of the CPAs engaged in accordance with laws and regulations and discussion of the appointment of CPAs in 2023. (Appointment of CPAs)	
	Recognition of the Company's Corporate Governance Officer, designated Cybersecurity Officer, and designated personnel in charge of cybersecurity.	

(2) Any other documented objections or reservations raised by independent director against board resolutions in relation to matters other than those described above: None.

- II) Disclosure regarding avoidance of motions involving conflicts of interest, including the names of directors concerned, motion details, the nature of the conflicts of interest, and the voting process. None of the motions discussed in board of directors meetings in 2022 posed any conflicts of interest for which directors were required to recuse themselves from voting.
- III) TWSE/TPEX listed companies are required to disclose the cycle, duration, scope, method, and details of the self (or peer) evaluation of the board performance, and complete Attachment 2 section (2) - Execution of Board Performance Evaluation. Please see the attached Chart - Execution of Board Performance Evaluation on the next page for details on the board performance evaluation for 2022.
- IV) Enhancements to the functionality of the board of directors in the current and the most recent year (e.g. assembly of an Audit Committee, improvement of information transparency etc.), and the implementation of such enhancements.
  - 1. The Company has set up a Remuneration Committee according to regulations and amended its

internal control system to include operational guidelines for the Remuneration Committee. The Remuneration Committee held two meetings in 2022 to assist the board of directors with various duties, and its presence contributes to overall corporate governance efforts.

2. The Articles of Incorporation require all director elections to be carried out using the candidate nomination system. During the meetings held on March 6, 2023, and March 2, 2022, the board of directors resolved and announced details relating to the motion proposals from shareholders with an ownership interest of 1% or more. During the meetings held on March 6, 2023, the board of directors resolved and announced details relating to the acceptance of nominations from shareholders with an ownership interest of 1% or more.
3. The Company has been ranked in the 6-20% tier among TPEX-listed companies from the first to the ninth Corporate Governance Evaluation
4. On June 18, 2020, the Company re-elected its directors and set up an Audit Committee consisting of all the independent directors.

The Audit Committee held 5 meetings in 2022 to assist the board of directors with various duties such as supervising the fair presentation of the Company's financial statements, appointment/dismissal and independence/performance review of the financial statement auditors, implementation of the internal control system, and management/control of existing or potential risks.

Board of Directors_Directors' Attendance in 2022							
Title	Name	1st	2nd	3rd	4th	5th	6th
		3/2/2022	5/3/2022	5/24/2022	8/2/2022	11/1/2022	12/12/2022
Chairman	Chiuan-Dau INVESTMENT Co., Ltd.	●	●	●	●	●	●
	Representative: Chung-Yi Wu						
Director	Chiuan-Tai INVESTMENT CORP.	●	●	●	●	●	●
	Representative: Chung-Ming Wu						
Director	Chiuan-Tai INVESTMENT CORP.	●	⊙	●	●	●	●
	Representative: Kuan-Hsing Wu						
Director	Fu Yen Investment Co., Ltd.	●	●	●	⊙	⊙	⊙
	Representative: Jui-Chang Lin						
Director	GSK INVESTMENT DEVELOPMENT CORP.	●	●	●	⊙	⊙	⊙
	Representative: Chung-Wuu Li						
Director	CHING YUAN INVESTMENT Co.,Ltd.	⊙	⊙	⊙	⊙	⊙	⊙
	Representative: Yen-Hsing Wu						
Director	Yu-Meu Wu	●	●	●	●	●	●
Independent Director	Chia-Chi Kuo	●	●	●	●	⊙	●
Independent Director	Yi-Min Lin	●	●	●	●	●	●
Independent Director	Cheng-Shong Hong	●	●	●	●	●	●

Note: ●: Attended in person ○: Attended by video ⊙: Attended by proxy △: Did not attend

## **Execution of Board Performance Evaluation**

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Performed at least once a year	January 1 to December 31, 2022	Board of directors	Board of directors internal self-assessment	Level of participation in the Company's operations, Quality of decisions made by the board of directors, Composition of the board of directors, Election and continuing education of directors, Internal control
	January 1 to December 31, 2022	Individual Board members	Director self-assessment	Comprehension of the Company's targets and missions, Awareness of the director's duties, Level of participation in the Company's operations, Management and communication of internal relations, Professionalism and continuing education of the director, Internal control
	January 1 to December 31, 2022	Each functional committee.	Functional committee internal self-assessment	Level of participation in the Company's operations, Awareness of the functional committee's duties, Quality of decisions made by the functional committee, Composition of the functional committee and selection of committee members, Internal control

Note: The outcome of the 2022 board performance self-assessment was presented during the board of directors meeting held on March 6, 2023, to serve as reference for review and improvement. During the self-assessment, concerns were raised with regards to:  
board assessment criteria 37. Directors have taken a variety of courses beyond the scope of their professional competence, and have taken an appropriate number of hours of continuing education each year. 38. The Company maintains a formal record of training hours for directors and an ongoing professional development plan that enables directors to enhance their knowledge and skills.;

director assessment criteria #19. Director participation in courses outside of their own expertise;

and functional committee assessment criteria #13. Sufficient time for functional committee discussions.

### 3.4.2 Operations of Audit Committee :

1. Operations of Audit Committee : The Audit Committee was established On June 18, 2020

#### Operations of the Audit Committee

total of 5 (A) Audit Committee meetings were held in 2022.

The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B/A 】	Remarks
Convener	Yi-Min Lin	5	0	100%	6/18/2020 Newly-elected Member. Newly appointed convener on August 3, 2022
Committee Member	Chia-Chi Kuo	5	0	100%	Re-appointed Member on June 18, 2020. June 18, 2020 - August 2, 2022 Serving as the convener
Committee Member	Cheng- Shong Hong	5	0	100%	6/18/2020 Newly-elected Member

Other information required:

1. For Audit Committee meetings that meet any of the following conditions, state the date and session of the board of directors meeting held, the discussed topics, the Audit Committee's resolution, and how the Company has responded to Audit Committee's opinions.
  - (1). For an explanation of the issues listed in Article 14-5 of the Securities and Exchange Act, please refer to the Functionality of the Audit Committee chart presented on pages 46-47.
  - (2). Other than those described above, any resolutions unsupported by the Audit Committee but passed by more than two-thirds of the directors: None
2. Disclosure regarding avoidance of motions involving conflicts of interest, including the names of independent directors concerned, motion details, the nature of the conflicts of interest, and the voting process.
 

None of the motions discussed in Audit Committee meetings in 2021 posed any conflicts of interest for which independent directors were required to recuse themselves from voting.
3. Communication between independent directors and internal/external auditors
  - (1) Communication between the Audit Committee and the Chief Internal Auditor in the year: Satisfactory.
 

The Company's Chief Internal Auditor is called into Audit Committee and board of directors meetings to report on the recent execution of audit tasks on a yearly basis. The Chief Internal Auditor also reports to each independent director on the overall progress of audit tasks conducted in the previous year during the first Audit Committee meeting of a new year, and fully communicates with independent directors on the scope of the audit, any defects and abnormalities discovered within the internal control system, and improvement and follow-up actions. The internal audit unit not only produces monthly and quarterly audit reports and follow-up reports for independent directors, but may also engage independent directors in direct communication through means such as e-mail, telephone, and face-to-face discussion if necessary.

Meeting date Meeting session	Communication matters	Independent directors' opinions	Communication results
March 2, 2022 1st meeting of 2022	Report on audit tasks executed from October 2021 to January 2022 and the establishment and implementation of the internal control system in subsidiaries.	Questions and discussions	After discussion, the independent directors had no objection to the report on audit task execution.
	Discussion on the issuance of the 2021 "Declaration of Internal Control System of Fine Blanking & Tool Co., Ltd."	Questions and discussions	Passed as proposed without objection from attending members when inquired by the chair; to be presented to the board of directors for approval.
May 3, 2022 2nd meeting of 2022	Report on audit tasks executed from February 2022 to March 2022 and the establishment and implementation of the internal control system in subsidiaries.	Questions and discussions	After discussion, the independent directors had no objection to the report on audit task execution.
August 2, 2022 3rd meeting of 2022	Report on audit tasks executed from April 2022 to June 2022 and the establishment and implementation of the internal control system in subsidiaries.	Questions and discussions	After discussion, the independent directors had no objection to the report on audit task execution.
	Discussion on amendments to the Company's "Internal Control System" and "Internal Audit Implementation Rules."	Questions and discussions	Passed as proposed without objection from attending members when inquired by the chair; to be presented to the board of directors for approval.
November 11, 2022 4th meeting of 2022	Report on audit tasks executed from July 2022 to September 2022 and the establishment and implementation of the internal control system in subsidiaries.	Questions and discussions	After discussion, the independent directors had no objection to the report on audit task execution.
December 12, 2022 5th meeting of 2022	Report on audit tasks executed in October 2022 the establishment and implementation of the internal control system in subsidiaries.	Questions and discussions	After discussion, the independent directors had no objection to the report on audit task execution.
March 6, 2023 1st meeting of 2023	Report on audit tasks executed from November 2022 to January 2023 and the establishment and	Questions and discussions	After discussion, the independent directors had no objection to the

	implementation of the internal control system in subsidiaries.		report on audit task execution.
	Discussion on the issuance of the 2022 “Declaration of Internal Control System of Fine Blanking & Tool Co., Ltd.”	Questions and discussions	Passed as proposed without objection from attending members when inquired by the chair; to be presented to the board of directors for approval.

(2) Communication between the Audit Committee and financial statement auditors in 2022: Satisfactory.

The Company’s financial statement auditors participate in Audit Committee and board of directors meetings to discuss matters relating to the financial reports on a quarterly basis. The financial statement auditors may also engage the Audit Committee or individual independent directors in separate discussions as needed based on their professional judgment.

Meeting date Meeting session	Communication matters	Independent directors’ opinions	Communication results
March 2, 2022 1st meeting of 2022	Review of the Company’s 2021 financial statements and consolidated financial statements encompassing business investments.	Questions and discussions	Passed by the Audit Committee and presented to the board of directors for acknowledgment, and subsequently announced and filed with the authority in a timely manner.
May 3, 2022 2nd meeting of 2022	Review of the Company’s 2022 first-quarter financial statements and consolidated financial statements encompassing business investments.	Questions and discussions	Passed by the Audit Committee and presented to the board of directors for acknowledgment, and subsequently announced and filed with the authority in a timely manner.
August 2, 2022 3rd meeting of 2022	2022 first-half consolidated financial statements encompassing business investments	Questions and discussions	Passed by the Audit Committee and presented to the board of directors for acknowledgment, and subsequently announced and filed with the authority in a timely manner.
November 11, 2022 4th meeting of 2022	Consolidated financial statements and consolidated financial statements encompassing business investments for the third quarters of 2022	Questions and discussions	Passed by the Audit Committee and presented to the board of directors for acknowledgment, and

			subsequently announced and filed with the authority in a timely manner.
March 6, 2023 1st meeting of 2023	Review of the Company's 2022 financial statements and consolidated financial statements encompassing business investments.	Questions and discussions	Passed by the Audit Committee and presented to the board of directors for acknowledgment, and subsequently announced and filed with the authority in a timely manner.

**Audit Committee Attendance of independent directors 2022**

Title	Name	1st	2nd	3rd	4th	5th
		3/2/2022	5/3/2022	8/2/2022	11/1/2022	12/12/2022
Independent Director	Chia-Chi Kuo	●	●	●	◎	●
Independent Director	Yi-Min Lin	●	●	●	●	●
Independent Director	Cheng-Shong Hong	●	●	●	●	●

Note: ●: Attended in person ○: Attended by video ◯: Attended by proxy △: Did not attend

**Functionality of the Audit Committee**

The Audit Committee consists of 3 independent directors; their responsibilities are to assist the board of directors in supervising the quality and integrity of the Company's accounting, auditing, financial reporting, and financial control processes.

Below is a list of meetings that the Audit Committee held from 2022 up until the publication date of the annual report concerning the matters mentioned in Article 14-5 of the Securities and Exchange Act:

Audit Committee meeting date	Motion No.	Motion details	Resolution	Company's response to the Audit Committee's opinions	Board meeting date	Board resolution
March 2, 2022 1st meeting of 2022	Motion 1	Review of the Company's 2021 financial statements and consolidated financial statements encompassing business investments.	Passed as proposed without objection from attending members when inquired by the chair; to be presented to the board of directors for acknowledgment.	No opinion expressed	March 2, 2022 1st meeting of 2022	Passed as proposed without objection from attending directors when inquired by the chair; to be presented during shareholder meeting for acknowledgment.
	Motion 2	Discussion on the issuance of the 2021 "Declaration of Internal Control System of Fine Blanking & Tool Co., Ltd."	Passed as proposed without objection from attending members when inquired by the chair; to be presented to the board of directors for approval.	No opinion expressed		Passed as proposed without objection from attending directors when inquired by the chair.
	Motion 3	Evaluation and discussion on the change of financial statement auditors starting from the first quarter of 2022 following an internal rotation within Fu Feng CPAs.		No opinion expressed		Passed as proposed without objection from attending directors when inquired by the chair.
	Motion 4	Discussion on amendments to the Company's "Asset Acquisition and Disposal Procedures."		No opinion expressed		Passed with the applause of the chair and all attending directors.
May 3, 2022 2nd meeting of 2022	Motion 1	Review of the Company's 2022 first-quarter financial statements and consolidated financial statements encompassing business investments.	Passed as proposed without objection from attending members when inquired by the chair; to be presented to the board of directors for acknowledgment.	No opinion expressed	May 3, 2022 2nd meeting of 2022	Passed as proposed without objection from attending directors when inquired by the chair.
August 2, 2022 3rd meeting of 2022	Motion 1	Review of the Company's 2022 first-half consolidated financial statements.	Passed as proposed without objection from attending members when inquired by the chair; to be presented to the board of directors for acknowledgment.	No opinion expressed	August 2, 2022 4rd meeting of 2022	Passed as proposed without objection from attending directors when inquired by the chair.
	Motion 2	Discussion on amendments to the Company's "Internal Control System" and "Internal Audit Implementation Rules."	Passed as proposed without objection from attending members when inquired by the chair; to be presented to the board of directors for approval.	No opinion expressed		Passed as proposed without objection from attending directors when inquired by the chair.
	Extempore motions 1	( Proposed by Jia-Chi Kuo, convener ) It is proposed that another committee member serve as the convener of the next meeting.	It was unanimously approved by all present members after the chairperson's inquiry: Yi-Min Lin served as the convener of the Audit Committee from the next meeting.	No opinion expressed		Passed as proposed without objection from attending directors when inquired by the chair.
November 11, 2022 4th meeting of 2022	Motion 1	Review of the 2023 audit plan.	Passed as proposed without objection from attending members when inquired by the chair; to be presented to the board of directors for acknowledgment.	No opinion expressed	November 11, 2022 5th meeting of 2022	Passed as proposed without objection from attending directors when inquired by the chair.
	Motion 2	Review of consolidated financial statements encompassing business investments for the first three quarters of 2023	Passed as proposed without objection from attending members when inquired by the chair; to be presented to the board of directors for acknowledgment.	No opinion expressed		Passed as proposed without objection from attending directors when inquired by the chair.
December 12, 2022 5th meeting of 2022	Motion 1	Review of the capital expenditure budgets for 2023.	Passed as proposed without objection from attending members when inquired by the chair; to be included in the 2022 financial statements budget and presented to the board of directors for review.	No opinion expressed	December 12, 2022 6th meeting of 2022	Passed as proposed without objection from attending directors when inquired by the chair.
March 6, 2023 1st meeting of 2023	Motion 1	Review of the Company's 2022 financial statements and consolidated financial statements encompassing business investments.	Passed as proposed without objection from attending members when inquired by the chair; to be presented to the board of directors for acknowledgment.	No opinion expressed	March 6, 2023 1st meeting of 2023	Passed as proposed without objection from attending directors when inquired by the chair; to be presented during shareholder meeting for acknowledgment.
	Motion 2	Review of the 2022 earnings distribution.	Passed as proposed without objection from attending members when inquired by the chair; to be presented to the board of directors for approval.	No opinion expressed		Passed as proposed without objection from attending directors when inquired by the chair.
	Motion 3	Discussion on the issuance of the 2022 "Declaration of Internal Control System of Fine Blanking & Tool Co., Ltd."		No opinion expressed		Passed as proposed without objection from attending directors when inquired by the chair.
	Motion 4	Discussion on the regular assessment of CPAs' independence. (Appointment of 2022 CPAs)		No opinion expressed		Passed as proposed without objection from attending directors when inquired by the chair.

### 3.4.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company first established its “Corporate Governance Code of Conduct” in 2015 and made subsequent amendments on March 21, 2017, March 20, 2019, June 18, 2020, and March 2, 2022. The “Corporate Governance Code of Conduct” has been disclosed on Market Observation Post System and the Company’s website.	None
2. Shareholding structure & shareholders’ rights				
(1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(1) The Company has appointed a spokesperson, an acting spokesperson, shareholder services personnel, and legal consultants to handle shareholders’ queries, disputes, and litigations.	(1) None
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(2) The Company has shareholder services personnel and stock transfer agent available to assist in the matter. Through these parties, the Company obtains up-to-date information on the shareholding position of its directors, managers, and shareholders with an ownership interest of 10% or more and is able to ensure the stability of management control.	(2) None
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(3) The Company has implemented <u>Related Party Transaction Procedures</u> and “Procedures on Financial and Business Dealings between Affiliated Enterprises” as part of its internal control system to control and manage risks associated with related party transactions. A set of “Subsidiary Supervision and Management Processes” has also been established to enforce control over subsidiaries.	(3) None
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		(4) The Company has established an <u>Insider Trading Prevention Policy</u> as part of its internal control system to prohibit all employees, managers, and directors of the Company, and any party that gains non-public information of the Company through business dealings or control, from trading using such information. All new insiders are required to provide information relating to insider trading and insider shareholding, and participate in shareholding seminars organized by the competent authority.	(4) None

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Does the Board develop and implement a diversified policy for the composition of its members?</p>	V		<p>(1) The Company has outlined a set of diversity criteria for board members in the “Corporate Governance Code of Conduct,” which states that there should be no more than one-third of board members holding concurrent position as managers, and that board members should be diversified in a manner that supports the Company’s operations, business activities, and growth requirements, using at least the following two principles: 1. Background and values: Gender, age, nationality, culture etc. 2. Knowledge and skills: Professional background (e.g. law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience. All directors of the Company are elected using the candidate nomination system. The nomination takes into consideration not only the diversity of directors’ backgrounds, professional capacities, and experience, but also their ethics, conduct, leadership, and reputation. One of the non-independent directors is female, and one of the independent directors is female. Independent directors currently include a professor of electrical engineering and a licensed CPA. Refer to “2(1) Directors’ background (2)” (pages 23-26) for board diversity and independence.</p>	(1) None
<p>(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee</p>	V		<p>(2) All important resolutions of the Company are made by the board of directors. The Company first introduced two independent director positions in 2002, and increased the number of seats to three during the director re-election held on June 18, 2020, at which time an Audit Committee was also set up. The Remuneration Committee was set up in 2021. The Company set up a CSR Committee comprising the management team in 2015, and later renamed it the Sustainability Committee on December 21, 2021. The committee is responsible for overseeing sustainability-related matters, and makes annual reports to the board of directors on the progress and outcome of its efforts.</p>	(2) None

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
3. Composition and duties of the Board of Directors (3).Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	V		(3).The Company first established its “Board of Directors Performance Evaluation Policy” on August 10, 2017, and amended it on March 20, 2019. The terms of this policy have been disclosed on Market Observation Post System and the Company’s website. The performance evaluation for year 2022 was completed between January and February 2023, and the outcomes were presented to the board of directors meeting held in March 2023. In the future, the Company will use annual questionnaires as a way for directors to self-assess their performances and discuss issues that require special attention. Questionnaire responses will be used as reference for the compensation and nomination of individual directors in the future.	(3) None
(4).Does the company regularly evaluate the independence of CPAs?	V		(4).The board of directors evaluates the independence of the Company’s financial statement auditors during the first meeting of each year using the independence criteria outlined in Article 47 of the Certified Public Accountant Act and Statement of CPA Professional Ethics No. 10. The evaluation found no penalties or occurrences had taken place before the board meeting that might have compromised the independence of the financial statement auditors. The rotation of the CPAs within the accounting firm was also found to have complied with the applicable rules. The company revised the "Corporate Governance Code" on March 6, 2012, and the company will regularly (at least once a year) refer to the audit quality indicators (AQIs), Assess the independence and suitability of the appointed accountants	(4) None

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		<p>On March 21, 2017, amendments were made to the “Corporate Governance Code of Conduct” to appoint the Administration Department as the corporate governance unit. On March 6, 2023, it was approved to appoint Vice Section Chief Ya-Ling Huang as Corporate Governance Supervisor. Its responsibilities are to handle corporate governance-related matters under the supervision of the President. A more detailed breakdown of duties is as follows:</p> <ol style="list-style-type: none"> <li>1. Board meeting and shareholders’ meeting affairs, and helping the Company comply with relevant laws concerning board meetings and shareholders’ meetings.</li> <li>2. Preparation of conference materials and minutes for board meetings and shareholders’ meetings.</li> <li>3. Assist directors in taking office and continuing their education.</li> <li>4. Provide the necessary information for Directors and Audit Committee to carry out their business.</li> <li>5. Assist Directors and Audit Committee in complying with laws and regulations.</li> <li>6. Report to the board of Independent Directors on the results of its review of the compliance of the qualifications of Independent Directors with the relevant laws and regulations at the time of their nomination, election and during their term of office.</li> <li>7. Handle matters related to changes in Directors.</li> <li>8. Other matters mentioned in the Articles of Incorporation or contracts.</li> </ol>	None
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		<ol style="list-style-type: none"> <li>1. The Company has internal communication policies and open channels in place to communicate with stakeholders including shareholders, employees, customers, suppliers, banking partners, creditors, and local communities and companies. The Company respects the rightful interests of all its stakeholders.</li> <li>2. The Company has a spokesperson, acting spokesperson, and shareholder services personnel in place to maintain communication with stakeholders. The spokesperson’s and acting spokesperson’s contact information has been disclosed on the corporate website, while a dedicated stakeholders section has been created specifically to respond to issues that are of concern to stakeholders, including CSR-related issues.</li> </ol>	None

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has engaged the Share Administration Department of Yuanta Securities Co., Ltd. to handle matters relating to shareholders’ meetings.	None
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?  (2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?  (3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	V  V  V		(1).The Company has set up its own website ( <a href="http://www.fineblanking.com.tw/">http://www.fineblanking.com.tw/</a> ) and assigned dedicated personnel to maintain and update information. In addition to business information, an investors section has been created to disclose financial, corporate governance, shareholder, and social responsibility information with links to the “Market Observation Post System” for shareholders’ and the public’s reference. (2).The Company has assigned dedicated personnel to gather and disclose corporate information. All mandatory disclosures have been made on “Market Observation Post System” and the corporate website, and a spokesperson system has been implemented according to regulations to handle related matters. The corporate website contains an investor conference section that consolidates information released through investor conferences for the convenience of investors. (3) The Company complies with regulations by publishing and filing annual financial statements within three months after the end of each financial year, and publishing and filing Q1, Q2, and Q3 financial reports and announcing monthly business performance before the required due dates. All above information has been disclosed on Market Observation Post System ( <a href="https://mops.twse.com.tw/mops/web/index">https://mops.twse.com.tw/mops/web/index</a> ).	(1) None  (2) None  (3) As stated in the Summary
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier	V		(1) Employee rights The Company has established personnel management and salary policies according to employment regulations to address matters concerning employees’ rights, such as salary, benefits, work details, training, leave of absence, retirement etc., and ensure that employees’ rights are duly protected. The Company adopts systematic practices on salary and benefits, and makes	None

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			<p>contributions to both new and old pension schemes as required by law, pays benefits, allocates employee remuneration, and arranges group insurance coverage for employees. Significant attention has been directed toward protecting employees’ retirement interests and the functioning of the welfare committee.</p> <p>(2) Employee care</p> <p>① The Company cares for its employees by adopting a supporter system, in which the line manager is tasked with the duty of caring for employees. It is also stated in personnel policies and rules of the Employee Welfare Committee that the executive management, department head, and supporters shall extend care and offer the needed assistance for occasions such as weddings, celebrations, and funerals, or in the event of personal or family troubles.</p> <p>② Arrangements such as regular health checkup, on-site physician, mental counseling, physiotherapy service, and professional nurse have been made to cater to employees’ physical and mental health. Events such as sports days, meal gatherings, tours, health management programs, fitness programs, health courses, and group activities are organized on a yearly basis to promote health awareness.</p> <p>③ The Company has been certified for ISO 14001 and ISO 45001/CNS 45001, and strives to maintain a management system that improves persistently for the safety and health of employees as well as the local community.</p> <p>(3) Investor relations The Company has created a contact window specifically for shareholder services. Business information and material information is released through the Market Observation Post System both on a regular and irregular basis. Contact information of the spokesperson has been posted on the corporate website to maintain productive interaction with shareholders.</p> <p>(4) Supplier relations The Company and its Chinese and</p>	

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>Vietnamese subsidiaries have all passed IATF 16949 certification, whereas the Company and Mainland subsidiary have been certified for ISO 14001. Supplier relationship management policies have been established in accordance with prevailing systems and practices, and resources are being committed to building long-term partnership with suppliers. In 2015, the Company began promoting corporate social responsibility (CSR) and incorporated CSR values into supplier audits as a way to enforce CSR throughout the supply chain.</p> <p>(5) Stakeholder interests</p> <p>① The Company handles stakeholder interests according to Articles 54-57 of its Corporate Governance Code of Conduct. An investors section has been created on the corporate website (<a href="http://www.fineblanking.com.tw/">http://www.fineblanking.com.tw/</a>) to disclose information relating to financial performance, corporate governance, shareholders, and social responsibility; meanwhile, a stakeholders section has been created to provide information that is useful to shareholders and stakeholders.</p> <p>② The Company and its Chinese subsidiary have passed ISO 14001 certification, and duly observe the standards to maintain and protect the factory environment, thereby contributing to environmental protection.</p> <p>③ In terms of community relations, the Company actively takes part in various activities held within the community and industrial zone.</p> <p>(6) Directors’ continuing education: Independent Directors Kuo, Chia-Chi, Lin, I-Min, and Hung, Chun-Hsiung have undertaken continuing education courses each year since assuming office. Other directors undertake training courses as time allows. Please see page 90 of the annual report for details on directors’ education in 2022 up until the publication date of annual report.</p> <p>(7) The Company set up a Risk Management Committee and established a set of policies on the identification and management of environmental issues/risks in April 2017, and has been adopting prevention</p>	

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>measures against the risks identified. An internal control system has been created in accordance with laws and an internal audit unit has been assigned to conduct audits on a regular and irregular basis. Please refer to “Evaluation of risk management issues” on pages 285-290 of this annual report for details.</p> <p>(8) With regards to the execution of customer policy, the Company and the Chinese and Vietnamese subsidiaries have all passed IATF 16949 certification and become a member of the automobile OEM supply chain. Persistent product R&amp;D and the ability to deliver high-quality products at low cost in a timely manner are what have enabled the Company to maintain long-term relationships with customers and supply partners.</p> <p>(9) Liability insurance for directors and supervisors: Starting from March 20, 2019, the Company has subscribed to liability insurance coverage for directors, supervisors, and key staff for a sum of US\$3,000,000, and renewed coverage on a yearly basis.</p> <p>(10) The Company amended its Articles of Incorporation in 2006 to introduce a candidate nomination system for all independent director, non-independent director, and supervisor elections. On June 18, 2020, amendments were made to the Articles of Incorporation to abolish the supervisor system and set up an Audit Committee. The board of directors convenes at least 6 meetings each year, and all directors make active contributions to the Company’s operations as well as risk supervision efforts. The board held a total of 6 meetings in 2022 and maintained an attendance rate of 100%.</p>	
<p>9. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified.</p> <p>The Company has been ranked in the 6-20% tier among TPEX-listed companies from the first to the ninth (2022) Corporate Governance Evaluation. 2022 Enhanced Matters and Measures-Convening the Regular Shareholders Meeting before the end of May: The company will hold it before the end of May in 2022 General meeting of shareholders.</p> <p>Improvements that the Company planned for 2022 in areas where it failed to score during the 2021 assessment are explained in the chart on the following page. °</p>				

**Corporate governance evaluation outcome - Improvements planned for 2022 in areas where the Company failed to score during the 2021 assessment**

Category of indicator	Question No.	Indicator content	Is there any improvement	No improvement yet
I. Protection of Shareholder Rights and Equal Treatment of Shareholders	1.6	Does the Company hold a general shareholders' meeting before the end of May?	Yes	
	1.10	Does the Company upload the English version of the procedure handbook and the supplementary materials for the meeting 30 before the ordinary shareholders' meeting?	No	The plan is to upload the English version of the agenda handbook and meeting supplementary materials 30 days before the regular shareholders' meeting starting in 2023.
	1.11	Does the Company upload the English version of the annual report 7 days before the ordinary shareholders' meeting?	No	The plan is to upload the English version of the annual report seven days before the regular shareholders' meeting starting in 2023.
II. Strengthening the structure and operation of the Board of Directors	2.21	Does the Company have a Corporate Governance Officer responsible for corporate governance-related affairs, and explain the scope of power, the business implementation focus of the year, and further education on the corporate website and annual report? [If the position is not held by another employee in the Company, then 1 point will be added to the total score. ]	No	Planning to appoint a Corporate Governance Officer on March 6, 2023.
	2.22	Has the Company formulated risk management policies and procedures approved by the Board of Directors to disclose the scope of risk management, organizational structure and operation status, and reported to the Board of Directors at least once a year?	No	The plan is yet to be discussed.
	2.27	Has the Company formulated an intellectual property management plan that is linked to its operational goals, disclosed the implementation status on the Company's website or in the annual report, and reported to the Board of Directors at least once a year? [If the Taiwan Intellectual Property Management System (TIPS) or similar intellectual property management system certification is obtained, one point will be added to the total score. ]	No	The plan is yet to be discussed.
	2.30	Does the Company have at least one internal auditor certified as an international internal auditor, international computer auditor or certified public accountant?	No	It is yet to be reviewed by the internal auditors.
III. Enhance information transparency	3.2	Does the Company simultaneously report material information in English?	No	Starting from January 1, 2023, the Company plans to simultaneously report all material announcements in English.
	3.4	Does the Company announce the annual financial report within two months after the end of the fiscal year?	No	The plan is yet to be discussed.
	3.5	Did Market Observation Post System upload the annual financial statements disclosed in English seven days before the regular shareholders' meeting? [If the preparation is prepared voluntarily, add 1 point to the total score. ]	No	Start uploading the English version of financial reports in 2023 7 days before the regular shareholders' meeting.
	3.6	Did the Company disclose the interim financial report in English within two months after the due date for reporting the Chinese version of the interim financial report?	No	From 2023 onwards, we plan to disclose the interim financial statements in the English version within two months after the due date for reporting the Chinese version of the interim financial statements .
	3.8	Does the Company voluntarily publish the financial forecast for the four quarters and related operations that have not been corrected by the competent authority, or that the TWSE or TPEX have not imposed any violations?	No	The Company's financial budgets are approved by the Board of Directors for internal management purposes only and are not disclosed to the public.
	3.18	Does the Company have an English-language website that includes financial, business, and corporate governance information?	No	The Company has established an English website since 2020, but has not yet disclosed complete internal and external resources in English.
IV. Implementing corporate social responsibility	4.6	Does the Company refer to the international conventions on human rights to formulate human rights protection policies and specific management plans, and disclose them on the Company's website or annual report?	No	If the policy is enacted in the future, it will be disclosed on the Company's website or annual report.

### 3.4.4 Composition, Responsibilities and Operations of the Remuneration Committee

#### 1. Information on members of the Remuneration Committee

March 31, 2023

Criteria		Professional qualifications and experience	Independence situation	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
Title	Name			
Independent Director (Convener)	Chia-Chi Kuo	The Remuneration Committee of the Company consists of 3 independent directors in total. For the professional qualifications and experience of the members, please refer to "II(I), Information of Directors (1)" (pages 15-19) in this Annual Report. )	All Remuneration Committee members meet the following criteria: 1. Meeting the requirements defined in Article 14-6 of the Securities and Exchange Act and the "Regulations Governing the Establishment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter" (Note) issued by the Financial Supervisory Commission 2. Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any FBT shares 3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service"	1
Independent Director	Yi-Min Lin			None
Independent Director	Cheng-Shong Hong			None

Note: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

- (1). Not an employee of the company or any of its affiliates.
- (2). Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
- (3). Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
- (4). Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
- (5). Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or

more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

- (6). If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
- (7). If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
- (8). Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.
- (9). Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

## 2. Attendance of Members at Remuneration Committee Meetings

(1). The Remuneration Committee comprises 3 members.

(2). Duration of service: from June 18, 2020, until June 17, 2023. The Remuneration

Committee held 2 meetings (A) in 2022; details of members' attendance are as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Convener	Chia-Chi Kuo	2	0	100%	6/18/2020 Re-elected
Committee Member	Yi-Min Lin	2	0	100%	6/18/2020 Newly-elected
Committee Member	Cheng-Shong Hong	2	0	100%	6/18/2020 Newly-elected

Other information required:

1. In the event the Remuneration Committee’s proposal is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, details of the motion, the board’s resolution, and how the Company handled the Remuneration Committee’s opinions (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee):

Resolutions made by the Remuneration Committee in 2022 exhibited none of the above.

2. Should any committee member object or express reservations to the resolution made by the Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the motion, the opinions of all members, and how their opinions were addressed:

Resolutions made by the Remuneration Committee in 2022 exhibited none of the above.

3. Progress

Remuneration Committee meeting date	Motion No	Motion details	Resolution	The Company’s response to the Remuneration Committee’s opinions	Board resolution
1st meeting March 2, 2022	Motion 1	Review of the allocation and payment of the 2021 director/supervisor/employee remuneration.	Passed as proposed without objection from attending members when inquired by the chair; to be presented to the board of directors for acknowledgment and reported during the shareholders’ meeting.	No opinion expressed	Passed as proposed without objection from attending directors when inquired by the chair. Director remuneration was paid on March 27, 2022.
	Motion 2	Discussion on amendments to the Company’s “Director Remuneration and Employee Remuneration Allocation Policy.”	Passed as proposed without objection from attending members when inquired by the chair; to be presented to the board of directors for acknowledgment	No opinion expressed	Completed the issuance of internal documents on March 9, 2022.
2st meeting December 12, 2022	Motion 1	Discussion on amendments to the Company’s “year-end bonus and special bonus Allocation Policy.”	Passed as proposed without objection from attending members when inquired by the chair; to be presented to the board of directors for acknowledgment	No opinion expressed	Completed the issuance of internal documents on December 26, 2022.
	Motion 2	Discussion on amendments to the Company’s “Director Remuneration and Employee Remuneration Allocation Policy.”	Passed as proposed without objection from attending members when inquired by the	No opinion expressed	Completed the issuance of internal documents on December 26,

			chair; to be presented to the board of directors for acknowledgment °		2022.
	Motion 3	Review of 2022 year-end bonus and special bonus payment.	Passed as proposed without objection from attending members when inquired by the chair; to be presented to the board of directors for acknowledgment.	No opinion expressed	Passed as proposed without objection from attending directors when inquired by the chair. Director remuneration was paid on January 19, 2023.
	Motion 4	Review of the allocation and payment of the 2022 director/supervisor/employee remuneration.	Passed as proposed without objection from attending members when inquired by the chair; to be presented to the board of directors for acknowledgment.	No opinion expressed	Passed as proposed without objection from attending members when inquired by the chair Employee remuneration: before January 19, 2023. Remuneration to directors: before March 31, 2023.
	Motion 5	Review of the projected allocation percentage for the 2023 director remuneration and employee remuneration.	Passed as proposed without objection from attending members when inquired by the chair; to be presented to the board of directors for acknowledgment and reported during the shareholders' meeting.	No opinion expressed	Passed as proposed without objection from attending members when inquired by the chair Effective on January 1, 2023 with the consent of the Board of Directors °
1st meeting March 6, 2023	Motion 1	Review of the amendments to the allocation and payment of the 2022 director/employee remuneration.	Passed as proposed without objection from attending members when inquired by the chair; to be presented to the board of directors for acknowledgment and reported during the shareholders' meeting.	No opinion expressed	Passed as proposed without objection from attending directors when inquired by the chair. Director remuneration was paid on March 27, 2023. °
	Motion 2	Review of the salary adjustment of the Company's managers and the salary of the new Corporate Governance Officer.	Passed as proposed without objection from attending members when inquired by the chair	No opinion expressed	Passed as proposed without objection from attending members when inquired by the chair

### 3.4.5 Sustainable development implementation status:

FBT conducts all business activities with sustainability and integrity in mind. The organization upholds “talent development, teamwork, customer satisfaction, and social engagement” as its foundational philosophy, and respects “customer satisfaction, service integrity, pro-active accountability, professional innovation, and inclusive growth” as its core values, for which it won the Sustainable Excellence Award from the Industrial Development Bureau in 2006. Following the recent adoption of a strategic roadmap and balanced scorecard combined with the introduction of environmental, safety, health, quality, personal data, and energy management systems as well as improvement campaigns such as TPM and TPS, the Company aims to raise the returns for shareholders, maximize the satisfaction of customers, bring precision into current processes, promote employees’ identification with core values, and share business success with society.

FBT has published CSR reports regularly in July to August each year between 2016 and 2021. Its 2022 sustainability report has been validated to conform with AA1000 AS:2008/2018 Assurance Standard Type 1 and GRI G4 or GRI core requirements.

#### **1. Sustainable development policy**

Being a member of the global automobile supply chain, FBT strives to “Serve the world with pride” and therefore engages in all business activities with sustainability and integrity in mind. By maintaining productive interaction with employees, shareholders, customers, suppliers, and the local community, the Company aims to share sustainability values with stakeholders continuously into the future.

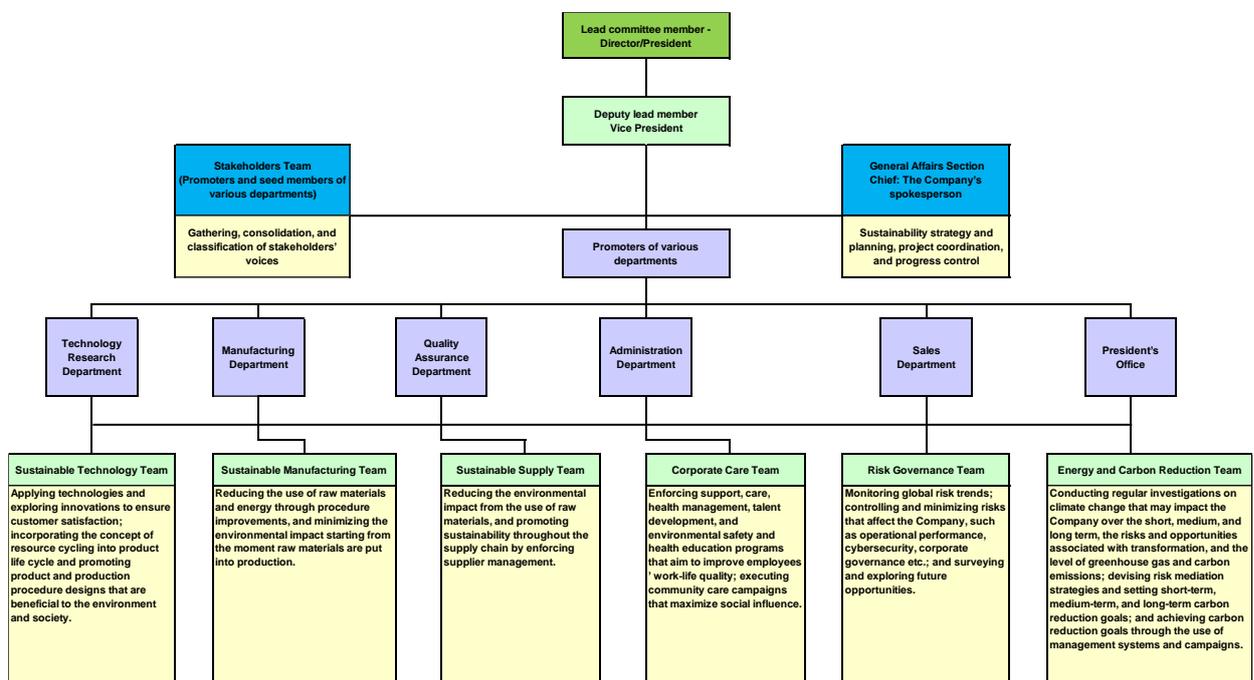
#### **Implementation guidelines for sustainable development**

In terms of corporate governance, the Company not only places great emphasis on sustainability, profit performance, and growth, but is also dedicated to optimizing production procedures and developing new products/technologies as means to increase customer satisfaction. This initiative is applied consistently throughout the supply chain, for we invite supply chain partners to observe the same regulations, discipline, and environmental protection standards as we do. With respect to environmental sustainability, we persistently promote energy and waste reduction and enforce greenhouse gas reduction among other environmental protection measures, thereby fulfilling our duty to planet Earth. As for social care, we direct significant attention to strengthening employment relations and unity, planning career roadmaps and suitable training programs, promoting workers’ health, ensuring the safety and health of the work environment, and engaging in various activities that give back to the society.

#### **2. Sustainable development management system**

Driven by the vision and mission outlined in the “FBT Sustainable Development Policy,” the Company passed the decision to set up a “Corporate Social Responsibility Committee” (CSR Committee) in 2015 for more efficient execution of sustainability

tasks. During the meeting held on November 11, 2015, the board of directors authorized and appointed Director/President Wu, Tsung-Ming to serve as lead member of the committee. The CSR Committee’s responsibility is to develop a CSR GRI system in line with the current organization and plans. On December 21, 2021, the board of directors passed a decision to change the name of the “CSR Committee” to “Sustainability Committee,” as depicted in the organization chart on the following page. Meanwhile, to facilitate more effective management of sustainability efforts, the Administration Department (General Affairs Section) has been tasked with the duty of overseeing sustainable development policies, systems, and guidelines as well as the proposal and execution of action plans. Progress is reported to the board of directors within five months after the end of each year.



### 3. Stakeholder engagement

FBT listens to stakeholders’ voices and maintains relationships with them through the use of transparent, effective, and diverse communication channels. The Company welcomes different opinions with an open mind, and devotes significant attention to identifying stakeholders and gathering opinions from them in order to learn their needs and expectations, which provide reference for future decisions. It is our hope to carry out business activities in ways that align with stakeholders’ best interests. For the sake of business continuity, the Company pays ongoing attention to stakeholders’ voices and identifies any individual or organization as stakeholder if they have the potential to affect business operations by a significant extent. Each year, the Stakeholders Team (a team of comprising promoters and seed members from various departments) identifies potential stakeholders based on the five principles of AA1000 Stakeholder Engagement Standard—dependence, responsibility, influence, diverse perspectives,

and tension—using specially designed questionnaires.

For 2022, the team identified 6 main stakeholders: employees, customers/clients, suppliers/contractors, shareholders, NGOs, and government agencies. Each year, the Stakeholders Team follows the GRI guidelines by: shortlisting CSR topics → surveying issues of concern using questionnaire on the stakeholders section of the corporate website → identifying material topics through impact analysis. The material topics identified are further reviewed and discussed with boundaries established to facilitate response. They represent areas where additional management attention is needed, for which relevant disclosures are made in the sustainability report.

The 7 material issues identified in the questionnaire survey in 2022 were: operational and financial performance, technology and innovation R&D, customer relationship management, procurement policy and supplier management, climate change and energy conservation and carbon reduction, workplace safety and health management, Employee benefits and compensation.

We have identified the material issues and boundaries in accordance with the GRI standards. A comparison chart for stakeholders’ issues of concern and boundaries is presented on the next page, whereas relevant information and management guidelines are disclosed in the corresponding chapters of the 2022 sustainability report.

Core value	Material issue	GRI material topic/Self-defined material topic	Boundary			
			Within the organization (Direct impact)			Value chain
			Taiwan	Suzhou	Vietnam	
Service integrity	Operational and financial performance (profitability)	GRI 201 □ Economic Performance	●	●	●	● Shareholders (indirect impact), suppliers/contractors (commercial impact), group (indirect impact)
Professional innovation	Technology R&D	Self-defined material topic	●	●	●	● Customers/clients (commercial impact), shareholders (indirect impact), group (indirect impact)
Customer satisfaction	Customer relationship management	Self-defined material topic	●	●	●	● Customers/clients (commercial impact)
	Procurement policy and supplier management	GRI 204 Procurement practices GRI 308 Supplier environmental assessment GRI414 Supplier Social Assessment	●	◎	◎	● Customers/customers (impact from business practices), suppliers/contractors (impact from business practices)

Core value	Material issue	GRI material topic/Self-defined material topic	Boundary			
			Within the organization (Direct impact)			Value chain
			Taiwan	Suzhou	Vietnam	
Pro-active accountability	Climate change and energy/carbon reduction	GRI 305 Emissions	●	◎	◎	● Government agencies (indirect impact), group (indirect impact), customers/clients (commercial impact)
Inclusive growth	Workplace safety and health management	GRI 403 Occupational Health and Safety	●	◎	◎	● Government agencies (indirect impact), group (indirect impact), suppliers/contractors (commercial impact), customers/clients (commercial impact)
	Employee welfare and compensation	401 Employment	●	◎	◎	● Government agencies (indirect impact), group (indirect impact)

Note: ● indicates material issue for the current disclosure; ◎ indicates less material issue that may be disclosed in the future.

The Company has diverse and systematic channels in place to communicate with stakeholders, such as “Investors/Shareholders/Contact” sections and “Stakeholders/Contact” sections on the corporate website (which can be used by stakeholders to report conduct that is suspected to have violated ethical or integrity guidelines). The Company also surveys the level of stakeholders’ concern for various sustainability issues using questionnaires created in the “stakeholders” section of the corporate website.

Below are the channels used to communication with stakeholders in 2022:

Stakeholder	Communication channel and frequency	Issues of concern
Employees	<ul style="list-style-type: none"> <li>◆ Employee Welfare Committee meetings (irregularly)</li> <li>◆ Company announcements (irregularly)</li> <li>◆ Improvement proposal system (irregularly)</li> <li>◆ Labor-management meetings (quarterly)</li> <li>◆ Employee mailbox (permanent)</li> <li>◆ Occupational Safety and Health Committee meetings (quarterly)</li> <li>◆ Mental counseling for employees (monthly)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Employee welfare and compensation</li> <li>◆ Workplace safety and health management</li> <li>◆ Talent training and development</li> <li>◆ Operational and financial performance (profitability)</li> <li>◆ Talent recruitment and retention</li> <li>◆ Sustainable development strategy</li> </ul>

Stakeholder	Communication channel and frequency	Issues of concern
Customers/clients	<ul style="list-style-type: none"> <li>◆ Business meetings (irregularly)</li> <li>◆ Customer visits (irregularly)</li> <li>◆ Customer satisfaction surveys (yearly)</li> <li>◆ Customer complaint management system (irregularly)</li> <li>◆ Purchase of product liability insurance (yearly)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Customer relationship management</li> <li>◆ Operational and financial performance (profitability)</li> <li>◆ Technology R&amp;D</li> <li>◆ Procurement policy and supplier management</li> <li>◆ Environmental protection system</li> <li>◆ Climate change and energy/carbon reduction</li> <li>◆ Workplace safety and health management</li> <li>◆ Product labeling and product health and safety</li> </ul>
Suppliers/contractors	<ul style="list-style-type: none"> <li>◆ Supplier meetings (irregularly)</li> <li>◆ Contractor training (irregularly)</li> <li>◆ Supplier audits (yearly)</li> <li>◆ Supplier assessments (monthly)</li> <li>◆ Supplier questionnaires (yearly)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Procurement policy and supplier management</li> <li>◆ Operational and financial performance (profitability)</li> <li>◆ Environmental protection system</li> <li>◆ Workplace safety and health management</li> <li>◆ Customer relationship management</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>◆ Convention of shareholders' meetings (yearly)</li> <li>◆ Announcement of financial statements (quarterly)</li> <li>◆ Announcement of consolidated revenue (monthly)</li> <li>◆ Spokesperson and Investor Relations Department (irregularly)</li> <li>◆ Market Observation Post System (regularly and irregularly)</li> <li>◆ Company website (irregularly)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Operational and financial performance (profitability)</li> <li>◆ Technology R&amp;D</li> <li>◆ Sustainable development strategy</li> </ul>
Group	<ul style="list-style-type: none"> <li>◆ Convention of annual general meetings (yearly)</li> <li>◆ Convention of board meetings (quarterly)</li> <li>◆ Market Observation Post System (regularly and irregularly)</li> <li>◆ Company website (irregularly)</li> <li>◆ Group activities (yearly/quarterly)</li> <li>◆ Financial information (monthly)</li> <li>◆ Operational review meetings (monthly)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Operational and financial performance (profitability)</li> <li>◆ Technology R&amp;D</li> <li>◆ Workplace safety and health management</li> <li>◆ Employee welfare and compensation</li> <li>◆ Sustainable development strategy</li> <li>◆ Climate change and energy/carbon reduction</li> </ul>

Stakeholder	Communication channel and frequency	Issues of concern
Government agencies	<ul style="list-style-type: none"> <li>◆ Correspondence and e-mail (irregularly)</li> <li>◆ Seminars and public meetings organized by government agencies (irregularly)</li> <li>◆ Government announcements (irregularly)</li> <li>◆ Energy consumption management (yearly)</li> <li>◆ Water recycling and reuse (irregularly)</li> <li>◆ Market Observation Post System (regularly and irregularly)</li> <li>◆ Environmental compliance audits and mandatory filings (regularly)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Environmental protection system</li> <li>◆ Workplace safety and health management</li> <li>◆ Employee welfare and compensation</li> <li>◆ Climate change and energy/carbon reduction</li> <li>◆ Cybersecurity management</li> <li>◆ Greenhouse gas emission and management</li> </ul>

Awards and certifications in 2022

Category	Organizer/certifier	Award/certification
Sustainable development	Taiwan Institute for Sustainable Energy	15th Corporate Sustainability Report Awards - Conventional Manufacturing - "Silver"
	BSI Taiwan Branch	Won the BSI Sustainability Resilience Pilot Award in 2022.
	BSI Taiwan Branch	The 2021 CSR report was validated to conform with AA1000 AS:2018 Assurance Standard Type 1 and GRI core requirements
Economy and corporate governance	Organizer: Taipei Exchange Execution unit: Securities and Futures Institute	Ranked in the 6-20% tier among TPEX-listed companies during "Corporate Governance Evaluation" (for 9 consecutive years)
	Chinese Total Productivity Management Association	The Company participated in the 35th Taiwan Continuous Improvement Award - Self-improvement Category, and won the Gold Tower Award in 2022.
Environment, occupational safety, and health management	BSI Taiwan Branch	In 2019, the Company passed certification for transition to CNS 45001:2018 and ISO 45001:2018; these certifications were maintained in 2022
	BSI Taiwan Branch	In 2019, the Company passed certification for the revised version of ISO 50001:2018; this certification was maintained in 2022
	BSI Taiwan Branch	The 2021 greenhouse gas survey passed validation for ISO 14064-1 in 2022
	BSI Taiwan Branch	2021 Climate-related Financial Disclosure (TCFD) Level-5: Excellent; verified in 2022
Social	Chuanghua County Government	Won the "Secend Tier Award" for employing persons with disabilities above the statutory quota in 2022
	Health Promotion Administration, Ministry of Health and Welfare	In 2021, the Company applied for and was awarded the "Badge of Accredited Healthy Workplace" by the Health Promotion Administration, Ministry of Health and Welfare (the certificate has a validity period of 3 years, starting from January 1, 2016, and ending on December 31, 2024)

4. Management systems for the environment, occupational safety and health, energy management, and greenhouse gas survey

(1) The Company passed certification for ISO 14001 Environmental Management System in 2001, and subsequently passed certification for the transition to ISO 14001:2015 in May 2018. The Chinese subsidiary, too, passed certification for ISO 14001 in 2009 and later passed certification for the transition to ISO14001:2015 in June 2017. The Company also won the 7th Industry Elite Award in 2006, passed certifications for OHSAS 18001:2007 and the Taiwanese version of TOSHMS 2007 in 2009, completed certification for the transition to ISO 45001/CNS 45001 in May 2019, passed validation for ISO 50001:2011 Energy Management System in 2015, completed validation for the transition to ISO 50001:2018 in August 2019, introduced ISO 14064-1 Greenhouse Gas Inventory System in 2015, and had greenhouse gas survey reports certified by BSI between 2015 and 2021. (Verification of the 2022 greenhouse gas report pending).

FBT is dedicated to ensuring the safety and health of all workers, and devotes significant attention to keeping the work environment in a state that complies with laws and is free of pollution and hazards. These efforts help minimize the environmental, safety, and health impacts associated with the Company's products, supplies, personnel, machinery, procedures, activities, and services, and limits the exposure to intolerable risks. Furthermore, ongoing efforts are being made to improve and promote environmental safety and health as part of social responsibility. Below is a list of policies that the President has approved in this regard:

- Environmental safety and health policy of FBT Taiwan:
  - A. Managers shall supervise environmental safety and health matters within their designated responsibilities, and are responsible for coordinating and instructing personnel to accomplish relevant tasks.
  - B. Employees shall abide by and comply with fire safety, environmental protection, safety, and health regulations as well as other relevant requirements of the Company.
  - C. The Company shall commit efforts to reducing and preventing pollution, and lessening the environmental impact of its operations.
  - D. The Company shall adopt hazard identification and risk assessment/management practices that aim to prevent injuries and health incidents.
  - E. All employees shall undergo environmental safety and health-related training and performance management, and take part in safety, health, and environmental protection efforts on an ongoing basis.
  - F. The Company shall create a safe and healthy workplace by making continuous improvements to environmental safety and health.
  - G. The Company shall strive to increase the efficiency of energy and resource utilization in production activities, and advocate energy conservation while taking actions to minimize wastage.
  - H. The Company shall comply with hazardous substance control requirements.
- Greenhouse gas policy of FBT Taiwan
  - A. The Company shall enforce energy and carbon reduction measures in a persistent manner.
  - B. The Company shall observe greenhouse gas regulations, customers' requirements, and related rules.
- Energy policy of FBT Taiwan
  - A. The Company shall improve energy performance in a persistent manner, and

strive to lower the cost of energy usage.

- B. The Company shall comply with regulatory requirements and purchase energy-efficient products as a priority.
  - C. The Company shall examine its energy targets and disclose energy and resource information.
  - D. The Company shall duly implement an energy management system and reduce greenhouse gas emission.
  - E. The Company shall raise energy conservation awareness throughout the organization and aim to create a sustainable business environment.
- Environmental policy of Suzhou Fine Blanking & Tool:
    - A. Comply with laws
    - B. Prevent pollution
    - C. Reduce energy and waste

(2) In addition to having a promotion committee for various management systems (ISO 9001, IATF 16949, ISO 14001, ISO 45001/CNS 45001, ISO 50001, etc.), the Company has also set up a Risk Management Committee that is responsible for gathering issues inside and outside the organization and issues that concern workers and stakeholders both regularly and whenever the organization undergoes change. By assessing risks and opportunities, the committee is able to identify material issues and devise response measures to be compiled into an Environmental Issues, Risks, and Opportunities Strategy Report. Goals and solutions can then be implemented, and the implementation progress is reported to the management during monthly management meetings. Management efforts for environmental issues, risks, and opportunities associated with the management systems mentioned above cover existing as well as potential risks and opportunities from climate change. Measures are being taken in response to climate issues. Although the Company has not been identified by the authority as a subject for greenhouse gas monitoring, it does use a substantial amount of energy through the 1st Plant and the 3rd Plant, while indirect greenhouse gas emissions (Scope 2) from purchased electricity make up nearly 84% of the total emissions. The Company first introduced ISO 50001 Energy Management System in 2015, at which time an Energy Committee was set up to carry out energy management action plans. The committee has set the target to reduce energy consumption by at least 1% a year. Meanwhile, greenhouse gas emissions are being surveyed in conjunction with the enforcement of the ISO 50001 energy project, and actions are being taken to reduce indirect greenhouse gas emissions as a way to mitigate climate change risk.

Many countries are exploring the possibility of introducing a carbon tax or energy tax, while the prices of raw materials and energy used in production are increasing progressively year after year. These factors will ultimately raise production costs over time. The Company will continue monitoring changes in local and foreign regulations and prepare ahead of time in anticipation for changes in order to minimize financial costs.

(3). Through execution of the improvement proposal initiative, the Company implemented many solutions aimed at reducing energy and waste. For example: scrap metal is recycled from larger pieces of stamped products to produce smaller stamped parts; all spot welding machines, thermal treatment equipment, chillers, and ultrasonic cleaners used in production and all air conditioners installed at office locations make use of recycled water, and the wastewater recycling and reuse processes put in place have effectively improved the quality of water bodies in the local environment; devices and pipelines have been installed at the grinding work section to recycle cutting fluid,

which is fed directly to grinding equipment after filtering out scrap metal; clean wastewater is recycled and reused while the use of common materials and molds is adopted to minimize slow-moving materials; improvements have been made to fixtures for high-frequency cooling; efficiency enhancements have been made to the reuse of waste materials and energy consumption; and the two-time sandblasting process has been changed to one-time sandblasting. In each of the last 4 years (2018-2022), the Company was able to generate benefits, totaling NT\$7.21 million, NT\$8.73 million, NT\$8.33 million, NT\$8.03 million, and NT\$7.23 million, respectively, from energy and waste reduction improvements.

(4) Greenhouse gas emissions survey

Being a member of planet Earth, the Company recognizes its corporate duty to protect the environment, and is committed to reducing the environmental and climate impact of global warming caused by greenhouse gas emissions. The Taiwan office, in particular, set up a “Greenhouse Gas Survey System Committee” in 2015 to survey greenhouse gas emissions on a yearly basis. In addition to obtaining greenhouse gas assurance for 2015-2020, In response to the new standards on significant indirect greenhouse gas emissions introduced under the revised version of ISO 14064-1:2018, the Company amended relevant rules and conducted a complete inspection of its machinery, equipment, and cooling systems. For conformity with the IPCC 6th Assessment Report (2021), the base year for greenhouse gas reduction was reset to 2021. In 2023, the Taiwan branch of BSI was commissioned to perform the verification of total greenhouse gas emissions in 2022. (using the 2021 emission coefficient of electricity published by the Bureau of Energy). The annual report was under verification as of the date of publication.

Emissions volume of operational sites in Taiwan for 2021 and 2022:

Unit: Metric tons CO<sub>2</sub>e/year

ISO 14064-1:2006		ISO 14064-1:2018			Remark	
Scope		Category\Year		2022		2021
Scope 1	Direct GHG emissions	Category 1	Direct greenhouse gas emissions and elimination	1,054.08	1,076.72	Combustion of natural gas, diesel, etc.
Scope 2	Indirect GHG emissions	Category 2	Indirect GHG emissions from energy input	5,637.34	5,685.080	Purchased electricity
Scope 3	Other indirect GHG emissions	Category 3	Indirect GHG emissions from transportation	377.40	555.29	Transport of steel coil
		Category 4	Indirect GHG emissions from products used by the organization	13,292.22	14,373.29	Finished product upstream-steel coil Electricity upstream Natural gas upstream Gasoline upstream Diesel upstream
		Category 5	Indirect GHG emissions from using products made by the organization	Not surveyed	Not surveyed	
		Category 6	Indirect GHG emissions from other sources	Not surveyed	Not surveyed	

Note : The greenhouse gas emission intensity in 2022 was 4.47 (kg CO<sub>2</sub>e/turnover NTD 1,000), which was 3.66% lower than the 4.64 in 2021 (kg CO<sub>2</sub>e/turnover NTD 1,000) (the target was 3% lower).

<b>Profile of the Company</b> <input type="checkbox"/> Companies with a capital amount of over NT\$10 <input type="checkbox"/> Companies with capitalized amount of over NT\$5 <input checked="" type="checkbox"/> company with a capitalized amount of less than NT\$5 billion	<b>According to the Roadmap for Sustainable Development for Listed</b> <input checked="" type="checkbox"/> Individual inventory of the parent company <input type="checkbox"/> Consolidated financial <input type="checkbox"/> Assurance of the parent company-only individual <input type="checkbox"/> Assurance of
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Scope 1	Total emissions (tonnes CO2e)	Intensity (tonnes CO2e/NT\$ million)	Authenticating institution	Statement of conviction
Parent company (Taiwan branch)	1,054.083	0.704	BSI Taiwan Branch	Inventory of greenhouse gas emissions in 2022 by Taiwan operations. ISO 14064-1 is scheduled to be conducted in May: Conducted verification in 2018. The verification statement is expected to be obtained in July .
Subsidiary (Mainland China)	No inventory yet	NA		
Subsidiary (Operating Base in Vietnam)	No inventory yet	NA		
<b>Total</b>	<b>1,054.083</b>	<b>0.704</b>		
Scope 2	Total emissions (tonnes CO2e)	Intensity (tonnes CO2e/NT\$ million)	Authenticating institution	Statement of conviction
Parent company (Taiwan branch)	5,637.342	3.764	BSI Taiwan Branch	Inventory of greenhouse gas emissions in 2022 by Taiwan operations. ISO 14064-1 is scheduled to be conducted in May: Conducted verification in 2018. The verification statement is expected to be obtained in July .
Subsidiary (Mainland China)	No inventory yet	NA		
Subsidiary (Operating Base in Vietnam)	No inventory yet	NA		
<b>Total</b>	<b>5,637.342</b>	<b>3.764</b>		
Scope 3 (Taiwan operations)	13,669.616 (tons CO2e) (ISO 14064-1 scheduled in May) 2018 verification)			

Considering that electricity is the primary form of energy consumed, the Company has devised a greenhouse gas reduction plan along with energy and carbon reduction measures in line with ISO 50001 Energy Management System. Since 2016, the Company has been working with the Industrial Technology Research Institute to introduce a power management system that enables more precise energy monitoring to support the organization's energy and carbon reduction efforts.

- (5). On December 21, 2021, the board of directors passed a decision to set up the "TCFD Promotion Committee," a sub-committee that specializes in climate change governance, under the "Sustainability Committee." This sub-committee has been tasked with the duty of developing climate risk identification processes using the TCFD framework. After a series of discussions between the sub-committee and seed members, they identified a total of 5 opportunities and 11 risks, and began preparation of the "FBT 2021 Climate-related Financial Disclosures Report" to address strategies for risks/opportunities, climate change risk management practices, indicators, and goals. This report will be presented to the board of directors once the validation process is completed. In the future, attainment of TCFD goals will be disclosed in the sustainability report published in May each year.

- (6) Energy and resource management

The types of energy used by the Company in 2022 included electricity, natural gas, gasoline, and diesel. Electricity was the primary form of energy consumed,

representing 87.7% of all energy used, while other energy sources accounted for 12.3%. The Company adopts ISO 50001 for the identification of environmental issues and evaluation of related risks and opportunities. To lessen the effect of global warming and impact of greenhouse gas emissions on the environment, the Company introduced an energy management system in January 2015 and has since been aiming to reduce energy usage by at least 1% a year. Projects such as “1st Plant Stamping Press Capacity Improvement,” “1st Plant Chiller Renewal,” “1st Plant Natural Gas Reduction,” “1st Plant Air Compressor Energy Reduction,” “2nd Plant Air Compressor Adjustment,” “3rd Plant ED Coating Procedure Adjustment,” and “3rd Plant Motorcycle Double-sided Grindstone Lifespan Extension” were executed in the last year. By enforcing full employee participation, we are able to maintain ISO 50001 certification from BSI. Energy consumption in 2022 was calculated to be 27.47% lower than in the base year 2015. Considering that electricity is the primary form of energy consumed, the Company purchased 240,000 kWh of green power from Taiwan Power Company in 2016 and 2017 in support for the government’s renewable energy policy and to lessen the environmental burdens of business operations. In 2019, the Company cooperated with World Harmony Co., Ltd. to install solar power generators on the rooftop of the leased plant; the solar power generators commenced operation in December 2019, generating a total energy of 7,895,929 kWh between December 2019 and December 2022 that reduced emissions by 4,000.862 metric tons of CO<sub>2e</sub>. At FBT, we support the nation’s renewable energy policy through action.

(7) Reuse of water resources

Despite having abundant rainfall, Taiwan has long been prone to water shortage due to its high population density and geographic limitations such as small land area, steep hills, short rivers, and uneven water distribution that cause most of the rainwater to run off directly into the ocean. According to an analysis by the World Resources Institute, the Company is located in a water stress area and has been assigned an overall water risk rating of 3-4, indicating high water risk. In Taiwan, the Company draws all water for production activities from the local water supply, and given the substantial volume of water needed for the electroplating and coating processes, water resources present a significant issue to the Company’s operations. This is why the Company treasures water resources and devotes persistent attention to saving water in every way possible. For example: all spot welding machines, thermal treatment equipment, chillers, and ultrasonic cleaners used in production and all air conditioners installed at office locations make use of recycled water, and the wastewater recycling and reuse processes put in place have effectively improved the quality of water bodies in the local environment; devices and pipelines have been installed at the grinding work section to recycle cutting fluid, which is fed directly to grinding equipment after filtering out scrap metal; and clean wastewater is recycled and reused. With regards to the recycling and reuse of clean wastewater (see the water purification flowchart for electroplating and coating processes).

Year	recycled water (million liters)	Total water intake (million liters)	OPERATING REVENUE (NT\$ million)	Water intensity (Total water intake _ thousand liters/ revenue_ million)	In 2022, compared to 2021, the amount of recycled water increased by 4.149 million liters, while the target water intensity was reduced by 1%, but the actual reduction was 0.69%.
2022	21.487	180.258	1,497.7	120.35	
2021	17.338	176.650	1,457.6	121.19	

(8) Prevention of air and water pollution

Both the 1st Plant and the 3rd Plant are equipped with air pollution and water pollution control equipment; all emissions and discharge have complied with regulatory requirements.

Both the 1st Plant and the 3rd Plant have access to wastewater treatment facilities and have dedicated management personnel assigned to oversee related tasks; both plants test wastewater quality on a regular basis to ensure that wastewater is discharged only if it meets the intake standards of Chuansing Industrial Park's water treatment facilities. The 2nd Plant is not a factory of concern in terms of wastewater management, and therefore discharges wastewater directly into Chuansing Industrial Park's wastewater treatment facilities.

Both the 1st Plant and the 3rd Plant have installed mechanical ventilation and dust-collecting devices at areas where sandblasting, welding, electroplating, and coating processes are performed. The 1st Plant had 2 scrubbers added to the galvanization line to remove acid exhaust and volatile organic gas generated from the electroplating process. The 3rd Plant uses a water curtain system to capture paint particulates and scrubbers to remove acid exhaust from the coating process, thereby achieving air pollution control. The Company submitted an application for Work Environment Improvement Subsidies for Surface Treatment Businesses in 2019 and was granted subsidies totaling NT\$120,960 in December 2019 to improve the cleanliness, comfort, brightness, and safety of the work environment. The Company's Safety Management Office engages certified service providers to conduct inspections and tests at least once a year. The tests conducted in 2022 found most results to have conformed with standards; however, the monitoring result of the automatic spray gun glycol ether acetate was 6.198 ppm, which was lower than the permissible concentration of 10ppm, and it was classified as a Class II management chemical.

(9) Waste management

The Company controls industrial waste in accordance with relevant regulations and observes the requirements of the industrial waste reporting and management system by reporting the volume of waste produced, stored, and cleared at the 1st and 3rd Plants on a monthly basis. The Company continued enforcing plans to reduce waste from living activities throughout 2022, and designed waste-sorting labels in Chinese, Thai, and Vietnamese. All departments and the Safety Management Office are required to inspect waste sorting on a weekly basis. The frequency of waste clearing by external service providers has been reduced from twice a week to once a week. Sludge dryers have been introduced in March 2019 to significantly reduce the water content and weight of hazardous waste.

Industrial Waste Statistical Table

Year	A Hazardous commercial waste (tonnes)	D Non-hazardous commercial waste (tonnes)	Gross weight of waste (A+D)	OPERATING REVENUE (NT\$ million)	Waste intensity (total waste weight_tons/revenue_million)	Waste intensity in 2022 was reduced by 1% from the target in 2021; the actual reduction was 0.84%.
2022	37.47	140.357	177.827	1,497.7	0.118	
2021	50.43	123.685	174.115	1,457.6	0.119	

Note: Please refer to 4.5 of the 2022 Sustainability Report for the category, name, output weight, and disposal method of commercial waste.

All industrial waste produced by the Company is handed over to EPA-approved service providers for proper disposal, and no hazardous waste is shipped overseas. The Company has developed “Standard Procedures for Resource Recycling” to serve as guidance for recycling practices. These procedures provide instructions on how waste can be turned into resources not only for financial gains, but for environmental improvements and compliance as well.

Year	Resource recovery (tonnes)	OPERATING REVENUE (NT\$ million)	Resource recycling intensity (resource recycling/revenue)	The decrease of 294.119 tonnes in 2022 compared to 2021 was mainly due to the decrease in scrap iron offcuts.
2022	3,032.661	1,497.7	2.024	
2021	3,326.780	1,457.6	2.280	

Note: Please refer to 4.5 of the 2022 Sustainability Report for details on recycling items, recycling percentage, and uses of recycling.

(10) Management of chemicals

The Company has developed its own “Toxic Substance Management Policy” in accordance with relevant regulations of the Environmental Protection Administration to facilitate the proper management of toxic substances. All toxic substances are placed inside locked storage; places where substances are used are clearly labeled and equipped with safety data sheets, emergency response supplies, personal protection gears, and sprinklers. Online regulatory reports are made using the Toxic Chemical Substance Reporting System on a monthly basis.

The Company has developed its own “Hazardous Substance Management Policy” in accordance with the Ministry of Labor’s “Regulations for the Labeling and Hazard Communication of Hazardous Chemicals” to serve as guidance for the management of chemicals. In addition to creating a comprehensive list and database of hazardous chemicals held in possession, the Company also makes online regulatory reports over Permit and Report of Chemicals (PRoChem) according to the “Regulations for Governing Designating and Handling of Priority Management Chemicals,” “Regulations Governing Designation and Handling Permission of Controlled Chemicals,” and “Chemical Control Banding (CCB) Manual.”

The following measures have been taken to reduce the environmental impact of the Company’s products and services:

Cleaning naphtha that contains n-hexane is being replaced with alternatives that contain n-heptane, thereby reducing water body hazard from level 1 to level 2 (slower toxicity).

(11) Ambient noise

The Company has implemented a “Noise Management Policy” based on the Environmental Protection Administration’s “Noise Control Act,” and engages external service providers to measure ambient noise on a yearly basis. All measured results have conformed with standards.

(12) Environmental protection spending

The Company spent approximately NT\$12,968,000 on environmental protection in 2022. Details are explained in section . Disbursements for environmental protection on pages 144-146.

(13) The Company has an occupational safety and health management plan that outlines regular environment and workplace testing requirements, a self-protection system, an accountable care system, contractor management practices, toxic substance management practices, transport safety management practices, as well as holding emergency response drills on a regular basis. By adopting the PDCA cycle, the Company makes ongoing improvements to meet regulatory requirements and customers' requests. Through the use of the environmental assessment and hazard identification systems, the Company adjusts environmental safety and health goals, indicators, and solutions and makes continuous improvements each year. An extensive range of hazard prevention measures has been implemented with the goal of achieving zero work injuries.

(14) The Company has maintained certification for TOSHMS (CNS15506) and OHSAS 18001 on occupational and health management systems since 2009 and obtained "Occupational Safety and Health Management System Performance Accreditation" from the Ministry of Labor. Through the implementation of TPM and a dedicated environmental safety sub-section, a panel of representatives comprising employees from different departments has been set up to conduct unscheduled inspections on environmental safety and health, issue reminders on unsafe practices, investigate close calls, and organize monthly safety and health promotion events on a department-by-department basis. In doing so, the Company hopes to raise employees' self-awareness toward safe practice. Following the introduction of TPS in 2011, the Company has been making persistent improvements to the production procedures by adopting more streamlined, automated, and efficient processes that aim to reduce employees' movements and fatigue. Since 2017, the Company has been engaging external TPM consultants with more than 30 years of experience to assist in the implementation of improvement plans. Overall, the Company is able to optimize the production environment through the automation of equipment and processes and the enforcement of TPS.

(15) For more details on employee health protection, workplace health promotion, health management programs, and health and safety education, please see the workplace health and safety section on pages 146 to 156.

## 5. Human resources

The Company views employees as its most important assets and is committed to creating a harmonious and safe work environment. For more detailed disclosures on human resources management, please see section 5. Labor relations on pages 146 to 156.

## 6. Social engagement

(1) Below are the actual results that the Company has achieved in regards to creating jobs and increasing the national income:

FBT has been actively recruiting talent in recent years, and currently employs 374 people in Taiwan, 598 in Vietnam, and 54 in China. The Company creates job opportunities by hiring locally where possible; more than 90% of plant workers are from the local vicinity.

(2) Following a sustained period of business growth and increased profitability, the Company is outsourcing some of its internal processes and components to more than 100 businesses in nearby towns with the hope of creating even more jobs.

(3) With regards to industry-academia collaboration: FBT engages National Yunlin University of Science & Technology, National Chin-Yi University of Technology, Da-Yeh University, and Chienkuo Technology University in a number of industry-academia collaboration programs that aim to train talent for the benefit of the local community. Its collaboration with National Shiou Shuei Senior Industrial High School began in 2003,

and the internship program has since catered to 123 individuals, 16 of whom are still employed to date. The Company currently has one intern from industry-academia collaboration with tertiary institutions; 3 former interns have been promoted to section chief, and 5 former interns have been promoted to engineer to date. In 2023, we cooperated with Huwei Agricultural and Industrial Education to intern 3 people. In the future, FBT will continue its internship collaboration with the education sector, and give students the educational and practical opportunities they need to put knowledge into practice, and become better adapted and skilled for the challenges ahead. This transfer of knowledge and development of future talent is one of the ways FBT has chosen to give back to society.

- (4) The Company made pro-active plans to care for the local community in 2022, and has donated persistently to local charity events as well as charity organizations. Participated in the remote health promotion public welfare project in remote villages, cooperated with the Digital Humane Association, and designated the Xidi Community Development Association, Shengang Township, Changhua County, to implement long-distance health promotion measures for the elderly, with good results. Between In terms of community care, we have been donating to the Lunar New Year Meal program by Huashan Social Welfare Foundation and to the Taiwan Fund for Children and Families Changhua Branch. Starting in 2013, we have sponsored Chuansing Industrial Park in the regular grooming and maintenance of roadside trees, participated in simulations and drills of the local defense alliance, and attended regular meetings of the Central Taiwan Toxic Chemicals Defense Organization. We shall continue taking part in community events in line with our philosophy of giving back to society, and strive to strengthen our corporate image.
- (5) In 2022, the Company made monetary donations to National Kaohsiung Normal University, Changhua Tzu Ai Foundation, Taiwan Fund for Children and Families Changhua Branch, World Vision Taiwan, Huashan Social Welfare Foundation Shengang Branch, and YMCA Charity Convert, and co-arranged a blood donation event with Chuansing Industrial Park Association, which gathered 72 250CC bags of blood from 48 donors. In the future, the Company will take part in charity events and contribute to the community in ways that conform with its philosophy of giving back to society.

#### 7. Service to customers

Being a Tier 1/Tier 2/Tier 3 supplier of the automobile supply chain, the Company works with customers to develop new products, and has been awarded Outstanding Supplier by prominent customers including AUTOLIV (the world's largest seat belt manufacturer), KYMCO, and Sanyang.

##### (1) Customer relations

Customer trust has always been one of the Company's core values. This trust with customers has been one of the main reasons why many customers choose to have the Company make their products. In response to the increasing need for customer data protection, the Company set up a personal data protection team in May 2014 and established a personal data protection policy that requires employees to take count, evaluate risks, and conduct internal audits on all personal data held in possession on a yearly basis. Upon receiving any complaint relating to personal data, whether from customers or data owners, the head of the accountable department will be required to complete a "Personal Data Incident Reporting and Resolution Form" and the personal data protection team will carry out follow-up evaluation and investigation. Once a case is closed, the form will be forwarded to the management representative for sign-off and presented during the next management review meeting. All customer complaints and all personal data provided by customers are subject to the protections described above. The

Company places great emphasis on the protection of personal data, and encountered no leaks of personal data or breaches of privacy in 2022 that gave rise to complaints.

(2) Customer service

Through statistical analysis, the Company closely monitors changes in the type and volume of products demanded by customers, and makes production line adjustments internally to keep up with customers' needs. The Company also devotes significant attention to developing value-oriented parts and assemblies that allow customers to save time on assembly, thereby making FBT the preferred business partner.

The Company values customers' needs and has devised the following customer service standards:

- A. Feedback in early stages of product development: 3 days for in-house production, 7 days for outsourced production.
- B. Order reply rate: 100% feedback in 48 hours.
- C. All customer complaints are to be replied to D3 within 24 hours (for temporary solutions), to D5 within 48 hours (for permanent solutions), and have 8D (problem analysis, strategies, and solutions) completed within one week followed by case closure. From initial development to the mass production stage, the Company improves each product persistently and closely monitors the preferences and needs of its customers to strengthen customer loyalty.
- D. The Company makes customer visit plans each year and aims to visit at least four customers a month for up-to-date knowledge on customers' needs and market conditions.

(3) Products and services

FBT has always envisioned itself becoming customers' trusted business partner. FBT has developed an AI-assisted mold creation system that aims to shorten the time to mass production, thereby delivering the best service to customers. This system analyzes molds previously developed for customers and applies AI algorithms to generate a multitude of combinations that customers can use as reference during the initial design and development stage. The system also allows ideas to be exchanged during the design stage, which helps save molding expenses and shortens the development timeframe afterwards. With this system, FBT can outgrow its role of a contract manufacturer and become a trusted provider of technologies and production capacity, making it an important partner for customers' success. Meanwhile, all data relating to customers' mold development is duly protected.

(4) Customer satisfaction

The Company is dedicated to providing customers with the best service, and holds the conviction that customer service is key to satisfaction and loyalty, while customer loyalty is critical for securing relationships with existing customers, attracting new customers, and strengthening customer relations. The Company adopts a "Customer Satisfaction Management Policy" and conducts surveys on customers' satisfaction with respect to quality, cost, service, and delivery timing in June each year. Customers are asked to assign a score out of 25 for each of the four aspects, and the Company aims to maintain a total score of 75 or above and score at least 20, 15, 20, and 20 in the four aspects above, respectively. From the 16 questionnaires recovered in 2022, the Company achieved a total score of 79.69 and reported having met all indicator requirements. While overall results for 2022 had improved, the global supply chain imbalance due to the impact of COVID-19 has impacted the market demand for raw materials and precautionary orders. Therefore, the delivery date and cost evaluation in 2022 declined slightly compared to 2021. The Company will continue exploring ways to improve

customers' satisfaction in the future.

#### 8. Supplier (and contractor) evaluation

The Company has included supplier management rules in its Corporate Social Responsibility Code of Conduct, Supplier Selection and Evaluation Policy, and Supplier Preliminary/Regular Auditing Policy. All new suppliers are subject to evaluation and are scored on products, environmental practice, labor practice, human rights, and social responsibility. Their suppliers, too, are investigated for histories of environmental or social misconduct, which in turn prevents the Company from dealing with parties that contradict its social responsibility policies. New suppliers are required to sign the "CSR Statement" as proof of commitment to the Company's CSR initiative. The Company had 42 new suppliers in 2022, 92.9% of which were subjected to environmental and social evaluation using the "CSR Statement" and "Supplier CSR Questionnaire."

The Company issues a "Supplier CSR Questionnaire" at the end of each year and requires suppliers to complete the survey. The Company had 86 suppliers that met the survey requirements in 2022; they were each issued a supplier questionnaire, 95.3% of which had completed and returned the questionnaire.

The Company's occupational safety and health management plan requires contractor training to be held on a yearly basis. In 2022, contractors were trained online due to the pandemic in 2022. Occupational safety and health management measures were shared and the concept of defensive driving was raised to raise contractors' awareness of occupational safety and health and new concepts of traffic safety.

**Social Responsibility Implementation Status as Required by the Taiwan Financial Supervisory Commission**

Assessment Item	Implementation Status			Nonimplementation and Its Reason(s)
	Yes	NO	Summary	
1. Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development organization with Board of Directors authorization for senior management, which is reviewed by the Board of Directors?	V		<p>1. Driven by the vision and mission outlined in the “FBT Sustainable Development Policy,” the Company passed the decision to set up a “Corporate Social Responsibility Committee” (CSR Committee) in 2015 for more efficient execution of sustainability tasks. During the meeting held on November 11, 2015, the board of directors authorized and appointed Director/President Wu, Tsung-Ming to serve as lead member of the committee. The CSR Committee’s responsibility is to develop a CSR GRI system in line with the current organization and plans. On December 21, 2021, the board of directors passed a decision to change the name of the “CSR Committee” to “Sustainability Committee,” as depicted in the organization chart on the following page. Meanwhile, to facilitate more effective management of sustainability efforts, the Administration Department (General Affairs Section) has been tasked with the duty of overseeing sustainable development policies, systems, and guidelines as well as the proposal and execution of action plans. Progress is reported to the board of directors within five months after the end of each year. Please see pages 61-69 for a more detailed description of the implementation of sustainable development.</p> <p>The board of directors takes heed of the management’s briefings (including the ESG report) on a yearly basis. The management is responsible for devising corporate strategies, and the board of directors not only assesses the probability of success of such strategies, but also examines progress from time to time while urging the management to make adjustments when needed.</p>	None
2. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	V		<p>2. The Company has implemented its own Sustainable Development Code of Conduct and set up a “Sustainable Development Committee” to enforce sustainable practices according to the committee charter, sustainability plans, and GRI standards. Since 2016, the committee has been conducting annual risk assessments on environmental, social, and governance issues that are relevant to the Company using the principle of materiality, and implementing risk management policies or strategies in response. Please see pages 61-77 for a more detailed description of the implementation of sustainable development.</p>	None

Assessment Item	Implementation Status			Nonimplementation and Its Reason(s)
	Yes	NO	Summary	
3. Environmental Topic (1) Has the Company set an environmental management system designed to industry characteristics?	V		(1) The Company passed certification for ISO 14001 Environmental Management System in 2001 followed by the revised standards ISO 14001:2004 in 2005 and ISO 14001:2015 in 2018. The Chinese subsidiary, too, passed certification for ISO 14001 in 2009 followed by the revised standards ISO 14001:2015 in June 2017. Between 2016 and 2021, the Company has had previous years' greenhouse gas emission results validated for ISO 14064-1. A Safety Management Office has been created to manage related matters. Please see pages 67-77 for a more detailed description of the implementation of sustainable development.	(1).None
(2) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	V		(2) The Company passed certification for ISO 50001 Energy Management System in August 2015 followed by the revised standard ISO 50001:2018 in August 2019. Between 2016 and 2021, the Company has had previous years' greenhouse gas emission results validated for ISO 14064-1. All raw materials used by the Company have conformed with the EU's RoHS and REACH. Energy conservation and waste reduction solutions have been developed in accordance with ISO 14001 to provide guidance for the recycling of materials, use of renewable energy, and reduction of pollution in manufacturing procedures, thereby minimizing the environmental impact. Please see pages 67-77 for a more detailed description of the implementation of sustainable development. In 2020, the Company set up a MFCA (material flow cost accounting) Analysis Team and designated "motorcycle brake discs" as a product of interest. The MFCA approach begins by identifying 4 quantity centers in the production procedures and analyzing the percentages of positive products and negative products. Based on the outcomes of the MFCA analysis, the Company assigned a specialized unit to increase material feed in the production of brake discs, and the team came up with a multi-hole mold design and a new material feeder disc design that helped reduce material costs to the Company's advantage. In the meantime, a FMS has been set up to make improvements to materials such as blades and grindstones with the goal of reducing the cost of negative products. Once the improvement solution has been implemented, the Company will follow the PDCA cycle to improve the outcome of the MFCA analysis, taking steps to optimize production conditions in support of the circular economy and for the Earth's environment.	(2).None

Assessment Item	Implementation Status			Nonimplementation and Its Reason(s)
	Yes	NO	Summary	
(3) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?	V		<p>(3) On December 21, 2021, the board of directors passed a decision to set up a “TCFD Promotion Committee,” a sub-committee that specializes in climate change governance, under the “Sustainability Committee.”</p> <p>This sub-committee has been tasked with the duty of developing climate risk identification processes using the TCFD framework. After a series of discussions between the sub-committee and seed members, they identified a total of 5 opportunities and 11 risks, and began preparation of the “FBT 2021 Climate-related Financial Disclosures Report” to address strategies for risks/opportunities, climate change risk management practices, indicators, and goals. This report will be presented to the board of directors once the validation process is completed. In the future, attainment of TCFD goals will be disclosed in the sustainability report published in May each year. The Company expects to make detailed disclosures on the risks and opportunities associated with climate change in its 2021 sustainability report.</p>	(3).None
(4) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set greenhouse gas emissions reduction, water usage reduction and other waste management policies?	V		<p>(4) The Company has passed certification for various ISO management systems, such as ISO 14001:2015 and ISO 50001:2018, and has been conducting annual surveys since 2015. For ISO 50001 Energy Management System, targets have been set to reduce energy consumption by at least 1% per year and improvement measures are being implemented. For ISO 14001, the Company has set monetary targets to reduce energy and waste, and improvement measures are being implemented on an on-going basis. Please see pages 67-77 for detailed data on greenhouse gas emissions, water usage, and total waste volume in the last two years, and the policies aimed at reducing energy, carbon, greenhouse gases, water, and waste.</p>	(4).None

Assessment Item	Implementation Status			Nonimplementation and Its Reason(s)
	Yes	NO	Summary	
4. Social Topic (1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	V		(1) The Company observes employment regulations and international human rights by providing workers with Labor Insurance and National Health Insurance coverage, making contributions to the new and old labor pension schemes, protecting workers' legal rights, and enforcing a non-discriminating employment policy. The Company also arranges group accident insurance for all its employees. For more detailed disclosures, please refer to section 1. Employee benefits on pages 146-147 and sections 4. Comprehensive retirement policy, 5. Pregnancy-friendly workplace, and 6. Labor-management agreements on pages 154-155.	(1).None
(2) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	V		(2) The Taiwan office has internal rules such as "Articles of Incorporation," "Director Remuneration and Employee Remuneration Allocation Policy," "Year-end Bonus Policy," "Salary Policy," and "Labor Pension Management Policy" in place to serve as guidelines for employee benefits and measures. For example: employee remuneration is allocated from profit before tax on a monthly basis and paid in the following year as mentioned in the Articles of Incorporation; year-end bonuses are appropriated monthly and paid before the next Lunar New Year. For more detailed disclosures, please see section 5. Labor relations on pages 121-127.	(2).None
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	V		(3) The Company has been certified for management systems such as ISO 14001 and ISO45001/CNS 45001, and has a Safety Management Office in place to oversee related matters and organize regular safety and health training for employees. For more detailed disclosures on workplace health and safety, please see pages 146-156.	(3).None

Assessment Item	Implementation Status			Nonimplementation and Its Reason(s)
	Yes	NO	Summary	
(4) Has the Company established effective career development training plans?	V		(4)In addition to carrying out on-job training in accordance with the yearly training schedule, the Company also conducts annual “Human Resource Survey/Individual Skill Evaluation,” in which the head of each department is required to assess the skills of their subordinates and make a list of any online courses needed. Through evaluation of the employees’ familiarity, the Company hopes to make appropriate training adjustments, record employees’ training progress, and evaluate the future career potential of each employee. For more detailed disclosures on employees’ training and career development, please see pages 152-154.	(4).None
(5) Does the Company’s product and service comply with related regulations and international rules for customers’ health and safety, privacy, sales, labelling and set policies to protect consumers’ or customers’ rights and consumer appeal procedures?	V		(5).The Company is a Tier 1/Tier 2/Tier 3 supplier of the automobile supply chain; it does not produce end products, but instead supplies products and services to downstream customers such as Sanyang and KYMCO. While cooperating with customers on product development, production procedures, marketing, and service, the Company ensures compliance with relevant regulations and international standards such as IATF 16949 Quality Management System. None of the Company’s products or services had violated the health or safety regulations of their respective sales destinations or against customers’ requirements during their life cycles in 2022. Please see pages 73-77 for a more detailed description of the implementation of customer service and sustainable development. In addition to implementing a personal data protection system, the Company also assesses personal data risk and conducts internal audit and training on a yearly basis to protect the data of its customers and stakeholders.	(5).None

Assessment Item	Implementation Status			Nonimplementation and Its Reason(s)
	Yes	NO	Summary	
(6) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?	V		(6) The Company has included supplier management rules in its Sustainable Development Code of Conduct, Supplier Selection and Evaluation Policy, and Supplier Preliminary/Regular Auditing Policy. All new suppliers are subject to evaluation and are scored on products, environmental practice, labor practice, human rights, and social responsibility. Their suppliers, too, are investigated for histories of environmental or social misconduct, which in turn prevents the Company from dealing with parties that contradict its sustainable development policies. Please see pages 77 for a more detailed description of the implementation of customer service and sustainable development.	(6).None
5. Does the Company refer to international reporting rules or guidelines to publish Sustainability Report to disclose non-financial information of the Company? Has the said Report acquire third party verification or statement of assurance?	V		5. Since 2016, the Company has been preparing and publishing annual "CSR Reports" or "Sustainability Reports" using GRI G4 guidelines or GRI standards while engaging BSI Pacific Limited Taiwan Branch to validate the reports according to AA1000 AS:2008 Assurance Standard (Type 1 Moderate Assurance) and GRI G4 or GRI standards. All of the above reports have been validated to conform with AA1000 AS:2008 Assurance Standard Type 1 and GRI G4 or GRI core requirements. The acquired Independent Assurance Statement has been published on the Company's website at <a href="http://www.fineblanking.com.tw/ec99/rwd1280/category.asp?category_id=24">http://www.fineblanking.com.tw/ec99/rwd1280/category.asp?category_id=24</a> .	None
<p>6. If the Company has established sustainability policies in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe its current practices and any deviations from the Best Practice Principles:</p> <p>The board of directors has passed a Sustainable Development Code of Conduct, which advocates continuity and integrity in all of the Company's business activities. Please refer to the above progress report on sustainable development efforts for more details. The Company first set up a "CSR Committee" in 2015, and the board of directors passed a resolution later on December 21, 2021, to rename the "CSR Committee" to "Sustainability Committee." The duty of the committee is to enforce sustainable practices according to its charter, sustainability plans, and GRI G4 or GRI standards. Since 2016, the committee has been conducting annual reviews of previous years' performance and disclosing information in the form of a CSR Report or Sustainability Report. There was no deviation from the best practice principles.</p>				
<p>7. Other information useful to the understanding of sustainable practice:</p> <p>Please see pages 61-77 for a more detailed description of the implementation of sustainable development. Information from August 2016 onwards is disclosed in the CSR Report or Sustainability Report, which can be found on the Market Observation Post System and on the Company's website under the CSR section. <a href="http://www.fineblanking.com.tw/ec99/rwd1280/category.asp?category_id=31">http://www.fineblanking.com.tw/ec99/rwd1280/category.asp?category_id=31</a> .</p>				

### 3.4.6 Integrity policies and practices

The Company upholds “customer satisfaction, service integrity, pro-active accountability, professional innovation, and inclusive growth” as its core values. In particular, service integrity has always been the foundational principle for all of the Company’s business activities. A reward and discipline policy has been established in the Work Rules to provide guidance for disciplinary action in case of violations.

The Company has implemented internal policies such as the “Ethical Behavior Guidelines for Directors and Managers,” “Ethical Corporate Management Best-Practice Principles,” and “Work Rules” that explicitly prohibit employees from seeking personal gains at the Company’s expense or engaging in any activities that are in conflict with the Company’s interests; prohibit any form of bribery, unfair competition, fraud, and wastage or abuse of company resources; prohibit any conduct that has adverse consequences on the Company, the environment, or society; require compliance with all laws and legal spirit; and prohibit any decisions or conduct that inappropriately affect any parties including government officials, civil servants, courts, customers, suppliers, and contractors.

## Taiwan Corporate Conduct and Ethics Implementation as Required by the Taiwan Financial Supervisory Commission

Assessment Item	Implementation Status			Causes for the Difference
	Yes	No	Summary	
1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures (1) Does the company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(1) The Company has its own “Ethical Corporate Management Best-Practice Principles” and all members of the Company and group uphold “customer satisfaction, service integrity, pro-active accountability, professional innovation, and inclusive growth” as the core values when making strategic goals and plans. Both the board of directors and the management are committed to enforcing these values in management and commercial activities, and a reward and discipline policy has been established in the Work Rules to provide guidance for disciplinary action in case of violations.	(1).None

Assessment Item	Implementation Status			Causes for the Difference
	Yes	No	Summary	
(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	V		(2).The Company has internal policies such as the “Ethical Corporate Management Best-Practice Principles,” “Ethical Behavior Guidelines for Directors and Managers,” “Corporate Governance Code of Conduct,” “Work Rules,” and “Safety and Health Code of Conduct” in place to regulate the conduct of its directors, managers, and employees. As part of the annual internal self-assessment exercise, the Company tries to identify corruption risks and any risks likely to be induced by internal and external events, including the risk of not being able to attain goals, financial reporting risks, and compliance risks. Any identified risks that are likely to lead to corruption are mitigated and controlled through proper allocation of duties and rigorous internal audit.	(2).None
(3) Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?	V		(3).The Company upholds “customer satisfaction, service integrity, pro-active accountability, professional innovation, and inclusive growth” as its core values. In particular, service integrity has always been the foundational principle for all of the Company’s business activities. To prevent dishonest conduct, all employees are required to disclose any existing or potential conflicts with the Company’s interests. The Company has an opinion box in place that employees can use to report misconduct and raise complaints. All reports made are handled personally by the most senior management officer. Furthermore, disciplinary action for violations of business integrity have been detailed in the Work Rules ◦	(3).None

Assessment Item	Implementation Status			Causes for the Difference
	Yes	No	Summary	
<p>2. Ethic Management Practice</p> <p>(1) Whether the company has assessed the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?</p>	V		(1) The Company takes pragmatic action to help customers, suppliers, and business partners understand its work culture. For example, new suppliers are required to sign the “CSR Statement” as proof of commitment to the Company’s CSR initiative. All suppliers are expected to make positive contributions to the environment, human rights, and society, for which the Company issues a “Supplier CSR Questionnaire” at the end of each year and requires suppliers to complete the survey. Furthermore, the Company conveys its business philosophy to customers by participating in customer audits.	(1).None
<p>(2) Whether the company has set up a unit which is dedicated to promoting the company’s ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?</p>	v		(2) Organizations and channels such as the Remuneration Committee, internal auditors, and Personnel Evaluation Committee have been created directly under the board of directors to provide independent supervision and audit. The principles of their supervisory and auditing practices have also been reflected in management policies. Service integrity is one of the core values of FBT, one that has been thoroughly enforced throughout the entire group by the Chairman, designated department heads, and internal auditors. The Chairman, President, and spokesperson are responsible for communicating and disclosing complete financial information to outsiders under the supervision of the board of directors. Internally, the Company has designated units and the Chief Internal Auditor available to make regular progress reports to the board of directors.	(2).None

Assessment Item	Implementation Status			Causes for the Difference
	Yes	No	Summary	
(3) Whether the company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	V		(3) .All new employees are required to sign agreements on confidentiality and the use of personal data. They are each handed a copy of the Work Rules, which explicitly prohibit any dishonest conduct and require full disclosure of any existing or potential conflicts with the Company’s interests. The Company has an opinion box in place that employees can use to report misconduct and raise complaints. All reports made are handled personally by the most senior management officer. Furthermore, disciplinary action for violations of business integrity have been detailed in the Work Rules.	(3).None
(4) To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?	V		(4) The Company has created effective accounting and internal control systems, and adopted the practice of checking control points for procedures that are prone to higher risks of dishonesty. The internal audit unit devises an annual audit plan based on risk assessment outcomes and carries out audits accordingly. Audit findings are compiled into reports and presented to the board of directors. Fu Feng CPAs conducts regular financial statement reviews and internal control audits for the Company. Furthermore, all internal departments are required to self-examine the effectiveness of their internal control systems at the beginning of each year.	(4).None
(5) Does the company provide internal and external ethical conduct training programs on a regular basis?	V		(5) In an attempt to advocate and promote integrity, the Company not only discloses the terms of its “Ethical Behavior Guidelines for Directors and Managers” and “Ethical Corporate Management Best-Practice Principles” on the Intranet but also conveys core values through internal strategies and operational activities. Meanwhile, the internal audit unit conducts audits from time to time to determine whether the Company and its contractors, suppliers, and customers comply with laws. The Company has been organizing internal as well as external training and awareness programs on business integrity on a regular basis since 2015.	(5).None

Assessment Item	Implementation Status			Causes for the Difference
	Yes	No	Summary	
3. Implementation of Complaint Procedures (1) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	V		(1) The Company has outlined disciplinary action for integrity violations and incentives for reporting misconduct in its Work Rules. Employees are able to report misconduct through an opinion box or through the Chief Internal Auditor; all reported misconduct is handled personally by the most senior management officer and may be reported to the Personnel Evaluation Committee for arbitration if necessary.	(1).None
(2) Whether the company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?	V		(2) The Company handles all misconduct reports and conducts investigations at the highest confidentiality and discretion. This requirement is stipulated as part of internal policies.	(2).None
(3) Does the company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	V		(3) The Company strictly prohibits all forms of retaliation against people who raise misconduct reports out of good intention or assist in the investigation. This prohibition is stipulated as part of internal policies.	(3).None
4. Information Disclosure Does the company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System ("MOPS")?	V		The Company has posted the terms of its integrity policy and related materials on the Intranet, where employees may access it anytime. Copies of the Company's annual report and internal policies such as "Ethical Behavior Guidelines for Directors and Managers" and "Ethical Corporate Management Best-Practice Principles" have been made available on the corporate website <a href="http://www.fineblanking.com.tw/">http://www.fineblanking.com.tw/</a> and on the Market Observation Post System for public disclosure of business integrity information.	None
5. If the Company has established business integrity policies in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: The Company has internal policies such as the "Ethical Corporate Management Best-Practice Principles," "Ethical Behavior Guidelines for Directors and Managers," "Corporate Governance Code of Conduct," "Work Rules," and "Safety and Health Code of Conduct" in place to regulate the conduct of its directors, managers, and employees. All board members, managers, and employees are required to comply with relevant policies. Please refer to sections 1 to 4 above for explanations on business integrity. There were no material deviations between actual practices and the best-practice principles.				

Assessment Item	Implementation Status			Causes for the Difference
	Yes	No	Summary	
6. Other information relevant to understanding business integrity within the Company: (e.g. review and amendment of the Ethical Corporate Management Best-Practice Principles)				
In response to the enactment of Personal Data Protection Act, new policies have been implemented to prevent conflicts of interest, avoid infringement of intellectual property rights, prohibit unfair competition, protect stakeholders against harm from the products or services provided, evaluate business parties for histories of dishonesty, establish a whistleblowing system, and build a culture of integrity from the top down. The Company last amended its “Ethical Behavior Guidelines for Directors and Managers” on March 16, 2021, and “Ethical Corporate Management Best-Practice Principles” on June 18, 2020, for alignment with the Company’s integrity practices. Details have been disclosed in the 2022 sustainability report and in sections 1 to 4 above.				

**3.4.7** If the Company has established corporate governance principles or other relevant guidelines, their method of inquiry must be disclosed:

1. The Company has established the following internal rules related to corporate governance: Corporate Governance Code of Conduct, Ethical Behavior Guidelines for Directors and Managers, Board of Directors Conference Policy, Shareholders’ Meeting Rules, Policy on Financial and Business Dealings among Affiliated Enterprises, Directors Election Policy, Asset Acquisition and Disposal Procedures, Lending, Guarantee and Endorsement Procedures, Subsidiary Supervision and Management Policy, Ethical Corporate Management Best-Practice Principles, Remuneration Committee Charter, Sustainable Development Code of Conduct, Board of Directors Performance Evaluation Policy, Material Insider Information Handling Procedures, Standard Operating Procedures for Resolving Directors’ Requests, Audit Committee Charter, and Independent Director Responsibility Principles.
2. Method of inquiry:  
Available on the Company’s website at <http://www.fineblanking.com.tw/>  
Mark Observation Post System at <http://newmopsov.twse.com.tw/>.

**3.4.8** Other important information material to the understanding of corporate governance within the Company:

1. All new insiders such as directors, supervisors, and managers are handed a copy of the “Regulations and Notes on Insider Trading and Insider Equity Holding for TPEX and Emerging Stock Market Companies” via e-mail when assuming office.
2. Visit the investors section on the Company’s website at <http://www.fineblanking.com.tw/> .
3. Continuing education undertaken by directors and managers on topics concerning corporate governance and new regulations in 2021 and up until the publication date of annual report:

Continuing education of directors in 2022 and up to the publication date of this annual report

Title	Name	就任日期	Training date		Organizer	Course name
			From	To		
Legal person director representative	Jui-Chang Lin	109/6/18	5/4/2022	5/4/2022	Taiwan Stock Exchange	International Bi-Summit Online Forum
			10/14/2022	10/14/2022	Securities and Futures Institute	2022 Seminar on Prevention of Insider Trading
Legal person director representative	Chung-Ming Wu	109/6/18	8/25/2022	8/25/2022	Taipei Exchange	TPEX and Emerging Stock Market Insider Shareholding Seminar
Legal person director representative	Kuan-Hsing Wu	109/6/18	8/25/2022	8/25/2022	Taipei Exchange	TPEX and Emerging Stock Market Insider Shareholding Seminar
Independent Director	Chia-Chi Kuo	109/6/18	6/10/2022	6/10/2022	Securities and Futures Institute	2022 Seminar on Prevention of Insider Trading
			9/19/2022	9/19/2022	Taiwan Insurance Institute	ESG Sustainable Development Trends and Implementation of Responsible Investment Workshop
			11/23/2022	11/23/2022	Taiwan Corporate Governance Association	Carbon Management Trends and Countermeasures Towards Net-Zero
			11/23/2022	11/23/2022	Taiwan Corporate Governance Association	Variables in the International Order and Corporate Governance Responses
Independent Director	Yi-Min Lin	109/6/18	10/6/2022	10/6/2022	Taipei Exchange	Release of Reference Guidelines for Independent Directors and Audit Committee's Exercise of Powers and Directors/Supervisors Conference
			11/30/2022	11/30/2022	CPA Associations R.O.C(Taiwan)	Sharing of Financial Reporting Fraud and Forensics Practices (Taichung)
Independent Director	Cheng-Shong Hong	109/6/18	7/12/2022	7/12/2022	Accounting Research and Development Foundation	Using "Intellectual Property Management" to Improve Corporate Governance and Compliance with Internal Control Laws

Managers' continuing education in 2022 and as of the date of report publication

Title/Name	Training date	Organizer	Course name	Training hours
President/ Chung-Ming Wu	2/24/2022	Wisdom Management Consultancy Co., Ltd.	Association between Reward Systems and Performance Development	3
	4/19/2022	Wisdom Management Consultancy Co., Ltd.	From Performance Management to Performance Development	3
	5/16/2022	Wisdom Management Consultancy Co., Ltd.	Performance development project	3
	5/20/2022	Wisdom Management Consultancy Co., Ltd.	Performance development project	3
	6/14/2022	Wisdom Management Consultancy Co., Ltd.	Detailed plan of reward mechanism and performance counseling in June	3
	6/28/2022	Yuan Hong Enterprise Management Consulting Service Co., Ltd.	Excellent presentation and speaking skills	7
	7/20/2022	Wisdom Management Consultancy Co., Ltd.	Review and confirmation of performance management system improvement plans	3
	9/28/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	3
	10/3/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	3
	10/18/2022	Ernst & Young Global Limited	Project training ( sustainability trends, industry best practice sharing, introduction to GRI revision, introduction to SASB ) + project planning instructions	1.5
	10/21/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	3
	11/4/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	3
	12/2/2022	Transform Management Consultants Co. Ltd.	Building an agile organization Ushering in an Era of Change	3
	12/8/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	6
Vice President/ Chin-Tsu Hsieh	2/24/2022	Wisdom Management Consultancy Co., Ltd.	Association between Reward Systems and Performance Development	3
	3/23/2022	Transform Management Consultants Co. Ltd.	Dale Carnegie Class - Cohesive Communication Training	31.5
	4/19/2022	Wisdom Management Consultancy Co., Ltd.	From Performance Management to Performance Development	3
	6/30/2022	Transform Management Consultants Co. Ltd.	After-course Recharge Session for Cohesion, Communication, and Unity	2.5
	7/20/2022	Wisdom Management Consultancy Co., Ltd.	Review and confirmation of performance management system improve	3
	8/25/2022	Wisdom Management Consultancy Co., Ltd.	Performance interview training	3
	9/22/2022	Wisdom Management Consultancy Co., Ltd.	Performance development project	3
	9/28/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	3
	10/3/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	3
	10/18/2022	Ernst & Young Global Limited	Project training ( sustainability trends, industry best practice sharing, introduction to GRI revision, introduction to SASB ) + project planning instructions	1.5
	10/21/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	3

Title/Name	Training date	Organizer	Course name
Manager of the Administration Department and Spokesperson/ Mei-Niang Liu	2/24/2022	Wisdom Management Consultancy Co., Ltd.	Association between Reward Systems and Performance Development
	3/1/2022	Taipei Exchange	Promotion Course on 2022 Corporate Governance Evaluation
	3/24/2022	Changhua County Industrial Association	2022 Changhua County Green Energy Industry Development Forum
	4/12/2022	Industrial Development Bureau, MOEA	Seminar on CFC and Global Minimum Tax Systems
	4/19/2022	Wisdom Management Consultancy Co., Ltd.	From Performance Management to Performance Development
	5/16/2022	Wisdom Management Consultancy Co., Ltd.	Performance development project
	5/20/2022	Wisdom Management Consultancy Co., Ltd.	Performance development project
	6/16/2022	Accounting Research and Development Foundation	On-the-job Training for the Head of Accounting (two consecutive days of classroom courses)
	7/20/2022	Wisdom Management Consultancy Co., Ltd.	Review and confirmation of performance management system improve
	7/21/2022	Industrial Development Bureau, MOEA	2022 Changhua County Government Industry Exchange and Net Zero Emission Symposium
	7/28/2022	Taiwan Institute Sustainable Energy	2022 Knowledge Exchange and Growth Activity - Operation and Management for Net Zero Transformation / Cultivation of All-round Talents to Build a Sustainable Enterprise
	8/3/2022	Transform Management Consultants Co. Ltd.	Dale Carnegie Class - Cohesive Communication Training
	8/25/2022	Wisdom Management Consultancy Co., Ltd.	Performance interview training
	8/26/2022	Accounting Research and Development Foundation	ISSB S2 Industry Analysis ( II )
	8/31/2022	Taipei Exchange	Greenhouse Gas Inventory and Verification Conference
	8/31/2022	Accounting Research and Development Foundation	Read TCFD Report : Master the Key Points of Information
	9/7/2022	Taipei Exchange	Presentation of the 2021 GRI Common Principles in Chinese
	9/21/2022	Taipei Exchange	Production of financial statements So Easy ( video )
	9/22/2022	Wisdom Management Consultancy Co., Ltd.	Performance development project
	9/26/2022	Chuansing Industrial Park Service Center	Visit to a lot of Taichung Software Park in Chuansing Industrial Park and Symposium on Industry-academia Exchange at Hsiuping University of Science and Technology
	10/3/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals
	10/18/2022	Ernst & Young Global Limited	Project training ( sustainability trends, industry best practice sharing, introduction to GRI revision, introduction to SASB ) + project planning instructions
	10/21/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals
	10/22/2022	Taiwan Net Zero Academy	2022 National Zero Carbon Reduction Conference
	10/31/2022	Taipei Exchange	2022 Information Security Seminar for TWSE/TPEx Listed Companies
	11/4/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals
	11/11/2022	Taiwan Institute of Economic Research	2023 Economic Prospects and Industry Trends Seminar [live webcast]
	11/16/2022	Taipei Exchange	Seminar on the Adoption of IFRS in Taiwan
	11/17/2022	British Standards Institution (BSI)	2022 BSI International Sustainability Standards Management Conference ( ESG Ecosystem Constructed by International Standards and Perpetual Finance )
	12/2/2022	Transform Management Consultants Co. Ltd.	Building an agile organization Ushering in an Era of Change
12/8/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	

Title/Name	Training date	Organizer	Course name	Training hours
Administration Department (Corporate Governance Officer)/ Ya-Ling Huang	3/23/2022	Transform Management Consultants Co. Ltd.	Dale Carnegie Class - Cohesive Communication Training	31.5
	6/16/2022	Accounting Research and Development Foundation	On-the-job Training for the Head of Accounting (two consecutive days of classroom courses)	12
	6/30/2022	Transform Management Consultants Co. Ltd.	After-course Recharge Session for Cohesion, Communication, and Unity	2.5
	7/11/2022	National Cheng Kung University	2022 Discussion of ISO 45001 Risk Assessment Results for of Industrial Development Bureau	4
	9/7/2022	Taipei Exchange	Presentation of the 2021 GRI Common Principles in Chinese	2
	9/14/2022	Taipei Exchange	Enhancements to the IFRS Guidelines for the Preparation of Financial Statements by Issuers	1
	9/20/2022	Data Systems Consulting Co., Ltd.	Corporate Governance 3.0 Sustainability Blueprint	3
	10/3/2022	Taipei Exchange	Seminar on Tasks to Be Performed by TPEX Main Board and Emerging Stock Board Companies	2.5
	10/18/2022	Ernst & Young Global Limited	Project training ( sustainability trends, industry best practice sharing, introduction to GRI revision, introduction to SASB ) + project planning instructions	1.5
	10/31/2022	Taipei Exchange	2022 Information Security Seminar for TWSE/TPEX Listed Companies	3
	11/16/2022	Taipei Exchange	Seminar on the Adoption of IFRS in Taiwan	3
	11/17/2022	British Standards Institution (BSI)	2022 BSI International Sustainability Standards Management Conference ( ESG Ecosystem Constructed by International Standards and Perpetual Finance )	3.5
	11/21/2022	Data Systems Consulting Co., Ltd.	The transformation of the auto parts industry ( middle )	1.5
	12/8/2022	Taipei Exchange	2022 "Adoption of iXBRL for Corporate Reporting Financial Reports Conference"	3.5
	12/8/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	6
12/14/2022	FINE BLANKING & TOOL CO., LTD.	Additional Notes to the Consolidated Financial Statements	2	
Chief Internal Auditor/ Pei-Jung Wu	3/23/2022	Transform Management Consultants Co. Ltd.	Dale Carnegie Class - Cohesive Communication Training	31.5
	5/20/2022	Wisdom Management Consultancy Co., Ltd.	Performance development project	3
	6/14/2022	Wisdom Management Consultancy Co., Ltd.	Detailed plan of reward mechanism and performance counseling in Jun	3
	6/21/2022	Yuan Hong Enterprise Management Consulting Service Co., Ltd	Excellent presentation and speaking skills	7
	6/30/2022	Transform Management Consultants Co. Ltd.	After-course Recharge Session for Cohesion, Communication, and Unity	2.5
	8/17/2022	The Institute of Internal Auditors, R.O.C.	Legal Risks in Corporate Operation and Management and the Response of Internal Auditors	6
	9/7/2022	Taipei Exchange	Presentation of the 2021 GRI Common Principles in Chinese	3
	9/28/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	3
	11/22/2022	The Institute of Internal Auditors, R.O.C.	Deciphering financial statements and analyzing corporate frauds and frauds	6
	12/8/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	6
Auditor/ Chun-Hui Shen	4/12/2022	The Institute of Internal Auditors, R.O.C.	Regulations on Board of Directors and Functional Committees (Audit, Remuneration etc.) and the Audit Focus	6
	6/10/2022	Changhua County Fire Department	Self-defense fire safety formation in the first half of 2022	4
	7/11/2022	National Cheng Kung University	2022 Discussion of ISO 45001 Risk Assessment Results for of Industrial Development Bureau	4
	7/21/2022	Industrial Development Bureau, MOEA	2022 Changhua County Government Industry Exchange and Net Zero Emission Symposium	2
	8/26/2022	The Institute of Internal Auditors, R.O.C.	Power BI - Data integration and analysis	6

Title/Name	Training date	Organizer	Course name	Training hours
Deputy Manager of the President's Office and Acting Spokesperson/ Chun-Chieh Lin	1/11/2022	Deloitte Touche Tohmatsu Limited	Strengthening Information Security Resilience - Seminar on "Leading the Way and Overcoming Post-Second Threats"	3.5
	2/24/2022	Wisdom Management Consultancy Co., Ltd.	Association between Reward Systems and Performance Development	2
	3/23/2022	Transform Management Consultants Co. Ltd.	Dale Carnegie Class - Cohesive Communication Training	31.5
	4/19/2022	Wisdom Management Consultancy Co., Ltd.	From Performance Management to Performance Development	3
	5/16/2022	Wisdom Management Consultancy Co., Ltd.	Performance development project	0.5
	6/30/2022	Transform Management Consultants Co. Ltd.	After-course Recharge Session for Cohesion, Communication, and Unity	2.5
	7/20/2022	Wisdom Management Consultancy Co., Ltd.	Review and confirmation of performance management system improve	1
	10/18/2022	Ernst & Young Global Limited	Project training ( sustainability trends, industry best practice sharing, introduction to GRI revision, introduction to SASB ) + project planning instructions	1.5
	11/2/2022	Taipei Exchange	2022 Information Security Seminar for TWSE/TPEX Listed Companies	3
Manager of the Sales Department/ Neng-Tang Chou	3/23/2022	Transform Management Consultants Co. Ltd.	Dale Carnegie Class - Cohesive Communication Training	31.5
	4/19/2022	Wisdom Management Consultancy Co., Ltd.	From Performance Management to Performance Development	3
	5/16/2022	Wisdom Management Consultancy Co., Ltd.	Performance development project	3
	6/14/2022	Wisdom Management Consultancy Co., Ltd.	Detailed plan of reward mechanism and performance counseling in Ju	3
	6/21/2022	Yuan Hong Enterprise Management Consulting Service Co., Ltd	Excellent presentation and speaking skills	7
	6/30/2022	Transform Management Consultants Co. Ltd.	After-course Recharge Session for Cohesion, Communication, and Unity	2.5
	7/20/2022	Wisdom Management Consultancy Co., Ltd.	Review and confirmation of performance management system improve	3
	9/28/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	3
	10/3/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	3
	10/18/2022	Ernst & Young Global Limited	Project training ( sustainability trends, industry best practice sharing, introduction to GRI revision, introduction to SASB ) + project planning instructions	1.5
	10/21/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	3
12/8/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	6	
Manager of the Quality Assurance Department/ Ming-Hsing Lin	3/15/2022	POLARIS	Polaris Measurement System Analysis Online Training	1
	4/21/2022	POLARIS	Polaris Quality Countermeasures and Feedback (CAPA/CAR) Online Course	2
	6/14/2022	Wisdom Management Consultancy Co., Ltd.	Detailed plan of reward mechanism and performance counseling in Ju	3
	6/21/2022	Yuan Hong Enterprise Management Consulting Service Co., Ltd	Excellent presentation and speaking skills	3.5
	7/20/2022	Wisdom Management Consultancy Co., Ltd.	Review and confirmation of performance management system improve	3
	9/14/2022	China Productivity Center	New Version of VDA 6.3 : 2016 Process Audit Training Course	6
	9/28/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	3
	10/3/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	3
	10/18/2022	Ernst & Young Global Limited	Project training ( sustainability trends, industry best practice sharing, introduction to GRI revision, introduction to SASB ) + project planning instructions	1.5
	10/19/2022	POLARIS	Polaris Error Proofing 2nd Edition Online Training	1
	11/4/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	3
	11/16/2022	POLARIS	Online Training Course for the New Version of Polaris Supplier Handbook	1
11/30/2022	China Steel Corporation	Video Seminar on Hot-rolled Product Technology	6	
12/8/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	6	

Title/Name	Training date	Organizer	Course name	Training hours
Manager of the Technology R&D Department/ Jung-Feng Wu	2/24/2022	Wisdom Management Consultancy Co., Ltd.	Association between Reward Systems and Performance Development	3
	3/23/2022	Transform Management Consultants Co. Ltd.	Dale Carnegie Class - Cohesive Communication Training	31.5
	4/12/2022	FINE BLANKING & TOOL CO., LTD.	Energy Management & Greenhouse Gas Reduction Policy Publicity Implementation Education Training	1
	4/19/2022	Wisdom Management Consultancy Co., Ltd.	From Performance Management to Performance Development	3
	6/14/2022	Wisdom Management Consultancy Co., Ltd.	Detailed plan of reward mechanism and performance counseling in Ju	3
	6/21/2022	Yuan Hong Enterprise Management Consulting Service Co., Ltd.	Excellent presentation and speaking skills	7
	9/28/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	3
	10/3/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	3
	10/18/2022	Ernst & Young Global Limited	Project training ( sustainability trends, industry best practice sharing, introduction to GRI revision, introduction to SASB ) + project planning instructions	1.5
	10/21/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	3
	11/4/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	3
	12/2/2022	Transform Management Consultants Co. Ltd.	Building an agile organization Ushering in an Era of Change	6
	12/8/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	3
Manager of the Manufacturing Department/ Chia-Che Chang	3/23/2022	Transform Management Consultants Co. Ltd.	Dale Carnegie Class - Cohesive Communication Training	31.5
	4/19/2022	Wisdom Management Consultancy Co., Ltd.	From Performance Management to Performance Development	3
	6/21/2022	Yuan Hong Enterprise Management Consulting Service Co., Ltd.	Excellent presentation and speaking skills	7
	6/21/2022	Chuanghua County Government	2022 Changhua County Occupational Health and Safety Promotion Implementation Plan	3
	6/30/2022	Transform Management Consultants Co. Ltd.	After-course Recharge Session for Cohesion, Communication, and Unity	2.5
	7/20/2022	FINE BLANKING & TOOL CO., LTD.	Review and confirmation of performance management system improve	3
	9/28/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	3
	10/3/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	3
	10/18/2022	Ernst & Young Global Limited	Project training ( sustainability trends, industry best practice sharing, introduction to GRI revision, introduction to SASB ) + project planning instructions	1.5
	12/2/2022	Transform Management Consultants Co. Ltd.	Building an agile organization Ushering in an Era of Change	3
12/8/2022	Wisdom Management Consultancy Co., Ltd.	2023 strategic goals	6	

### 3.4.9 Disclosures Required for the Implementation of the Internal Control System

## 1. Statement of Internal Control System

### **FINE BLANKING & TOOL CO., LTD.** **Statement of Internal Control System**

March 6, 2023

Based on the findings of a self-assessment, FINE BLANKING & TOOL CO., LTD. (FBT) states the following with regard to its internal control system during the year 2022:

1. FBT's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Internal control system is designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of our reporting, and compliance with applicable rulings, laws and regulations.

2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and FBT takes immediate remedial actions in response to any identified deficiencies.

3. FBT evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations").

The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component also includes several items which can be found in the Regulations.

4. FBT has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.

5. Based on the findings of such evaluation, FBT believes that, on December 31, 2022, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable rulings, laws and regulations.

6. This Statement is an integral part of FBT's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.

7. This Statement was passed by the Board of Directors in their meeting held on March 6, 2023, with none of the ten attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

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

Chung-Yi Wu, Chairman

Note 1: If there are material deficiencies in the design and implementation of the internal control system of the public company during the year, the explanatory paragraph should be added after Item 4 of the internal control system statement to enumerate and explain the material deficiencies discovered during the self-assessment, and the improvement actions taken and the improvement status of the Company's assets and liabilities should also be added.

Note 2: The date of declaration refers to the "fiscal year end."

2. If the internal control system was reviewed by external CPAs, the result of such review should be disclosed: None.

**3.4.10 Penalties imposed on the Company for regulatory violations, or penalties imposed on insiders for violation of the internal control system in the last year and up until the**

publication date of the annual report; describe areas of weakness and any corrective actions taken: None.

**3.4.11 Major resolutions passed in shareholders’ meetings and board of directors’ meetings held in the last year and up until the publication date of the annual report**

**1. Major resolutions passed in the annual general meeting and the implementation status**

Meeting name	Meeting date	Summary	Resolution and implementation status
2022 Annual General Meeting	May 24, 2022	Acknowledgment of the 2021 business report, financial statements, and consolidated financial statements encompassing business investments.	Resolution passed: Acknowledged the 2021 business report and financial statements, which reported full-year consolidated revenue of NT\$2,766,438,000, net income of NT\$252,953,000, net income attributable to owners of the parent company of NT\$181,204,000, and earnings per share of NT\$2.40.
		Acknowledgment of the 2021 earnings distribution proposal.	Resolution passed: To approve the distribution of common cash dividends at NT\$1.6 per share for a total of NT\$121,058,784. During the meeting held on May 24, 2022, the board of directors passed a decision to set the baseline date for dividends at June 20, 2022. The payment of cash dividends was completed on June 30, 2022.
		Discussion on amendments to the Company’s “Articles of Incorporation.”	Resolution passed. Completed business registration with MOEA on June 13, 2022.
		Discussion on amendments to the Company’s “Shareholders’ Meeting Rules.”	Resolution passed. The issuance of internal documents was completed on May 30, 2022; the amended terms have since been effected.
		Discussion on amendments to the Company’s “Asset Acquisition and Disposal Procedures.”	Resolution passed. The issuance of internal documents was completed on May 30, 2022; the amended terms have since been effected.
		Discussion on amendments to the Company’s “Directors Election Policy.”	Resolution passed. The issuance of internal documents was completed on June 1, 2022; the amended terms have since been effected.

2. Major board of directors resolutions and implementation status

Meeting name	Meeting date	Summary	Resolution and implementation status
1st board meeting of 2022	March 2, 2022	Review of the allocation and payment of the 2021 director/supervisor/employee remuneration.	Resolution passed: To allocate NT\$7,060,304 of director/supervisor remuneration and NT\$12,386,498 of employee remuneration. 1. Reported during the annual general meeting held on May 24, 2022. 2. The distribution has been completed according to the resolution of the board of directors: Employee remuneration: as of January 28, 2022 and before December 31, 2022. Remuneration to directors: March 28, 2022.
		Review of the Company's 2021 business report, financial statements, and consolidated financial statements encompassing business investments.	1. Resolution passed: To acknowledge the 2021 business report and financial statements, which reported full-year consolidated revenue of NT\$2,766,438,000, net income of NT\$252,953,000, net income attributable to owners of the parent company of NT\$181,204,000, and earnings per share of NT\$2.40. 2. The outcome was announced and uploaded on March 22, 2022. 3. Reported for acknowledgment during the annual general meeting held on May 24, 2022.
		Review of adjustments to distributable earnings and provision of special reserve for 2021.	1. Resolution passed: To provide NT\$5,540,858 for special reserve. Reported during the annual general meeting held on May 24, 2022.
		2021 earnings distribution.	Resolution passed; implementation status is as follows: 1. The common share cash dividends were paid at NT\$1.6 per share for a total of NT\$121,058,784. 2. The material information concerning dividends resolved by the board of directors was announced on March 2, 2022. 3. Reported for acknowledgment during the annual general meeting held on May 24, 2022.

Meeting name	Meeting date	Summary	Resolution and implementation status
		Discussion on the issuance of the 2021 “Declaration of Internal Control System of Fine Blanking & Tool Co., Ltd.”	Resolution passed; implementation status is as follows: 1. The outcome was announced and uploaded before March 22, 2022. 2. The details have been disclosed in the 2021 annual report.
1st board meeting of 2022	March 2, 2022	Evaluation and discussion on the change of financial statement auditors starting from the first quarter of 2022 following an internal rotation within Fu Feng CPAs.	Resolved to reappoint CPA Yen, Kuo-Yu and CPA Chi, Chia-Yu as financial statement auditors. The relevant announcements and updates were made on March 2, 2022.
		Discussion on the renewal of expiring banking facilities for May 2022 to April 2023.	Resolution passed and carried out accordingly upon the renewal date.
		Discussion on amendments to the Company’s “Articles of Incorporation.”	Resolution passed; to be reported for approval during the annual general meeting scheduled on May 24, 2022. 2. The industrial and commercial registration with the Ministry of Economic Affairs was completed on June 13, 2022.
		Discussion on amendments to the Company’s “Shareholders’ Meeting Rules.”	Resolution passed; implementation status is as follows: 1. Reported during the annual general meeting held on May 24, 2022. 2. The outcome was announced and uploaded on May 24, 2022. 3. The issuance of internal documents was completed on May 30, 2022; the amended terms have since been effected.
		Discussion on amendments to the Company’s “Asset Acquisition and Disposal Procedures.”	Resolution passed; implementation status is as follows: 1. Reported during the annual general meeting held on May 24, 2022. 2. The outcome was announced and uploaded on May 24, 2022. 3. The issuance of internal documents was completed on May 30, 2022; the amended terms have since been effected.

Meeting name	Meeting date	Summary	Resolution and implementation status
		Discussion on amendments to the Company’s “Directors Election Policy.”	Resolution passed; implementation status is as follows: 1. Reported during the annual general meeting held on May 24, 2022. 2. The outcome was announced and uploaded on May 24, 2022. 3. The issuance of internal documents was completed on May 30, 2022; the amended terms have since been effected.
1st board meeting of 2022	March 2, 2022	Discussion on renaming the Company’s “Corporate Social Responsibilities Code of Conduct” to “Sustainable Development Code of Conduct.”	Resolution passed; implementation status is as follows: 1. Reported during the annual general meeting held on May 24, 2022. 2. The outcome was announced and uploaded on March 3, 2022. 3. The issuance of internal documents was completed on March 10, 2022; the amended terms have since been effected.
		Discussion on amendments to the Company’s “Corporate Governance Code of Conduct.”	Resolution passed; implementation status is as follows: 1. Reported during the annual general meeting held on May 24, 2022. 2. The outcome was announced and uploaded on March 3, 2022. 3. The issuance of internal documents was completed on March 10, 2022; the amended terms have since been effected.
		Discussion on the date, venue, and form of the 2022 annual general meeting.	Resolution was passed to convene the 2022 annual general meeting on May 24, 2022; implementation status is as follows: 1. The announcement of the material information was made on March 2, 2022, regarding the time, venue, and agenda of the shareholders’ meeting. 2. The announcement was made on March 9, 2022, to accept motion proposals for the current year’s annual general meeting from March 18 until March 28, 2022, from shareholders holding more than 1% of outstanding shares. 3. No nominations were received from other shareholders with more than 1% ownership during the nomination period. Proposed motions were announced according to rules on March 29, 2022.

Meeting name	Meeting date	Summary	Resolution and implementation status
2nd board meeting in 2022	May 3, 2022	Review of the Company's 2022 first-quarter consolidated business reports and consolidated financial statements encompassing business investments.	<ol style="list-style-type: none"> <li>Resolution acknowledged: To acknowledge the 2022 first-quarter business report and financial statements, which reported consolidated revenue of NT\$779,691,000, net income of NT\$83,809,000, net income attributable to owners of the parent company of NT\$57,880,000, and earnings per share of NT\$0.76.</li> <li>The material information was released on May 3, 2022.</li> <li>The financial statements were published and forwarded to the Taipei Exchange on May 13, 2022.</li> </ol>
		Discussion on amendments to the Company's "Shareholders' Meeting Rules."	<p>Resolution passed; implementation status is as follows:</p> <ol style="list-style-type: none"> <li>Reported during the annual general meeting held on May 24, 2022.</li> <li>The outcome was announced and uploaded on May 24, 2022.</li> <li>The issuance of internal documents was completed on May 30, 2022; the amended terms have since been effected.</li> </ol>
3rd board meeting in 2022	May 24, 2022	Determination of the baseline date for cash dividends as part of the 2021 earnings distribution.	<p>Resolution passed:</p> <p>Baseline date for cash dividends - June 20, 2022 (Monday) Payment date - June 30, 2022 (Thursday)</p> <ol style="list-style-type: none"> <li>The material information was released on May 24, 2022.</li> <li>The announcement for the cash dividend payment was made on May 24, 2022. The baseline date for payment of cash dividends, profit-sharing, or other rights was announced on May 27, 2022</li> <li>The payment of cash dividends was completed on June 30, 2022.</li> </ol>

Meeting name	Meeting date	Summary	Resolution and implementation status
4th board meeting in 2022	August 2, 2022	Report on the 2022 first-half performance of the Company and equity-accounted long-term investments (subsidiaries)	<ol style="list-style-type: none"> <li>Resolution acknowledged: To acknowledge the 2022 first-half business report and financial statements, which reported consolidated revenue of NT\$1,528,910,000, net income of NT\$164,620,000, net income attributable to owners of the parent company of NT\$116,266,000, and earnings per share of NT\$1.54.</li> <li>The material information was released on August 2, 2022.</li> <li>The financial statements were published and forwarded to the Taipei Exchange on August 12, 2022.</li> </ol>
		Discussion on amendments to the Company's "Internal Control System" and "Internal Audit Implementation Rules."	Resolution passed; implementation status is as follows: The documents were issued on August 5, 2021, and the terms have since been implemented.
5th board meeting in 2022	November 11, 2022	Discussion on the 2023 audit plan.	Resolution passed; the outcome was announced and uploaded on December 21, 2022.
		Consolidated financial statements of the Company and consolidated financial statements encompassing business investments for the first three quarters of 2022	<ol style="list-style-type: none"> <li>Resolution acknowledged: To acknowledge the 2022 three-quarter business report and financial statements, which reported consolidated revenue of NT\$2,338,426,000, net income of NT\$243,188,000, net income attributable to owners of the parent company of NT\$170,044,000, and earnings per share of NT\$2.25.</li> <li>The material information was released on November 1, 2022.</li> <li>The financial statements were published and forwarded to the Taipei Exchange on November 11, 2022.</li> </ol>
6th board meeting in 2022	December 12, 2022	Review of the 2022 year-end bonus and special bonus payment.	<ol style="list-style-type: none"> <li>Resolution passed; the cumulative amounts of the year-end bonus and special bonus up until December 2022 shall be estimated and allocated according to the "Year-end Bonus and Special Bonus Allocation and Payment Policy." Payment date: before January 19, 2023.</li> <li>The payment was completed before January 19, 2023, as proposed and resolved.</li> </ol>

Meeting name	Meeting date	Summary	Resolution and implementation status
6th board meeting in 2022	December 12, 2022	Review of the allocation and payment of the 2022 director/employee remuneration.	Resolution passed: To allocate NT\$10,825,526 of director/supervisor remuneration and NT\$15,035,452 of employee remuneration. Employee remuneration: The payment was completed before January 19, 2023. Director remuneration: The payment is expected to be completed before March 31, 2023.
		Review of the projected allocation percentage for the 2023 director remuneration and employee remuneration.	1. Resolution passed: To allocate 2023 director/supervisor remuneration at: profit before tax (and before employee/director/supervisor remuneration) * 3.6%. To allocate 2023 employee remuneration at: profit before tax (and before employee/director/supervisor remuneration) *5%. 2. To recognize expenses based on unaudited net income on a monthly basis starting from 2023. 3. Amended the payment method, to take effect on January 1, 2023.
		Discussion of operational plans and financial budgets for 2023.	1. Passed the operational plans and projected financial statements for 2023. 2. The 2023 projected financial statements are for internal use only and are not disclosed to the public.
		Discussion on the 2023 annual general meeting date.	1. Resolution passed: To register the date of the annual general meeting at May 30, 2023. 2. On January 4, 2023, the date of the annual general meeting was registered at May 30, 2023 (Tuesday). 3. On March 6, 2023, the board of directors passed a resolution to set the date of the annual general meeting at May 30, 2023 (Tuesday), and the 2023 annual general meeting was convened as scheduled.
		Discussion about amendments to the Company's "Procedures for Handling Material Internal Information"	Resolution passed; implementation status is as follows: The issuance of this document was completed on January 4, 2023 and will be implemented as of the issuance date.

Meeting name	Meeting date	Summary	Resolution and implementation status
1st board meeting of 2023	March 6, 2023	Review of amendments to the allocation and payment of the 2022 director/employee remuneration.	<p>Resolution passed: To allocate NT\$10,604,749 of director/supervisor remuneration and NT\$14,728,818 of employee remuneration.</p> <ol style="list-style-type: none"> <li>To be reported during the annual general meeting scheduled on May 24, 2023.</li> <li>Employee remuneration: NT\$14,076,675 was paid on January 19, 2023, as resolved. NT\$652,143 to be paid before December 31, 2023. Director remuneration: NT\$10,604,749 The payment was completed before March 27, 2023.</li> </ol>
		Review of the Company's 2022 business report, financial statements, and consolidated financial statements encompassing business investments.	<ol style="list-style-type: none"> <li>Resolution passed: To acknowledge the 2022 business report and financial statements, which reported full-year consolidated revenue of NT\$3,141,305,000, net income of NT\$306,478,000, net income attributable to owners of the parent company of NT\$213,388,000, and earnings per share of NT\$2.82.</li> <li>The material information was released on March 6, 2023.</li> <li>The outcome was announced and uploaded on March 14, 2023.</li> <li>To be reported for acknowledgment during the annual general meeting scheduled on May 30, 2023.</li> </ol>
		2022 earnings distribution proposal.	<p>Resolution passed; implementation status is as follows:</p> <ol style="list-style-type: none"> <li>The common share cash dividends are to be paid at NT\$2.0 per share for a total of NT\$151,323,480.</li> <li>The material information concerning dividends resolved by the board of directors was announced on March 6, 2023.</li> <li>To be reported for acknowledgment during the annual general meeting scheduled on May 30, 2023.</li> </ol>
		Discussion on the issuance of the 2022 "Declaration of Internal Control System of Fine Blanking & Tool Co., Ltd."	<p>Resolution passed; implementation status is as follows:</p> <ol style="list-style-type: none"> <li>The outcome was announced and uploaded on March 7, 2023.</li> <li>The details have been disclosed in the 2022 annual report.</li> </ol>

Meeting name	Meeting date	Summary	Resolution and implementation status
1st board meeting of 2023	March 6, 2023	Discussion on the regular assessment of CPAs' independence in accordance with regulations and CPA appointment for 2023.	Resolution passed; implementation status is as follows: CPA Yen, Kuo-Yu and CPA Chi Chia-Yu were found to have met the independence criteria, and were appointed as financial statement auditors for 2023.
		Discussion on the renewal of expiring banking facilities for May 2023 to April 2024.	Resolution passed and carried out accordingly upon the renewal date.
		Discussion on amendments to the Company's "Shareholders' Meeting Rules."	Resolution passed; to be reported for approval during the annual general meeting scheduled on May 30, 2023.
		Discussion on amendments to the Company's "Corporate Governance Code of Conduct."	Resolution passed; to be reported during the annual general meeting scheduled on May 30, 2023.
		Discussion on amendments to the Sustainable Development Best	Resolution passed; to be reported during the annual general meeting scheduled on May 30, 2023.
		Discussion on amendments to the Rules Procedure for Directors	Resolution passed; to be reported during the annual general meeting scheduled on May 30, 2023.
		Discussion on the date, venue, and form of the 2023 annual general meeting.	Resolution was passed to convene the 2023 annual general meeting on May 30, 2023; implementation status is as follows: 1. The announcement of the material information was made on March 6, 2023, regarding the time, venue, and agenda of shareholder meeting. 2. The announcement was made on March 14, 2023, to accept motion proposals for the current year's annual general meeting from March 27 until 8:00 a.m., April 6, 2023, from shareholders holding more than 1% of outstanding shares. 3. No proposals were received from other shareholders with more than 1% ownership during the proposals.. 4. The annual general meeting is to be held on May 30, 2023.

Meeting name	Meeting date	Summary	Resolution and implementation status
1st board meeting of 2023	March 6, 2023	Discussion about the motion for the election of all directors.	<p>The resolution was passed and submitted to the shareholders' meeting for election of 10 directors (including 3 independent directors). The implementation is as follows:</p> <ol style="list-style-type: none"> <li>Announcement of the General Meeting of Shareholders and Elections on March 6, 2023.</li> </ol> <p>To be nominated for election in the shareholders' meeting on May 30, 2023 .</p>
		Discussion about the nomination and qualification examination of director candidates.	<ol style="list-style-type: none"> <li>Resolution passed; implementation status is as follows: List of Director (including Independent Director) Candidates: (1).<b>List of Director Candidates</b> : Chiuan-Dau INVESTMENT Co., Ltd. Representative:Chung-Yi Wu Chiuan-Tai INVESTMENT CORP. Representative:Kuan- Hsing Wu Fu Yen Investment Co., Ltd. Representative:Jui-Chang Lin GSK INVESTMENT DEVELOPMENT CORP. Representative:Chung-Wuu Li CHING YUAN INVESTMENT Co.,Ltd. Representative:Yen-Hsing Wu IDEA INVESTMENT Co., Ltd. Representative:Chung-Ming Wu Yu-Meu Wu (2) <b>List of Independent Director Candidates</b> : : Chia-Chi Kuo, Yi-Min Lin, Cheng-Shong Hong</li> <li>The list of candidates was announced on April 7, 2023.</li> <li>To be submitted for election in the general shareholders' meeting on May 30, 2023.</li> </ol>

Meeting name	Meeting date	Summary	Resolution and implementation status
1st board meeting of 2023	March 6, 2023	Discussion about accepting nominations from shareholders with more than 1% ownership interest.	<p>Resolution passed; implementation status is as follows: :</p> <ol style="list-style-type: none"> <li>1. On March 21, 2023, it has been announced that nominations for director/independent director candidates will be accepted from shareholders of more than 1% of the issued shares from March 27, 2023 until 8:00 a.m. on April 6, 2023.</li> <li>2. During the nomination period, no other shareholders holding 1% or more shares of the Company have nominated.</li> <li>3. The Company has completed the announcement of the nominees on April 7, 2023 as required.</li> <li>4. To be submitted for election in the general shareholders' meeting on May 30, 2023.</li> </ol>
		Removal of restrictions on competing business practices for the next new directors of the Company.	<p>Resolution passed; implementation status is as follows:</p> <ol style="list-style-type: none"> <li>1. The prohibition on competing business activities of the next new directors is lifted. The deadline for lifting the restrictions on non-competition: Directors and their representatives from the next session elected by the shareholders at the regular shareholders' meeting on May 30, 2023.</li> <li>2. To be submitted to the general shareholders' meeting on May 30, 2023 for review.</li> </ol>
		Recognition of the Company's Corporate Governance Officer, designated Cybersecurity Officer, and designated personnel in charge of cybersecurity.	<p>Resolution passed; implementation status is as follows:</p> <ol style="list-style-type: none"> <li>1. The announcement was made on March 6, 2023 by the Head of Corporate Governance and the Head of Information Security.</li> <li>2. The corporate governance officer, the information security officer, and the information security personnel have assumed basic information reporting duties since March 6, 2023.</li> </ol>

**3.4.12** Documented opinions or declarations made by directors or supervisors against board resolutions in the last year and up until the publication date of the annual report: None.

**3.4.13** Resignations or dismissals of the Chairman, President, head of accounting, head of finance, chief internal auditor, corporate governance officer, or head of R&D in the last year and up until the publication date of the annual report:

### 3.5 Information Regarding the Company's Audit Fee and Independence

#### 3.5.1 Disclosure of audit fees and non-audit fees paid to the auditors, accounting firm, and affiliated companies, and details of non-audit services

##### 1 Audit Fee

#### Information Regarding the Company's Audit Fee

Unit: NT\$ thousands

Accounting Firm	Name of CPA	CPA's Audit Period	Audit Fee	Non-audit Fee	Total	Remark
FULFIL & CO., CPAS	Kui-Yu Yen	111/1/1~111/12/31	2,310	520	2,830	Other non-audit fees: In 2021, NT\$20,000 was paid for the certification of business income tax calculated using the direct deduction method; in 2022, NT\$500,000 was paid for the certification of business income tax and for the certification of 2021 undistributed earnings
	Chia-Yu Chi	111/1/1~111/12/31				

- Change of accounting firm that resulted in a reduction of audit fees from the previous year; disclose the audit fees before and after the change and the cause of such change: None
- Any reduction in audit fees by more than 10% compared to the previous year; state the amount, the percentage, and reason for such variation: None.

**3.5.2** The audit fees mentioned above refer to fees that the Company pays to financial statement auditors for services relating to the audit, review, and confirmation of financial statements and financial forecasts.

### 3.6 Replacement of CPA

#### 3.6.1 Regarding the former CPA

Replacement Date	Passed during the board of directors meeting on March 2, 2022		
Replacement reasons and explanations	Due to job rotation within Fu Feng CPAs. During the meeting held on March 2, 2022, the board of directors passed a decision to change its financial statement auditors from CPA Kui-Yu Yen and CPA Chin-Ti Wu, to CPA, Kuo-Yu Yen and CPA Chia-Yu Chi, starting from the first quarter of 2022.		
Describe whether the Company terminated or the CPA did not accept the appointment	Status	Parties	The Company
	Appointment terminated automatically	CPA	Not available
	Appointment rejected (discontinued)	CPA	Not available
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Is There Any Disagreement in Opinion with the Issuer	Yes		Accounting principle or practice
			Disclosure of financial statements
			Auditing scope or procedures
			Others
	No	v	
Explanation			
Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4~7 of the Standards)	None		

#### 3.6.2 Regarding the successor CPA:

Name of accounting firm	<b>FULFILL &amp; CO., CPAS</b>
Name of CPA	<b>Kui-Yu Yen and Chia-Yu Chi,</b>
Date of appointment	On March 2, 2022, the board passed the decision: To appoint the CPAs for financial statement audit starting from the first quarter of 2022.
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

**3.6.3** Former CPAs' replies to Article 10, Subparagraph 6, Item 1 and Item 2-3 of the Guidelines: None.

**3.7 Any of the Company's Chairman, President, or manager involved in financial or accounting affairs being employed by the accounting firm or any of its affiliated company in the last year: None.**

### 3.8 Details of shares transferred or pledged by directors, supervisors, managers, and shareholders with more than 10% ownership interest in the last year and up until the publication date of the annual report

#### 3.8.1 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Unit: Shares

Title	Name	2022		As of March. 31, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Chiuan-Dau INVESTMENT Co., Ltd.	428,000	0	0	0
	Representative: Chung-Yi Wu	0	0	0	0
major shareholder Director	Chiuan-Tai INVESTMENT CORP.	0	0	0	0
	Representative: Chung-Ming Wu	0	0	2,000	0
major shareholder Director	Chiuan-Tai INVESTMENT CORP.	0	0	0	0
	Representative: Kuan- Hsing Wu	0	0	0	0
major shareholder Director	GSK INVESTMENT DEVELOPMENT CORP.	0	0	0	0
	Representative: Chung-Wuu Li	0	0	0	0
Director	Fu Yen Investment	0	0	0	0
	Representative: Jui-Chang Lin	0	0	0	0
Director	CHING YUAN INVESTMENT	0	0	0	0
	Representative: Yen-Hsing Wu	0	0	0	0
Director	Yu-Meu Wu	0	0	0	0
Independent	Chia-Chi Kuo	0	0	0	0
Independent	Yi-Min Lin	0	0	0	0
Independent	Cheng-Shong Hong	0	0	0	0
President	Chung-Ming Wu	0	0	0	0
Vice President	Chin-Tsu Hsieh	0	0	0	0
Manager	Jung-Feng Wu	0	0	0	0
Manager	Chun-Chieh Lin	0	0	0	0
Manager	Neng-Tang Chou	0	0	0	0
Manager	Chia-Che Chang	0	0	0	0
Manager	Ming-Hsing Lin	0	0	0	0
Manager	Jung-Feng Wu	0	0	0	0
Manager	Ya-Ling Huang ( Note1)	0	0	0	0
Financial Officer	Mei-Niang Liu	0	0	0	0

Note: 1. Head of Corporate Governance Ya-Ling Huang took on the role of manager on March 6, 2023.

**3.8.2** Information on share transfers where the counterparty is a related party: All counterparties of share transfer are unrelated parties.

**3.8.3** Disclosure of shares pledged to related parties: None.

### 3.9 Relationships characterized as spouse or relative within the second degree of kinship among top-10 shareholders

Name	Number of Shares held		Shareholding of Spouses and Minor Children		Total number of shares held in the name of others		Names and relationships of top-10 shareholders characterized as spouse or relative within the second degree of kinship		Remarks
	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Name	Relation	
Chiuai-Tai INVESTMENT CORP. Representative: Chung-Ming Wu Representative: Kuan- Hsing Wu	14,462,693	19.11%	0	0%	0	0%	MEDCARE MANUFACTURING INC. Chiuai-Dau INVESTMENT Co., Ltd. GSK INVESTMENT DEVELOPMENT CORP. GSK CORPORATION	Brother of the Chairman Common corporate representative Common chairman Common chairman	
	58,379	0.08%	0	0%	0	0%	None	None	
	135,024	0.18%	0	0%	0	0%	MEDCARE MANUFACTURING INC.	Father-son relationship with the Chairman	
GSK INVESTMENT DEVELOPMENT CORP.  Representative: Chung-Wuu Li	10,352,725	13.68%	0	0%	0	0%	GSK CORPORATION Chiuai-Tai INVESTMENT CORP Chiuai-Dau INVESTMENT Co., Ltd. MEDCARE MANUFACTURING INC.	Common chairman Common chairman Common corporate representative Brother of the Chairman	
	28,948	0.04%	0	0%	0	0%	None	None	
Taiwan Fu Hsing Industrial Co., Ltd. Person in charge: Jui-Chang Lin	7,552,867	9.98%	0	0%	0	0%	None	None	
	0	0%	0	0%	0	0%	None	None	
Chiuai-Dau INVESTMENT Co., Ltd.  Representative: Chung-Yi Wu	6,104,668	8.07%	0	0%	0	0%	GSK CORPORATION Chiuai-Tai INVESTMENT CORP. GSKINVESTMENT DEVELOPMENT CORP. MEDCARE MANUFACTURING INC.	Common chairman Common corporate representative Common corporate representative Brother of the Chairman	
	1,310,631	1.73%	135,024	0.18%	0	0%	GSK CORPORATION Chiuai-Tai INVESTMENT CORP. GSKINVESTMENT DEVELOPMENT CORP. MEDCARE MANUFACTURING INC.	Common chairman Common corporate representative Common corporate representative Brother of the Chairman	

Name	Number of Shares held		Shareholding of Spouses and Minor Children		Total number of shares held in the name of others		Names and relationships of top-10 shareholders characterized as spouse or relative within the second degree of kinship		Remarks
	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Name	Relation	
Fubon Life Insurance Co., Ltd. Person in charge: Ming-Xing Cai	5,563,940	7.35%	0	0%	0	0%	None	None	
	0	0%	0	0%	0	0%	None	None	
,Yi-Ming Li	2,747,000	3.63%	0	0%	0	0%	None	None	
GSK CORPORATION Person in charge: Chung-Yi Wu	2,625,513	3.47%	0	0%	0	0%	Chiuan-Tai INVESTMENT CORP. GSK INVESTMENT DEVELOPMENT CORP. Chiuan-Dau INVESTMENT Co., Ltd MEDCARE MANUFACTURING INC.	Common chairman Common chairman Common corporate representative Brother of the Chairman	
	1,310,631	1.73%	135,024	0.18%	0	0%	Chiuan-Tai INVESTMENT CORP. GSK INVESTMENT DEVELOPMENT CORP. Chiuan-Dau INVESTMENT Co., Ltd MEDCARE MANUFACTURING INC.	Common chairman Common chairman Common corporate representative Brother of the Chairman	
MEDCARE MANUFACTURING INC. Person in charge: Wei-Li Wu	2,069,970	2.74%	0	0%	0	0%	GSK INVESTMENT DEVELOPMENT CORP. Chiuan-Tai INVESTMENT CORP. Chiuan-Dau INVESTMENT Co., Ltd GSK CORPORATION	Brother of the Chairman Brother of the Chairman Brother to the corporate representative Brother of the Chairman	
	600,114	0.79%	0	0%	0	0%	GSK INVESTMENT DEVELOPMENT CORP. Chiuan-Tai INVESTMENT CORP. Chiuan-Dau INVESTMENT Co., Ltd GSK CORPORATION	Brother of the Chairman Brother of the Chairman Brother to the corporate representative Brother of the Chairman	
Yun-Mei Li	2,016,000	2.66%	0	0%	0	0%	None	None	

Name	Number of Shares held		Shareholding of Spouses and Minor Children		Total number of shares held in the name of others		Names and relationships of top-10 shareholders characterized as spouse or relative within the second degree of kinship		Remarks
	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Name	Relation	
Chung-Yi Wu	1,310,631	1.73%	135,024	0.18%	0	0%	Chiuan-Tai INVESTMENT CORP. GSK INVESTMENT DEVELOPMENT CORP. GSK CORPORATION Chiuan-Dau INVESTMENT Co., Ltd MEDCARE MANUFACTURING INC.	Common chairman Common chairman  Common chairman Corporate representative in common Brother of the Chairman	

**3.10 The total number of shares and total equity stake held in any single enterprise by the Company, its directors, supervisors and, managers, and any companies controlled either directly or indirectly by the Companies**

**Investment Ownership**

As of 3/31/2023 Unit: shares/ %

Investment (Note1)	Ownership by FBT(1)		Ownership by Directors, Managers and Directly/Indirectly Owned Subsidiaries(2)		Total Ownership (1) + (2)	
	Shares	%	Shares	%	Shares	%
<b>SUPERIORITY ENTERPRISE CORP (Note2)</b>	<b>48,000</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>48,000</b>	<b>100%</b>
<b>PROFITIOUS INTERNATIONAL INC.(Note3)</b>	<b>22,717</b>	<b>55.75%</b>	<b>17,020</b>	<b>41.77%</b>	<b>39,737</b>	<b>97.52%</b>

**Note 1: 1.long-term investment accounted by the Company using the equity method.**

**2.SUPERIORITY ENTERPRISE CORP is the holding company for indirect investment in China - Suzhou Fine Blanking& Tool Co., Ltd**

**3.PROFITIOUS INTERNATIONAL INC. is the holding company for indirect investment in Vietnam - GSK VIETNAM CO., LTD.**

**IV. Capital Overview**  
**4.1 Capital and Shares**  
**4.1.1. Source of Capital**

As of 03/31/2023 Unit: Share/NT\$

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
3.1988	10	2,600,000	26,000,000	2,600,000	26,000,000	Initial share capital	None	None
2.1994	10	5,600,000	56,000,000	5,600,000	56,000,000	Cash capital increase of 30,000,000	None	None
7.1996	10	11,200,000	112,000,000	11,200,000	112,000,000	Capitalization of earnings of 56,000,000	None	None
6.1998	10	26,000,000	260,000,000	19,776,000	197,760,000	Cash capital increase of 60,000,000 and capitalization of earnings of 25,760,000	None	SFC approval reference: (1998)-Tai-Cai-Zheng-(I) No. 103078
9.2000	10	26,000,000	260,000,000	21,753,600	217,536,000	Capitalization of earnings of 19,776,000	None	SFC approval reference: (2000)-Tai-Cai-Zheng-(I) No. 75023
11.2002	10	35,000,000	350,000,000	28,279,680	282,796,800	Capitalization of earnings of 65,260,800	None	SFC approval reference: (2002)-Tai-Cai-Zheng-(I) No. 0910158864
08.2003	10	35,000,000	350,000,000	31,107,648	311,076,480	Capitalization of earnings of 28,279,680	None	SFC approval reference: (2003)-Tai-Cai-Zheng-(I) No. 0920136366
08.2004	10	68,000,000	680,000,000	38,884,560	388,845,600	Capitalization of earnings of 77,769,120	None	FSC approval reference: Jin-Guan-Zheng-I-Zi No. 0930133894
08.2005	10	68,000,000	680,000,000	48,605,700	486,057,000	Capitalization of earnings of 97,211,400	None	FSC approval reference: Jin-Guan-Zheng-I-Zi No. 0940134558
08.2006	10	68,000,000	680,000,000	57,350,000	573,500,000	Capitalization of earnings of 87,443,000	None	FSC approval reference: Jin-Guan-Zheng-I No. 0950129716

09.2006	10	68,000,000	680,000,000	63,600,000	636,000,000	Cash capital increase of 62,500,000	None	FSC approval reference: Jin-Guan-Zheng-I No. 0950129717
08.2007	10	120,000,000	1,200,000,000	69,960,000	699,600,000	Capitalization of earnings of 63,600,000	None	FSC approval reference: Jin-Guan-Zheng-I No. 0960036716
07.2009	10	120,000,000	1,200,000,000	72,058,800	720,588,000	Capitalization of earnings of 20,988,000	None	FSC approval reference: Jin-Guan-Zheng-Fa-Zi No. 0980036723
08.2012	10	120,000,000	1,200,000,000	75,661,740	756,617,400	Capitalization of earnings of 36,029,400	None	FSC approval reference: Jin-Guan-Zheng-Fa-Zi No. 1010034962

As of 03/31/2023 Unit: Share

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Stock	75,661,740	44,338,260	120,000,000	

Information on the blanket reporting system : None ◦

#### 4.1.2. Status of Shareholders

As of 03/31/2023 Unit: Person; Share; %

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	1	35	7,362	8	7,406
Shareholding (shares)	0	5,563,940	46,316,333	23,742,315	39,152	75,661,740
Percentage	0%	7.35%	61.22%	31.38%	0.05%	100%

Note: Shareholding by china investors was 0%.

### 4.1.3 Shareholding Distribution Status

#### 4.1.3 1. Common Share

As of 03/31/2023 Unit: Person; Share; %

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 to 999	6,207	107,591	0.14%
1,000 - 5,000	825	1,705,392	2.25%
5,001 to 10,000	140	1,039,508	1.37%
10,001 - 15,000	52	640,292	0.85%
15,001 to 20,000	43	777,230	1.03%
20,001 - 30,000	28	692,884	0.92%
30,001 - 40,000	9	319,573	0.42%
40,001 - 50,000	18	844,033	1.12%
50,001 to 100,000	29	2,050,630	2.71%
100,001 to 200,000	23	3,118,581	4.12%
200,001 - 400,000	12	3,434,911	4.54%
400,001 to 600,000	7	3,604,000	4.76%
600,001 to 800,000	2	1,374,624	1.82%
800,001 - 1,000,000	0	0	0.00%
Over 1,000,001	11	55,952,491	73.95%
Total	7,406	75,661,740	100.00%

**4.1.3.2. Diversification of preferred share ownership: The Company does not issue preferred shares.**

#### 4.1.4 .List of Major Shareholders

As of 03/31/2023 Unit: Share/%

Shareholder's Name	Shares	Percentage
Chiuan-Tai INVESTMENT CORP.	14,462,693	19.11%
GSK INVESTMENT DEVELOPMENT CORP.	10,352,725	13.68%
Taiwan Fu Hsing Industrial Co., Ltd.	7,552,867	9.98%
Chiuan-Dau INVESTMENT Co., Ltd.	6,104,668	8.06%
Fubon Life Insurance Co., Ltd	5,563,940	7.35%
Yi-Ming Li	2,747,000	3.63%
GSK CORPORATION	2,625,513	3.47%
MEDCARE MANUFACTURING INC.	2,069,970	2.74%
Yun-Mei Li	2,016,000	2.66%
Chung -Yi Wu	1,310,631	1.73%

## 4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Presented in NTD except for weighted average number of shares and analysis of investment return

Items	2021	2022	01/01/2023~05/03/2023 (Note4)
<b>Market Price per Share</b>			
Highest Market Price	37.50	43.90	40.00
Lowest Market Price	30.30	33.00	37.65
Average Market Price	34.02	37.79	38.66
<b>Net Worth per Share</b>			
Before Distribution	30.61	32.26	-
After Distribution	29.01	(Note5)30.26	-
<b>Earnings per Share</b>			
Weighted Average Shares(thousand shares)	75,661,740	75,661,740	75,661,740
Diluted Earnings Per Share	2.40	2.82	-
Adjusted Diluted Earnings Per Share	2.40	(Note5)2.82	-
<b>Dividends per Share</b>			
Cash Dividends	1.60	(Note5)2.00	-
<b>Stock Dividends</b>			
● Dividends from Retained Earnings	0	0	-
● Dividends from Capital Surplus	0	0	-
Accumulated Undistributed Dividends	0	(Note5)2.00	(Note5)2.00
<b>Return on Investment</b>			
Price / Earnings Ratio (Note 1)	14.18	13.40	-
Price / Dividend Ratio (Note 2)	21.26	18.90	-
Cash Dividend Yield Rate (Note 3)	4.70%	5.29%	-

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

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

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

Note 4: The information of net worth per share and earnings per share shall be based on the most recent quarter numbers audited by CPAs up to the date of publication of the annual report; the remaining columns shall be filled in the information of the current year's information up to the date of publication of the annual report.

Note 5: The 2022 cash dividends have been approved by the board of directors and are pending resolution in the 2023 annual general meeting.

## 4.1.6 Dividend Policy and Implementation Status

### 4.1.6.1 Dividend Policy

The Company has been distributing dividends to shareholders in accordance with the terms of the Articles of Incorporation every year since it was listed on the TPEx in 2003.

Dividend policy stated in the Articles of Incorporation:

Profit concluded at the end of a year are subject to employee remuneration of at least 2% and director remuneration of no more than 5%. However, profits must first be taken to offset against cumulative losses if any. Earnings concluded from a financial year are first subject to taxation, makeup of previous losses, and

applicable adjustments for undistributed earnings in the current year, followed by provision for statutory reserve and provision/reversal of special reserve. Any surplus remaining will be added to undistributed earnings accumulated from previous years, for which the board of directors will propose an earnings distribution plan and seek resolution in a shareholder meeting before distribution. At least 10% of distributable earnings in a year shall be distributed as dividends, of which no less than 20% shall be paid in cash. However, the board of directors may adjust dividend rules depending on the current year's profitability and capital availability and present the proposal for resolution in a shareholder meeting.

#### **4.1.6.2 Dividends proposed for the current year**

The board of directors made a resolution on March 6, 2023, to allocate NT\$21,366,318 for statutory reserve, NT\$32,034,734 for special reserve on cumulative currency translation losses associated with long-term overseas equity investments, plus NT\$275,009 included in other comprehensive profit or loss in retained earnings (net amount after tax of re-measurement for defined benefit plans) and common share cash dividends at NT\$2.0 per share for a total of NT\$151,323,480.

Dividends for the last 5 years are explained in the following chart. Earnings per share for 2022 were 17.5% higher compared to 2021, which led to a 25% increase in dividends per share in 2022 over 2021:

Item/Year	2018	2019	2020	2021	2022(Note1)
Earnings per Share (NTD)	1.28	0.73	1.36	2.40	2.82
Cash dividends (NTD)	1.15	0.70	0.70	1.60	2.00
Stock dividends (NTD)	0.00	0.00	0.00	0.00	0.00
Payout ratio	89.84%	95.89%	51.74%	66.67%	70.92%

Note: 1. 2022 dividends are pending approval in the 2023 annual general meeting.

2. A decision was made in July 2020 to distribute additional paid-in capital - share premium in cash at NT\$0.3 per share for a total of NT\$22,698,522.

#### **4.1.7 Impacts of proposed stock dividends on the Company's business performance and earnings per share:**

Not applicable as the Company did not issue any stock dividends this year.

#### **4.1.8 Compensation of Employees, Directors and Supervisors**

**4.1.8.1** Percentage or range of employee/director/supervisor remuneration stated in the Articles of Incorporation: Profit concluded at the end of a year are subject to employee remuneration of at least 2% and director remuneration of no more than 5%. However, profits must first be taken to offset against cumulative losses if any.

**4.1.8.2** Basis of calculation for employee/director/supervisor remuneration and share-based compensation; and accounting treatments for any discrepancies between

the amounts estimated and the amounts paid:

The Company allocates employee remuneration at no less than 2% and director remuneration at no more than 5% of current year's profit before tax and employee/director remuneration. Employee remuneration totaling NT\$14,728,818 and director remuneration totaling NT\$10,604,749 were estimated for 2022 at 5% and 3.6% of pre-tax profit, respectively. These amounts were resolved to be paid in cash or via wire transfer during the board of directors meeting held on March 6, 2023.

Any significant changes to the amount resolved by the board of directors before the publication date of the consolidated financial statements will be adjusted in the same year the expense is recognized; changes that occur after the publication date of the consolidated financial statements are treated as changes in accounting estimates and adjusted in the following year.

#### 4.1.8.3 Employee/director/supervisor remuneration passed by the board of directors

##### (1) Allocation of director/supervisor/employee remuneration for 2022:

Employee remuneration = pre-tax profit (before employee remuneration and director remuneration) \* 5%;

Director remuneration = pre-tax profit (before employee remuneration and director remuneration) \* 3.6%.

Details of 2022 employee remuneration and director/supervisor remuneration resolved by the board of directors on March 6, 2023, are as follows:

Unit: NT\$

Item	Subject	Amount estimated and recognized as expense for the year	Amount approved by the board of directors	Difference	Cause of difference	Method of distribution
Employee Remuneration	Employees of the Company	14,728,818	14,728,818	0	None	Cash or wire transfer
Directors' Remuneration	Directors of the Company	10,604,749	10,604,749	0	None	Cash or wire transfer
Total		25,333,567	25,333,567	0		

##### (2) Percentage of employee remuneration paid in shares, relative to net income and total employee remuneration shown in the separate or standalone financial statements:

No employee remuneration was paid in shares in the current year.

**4.1.8.4 Actual payment of the previous year's (2021) employee/director/supervisor remuneration:**

Unit: NT\$

Item	Amount estimated and recognized as expense for the year	Amount resolved by the board of directors	Actual amount paid	Difference	Cause of difference	Method of distribution
Employee Remuneration	12,386,498	12,386,498	12,386,498	0	None	Cash or wire transfer
Director/supervisor remuneration	7,060,304	7,060,304	7,060,304	0	None	Cash or wire transfer
Total	19,446,802	19,446,802	19,446,802	0	—	—

**4.1.9 Buyback of company shares: None.**

**4.2 Bonds : None.**

**4.3 Preferred shares: None.**

**4.4 Global Depository Receipts: None**

**4.5 Employee Stock Options : None.**

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

**4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions : None.**

**4.8 Financing Plans and Implementation : None.**

## V. Operational Highlights

### 5.1 Business Activities

#### 5.1.1 Business Scope

##### 5.1.1.1. Principal business activities.

- (1) Manufacturing and trading of molds and parts.
- (2) Manufacturing and trading of metals and plastic parts.
- (3) Manufacturing of machine tools.
- (4) Import and export trade of raw materials, products, and machinery relating to the above.

##### 5.1.1.2. Weight of consolidated business activities

Item	2022	
	Consolidated operating revenue, (thousands)	Operating ratio (%)
Fine blanking parts	992,275	31.59%
Brake discs	900,976	28.68%
Car seats, saddles	1,081,394	34.42%
Others	166,660	5.31%
Total	3,141,305	100%

##### 5.1.1.3. Current products of the Company:

Main business activities of the Company include the design, research, development, production, and sale of metal stamped parts for cars, motorcycles, bicycles, and special vehicles.

##### 5.1.1.4. New product development plans:

- (1) Automobile parts:
  - Transmission system-bearing spacers 、 drive rod assembly 、 connecting rod assembly.
  - Interior system-car seats 、 car doors, interior/exterior compartment assemblies 、 base plates.
  - Safety system-plastic wrapped tongues 、 brake lever assemblies 、 hex rings 、 pallet valves 、 iron bearings.
- (2) Scooter and motorcycle parts :
  - Transmission system-Speed change gear set 、 brake lever assembly 、 cam shaft assembly toothed induction plate 、 gear shifter assemblies 、 shock absorber assembly 、 and drive sprocket.
  - Engine system-chain wheels 、 filler tabs 、 tappets.
  - Safety system-brake discs 、 smart disc 、 forged lace disc 、 front/rear induction wheel 、 floating disc.
  - Body system-saddles 、 paddle assemblies 、 gear shifter assemblies 、 gear frame assemblies 、 brake frame assemblies 、 handlebar upper/lower mount.
- (3) Bicycle parts :
  - Safety system-bicycle discs 、 disc assemblies.
- (4) Beach buggy-Steering column assembly 、 steering system assemblies 。
- (5) Golf buggy-secondary clutch assemblies 、 pedal assembly 、 pedal assembly (TPS).

#### 5.1.2 Industry Overview

### 5.1.2.1 Current and future industry prospects

Automobile parts vendors can be distinguished by sales channel into: original equipment manufacturers (OEMs) that supply parts directly to car manufacturers for assembly, original design manufacturers (ODMs) of parts and components, and after-market (AM) manufacturers that supply parts for after-sales service worldwide. In terms of industry structure, parts manufacturing and automobile manufacturing form a typical cluster where the end product producer outsources components from system suppliers (tier 1), which then subcontracts tier 2 and tier 3 suppliers for parts.

The Company is a professional OEM of stamped parts for cars, motorcycles, and bicycles, and primarily manufactures assemblies for cars, motorcycles, bicycles, and special vehicles. Below is a list of products manufactured by location:

Vehicle type	The Company	China subsidiary	Vietnam subsidiary
Automobile components (T1 for car seats, T2 or T3 for others)	Seat belt parts, seat recliner assemblies, handbrakes, coupling levers, filler tabs & tappets, pipe fittings, and other precision stamped parts		Car seats, door panels, other precision stamped parts
Motorcycle parts (T1 or T2 supplier)	Stamped parts such as brake discs, cogwheels, frames, paddle assemblies, bracket assemblies, etc.		Stamped parts such as brake discs, cogwheels, saddles, frames, etc.
Bicycle parts (T2 supplier)	Brake discs and others		
Assemblies (T1 or T2 supplier)	Assemblies such as balancing and steering mechanisms, clutches, and brake and paddle systems		

Below is a description of the current state and future prospects of the industry given the Company's location:

#### 5.1.2.1.1. Motor vehicles and parts manufacturing

##### A. Overview of the international market for motorcycles and parts

According to a sales region analysis by the IEK of the Industrial Technology Research Institute for 2016-2017, India, China, Indonesia, Vietnam, and Thailand are currently the largest markets for motorcycles in Asia, each contributing more than one million units in sales per . Although sales of motorcycles in China decreased in 2016, growth from other Southeast Asian regions more than compensated for the decline, and Asia as a whole accounted for 80.7% of the total sales volume compared to the 79.1% in 2015. In 2016, the

world's top 6 countries with the highest motorcycle sales were: India with 17.69 million units (+9.7%), China with 9.87 million units (-11.3%), Indonesia with 6.22 million units (-7.4%), Vietnam with 3.12 million units (+9.5%), Thailand with 1.74 million units (+6.1%), and the Philippines with 1.14 million units (+34.1%). Sales in the above 6 markets totaled 39.77 million units, representing a growth of approximately 1.2% over 2015.

The above statistics indicate that Asia still dominates the world in motorcycle production, and represents the key destinations where Taiwanese motorcycle parts manufacturers should consider establishing factory facilities for a cluster effect.

According to Automobile Industry Monthly, intelligence on the global automobile industry indicates that demand in key markets such as Indonesia and Thailand is near saturation, whereas the increase in disposable income in China is shifting local demand from two wheelers to four wheelers. Nevertheless, emerging markets still represent significant demand, leading to an expansion of motorcycle sales during the year. Global sales of motorcycles were estimated at 573,260,000 units in 2017, and are projected to reach 741,750,000 units by 2025.

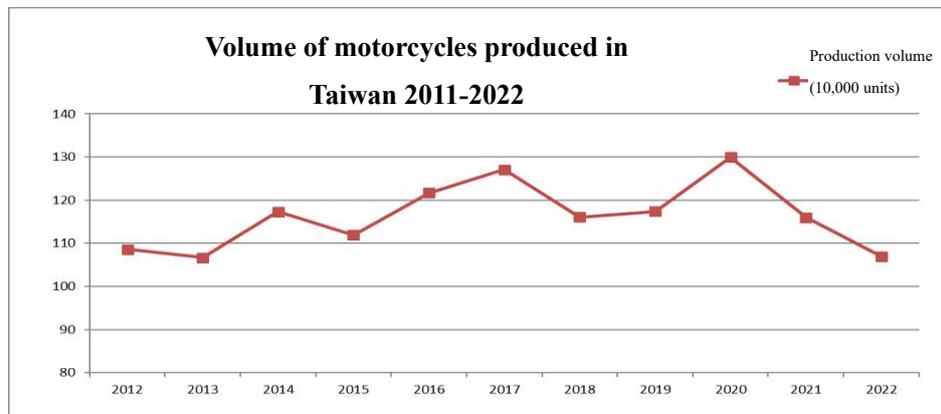
According to statistics published by the Taiwan Transportation Vehicles Manufacturers Association, automobile manufacturers in Vietnam sold approximately 3.5 million vehicles in 2012 and 3.1 million in 2013; 3.1 million and 2.5 million of which were domestic sales, respectively, while overseas sales accounted for 10%-20%. Sales volumes were sustained at above 3 million units between 2014 and 2019, until the outbreak of COVID-19 reduced sales to 2.68 million in 2020 and 2.47 million in 2021. All of the five top players (Honda, Yamaha, Sanyang, Suzuki, and Piaggio) have expanded production capacity in recent years, which led to increased sales to other Asian countries and Africa.

Motorcycle sales in Taiwan peaked in 1995 at 1.62 million units (completely built-up; CBU) and have declined since 1996. Domestic sales have been affected by the construction of mass transit systems in metropolitan areas, and have declined consistently by 17.09% from 1.19 million units in 1994 to 750,000 units in 2018. The 700,000 units sold in 2019 represented a further 6.57% decline, whereas the outbreak of COVID-19 in 2020 temporarily increased sales by 33.21% to 938,000 units before falling by 14.72% to 801,000 units in 2021. Due to the limited size of Taiwan's market, motorcycle manufacturers have been exploring export markets for growth, and are investing pro-actively into the establishment of production facilities in China and Southeast Asia. Overseas sales of vehicles increased progressively in weight, peaking at 41% in 2009 and falling afterwards to 15.72% in 2019, 11.78% in 2020, and 32.51% in 2021.

B. Current state and future prospects of motorcycle and parts in

## Taiwan

Below are the production statistics on two wheelers published by the Taiwan Transportation Vehicles Manufacturers Association:



Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Production volume (10,000 units)	108.6	106.7	117.3	111.9	121.7	127.1	116.1	117.4	130	116	107
Percentage increase (decrease) (%)	17.18	(10.02)	1.70	9.90	(4.60)	8.8	(8.7)	1.1	10.7	(10.8)	(7.8)

Source: The Vehicle Industry Monthly

Note: The production volumes of 1.237 million (2017), 1.089 million (2018), and 1.028 million (2019) mentioned in the monthly periodical all excluded Gogoro; sales data for Gogoro vehicles (34,000, 72,000, and 146,000 units for the respective years) was added to the above chart.

According to the above chart, Taiwan has been producing approximately 1.1 million to 1.2 million CBUs in recent years (except in 2020 due to the outbreak of COVID-19). However, the local market is near saturation due to social changes combined with the fact that Taiwan already tops the world in motorcycle ownership. As a result, the size of domestic demand fluctuated between 600,000 and 700,000 units in recent years, representing only 70% of total production. 2016 and 2017 saw a substantial increase in demand, by as much as 18% and 15.5% to a total of 788,000 units and 910,000 units, respectively, due to the NT\$4,000 commodity tax subsidy from the government and additional discounts offered by vendors. By 2018, domestic sales had fallen to 750,000 units due to weakened performance from the top 3 brands KYMCO, Yamaha, and Sanyang, whereas overseas sales weight fell from 40% to 30%, and the number of exported units decreased from 570,000 in 2011 to 480,000 (2012), 420,000 (2013), 499,000 (2014), 455,000 (2015), 427,000 (2016), 337,000 (2017), 334,000 (2018), and 324,000 (2019). In 2020 and 2021, the number of units sold increased to 356,000 and 386,000 units, respectively, due to the effect of COVID-19. Sales of electric vehicles have grown substantially due to the high subsidies offered by local governments. Gogoro, in particular, reported sales of 72,000 units (2018), 146,000 units (2019), 82,000 units (2020), and 77,000 units (2021), representing yearly growth rates of 109.3%, 102.8%, -43.8%, and -6.1%, respectively, and attracting competition for electric bikes from KYMCO and other motorcycle manufacturers. Considering how the impact of COVID-19

has persisted into 2023, performance of Taiwan's motorcycle market should remain weak throughout the year.

C. Between 2005 and 2006, the ongoing trend of globalization prompted Taiwanese motorcycle manufacturers to adopt management strategies of their Japanese counterparts, by transforming domestic facilities into operation centers while leveraging the production advantages of other Asian countries. In the meantime, domestic production has also shifted focus toward different applications such as touring motorcycles, electrical vehicles, and ATVs.

According to a study by the IRK of the Industrial Technology Research Institute, sales of electric vehicles were estimated to have reached one million worldwide in 2018, 80% of which were sold in Asia, and sales are expected to grow at a rate of 10%. In Taiwan, sales of electric bikes had reached a market share of 18.68% by 2019 following a series government subsidies, and are expected to grow further after 2022. In response to this trend, the Company will continue developing parts for green energy vehicles in collaboration with the domestic motorcycle industry, and support their expansion efforts in emerging markets. At the same time, the Company will continue shifting its R&D focus toward "environmental protection, green energy, diversity, and recreational activities" by developing parts for touring motorcycles, green energy vehicles, and ATVs.

#### 5.1.2.1.2. Automobile and parts manufacturing

##### A. Overview of global vehicle sales

According to market intelligence on the global automobile industry published by ARTC and the Taiwan Transportation Vehicles Manufacturers Association for 2006 to 2018, global vehicle demand reached 96.8 million in 2017, representing 3.1% growth. In 2018, China, being the largest market in the world, saw vehicle demand decline by 4.1% to 23.71 million units, representing the first decline after 28 years, which in turn led to a small decline in global sales to 90 million units between 2018 and 2019. In 2020, vehicle sales fell by 13% to 79 million as COVID-19 induced a global recession, which was followed by a 5% recovery to 83 million units in 2021.

According to data published by the IEK of the Industrial Technology Research Institute for 2016-2018, China, USA, Japan, India, and Germany represent the world's top 5 automobile markets in descending order.

Data published by the Taiwan Transportation Vehicles Manufacturers Association on the automobiles industry shows China having increased automobile production between 2013 and 2021 from 17.93 million, 19.71 million, 21.21 million, 24.38 million, 24.72 million, 23.71 million, 23.71 million, 25.8 million, 25.31 million to 26.08 million units, making it the world's largest market. While China and

emerging markets such as India have emerged to account for 30% of global automobile sales, Taiwan is too small by comparison to reach economies of scale, which is why Taiwanese parts manufacturers have set their primary goals to establishing production facilities overseas for proximity to local markets.

#### B. Automobile and parts industry in Taiwan

Most automobile parts manufacturers in Taiwan first transitioned into the business from the production of motorcycle parts. Following the government's 1958 policy to support the local production of automobiles, Taiwanese car manufacturers have progressively acquired the capacity to develop and produce parts in-house over time, but due to considerations such as car sales, returns on investment, and the technologies involved, most manufacturers eventually outsource the production of their parts to outsiders. As competition intensifies within the automobile industry, parts designers now have to work more closely with parts manufacturers than they ever did before. Taiwan's automobile industry has long depended on collaborations with foreign businesses, particularly Japanese companies, as the primary means of technology transfer. These technologies then provide the foundation for the production and assembly of automobiles in Taiwan.

According to Automobile Industry Monthly, car sales in Taiwan grew 0.12% to 341,000 units in 2013 and 10.69% to 378,000 units in 2014; the number then fell from 346,000 (2015), 314,000 (2016), 295,000 (2017), 259 (2018), 252,000 (2019) to 246,000 units (2020), representing declines of 8.41%, 9.28%, 5.90%, 12.43%, 2.7%, and 2.21%, respectively, before recovering by 7.64% to 265,000 in 2021. Currently there are more than two thousand automobile parts suppliers in Taiwan, and due to the limited size of the domestic market, many have opted to invest in China. Over time, Taiwanese automobile manufacturers have been able to generate yields from their R&D investments, and increase the weight of overseas sales year after year to support other industries.

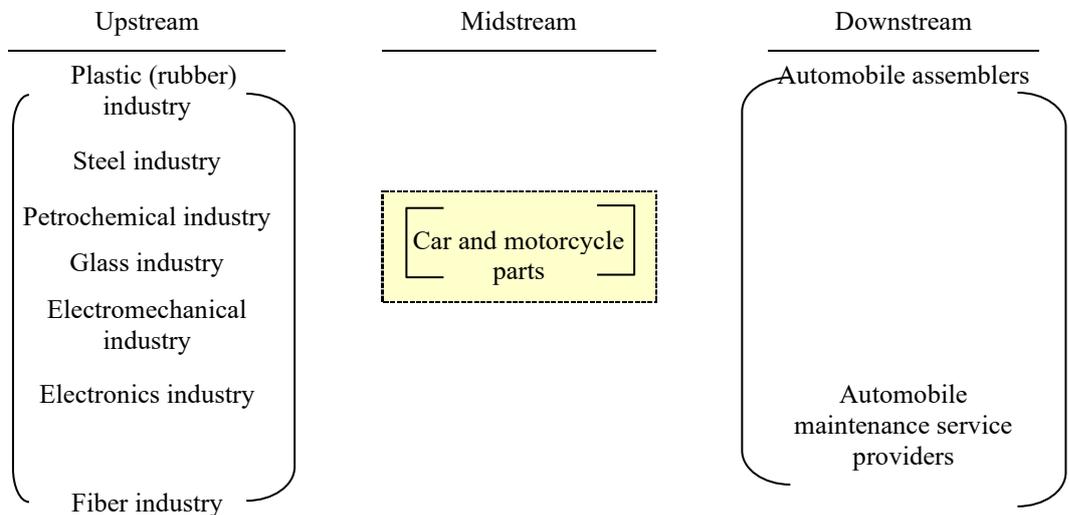
According to Automobile Industry Monthly published by the Taiwan Transportation Vehicles Manufacturers Association, Taiwan exported NT\$194,761,011,000 (2012), NT\$197,874,028,000 (2013), NT\$207,693,818,000 (2014), and NT\$214,466,964,000 of automobile parts, representing 5.40%, 1.60%, 4.96%, and 3.26% growth over the previous years. Subsequently, the export of automobile parts decreased 1.47% in 2016 to NT\$211,312,602,000, increased 1.73% in 2017 to NT\$214,970,596,000, decreased 0.11% in 2018 to NT\$214,723,746,000, increased 0.02% in 2019 to NT\$214,766,621,000, decreased 10.26% in 2020 to NT\$192,723,840,000, and increased 14.58% in 2021 to

NT\$220,826,246,000. In 2022, the export value of Taiwan's auto parts will be 229,347,674 thousand, an increase of 3.86% from 2021 .

5.1.2.2. Association between upstream, midstream, and downstream industry participants:

Automobile parts are supplied to assemblers for assembly into CBUs and to servicing companies for replacement. Parts can be distinguished by material into metal and non-metal items. The production of parts involves an extensive range of industries from petrochemical, glass, steel, rubber, electrical engineering to electronics. For this reason, the growth of automobile parts manufacturing can be a significant driver of a nation's basic industries and ancillary industries. Association between upstream, midstream, and downstream industry participants of the automobile parts industry:

Association between upstream, midstream, and downstream industry participants of the automobile parts industry



5.1.2.3. Product trends and competition:

Most automobile parts produced by the Company are stamped parts, except for car seats, saddles, recliners, balancing mechanisms, clutches, and brake/paddle systems which are assemblies. For this reason, most of the Company's innovations and research and development efforts have been directed toward stamping technologies and products. Following the integration between European and American automobile manufacturers, parts suppliers, too, will undergo some level of integration where tier 1 suppliers transform into system manufacturers while stamped parts and small assemblies are outsourced instead of being produced in-house. In this respect, Asian manufacturers will be preferred due to cost considerations. When choosing suppliers, automobile manufacturers prioritize quality management, know-how, and resources above all else, and the Company's ability to produce critical (safety) components in Taiwan puts it in an advantageous position to capture growth opportunities in the future. Furthermore, both the China and Vietnam subsidiaries are starting to produce positive results from serving the local

markets.

Automobile demand in China has been a dominant driver for industry growth in recent years. In light of increasing demand for parts, the China subsidiary will focus on the development of precision stamping technologies and the production of parts for local customers. The Vietnam subsidiary, on the other hand, will direct attention toward expanding production capacity in sync with existing customers and in line with motorcycle demands in Vietnam, and aim to supply precision stamped auto parts to ASEAN markets.

Precision stamping will progress in the following directions:

#### 5.1.2.3.1. Equipment automation

The manufacturing industry currently has a shortage of labor and is facing rising wages. Conventional stamping manufacturers that operate at high cost and low efficiency can no longer compete with the rest of the world, and are required to adopt simultaneous, automated stamping processes for increased production capacity, reduced costs, and added value to adapt to market competition. Advancements in computer software, programmable controllers, and precision sensors have enabled high levels of automation for processes from mold design, processing, to visual inspection, thereby making automation the future for stamping factories.

#### 5.1.2.3.2. High-speed production

Efficiency of the stamping process is determined largely by the speed of the stamping press. In order to increase production efficiency, acquiring stamping presses with high stroke counts will be the priority for all industry participants. Advancements in production technology combined with increasing demand from customers have fueled speed and efficiency improvements in high-speed stamping presses. Combined with proper mold design, manufacturers will be able to produce stamped parts at greater speeds in the future.

#### 5.1.2.3.3. Precision and specialized manufacturing

Designs for IT, electronics and transportation products are becoming thinner and lighter, which means that precision stamped parts also have to be shrunk down to be used in high value-added products.

Automobiles use an extensive variety of stamped parts, and the competitiveness of the stamping industry is largely determined by the equipment used, the mold development speed, product quality, and delivery timing. After committing efforts into the acquisition of automated, high-speed, and precision production equipment in recent years, the Company has been able to develop precision parts such as brake discs, filler tabs, seat belts, etc. in its own capacity. In the future, the Company will continue improving its production equipment to produce high precision and high value-added stamped parts for automobiles, and at the same time explore opportunities to expand into other industries such as electronics and mechanical engineering.

### **5.1.3 Research and Development**

#### 5.1.3.1. 2022 Consolidated R&D expenses up until the publication date of

the annual report

Unit : NT\$ thousands

Item \ Year	2022	Up until 2023/3/31	Remarks
Product R&D expenses	23,554	6,728	R&D expenses presented as operating expense
As a percentage of revenue	0.75%	0.96%	

5.1.3.2 2022 Technologies and products successfully developed (new samples) up until the publication date of the annual report

Product	Purpose
<p>Safety System – Iron 24-tooth hex rings, pallet valves, 5XX iron bearings, 610 iron bearings, K-shaped latches, latches, connecting plates</p> <p>Interior System – Right support base packaging assemblies, left support base packaging assemblies, traction plate, interior compartment assemblies LH/RH, right/left outer exterior compartment assemblies, right outer exterior compartment body assemblies, handle</p> <p>Drive train – Bearing spacers, transmission rod assemblies, spot welding bolt, connecting rod small assemblies LH/RH</p>	Automobile parts
<p>Safety System – Brake discs, smart discs, lace forged discs, front sensing wheels, rear sensing wheels, floating discs, brake lever assemblies</p> <p>Engine System – 34T chain wheels, filler tabs</p> <p>Drive train – Gear sets, brake lever assemblies, 20T chain wheels, rear connecting toothed plate_LH/RH, shock absorber assemblies, drive chain wheels, 37T chain wheels, 39T chain wheels, 38T chain wheels, 40T chain wheels, 41T chain wheels, camshaft assemblies, tappet</p> <p>Car Body System – Middle bracket-LH, locomotive handle, fixing plate</p>	Motorcycle parts Heavy duty motorcycle parts
<p>Tools and equipment – Front bracket (LH)/(RH), bracket (125 type), fixed bracket (125 type), gasket, ring set, main gear plate, cover, washer, lining plate, unhooking stop, unhooking fixed seat</p> <p>Golf cart – Secondary clutch assemblies, paddle assemblies, paddle assemblies (TPS)</p> <p>All Terrain Vehicle (ATV) – A-arm assemblies RH/LH, direction unit, direction column combination</p> <p>Bicycle – Brake discs</p>	Others Applica

## **5.1.4 Long-term and Short-term Development**

### **5.1.4.1 Short-term Development**

#### 5.1.4.1.1. Branding

- A. Attention will be directed to the development of seat belt components and mechanical parts for cars, and the sale of precision stamped parts for cars, motorcycles, bicycles, and special vehicles with an emphasis on the export market.
- B. Through closer collaboration between the 6 management departments (production, sales, personnel, development, treasury, and IT), the Company will increase interaction with customers to learn changes in market demand for new product development.

#### 5.1.4.1.2. Production policy

- A. Both the 1st Plant and the 3rd Plant will continue incorporating the TPS kanban (visual signals) system into various product lines to reduce production turnaround time and improve delivery efficiency.
- B. Designs such as continuous molds and multi-pressure points will be applied in large-capacity precision stamping presses to increase production capacity and reduce production cost.
- C. Programs such as TPS, TPM, project improvement, and improvement proposals will be implemented on an ongoing basis.
- D. Smart features will be introduced to equipment and production lines for improved production efficiency and product quality.

#### 5.1.4.1.3. Research and development strategies

- A. Improve employees' know-how and management skills and shorten the learning curve through our project management approach.
- B. Create a joint laboratory with China Steel Corporation and consolidate resources throughout the group to develop new materials, optimize the use of raw materials, and improve production procedures.
- C. Company will be committed to innovative research and development with an emphasis on building competitive advantages through intellectual property rights and patent applications.
- D. High value-added products will be developed for cars, motorcycles, and special vehicles.
- E. More intensive training will be introduced for mold designers and high precision molding equipment operators to improve mold development skills.

#### 5.1.4.1.4. Management strategies

- A. Assistance and counseling will be offered to help business partners improve financial health and product quality.
- B. Assistance will be given to develop SOPs for indirect workers,

establish career paths for key roles, and build leadership skills among managers so that the Company may adapt to changes and improve competitiveness.

- C. Training will be enforced across all employees to build quality awareness and improve management performance.

#### 5.1.4.2 Long-term Development

##### 5.1.4.2.1 Branding

- A. Gain control of critical technologies, develop advanced products ahead of the market, and increase product added value.
- B. Create a robust supply system in collaboration with upstream and downstream partners; shorten product delivery turnaround time and secure sales orders; and strive to enhance competitiveness.
- C. Promote e-commerce and the use of the Internet in marketing and supplier management for unlimited reach.

##### 5.1.4.2.2. Production policies

- A. Increase the flexibility and automation of the assembly line and the versatility of employees to accommodate the ever-expanding product diversity while at the same time improving production capacity and reducing inventory level and capital requirement.
- B. Make ongoing equipment renewals and acquire high precision equipment and testing instruments.
- C. Enhance the ability to switch between molds and production lines for improved production efficiency and reduced costs.
- D. Continue implementation of TPS and TPM; make ongoing improvements to supply chain integration, and explore further product benefits.
- E. Introduce the manufacturing execution system (MES) to further improve production management efficiency.

##### 5.1.4.2.3. Research and development strategies

- A. Shorten the mold and product development cycle and make ongoing improvements to production procedures and technologies to keep up with rapid market changes.
- B. Increase R&D and mass production capacity through development of SE, ME, and quality assurance system.
- C. Direct the research focus toward automated production, high precision stamping molds, and innovative processes and materials.

##### 5.1.4.2.4. Management strategies

- A. Progressively introduce strategic management practices and balanced scorecards with the goal of “creating a top-performing management team”; develop strategic roadmaps for various departments and KPIs for individual employees; aim to grow a management team that focuses on organizational performance and has the ability to respond to changes in the internal and external environment.
- B. Enforce supplier management throughout the supply chain; maintain relationships with critical partners; incorporate outsourced processes into internal procedures or consolidate work processes to shorten the production cycle; raise production efficiency and level of cooperation across suppliers.
- C. Train management talent; support the performance of overseas subsidiaries by providing them with management and technical guidance; integrate group resources in ways that help expand and improve profitability.

## 5.2 Market and Sales Overview

## 5.2.1 Market Analysis

### 5.2.1.1 Sales (Service) Region

Unit ; NT\$ thousands

Sales Region		2020		2021		2022	
		revenue amount	(%)	revenue amount	(%)	revenue amount	(%)
Overseas sales	Europe	61,597	2.92	69,743	2.52	61,013	1.94
	Americas	27,136	1.28	25,446	0.92	25,464	0.81
	Asia	1,054,700	49.94	1,397,669	50.52	1,709,154	54.41
	Other Area	4,310	0.20	8,447	0.31	0	0
	Total	1,147,743	54.34	1,501,305	54.27	1,795,631	57.16
Domestic sales (including traders)		964,271	45.66	1,265,133	45.73	1,345,674	42.84
Total		2,112,014	100.00	2,766,438	100.00	3,141,305	100

#### 5.2.1.2. Market Share

Due to the fact that no research institution publishes statistics on separate automobile parts, the Company has estimated its market share based on CBU data published by the Taiwan Transportation Vehicles Manufacturers Association.

##### 5.2.1.2.1. Brake Disc

The Company produces motorcycle brake discs mainly at its Taiwan facility and at GSK Vietnam. The performance of the Taiwan and Vietnam production sites is explained below:

#### A. 2021 domestic market share for motorcycle brake discs:

Brand	CBU production volume (units)	CBU production volume	Percentage supplied by FBT/GSK	FBT/GSK market share
		Market share (A)	(B)	(C) = (A) × (B)
Sanyang	331,121	30.93%	85%	26.29%
KYMCO	466,053	43.55%	70%	30.49%
Yamaha Taiwan	162,584	15.19%	60%	9.11%
Suzuki Taiwan	15,477	1.45%	0%	0.00%
PGO	25,439	2.38%	60%	1.43%
Gogoro	65,780	6.15%	99%	6.09%
China Motor	3,768	0.35%	0%	0.00%
Total	1,070,222	100.00%	—	73.41%

Source: Production and sales data from the Taiwan Transportation Vehicles Manufacturers Association.

Note: Aeon Motor was excluded from the above chart because the Company was not included in its monthly periodical, made no deliveries, and accounted for an immaterial percentage of sales volume.

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
No. of motorcycles produced in Taiwan (thousands)	1,086	1,067	1,173	1,119	1,217	1,271	1,161	1,174	1,298	1,164	1,070
Market share of the Company (%)	80.76	83.32%	81.37%	75.78%	76.49%	77.03%	74.99%	78.32%	75.21%	73.43%	73.41%

Source: Taiwan Transportation Vehicles Manufacturers Association (monthly periodical) Note: Data for 2017-2019 above includes sales volume from Gogoro.

The above chart shows that the Company has secured a market share of at least 70% in Taiwan. Nonetheless, considering that the growth of domestic motorcycle production does not satisfy the Company's growth expectations, the Company has opted to export some of the brake discs it produces to countries such as the USA, France, and Italy. The ability to do so is indicative of how competitive the Company's products are.

B. Market share of motorcycle brake discs in the Vietnam market between 2017 and 2021: GSK Vietnam Co., Ltd. produces motorcycle brake discs and sells them directly or indirectly to Taiwanese and Japanese automobile manufacturers in the local vicinity, such as Honda, Sanyang, Suzuki, Piaggio, and KYMCO. For 2017, with the exception of Yamaha and Piaggio, to which no deliveries were made, and Suzuki that partially imported its supplies, all other motorcycle brake discs used by the above brands were produced by GSK Vietnam, representing a market share of approximately 70% in Vietnam. As for 2018, with the exception of Yamaha and Piaggio, to which no deliveries were made, and Sanyang and Suzuki that partially imported their supplies, all other motorcycle brake discs used by the above brands were produced by GSK Vietnam, representing a market share of approximately 70% in Vietnam. For the period 2019 to 2021, with the exception of Yamaha and Piaggio, to which no deliveries were made, and Sanyang that partially imported its supplies, all other motorcycle brake discs used by the above brands were produced by GSK Vietnam, representing a market share of approximately 60% in Vietnam.

#### 5.2.1.2.2. Other High Precision Metal Parts

Taiwan has a vast number of precision stamping manufacturers of automobile parts that do not operate as public companies, which therefore makes it difficult to estimate their market share. Throughout the many years in the business, the Company has maintained long-term relationships with its customers by assisting them in the development of precision molds and the production of stamped products, and earned their trust for the quality of designs and products delivered. Since 2000, the Company has acquired orders to produce precision stamped parts for Autolive, the world's largest producer of automobile airbags and seat belts, which proves the Company's ability to produce stamped parts at quality that meet global standards. The volumes of metal seat belt parts produced by the Company and the China subsidiary were reported at 12 million pieces (2018), 10 million pieces (2019), 10 million pieces (2020), and 6.5 million pieces (2021); compared

to global vehicle sales of 95.6 million (2018), 91 million (2019), 79 million (2020), and 83 million (2021), the Company accounted for approximately 1.6-2.5% of seat belts used worldwide.

#### 5.2.1.2.3. Saddles

Saddles are mainly produced at GSK Vietnam Co., Ltd., most of which are sold directly to local Taiwanese and Japanese automobile manufacturers such as Honda, Yamaha, Sanyang, Piaggio, and KYMCO. GSK Vietnam supplies 50-100% of the parts used by the above manufacturers; its market share in the Vietnam market was estimated at 50-60% between 2016 and 2020, From 2021 to 2022, the market share in Vietnam was about 63% and 66% respectively.

#### 5.2.1.2.4. Car seats

Car seats are mainly produced at GSK Vietnam Co., Ltd., most of which are sold directly to local car manufacturers such as Honda. The Company's shipments in 2021 to 2022 accounted for about 9% of the sales volume of local assemblies in Vietnam between 2021 and 2022.

#### 5.2.1.2.5. Recliners

Sales of recliners accounted for only 1.37% of the Company's revenue in 2022 due to a change of purchasing order by a foreign customer and slow progress in the expansion of domestic customers. The market share is not analyzed because of its insignificance.

#### 5.2.1.2.6. Gears

The Company produces motorcycle gears not as a regular product but only to accommodate customers' requirements. These products accounted for only 0.92% of the revenue in 2022, and the market share is not analyzed because of its insignificance.

Overall, the Company has the highest market share of motorcycle brake in Vietnam, indicating an exceptional level of competitiveness. Meanwhile, the Company's precision stamped products have been favored by world-class manufacturers, while sales of car seats are also starting to grow in Vietnam.

### 5.2.1.3. Future market supply, demand, and growth

All of the Company's main product lines including precision stamped parts, recliners, motorcycle brake discs, saddles, car seats, and gears are used in cars or motorcycles. For this reason, explanation is provided using the above distinction:

#### 5.2.1.3.1. Motorcycle parts

##### A. Domestic sales of motorcycle parts:

aiwan's motorcycle industry is now in stage 5 - International Expansion - where domestic demand accounts for approximately 60-65% and is estimated at 600,000-700,000 units a year (2016 and 2017 saw a substantial increase in domestic demand to 788,000 units and 910,000 units, respectively, due to the NT\$4,000 commodity tax subsidy

from the government and additional discounts offered by vendors). Domestic sales in 2019 and 2020 were reported at 939,000 and 801,000 units, respectively; there was no significant change in overall sales volume as increases in domestic sales were offset by decreases in overseas sales. By 2018, domestic sales had fallen to 750,000 units due to weakened performance from the top 3 brands KYMCO, Yamaha, and Sanyang; however, growth of the export market indirectly drove the demand for motorcycle parts and increased the self-sufficiency rate to more than 95%. With the exception of certain engines, transmission systems, and critical components that are still dependent upon imports, almost all of the parts can be sourced from domestic suppliers. Furthermore, considering how most domestic parts manufacturers have formed a distributed production alliance with motorcycle manufacturers, there is adequate upstream and downstream integration within Taiwan's motorcycle industry to support the needs of the master plant.

In the future, parts manufacturers will cooperate more closely with motorcycle manufacturers to grow exports to emerging markets, and shift R&D focus toward "environmental protection, green energy, diversity, and recreational activities" by developing parts for touring motorcycles, green energy vehicles, and ATVs.

B. Sales of motorcycle parts in Vietnam:

Asia still dominates the world in motorcycle production, and represents the key destinations where Taiwanese motorcycle parts manufacturers should consider establishing factory facilities for a cluster effect.

According to statistics published by the Taiwan Transportation Vehicles Manufacturers Association, automobile manufacturers in Vietnam sold approximately 3.5 million vehicles in 2012 and 3.1 million in 2013; 3.1 million and 2.5 million of which were domestic sales, respectively, while overseas sales accounted for 10%-20%. Sales volumes were sustained at above 3 million units between 2014 and 2019, until the outbreak of COVID-19 reduced sales to 2.68 million in 2020 and 2.47 million in 2021. All of the five top players (Honda, Yamaha, Sanyang, Suzuki, and Piaggio) have expanded production capacity in recent years, which led to increased sales to other Asian countries. The Vietnam subsidiary has maintained good supply relationships with major automobile manufacturers in the vicinity, and increases in their production capacity and demand will be favorable to the Company's growth.

C. Overseas sales of motorcycle parts:

While Taiwan's motorcycle parts manufacturers still enjoy significant technological advantage over their Chinese and Southeast Asian counterparts, much of the future growth is

expected to be contributed by emerging Asian markets, and businesses will have to compete more intensively on distributed production and economies of scale. To this end, the Company not only has the potential to grow European and American markets, but is also well-positioned to take advantage of the tax privileges in ASEAN and capture opportunities in ASEAN members through its Vietnam subsidiary

#### 5.2.1.3.2. Car components

##### A. Domestic sales of car components:

Due to the increasing diversity of vehicles produced and rising quality awareness, most parts manufacturers have adopted some level of production automation that provides them with the flexibility to make a greater diversity of products in small quantities at quality standards that rival the best in the world. They have also made significant improvements in terms of technological complexity, and are now capable of producing most car components save for a few critical parts. Automobile manufacturing and parts manufacturing form a typical cluster where the producer of the end product outsources components from 1st tier suppliers, which then subcontracts 2nd tier and 3rd tier suppliers for smaller parts, thereby creating a multi-layer, distributed production system. Domestic sales of small passenger cars and commercial cars up to 3.5 tons between 2003 and 2005 was stable at around 400,000 units per year. Sales volume started to fall in 2006-2007 and continued in recent years due to higher imports, which in turn reduced domestic production. Sales volume declined further by 5.8% to 292,000 units in 2017, by 13.14% to 253,000 units in 2018, by 0.76% to 251,000 in 2019, and by 2.21% to 246,000 in 2020 before increasing by 7.64% to 265,000 in 2021. Considering that the production value of the automobile industry as a whole is around NT\$200 billion (statistics published by the Taiwan Transportation Vehicles Manufacturers Association of 2014 to 2021 estimated the production value at NT\$221.6 billion, NT\$208.1 billion, NT\$190.6 billion, NT\$183.1 billion, NT\$166.1 billion, NT\$167.4 billion, NT\$170.5 billion, and NT\$192.1 billion, respectively), parts manufacturing alone cannot support the growth of an automobile industry, no matter how advanced it is in research and development, which is why it must explore exports as an option.

##### B. Overseas sales of car components:

According to statistics published by the Taiwan Transportation Vehicles Manufacturers Association, sales of Taiwanese-made car components had an average growth of more than 10% each year between 1993 and 2004, whereas the percentage of exports relative to total car components sold more than doubled from 38.32% in 1993 to 82.94% in 2004. It was not

until 2012 when the rate of growth started to taper. The following chart explains the export value of Taiwanese-made car components between 2012 and 2022:

Unit: NT\$100 million

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Amount	1,948	1,979	2,077	2,145	2,113	2,150	2,150	2,150	1,927	2,208	2,293
Growth rate	5.41%	1.60%	4.96%	3.26%	-1.47%	1.73%	-0.11%	0.02%	-10.26%	14.58%	3.86%

Note: Source: Information compiled by the Taiwan Transportation Vehicles Manufacturers Association.

According to Automobile Industry Monthly and International Industry Intelligence Report, global car sales were reported at 85 million to 95 million between 2015 and 2019, 79 million in 2020, 83 million in 2021, and 82 million in 2022. After a sustained period of globalization and integration between European and American automobile manufacturers, tier 1 suppliers have gradually transformed into system manufacturers while stamped parts and small assemblies are outsourced instead of being produced in-house, and in this respect, Asian manufacturers are preferred due to cost considerations. Furthermore, given that all of the parts currently needed are of critical (safety-related) nature, automobile manufacturers now prioritize quality management, technology, and resources when choosing suppliers, and Taiwanese automobile parts suppliers happen to offer advantages such as timely delivery, strong development capacity, low cost, etc. while being rigorous with respect to quality and process control, giving them a competitive edge of Chinese suppliers and making them the preferred partners.

C. Data published by the Taiwan Transportation Vehicles Manufacturers Association on the automobiles industry shows China's automobile production between 2013 and 2021 reaching 17.93 million, 19.71 million, 21.21 million, 24.38 million, 24.72 million, 23.71 million, 25.8 million, 25.31 million and 26.08 million units, making it the world's largest market. According to market intelligence on the global automobile industry, automobile sales in China decreased 4.2% in 2019 compared to 2018 due to trade negotiations with the US, but China remained the world's largest market nonetheless. In the future, we may see more Taiwanese manufacturers seeking to expand their presence in China through strategic alliances or share exchange aside from establishing physical plants, in order to secure their role in a globalized supply chain.

#### 5.2.1.4. Competitive advantages

##### 5.2.1.4.1. Abundant R&D resources

FBT has managed to build strong relationships with upstream suppliers and downstream automobile manufacturers throughout the years. Not only does the Company have access to the resources of GSK Group and Fu Hsing Group accumulated over several decades, it also enjoys advantages in terms of human resources, R&D capacity, production technology, hardware, and management

efficiency that make it competitive for the challenges ahead.

5.2.1.4.2. Exceptional management team

- A. Good awareness of market trends and ability to invest in profitable products early.
- B. Strong R&D capabilities; one of the world's best in precision stamping technology.
- C. Industry-leading technology in mold design and production.
- D. Command over multiple core technologies
- E. A team of highly united talents that demonstrate low attrition rate and industry-leading productivity.

5.2.1.4.3. Owns precision testing instruments and automated production equipment.

5.2.1.4.4. Accommodates customers' needs - responsive, skilled, and able to deliver exceptional quality.

5.2.1.4.5. Strong global reputation and accelerated internationalization of products.

5.2.1.5. Advantageous and disadvantageous factors for future development prospects and countermeasures

5.2.1.5.1. Advantageous factors:

- A. Production activities are increasingly specialized and diversified on a global scale. End product manufacturers now favor outsourcing over in-house production, which presents immense opportunities for automobile and motorcycle parts manufacturers.
- B. The Company is financially sound and has a good reputation that aids in its new product and new technology development efforts.
- C. The introduction of TPS and TPM can increase production efficiency, reduce inventory, and build competitiveness.
- D. Strong management team, agile market response, and high-quality products that are favorable for expanding overseas sales.

5.2.1.5.2. Disadvantageous and countermeasures:

- A. Risk of exchange rate volatility:
  - a. Foreign currencies are purchased and sold in advance for import and export transactions as a hedging solution.
  - b. The Company aims to exchange currencies at appropriate timing, and has the option to finance raw material purchases by using alternative currencies or making early repayments.
  - c. Globalized purchase: Personnel has been assigned to gather market information on a global scale, so that raw materials of the most suitable quality can be acquired in appropriate quantities at the best price. The group also makes volume purchase to bargain for favorable pricing.
- B. Shortage of domestic labor supply increases labor costs:
  - a. Foreign labor and temporary labor will be recruited to

- make up for the basic workforce.
- b. Automated equipment will be used to replace manual tasks for improved efficiency and lower costs.
- c. Welfare measures will be enhanced to help recruit and retain talent.
- C. Competition of new entrants from emerging markets such as China and India.
  - a. Strengthen product R&D capacity as a way to increase the complexity, value, and competitiveness of the products offered.
  - b. Grow the China market in sync with domestic and foreign automobile manufacturers, and expand the scale of operation.
  - c. Grow market presence in ASEAN markets through the Vietnam subsidiary.

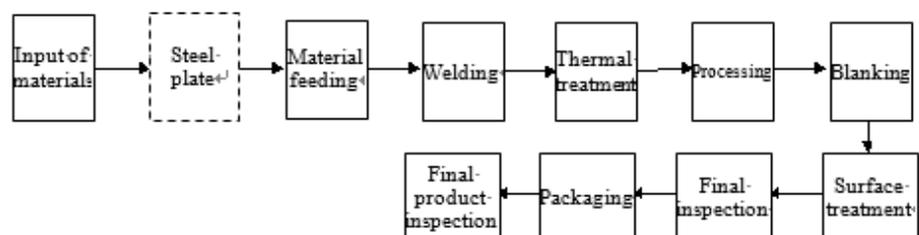
## 5.2.2 、 Production Procedures of Main Products

5.2.2.1. The Company mainly produces parts for automobiles; product uses are explained below:

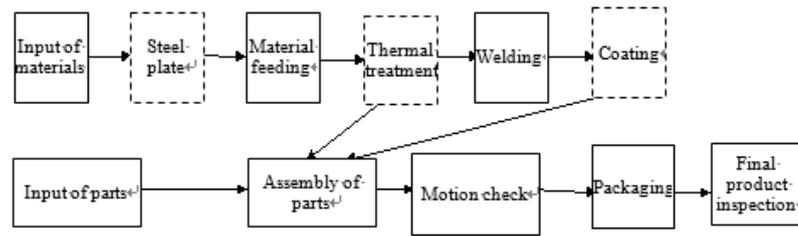
- (1). Recliners : Can be used for car seats in passenger vehicles, forklifts, and special purpose vehicles.
- (2). Brake discs : Brake discs for motorcycles and bicycles.
- (3). Gears : For motorcycle transmission and starter gear sets.
- (4). Fine blanking parts : The product can be used in office machines, home appliances, entertainment goods, communication industry, watchmaking industry, optical instruments, electronics, computer components, automobile industry, etc.
- (5). Seat assy : Used in passenger vehicles, forklifts, and special purpose vehicles.
- (6). Saddle : Used in motorcycles.

5.2.2.2. Production processes:

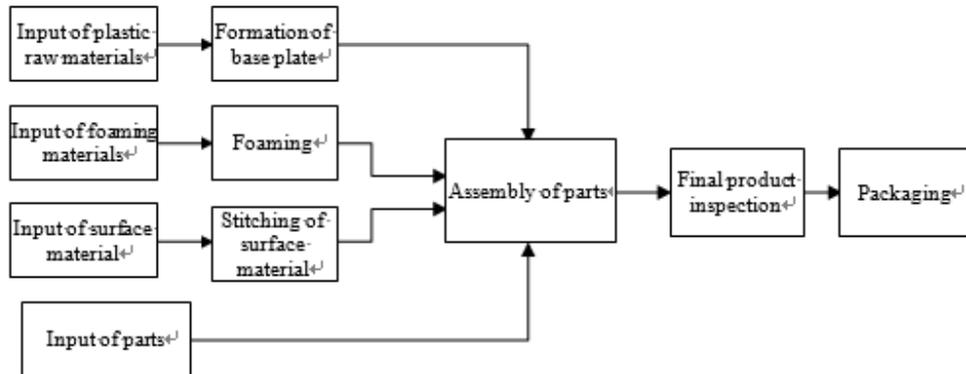
(1) Production flowchart for cogwheels, brake discs, and precision stamped parts:



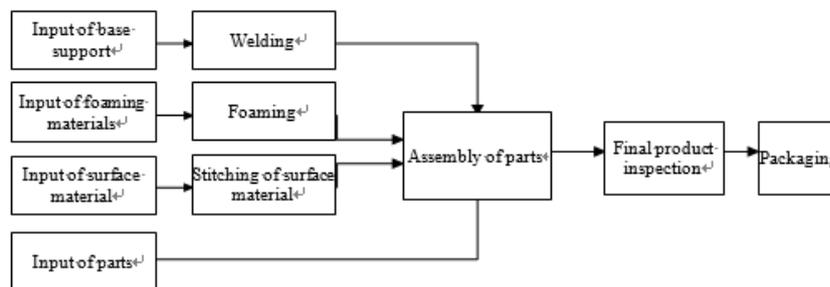
(2) Production flowchart for recliners, sliders, and handbrakes:



(3) Production flowchart for saddles:



(4) Production flowchart for car seats:



### 5.2.3 Supply Status of Main Materials

Steel sheets and iron sheets are the main forms of raw material while car seats, saddles, and recliners are the main forms of assembly material used by the Company. All above materials can be sourced locally in Taiwan, except for certain steel sheets and metal sheets of special nature that have to be imported directly from abroad if unavailable from Taiwan, Vietnam, or China.

Most raw material suppliers are situated close to the Company's production facilities. This proximity not only allows quick communication and technical support, but also facilitates long-term collaboration with business partners for optimal quality, delivery timing, and cost.

### 5.2.4 Suppliers or customers representing more than 10% of total purchases (sales) in any of the last two years

#### 5.2.4.1. List of suppliers representing more than 10% of total purchases

The Company only had one supplier accounting for more than 10% of total purchases in 2021 and 2022; for this reason, we have opted to disclose

suppliers ranking top 3 in purchase amounts and relative percentage to net purchase in the respective years.

Unit: NT\$ thousands ; %

Item	2021				2022			
	Company Name	Amount	As a percentage to net procurement for the year up to the previous quarter (%)	Relation with Issuer	Company Name	Amount	As a percentage to net procurement for the year up to the previous quarter (%)	Relation with Issuer
1	HT	364,903	22.14%	None	HT	410,679	22.63%	None
2	(Japanese company K)	123,637	7.50%	None	(Japanese company K)	140,316	7.73%	None
3	(US company H)	91,496	5.55%	None	(US company H)	129,340	7.13%	None
	Other (None exceeded 10%)	1,068,445	64.81%		Other (None exceeded 10%)	1,134,262	62.51%	
	Net Total Supplies	1,648,481	100%		Net Total Supplies	1,814,597	100%	

A. Cause of variation:

The Company purchases raw materials mainly as instructed or certified by customers for specific models. Domestic supplies are sourced indirectly from China Steel through intermediaries such as Tai Hao Steel and Chun Yuan Steel; foreign supplies are sourced from Japanese companies T and K. The Vietnam subsidiary has been sourcing part of its supplies from local company HT since 2013.

Consolidated net revenue for 2022 was 13.55% higher year-on-year, and a similar increase was observed in purchases over 2021. In 2022, the Company made significantly more purchases from HT, the No. 1 supplier in 2021 and 2022 in terms of amount and relative percentage to net purchases; this increase mostly comprised steel materials for the production of brake discs and metal accessories and plastic parts for the mass production of car seats in Vietnam starting from 2022. Meanwhile, the increase in the amount purchased from Japanese supplier K in 2022 was commensurate with the increase in revenue, whereas the increase in the purchase amount and ratio in 2022 for American manufacturer H was due to the increase in the purchase amount of raw materials used in the new mass production of automotive seats in 2021 in line with the increase in revenue. The overall net purchase to revenue ratio in 2022 was approximately 57.77%, which was less than 59.59% in 2021 due to the structure of the materials used.

B. Overall, the Company purchases from more than 100 suppliers, most of which are long-term partners; therefore, the supply of goods is deemed stable.

#### 5.2.4.2. List of customers representing more than 10% of total sales

The Company had 3 customers that accounted for more than 10% of total sales in 2021 and 2022; the amounts sold and relative percentage to net sales in the respective years are explained below:

Unit: NT\$ thousand; %

	2021				2022			
Item	Company Name	Amount	As a percentage to annual net sales (%)	Relation with Issuer	Company Name	Amount	As a percentage to annual net sales (%)	Relation with Issuer
1	HO	792,267	28.64%	None	HO	981,791	31.25%	None
2	GSK Technologies Inc.	462,889	16.73%	Counterparty's chairperson is the Company's corporate director representative	GSK Technologies Inc.	491,064	15.63%	Counterparty's chairperson is the Company's corporate director representative
3	GSK CORPORATION	299,547	10.83%	Counterparty's chairperson is the Company's Chairman	GSK CORPORATION	335,424	10.68%	Counterparty's chairperson is the Company's Chairman
	Others	1,211,735	43.80%		Others	1,333,026	42.44%	
	Net Sales	2,766,438	100%		Net Sales	3,141,305	100%	

#### A. Cause of variation:

Consolidated net revenue in 2022 grew 13.55% year-on-year. Due to COVID-19, sales of motorcycle brake discs and saddles to Customer HO in Vietnam fell in 2021 before recovering in 2022 with the addition of car seat sales. In addition, the new car seat orders grew slightly; the customer, Chuan Xing International, was due to the increase of foreign customers' motorcycle disc brakes and snowmobile disc brakes in 2022; the customer Chuan Xing Industrial Co., Ltd. sales compared to 2021 were mainly due to the decrease in ratio is due to the change in the order quantity of crawler spare parts due to the significant increase in the amount and ratio of HO.

Customer GSK Corp. reported an increase in sales in 2022 over 2021 due to sales of parts for golf buggy; it accounted for a lower percentage of overall sales due to the significant increase in sales amount and percentage from Customer HO.

B. The Company only had 3 customers that accounted for more than 10% of revenue in the last two years, and the fact that the Company deals with more than 150 customers shows diversity and minimal risk of sales concentration.

## 5.2.5 Production in the Last Two Years

### Production in the Last Two Years

Unit: Thousand/ pieces/kg / Unit: NT\$ thousands

Output Year		2021			2022		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Major Products (or by department)							
Recliners	Thousand/ pieces	350	284	41,269	360	263	38,329
Fine blanking parts	Thousand/ pieces	39,000	36,721	896,584	36,000	33,586	892,855
Brake discs	Thousand/ pieces	6,900	6,559	749,679	7,300	6,881	884,988
Gears	Thousand/ pieces	550	445	42,047	450	393	31,236
Seat assy	Thousand/ pieces	2,260	2,144	661,025	2,700	2,665	865,976
Others(Note2)	Thousand/ pieces/kg	7,030	6,215	104,039	7,650	7,245	112,389
Total		(Note3)	(Note3)	2,494,643	(Note3)	(Note3)	2,825,773

Note: 1. Production capacity refers to the number of units that the Company is able to produce under normal circumstances using existing production equipment, after taking into consideration the necessary off days and holidays.

2. Others represent filler tabs and trial productions.

3. Production capacity and production volume were not calculated due to differences in measurement units.

## 5.2.6 Shipments and Sales in the Last Two Years

### Shipments and Sales in the Last Two Years

Unit : Thousand/ pieces/kg / Unit: NT thousands

Shipments & Sales Year		2021				2022			
		Local		Export		Local		Export	
Major Products (or by department)		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Recliners	Thousand/ pieces	133	30,795	134	12,921	107	27,399	170	15,507
Fine blanking parts	Thousand/ pieces	8,817	625,034	26,871	342,508	8,126	658,781	24,225	333,493
Brake discs	Thousand/ pieces	2,854	513,140	2,412	271,232	2,777	570,365	2,690	332,575
Gears	Thousand/ pieces	174	24,931	250	15,104	145	16,447	215	12,502
Seat assy	Thousand/ pieces	56	28,231	2,094	812,977	56	36,090	2,619	1,045,302
Others(Note2)	Thousand/ pieces/kg	1,752	43,002	5,946	46,563	1,955	36,592	6,935	56,252
Total		(Note1)	1,265,133	(Note1)	1,501,305	(Note1)	1,345,674	(Note1)	1,795,631

Note : 1. Sales volumes were not calculated due to differences in measurement units.

### 5.3 Human Resources

Number of employees, average years of service, average age, and academic background in the last 2 years and up until the publication date of the annual report.

**As of March 31 2023**

Year		2021	2022	Current year up until 3/31/2023
Number of Employees	Direct Labor	611	605	598
	Indirect labor	243	238	237
	Sales, administration, and research personnel	184	188	188
	Total	1038	1031	1023
Average Age		36.31	36.88	36.90
Average Years of Service		6.5	6.7	6.5
Education	Ph.D	0.10%	0.10%	0.10%
	Masters	0.87%	0.87%	0.78%
	Bachelor's Degree	23.99%	25.80%	26.69%
	Senior High School	46.34%	44.62%	44.67%
	Below Senior High	28.70%	28.61%	27.76%

Note : Information for the current year up to the publication date of the annual report (shows personnel count at the end of the respective periods).

### 5.4. Environmental Protection Expenditure

5.4.1 Losses (including compensation) and fines incurred due to pollution of the environment in the last year and up until the publication date of the annual report :  
None.

5.4.2 Responses to losses and fines incurred due to pollution of the environment and possible expenses : None.

5.4.3 The Company makes ongoing improvements to its environmental safety and health system by adopting the PDCA cycle. Since the implementation of TPM and the creation of a dedicated environmental safety sub-section in 2009, proposals have been raised on a yearly basis to improve the work environment, promote employees' safety and health, and reduce the energy and waste associated with operations. Related expenditures were budgeted at NT\$8 million for 2022, and an actual sum of NT\$7.23 million was spent between January and December 2022 on improvements such as resource conservation and waste reduction (Waste recycling saving of materials, use of common materials and molds, reduction of slow-moving materials, improvement of fixtures used in high-frequency cooling etc. mold development and design to save material consumption), replacement of public energy-consuming equipment and improvement of energy consumption, and improvement of equipment pollution prevention and improvement, etc. waste reuse, energy efficiency improvement, and switching from two-time sandblasting to one-time sandblasting. Approximately NT\$12,968,000 of environmental protection expenses (excluding administration expenses) are spent each year on the environmental safety and health system for tasks such as environmental safety and health tests, waste clearance, environmental beautification, etc., which is deemed to have yielded significant results.

Item	Description	Amount (NT\$ thousand)		Remarks	
1	Pollution control charges	Waste water treatment	1,688	1,847	Note1
		Prevention of soil pollution	13		
		Air pollution control	146		
2	Routine equipment operation and servicing charges	2,946			
3	Environmental protection, treatment, water, and power expenses	700		Estimated value	
4	Wastewater fee	2,966			
5	Testing fee	509			
6	External training charges	106			
7	Environmental protection personnel expenses	1,250			
8	Waste disposal charges	2,626			
Total		12,968			

Description: 1. In May 2018, natural gas boilers were introduced in accordance with the “Changhua County Notes on Subsidy for Clean Energy Transition of Industrial Boilers” to replace heavy oil boilers, which greatly reduced

the emission of air pollutants.

2. The Company encountered no leaks of pollutants or violations of environmental laws in 2022 that resulted in fines or other forms of penalty.

## **5.5. Labor Relations**

### **5.5.1 Availability and execution of employee welfare, education, training, and retirement policies:**

#### 1. Employee Welfare :

- (1) Salary and benefits: The Company recognizes employees as its greatest assets, and strives to provide them with the most competitive compensation in order to attract and retain the best talent while catering to their best interests and maximizing returns to shareholders. Employees' salaries are not discriminated for any differences such as gender, religion, ethnicity, nationality, or political association. The Company applies the same salary standards for men and women; the ratio of entry workers' standard salary to basic salary and ratio of female-to-male salary were both 1:1.

Employees' salaries are determined based on education, career experience, professional capacity, and work performance, and differ because of gender, religion, ethnicity, nationality, political association or for any other reason. Salaries, benefits, and employment terms are 100% compliant with local employment regulations and international human rights conventions.

In 2022 and 2021, the Company's annual average of the number of full-time employees in non-supervisory positions set by the competent authority at the Company's Taiwan operations decreased by 14 to 332 and 346. The "mean salary" of non-managerial full-time employees was NT\$574,000 and NT\$549,000 in the respective years, representing a NT\$25,000 increase, whereas the "median salary" of non-managerial full-time employees was NT\$524,000 and NT\$508,000, respectively, representing a NT\$16,000 increase.

- (2) Insurance: All employees are covered by Labor Insurance and National Health Insurance; the Company also arranges group insurance coverage for all its employees.
- (3) Profit sharing: The Company allocates employee remuneration from profit before tax on a monthly basis and pays in the following year as

mentioned in the Articles of Incorporation.

Year-end bonuses are allocated from monthly profits and paid before the next Lunar New Year.

- (4) Festival cash: Festival cash is paid for occasions such as the Dragon Boat Festival, Mid-autumn Festival, and Lunar New Year.
- (5) Employee trips: The Company organizes annual trips to the outdoors and nature as a way of promoting physical and mental health among employees. Employees are also encouraged to bring along family members to make it a family event.
- (6) Employee care: Employees are given congratulatory, compassionate, and subsidy cash for occasions such as weddings, funerals, child births, hospitalization, birthdays, etc.
- (7) The Company provides a comfortable dining environment and subsidizes the meal expenses of its employees.  
Dormitory facilities are provided for employees from non-local areas, and employees are handed uniforms.
- (8) Labor Day events: The group celebrates Labor Day through events such as hiking, sports day, carnival, banquet etc.
- (9) Employee Welfare Committee: The Company established its Employee Welfare Committee in August 1990. In addition to allocating 1% from capital at the time of initiation, the Company finances the operations of the committee by making monthly allocations at a certain percentage of revenue, employee salaries, and income from scrap.
- (10) Other benefits: The Company cooperates with merchants to offer discounts and privileges to employees.

Note: The employee trip and Labor Day events were canceled and in 2022 due to COVID-19, and cash was given for travel.

## 2. Providing employees a healthy and safe work environment:

### (1) Health protection

The Company recognizes employees as its most important assets and therefore pays particular attention to their health. In addition to arranging regular health checkups in accordance with the Regulations Governing Worker Health Protection, employees below the age of 65 are subjected to general health checkups once every three years while senior managers are subjected to advanced health checkups every two years; both requirements are more favorable than stipulated by laws. Aside from general regular health checkups, the Company also arranges special health checkups regularly every year for employees who are exposed to

hazards such as noise, chromium trioxide, dust, nickel, n-hexane, and benzene for compliance with regulations.

Employees who come into contact with chemicals are given proper protective gear and are required to observe safety measures. Due to the fact that cleaning naphtha contains n-hexane that poses a health risk, the Company has replaced it with n-heptane alternatives, which are less hazardous. Equipment used in dusty, chromic acid, nickel, and benzene operation sites operations is fitted with ventilation devices to protect employees' health. In addition to protecting workers who are exposed to special hazards, the Company also conducts surveys to identify and monitor those who are prone to cardiovascular disease. Employees aged 45 and above and shift workers are subjected to workload assessment to identify high risk groups; those who are considered to be of high risk or medium risk are referred to physicians.

(2) Response to new communicable diseases

The Company has a dedicated occupational safety and health unit responsible for monitoring new communicable diseases, assessing potential impacts, and devising response plans for the workplace. This response unit has accumulated experience handling the H1N1 flu in 2009 and COVID-19 that still lingers to this date. In the event of an outbreak, the Company observes the control measures announced by the Centers for Disease Control and assembles a "Disease Response Team" immediately to devise response strategies.

These strategies cover knowledge on disease prevention and response, guidelines on medical leave of absence, and placement of alcohol-based sanitizing solutions at appropriate locations.

The committee is also responsible for monitoring medical leave taken by employees and implementing a business continuity plan to address possible shortage of labor.

The following control measures were adopted in response to COVID-19:

- \* All employees entering factory premises had forehead temperature taken by security staff; those who had temperature above 37.5 degrees Celsius were asked to rest and seek immediate medical attention.
- \* Employees were advised to wear masks when engaging in production and office work as well as meetings, and to wash hands frequently and maintain social distance, Respiratory Hygiene and Cough Etiquette.
- \* Meals were served pre-packed and employees were asked to dine at separate time avoid talking to each other during meals. The dining room

is built with partitions and is cleaned and disinfected by the group catering company daily.

- \* Conferences that used to involve all employees were limited to senior managers only. All participants were seated with more than 1 meter of distance between them and were instructed to wear masks.

(As per the announcement of the Centers for Disease Control, large-scale gatherings were canceled at times of level 3 and level 4 alert.)

- \* Foreign workers living in dormitories who were required to undergo self-health management were assigned separate rooms where they could eat and live separately. They had temperatures taken by the dormitory superintendent in the morning and evening; those who experienced discomfort were referred for off-site treatment in the company of an interpreter, and were instructed to wear masks throughout the entire trip.

- \* Taiwanese workers who were required to undergo self-health management had temperatures taken by the plant nurse; those who experienced discomfort were referred for treatment in the shortest time possible.

- \* Employees were asked to avoid taking domestic and overseas business trips where possible, and were advised to wash hands frequently, wear masks, and maintain social distance.

- \* 75% alcohol was placed at plant entrances, the reception, and dining areas for sanitizing.

- \* Information on communicable diseases and control measures was gathered persistently and communicated with employees through internal training, announcements, or signs.

- \* Disease control drills were held, and employees who exhibited symptoms were reported via 1922 and followed up with proper responses.

### (3) Health consultation

The Company has engaged an occupational safety and health specialist to perform services on-site on a monthly basis and commissioned professional nurses to be stationed at plant premises since June 2012. Arrangements were made to have physiotherapists perform monthly service on-site starting from March 2017, and to have psychologists provide mental counseling on a monthly basis starting from August 2017. Based on the outcomes of employees' health checkup, plant nurses take the initiative to arrange appointments with physicians, physiotherapists, and psychologists using the health management platform. A total of 365 arrangements were made in 2022 to provide services for hearing

protection, abnormal work load, maternity protection, ergonomics, injury/illness care, general consultation, physiotherapy, mental counseling, and other service items.

(4) Workplace health

With respect to workplace health, the Company has weighing scales, blood pressure monitors, and measuring tapes available that employees can use to assess health conditions on their own. Nursery rooms have been established to cater for employees' breastfeeding needs, for which the Company was awarded the Award of Excellence in the Factory Division during Changhua County's user-friendly nursery room competition in 2016, and later received user-friendly nursery room certification from the Changhua County Government in 2020 (for the duration 2020-2023). Furthermore, automated external defibrillators (AEDs) are installed throughout the premises for unforeseen emergencies, while anti-smoking campaigns and weight management activities are held at all plant sites.

(5) Voluntary health management and health promotion activities

The Company organizes various health promotion activities from time to time, for it accepts health promotion as a part of its culture.

From daily morning exercises, monthly voluntary weight, blood pressure, and waist circumference measurements to quarterly health promotion games such as sport stacking, Table Tennis Jiugong Fun Contest, Archery Darts Fun Contest, Zhixing Drop-the-ball Fun Contest for employees to relieve stress and promote their health, and offers incentives for their participation. Employees with outstanding performance are commended during monthly gatherings.

Events such as employee trips, blood donations, year-end banquets, and Labor Day activities are held on a yearly basis (2019 Labor Day was suspended due to the pandemic).

(6) Health and safety education

Safety and health courses are arranged for new and current employees every year to improve their basic knowledge of work safety. Several stress relief courses and health seminars are held every year, such as - Wire Knitting - Bean Strap, Metal Wire Knitting- Tortoise shell netting (including plants), wire braided - Romance Hanging Garden (including succulent hanging basket), wire braided - bird's nest (including chain), you are not fat, you just don't know that you can control your weight - analysis of the concept of fat loss , Influence of Heavy Metals in

Everyday Life, Invisible Occupational Injury - Discussion of Workplace Bullying, Improving Immunity in the Post-Pandemic Era, Food Labeling is in the Details, EHS education and training for in-service personnel, etc. in 2022. Regular posters on health promotion and activities; A health information system was introduced in 2016, and the new version of the health management platform continues to be optimized. We continue to build another intellectual interaction platform with employees to provide e-health information, e-health self-management, health checkup inquiry, COVID-19 epidemic prevention information, and health promotion message dissemination, etc. to enhance employees' awareness of COVID-19 epidemic prevention and health. The system can be accessed through the Intranet and through Wi-Fi at designated locations using employees' personal accounts and passwords to protect personal data and data security.

(7) Healthy workplace certification

The Company has a Safety Management Office that applies for healthy workplace certifications. In addition to receiving the “Badge of Accredited Healthy Workplace” from the Health Promotion Administration (valid from November 1, 2012, to December 31, 2015), the Company also won the “Group Health Award” from the Health Promotion Administration for 2012 on December 19, 2012. In 2015, 2018, and 2021, the Company applied for and was awarded the “Badge of Accredited Healthy Workplace” by the Health Promotion Administration, Ministry of Health and Welfare, on all occasions (the certificate has a validity period of 3 years, starting from January 1, 2016, and ending on December 31, 2024).

(8) Safety and health certification

The Company has been persistent in the enforcement of the occupational safety and health management system, for it respects workplace safety as a primary goal for business continuity. Since passing certification for TOSHMS (CNS 15506) and OHSAS 18001 in 2009 (followed by the revised version of ISO 45001/CNS 45001 in May 2019), the Company has continued to ensure the safety of its work environment by enforcing system standards.

(9) Safety inspections, education, and training

In addition to hosting Occupational Safety and Health Committee meetings at least once every three months, the Company also convenes monthly “Environmental Safety Meetings” in accordance with Article

12 of the Regulations Governing Occupational Safety and Health Management that involve workers' representatives from all departments. Representatives have been appointed to inspect their designated environments for any lack of safety, unsafe conduct, or other related issues and to present them for review and improvement during meetings. Meanwhile, occupational safety and health-related information is provided over the digital learning platform and the e-bulletin.

In addition to conducting environmental self-inspection on a yearly basis, the Company also engages external service providers to perform environment tests and to inspect hazardous machinery and equipment on a regular basis. Close calls and safety practices are reviewed on a monthly basis to ensure the safety of workers in the work environment. Aside from mandatory safety and health training, the Company also held regular drills in 2022 to rehearse proper handling and response for a total of 12 situations.

Furthermore, the Company takes part in the regional defense system of Chuansing Industrial Park and is a member of the Central Taiwan Toxic Substance Defense Organization. Through regular meetings and drills, the Company ensures that its own defense team is kept up-to-date on the latest information.

### 3. Employee training and career development

#### (1) Employee training

The Company commits significant efforts to the planning and implementation of a robust training system, and trains its employees in accordance with TTQS principles. It is our hope to train employees in ways that contribute to the Company's competitiveness and allow them to advance through their careers for mutual benefit.

The Company offers a broad diversity of learning channels and resources from on-the-job training and work guidance to environmental safety and health training that employees may take advantage of depending on their work requirements, performance evaluation, and career development needs. Employees are able to improve personal skills using the diverse training resources that the Company has made available to them, and indirectly affect the learning culture within the organization. In terms of skill development, the Company adopts a systematic approach to help employees learn and familiarize themselves with the skills that they are expected to master for their given role. Through training, we not only improve employees' work efficiency and raise their understanding of the

duties borne, but also promote their awareness toward the environmental safety and preventive measures related to their own duties. 114 employees of the Company hold a total of 236 professional certificates for various roles such as safety manager, crane operator, forklift operator, etc.

Below is a summary of the training courses organized in 2022:

Course category		Course count	Training hours	Enrollments
Administration		55	5,345.0	1,547
Role-specific	Administrative and finance	72	1,048.5	110
	Marketing	22	110.0	65
	Property management and production management	192	5017.5	3,772
	Research, development, and quality related	102	1,481.0	676
	Technical	56	836.0	401
	Auditing	35	894.0	549
General		37	1,550.5	584
Environmental safety		74	1,778.0	1,046
Total		645	18,060.5	8,750

In addition, we adopt the practice of keeping internal documents on knowledge gained through organizational learning. Between 2019 and 2022, we added a total of 171, 174, 134 and 136 documents to the knowledge base.

(2) Employee career development

The Company conducts annual “Human Resource Survey/Individual Skill Evaluation,” in which the head of each department is required to assess the skills of their subordinates and make a list of any online courses needed. Through evaluation of the employees’ familiarity, the Company hopes to make appropriate training adjustments, record employees’ training progress, and evaluate the future career potential of each employee.

The Company provides a diverse range of training courses that employees may take advantage of for career development. Completion

of training courses is associated with and taken into consideration for future promotions. For example, entry-level management training, time management, conferencing skills, and presentation skills are some of the criteria used for the promotion to section chief or specialist.

4. Comprehensive pension system:

(1) The pension scheme that the Company has introduced in accordance with the “Labor Standards Act” is a defined benefit plan.

According to the pension plan, employees’ pension benefits are calculated based on the number of years in service and the average salary in the six months leading up to their retirement. The Company makes monthly pension contributions for the above benefit payments based on actuarial calculation. All contributions are handed over to the Labor Pension Supervisory Committee, which then deposits them into an account held with Bank of Taiwan in the committee’s name. As of December 31, 2022 and 2021, the balance of the pension fund account was NT\$8,930,000 and NT\$15,624,000 respectively.

(2) The pension scheme that the Company has introduced in accordance with the “Labor Pension Act” is a defined contribution plan. Under the defined contribution plan, the Company contributes a sum equal to 6% of employees’ monthly salary into their individual accounts held with the Bureau of Labor Insurance.

As for GSK Vietnam Co., Ltd. and Suzhou Fine Blanking & Tool Co., Ltd., both subsidiaries comply with local regulations and make contributions equal to a certain percentage of local employees’ monthly salary to the respective pension fund management institutions.

The amounts of pension cost that the consolidated entity recognized as expenses in the consolidated statement of comprehensive income for 2022 and 2021 in accordance with the above rules are as follows:

Items	For the years ended December 31,	
	2022	2021
Defined contribution pension expense	\$ 11,344	\$ 10,808

5. Friendly workplace and child care

Out of respect for the government’s gender equality policy and commitment to cater to employees’ family needs, the Company encourages all male and female employees that have children below the age of 3 to take full advantage of parental leave. In Taiwan, the Company had 5 male and 6 female employees eligible to apply for unpaid parental leave in 2022, of which 1

female employees did actually apply, and 100% of those applied were reinstated. One person will be reinstated in 2021 , and the retention rate will be 100% in 2022.

#### 6.Enforcement of labor agreements and employee rights:

Employees of the Company are adequately qualified while business philosophies and management policies are duly enforced. Furthermore, employees are given free time to socialize and an “Employee Welfare Committee” has been created to oversee employees’ welfare. The availability of open internal communication channels has helped maintain harmonic employment relationship over the years, which is why the Company encountered no losses from labor-management disputes in 2022 and up until the publication date of the annual report.

Based on people-oriented values and a corporate culture of harmony and teamwork, the Company strives to maintain a harmonious work environment by treating all employees with respect and catering to their lifestyle needs. Below is an explanation of how the Company has enforced labor agreements and employee rights:

- (1) The Company has established and implemented Ethical Behavior Guidelines for Directors and Managers/Work Rules/Safety and Health Code of Conduct/Sexual Harassment Prevention, Reporting, and Disciplinary Policy/Workplace Violation Prevention Policy (for workplace violence and sexual harassment) to protect employees’ rights.
- (2) Labor-management meetings and Employee Welfare Committee meetings

The Company convenes regular labor-management meetings in accordance with the “Labor Standards Act” and holds quarterly Employee Welfare Committee meetings in accordance with the “Employee Welfare Management Policy.” For both the labor-management meeting and the Employee Welfare Committee meeting, each department is required to elect representatives to represent the department’s employees and communicate on welfare-related matters on their behalf.

The Company ensures 100% protection of employees’ rights; employees are free to decide whether to participate in various activities organized by the Company, such as trips and health promotion programs. Employees are able to express any opinions through representatives during labor-management meetings and Employee Welfare Committee meetings. There were no violations against freedom of association or

collective bargaining in 2022.

- (3) The Company has an occupational safety and health management plan that outlines regular environment and workplace testing requirements, a self-protection system, an accountable care system, contractor management practices, toxic substance management practices, transport safety management practices, as well as holding emergency response drills on a regular basis. By adopting the PDCA cycle, the Company makes ongoing improvements to meet regulatory requirements and customers' requests. Through the use of the environmental assessment and hazard identification systems, the Company adjusts environmental safety and health goals, indicators, and solutions and makes continuous improvements each year. An extensive range of hazard prevention measures has been implemented with the goal of achieving zero work injuries.

**5.5.2 Actual or estimated losses as a result of employment disputes in the last year and up until the publication date of the annual report, and any response measures taken:**

1. Losses as a result of employment disputes in the last year and up until the publication date of the annual report: None
2. Current or potential future losses and response measures: None.

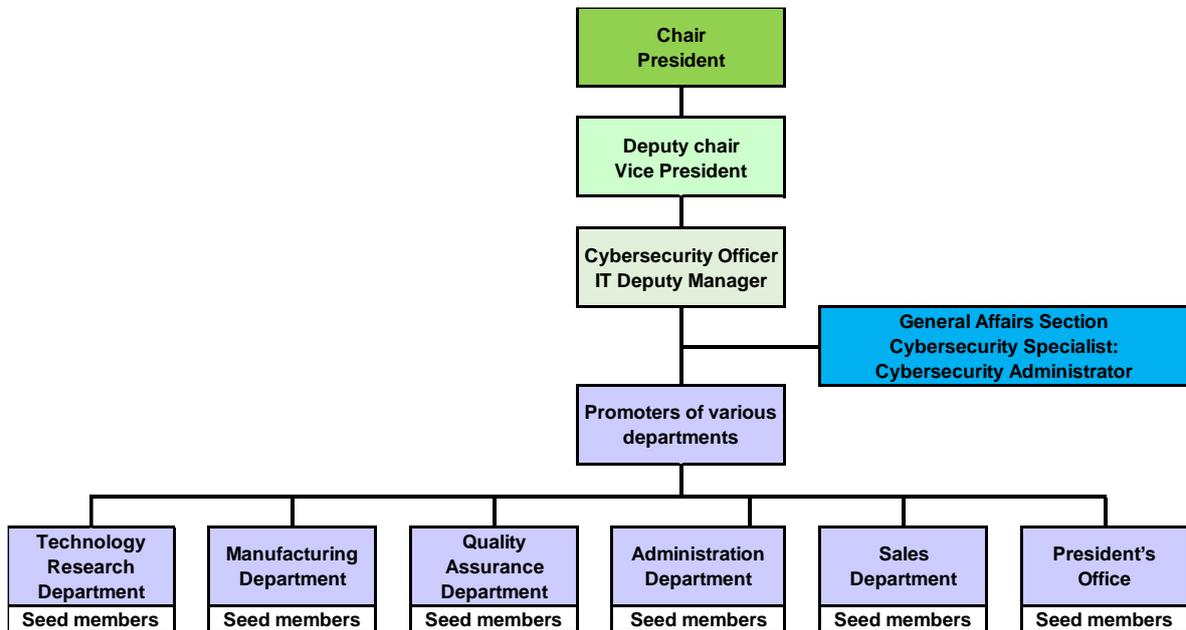
## **5.6 Cybersecurity management**

**5.6.1 Explain the cybersecurity risk management framework, cybersecurity policy, management practices, and resources committed to cybersecurity.**

1. Cybersecurity risk management framework  
The Company has a Risk Management Committee that conducts risk assessments on a yearly basis. In August 2018, the Company started taking into consideration the possibility of malfunctions in the information system as well as the risks posed on manufacturing activities, accounting, etc. and the additional costs associated with response measures, and therefore assigned the IT Department to schedule inspections and servicing of information equipment ahead of time while adopting enhanced cybersecurity protection measures. Management goals to improve the efficiency of information management, and regularly review and control the performance of the management target.  
The Company has implemented standard procedures such as "Information Process Management," "Portable Storage Media Management Policy," "Email Procedures," etc. to serve as guidance for application development, data access, backup practice, protection against viruses and intrusions, use of UPS in server rooms, premise access, use of portable hard drives and thumb drives, and email access control. Control measures have been adopted in

accordance with the standard procedures with access controls duly enforced to ensure information security in business activities and services.

In January 2022, the Company amended its “Organizational Resource Management Policy” in an attempt to introduce systematic practices for cybersecurity management, and at the same time established a Cybersecurity Management Committee comprising the President as the chair and the vice president as the deputy chair. Meanwhile, the IT deputy manager and administrator of the President’s Office have been designated the cybersecurity officer and cybersecurity specialist, respectively. To lead and maintain the implementation of information security policy, the organizational chart of the Information Security Management Committee is as follows:



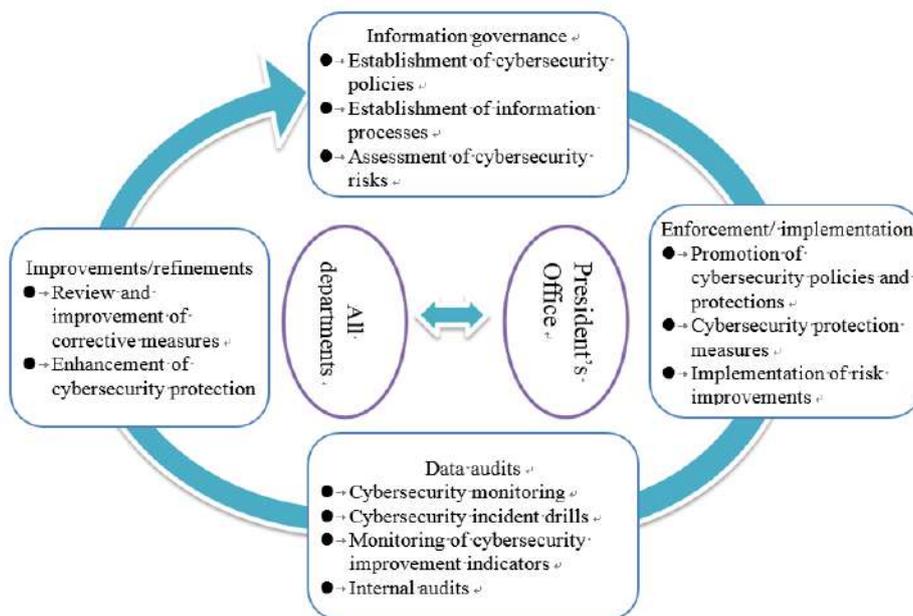
2. The Company has devised the following cybersecurity policy as part of its “Information Process Management”:

The Company is a manufacturer of parts for automobiles and bicycles. The following policy has been created to protect the information system against unauthorized access, control, and any form of harm while ensuring the confidentiality, integrity, and usability of information held in possession, with which all employees shall duly comply:

- The Company shall comply with the government’s cybersecurity regulations and requirements.
- Controls shall be established to prevent unauthorized access to systems and networks.
- Appropriate information software and hardware shall be provided to sustain the normal operations of the Company.

- A data backup system shall be established and the usability and correctness of the data recovered shall be validated.
- Cybersecurity protection measures shall be implemented to prevent against virus and hacker attacks.
- A cybersecurity incident reporting system shall be established to reduce impact on the Company’s operations.
- Employees shall be subjected to cybersecurity training to enhance their cybersecurity awareness.

3. Flowchart of cybersecurity risk management and ongoing improvements



4. Management solutions

Management solution		Implementation status in 2022
 <p>Internet security</p>	<ul style="list-style-type: none"> <li>● Enhancement of network firewalls and access control; prevention against spread of computer viruses across terminals and plant premises</li> </ul>	<ul style="list-style-type: none"> <li>● Firewalls have been created for real-time monitoring; all abnormal findings are reported and eliminated immediately</li> </ul>

Management solution		Implementation status in 2022
 <p>device security</p>	<ul style="list-style-type: none"> <li>● Vulnerability detection and intrusion tests at least once every two years</li> <li>● Antivirus measures are installed according to computer types to detect malware</li> </ul>	<ul style="list-style-type: none"> <li>● Weakness detection and penetration testing have been implemented in July 2022 to confirm the hardware status for reinforcement.</li> <li>● Virus pattern update and scanning on a weekly basis</li> </ul>
 <p>Strengthening of informat</p>	<ul style="list-style-type: none"> <li>● Encryption and effective tracking of documents and data</li> </ul>	<ul style="list-style-type: none"> <li>● Access rights have been configured according to departments and duties</li> <li>● Email access uses permission management</li> <li>● Management of portable hardware and thumb drive use</li> </ul>
 <p>Education Training and Advocacy</p>	<ul style="list-style-type: none"> <li>● At least one cybersecurity awareness promotion per department per year</li> <li>● At least one cybersecurity emergency response drill a year</li> </ul>	<ul style="list-style-type: none"> <li>● Cybersecurity awareness was promoted to an audience of 150 in 2022</li> <li>● Response drill for intrusion of information system was held in May 2022, the next drill is scheduled for May 2023</li> </ul>

5. Commitment of cybersecurity management resources

- (1) Human resources: The Company's cybersecurity team comprises a total of 23 members including the chair, deputy chair, cybersecurity officer, cybersecurity specialist, department promoters, and seed members.
- (2) Cybersecurity equipment: Firewalls, antivirus software, automated network defense, mail filter, proprietary applications, data controls, portable media control, access control, password management, backup systems, and cloud backup have been implemented.
- (3) The server room is protected with physical access control and uninterrupted power supplies.

6. Despite having implemented the above procedures and a multitude of cybersecurity protections, there is no assurance that the computer systems

used for vital operations such as manufacturing and accounting can be totally free of DDoS attacks from any third parties.

The Company will continually review and evaluate IT-related standard procedures to ensure that they remain appropriate and effective. By having internal departments conduct cybersecurity training at least once a year, the Company hopes to promote cybersecurity awareness as well as proper conduct among department users, and remind them not to open files from unknown sources, not to install software of unknown origin, and not to open suspicious links. To improve the security ability of users in various units to identify information and good operating habits Regular drills are held to simulate intrusion and recovery of the information system, and based on the review of the drill performance, the Company may consider making amendments to existing procedures and adding hardware as necessary to reduce the risk of illegal intrusion.

Since 2019, due to the impact of the COVID-19 epidemic, the information security risks of using video conferencing software have increased. The Company has the following controls:

- 1.Vulnerability tracking of video conferencing software :** Due to the development of hacker technology, the vulnerabilities of video conferencing software will continue to be exploited. Therefore, we regularly track the news of related vulnerabilities to ensure that the latest version that has completed vulnerability patches is installed.
- 2.Usage of videoconferencing software:** The Company only uses the end-to-end encrypted Ciscowebex videoconferencing software for videoconferencing. Unless necessary, other kinds of videoconferencing software can only be downloaded and used after obtaining permission.
- 3.Security of employees' computer use:** To maintain the security of the operating system, employees' login to computers is controlled with mandatory passwords, and anti-virus software is installed on personal computers and terminal hosts, and virus patterns are updated regularly.
- 4.Encryption protection of connection:** Encryption and encryption key are used to connect the video conferencing software to the intranet to ensure data security and protection.
- 5.High information security awareness and prevention:** Enhance the overall information security awareness of the Company. Use the FBT digital learning platform to promote relevant information security policies and implement information security measures and procedures.

#### **5.6.1** Losses as a result of major cybersecurity incidents in the last year and up until

the publication date of the annual report, and possible impacts and response measures; state the reasons if losses cannot be reasonably estimated:

The Company encountered no major cybersecurity risks up until the publication date of the annual report.

### 5.7 Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Golf organization membership	South Peak International Co., Ltd.	98.3.26~	Golf membership	None
Installation of solar power equipment	Weihao United Co., Ltd.	108.10.25~128.10.24(Facility I) 108.10.25~128.10.24(Facility III) 108.11.22~128.11.21(Facility II)	The rooftop area has been leased out for the installation of solar power equipment	The lease has a term of 20 years; in the event of early termination, the Company is required to compensate the lessee for the loss of electricity income.

## VI. Financial Information

### 6.1 Condensed balance sheets and statement of comprehensive income, names of CPAs and their audit opinions for the past 5 fiscal years

#### 6.1.1 Consolidated Condensed Balance Sheet in 2018-2022

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years(Note1)				
		2018	2019	2020	2021	2022
Current assets		1,628,726	1,641,774	1,764,901	2,008,366	2,129,749
Property, Plant and Equipment(Note2)		1,107,024	1,006,817	964,581	955,954	1,035,423
Intangible assets		22,205	19,591	17,691	18,087	18,212
Other assets(Note2)		149,175	173,389	140,801	128,365	128,645
Total assets		2,907,130	2,841,571	2,887,974	3,110,772	3,312,029
Current liabilities	Before distribution	374,938	351,344	418,392	488,727	509,231
	After distribution	461,948	427,006	471,355	609,786	* 660,554
Non-current liabilities		29,931	32,900	30,153	30,689	35,862
Total liabilities	Before distribution	404,869	384,244	448,545	519,416	545,093
	After distribution	491,879	459,906	501,508	640,475	* 696,416
Equity attributable to shareholders of the parent	Before distribution	2,227,739	2,177,484	2,193,302	2,316,133	2,440,776
	After distribution	2,140,729	2,101,822	2,140,339	2,195,074	* 2,289,453
Capital stock		756,617	756,617	756,617	756,617	756,617
Capital surplus	Before distribution	173,500	173,500	150,801	150,801	150,801
	After distribution	173,500	150,801	150,801	150,801	150,801
Retained earnings	Before distribution	1,358,008	1,328,887	1,378,298	1,506,670	1,599,278
	After distribution	1,270,998	1,275,924	1,325,335	1,385,611	* 1,447,955
Other equity interest		(60,386)	(81,520)	(92,414)	(97,955)	(65,920)
Treasury stock		0	0	0	0	0
Non-controlling interest		274,522	279,843	246,127	275,223	326,160
Total equity	Before distribution	2,502,261	2,457,327	2,439,429	2,591,356	2,766,936
	After distribution	2,415,251	2,381,665	2,386,466	2,470,297	* 2,615,613

Note1 : All consolidated financial data for 2018-2022 has been audited by CPAs.

Note2 : No asset revaluation was performed in 2018-2022.

Note3 : “ \* ” denotes that the cash distribution of 2022 earnings is pending resolution during the 2023 annual general meeting.

Note4 : None of the above financial data was amended or restated.

## 6.1.2 Condensed Balance Sheet in 2018-2022

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years ( Note1 )				
		2018	2019	2020	2021	2022
Current assets		990,978	987,224	1,163,170	1,295,535	1,345,383
Property, Plant and Equipment(Note2)		709,692	669,510	641,321	647,526	666,187
Intangible assets		6,656	4,100	2,275	2,708	2,691
Other assets(Note2)		795,275	746,942	671,060	698,301	747,197
Total assets		2,502,601	2,407,776	2,477,826	2,644,070	2,761,458
Current liabilities	Before distribution	245,677	212,301	268,064	310,572	298,960
	After distribution	332,687	287,963	321,027	431,631	* 450,283
Non-current liabilities		29,185	17,991	16,460	17,365	21,722
Total liabilities	Before distribution	274,862	230,292	284,524	327,937	320,682
	After distribution	361,872	305,954	337,487	448,996	* 472,005
Equity attributable to shareholders of the parent	Before distribution	2,227,739	2,177,484	2,193,302	2,316,133	2,440,776
	After distribution	2,140,729	2,101,822	2,140,339	2,195,074	* 2,289,453
Capital stock		756,617	756,617	756,617	756,617	756,617
Capital surplus	Before distribution	173,500	173,500	150,801	150,801	150,801
	After distribution	173,500	150,801	150,801	150,801	150,801
Retained earnings	Before distribution	1,358,008	1,328,887	1,378,298	1,506,670	1,599,278
	After distribution	1,270,998	1,275,924	1,325,335	1,385,611	* 1,447,955
Other equity interest		(60,386)	(81,520)	(92,414)	(97,955)	(65,920)
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	2,227,739	2,177,484	2,193,302	2,316,133	2,440,776
	After distribution	2,140,729	2,101,822	2,140,339	2,195,074	* 2,289,453

Note1 : All separate financial data for 2018-2022 has been audited by CPAs.

Note2 : No asset revaluation was performed in 2018-2022.

Note3 : “\*” denotes that cash distribution of 2022 earnings is pending resolution during the 2023 annual general meeting.

Note4 : None of the above financial data was amended or restated.

### 6.1.3 Consolidated Condensed Statement of Comprehensive Income in 2018-2022

Except for earnings per share, which is in NTD thousands

Item \ Year	Financial Summary for The Last Five Years (Note1)				
	2018	2019	2020	2021	2022
Operating revenue	2,886,839	2,342,201	2,112,014	2,766,438	3,141,305
Gross profit	474,848	362,183	336,707	540,331	608,396
Income from operations	179,718	148,422	171,790	333,859	376,692
Net operating income (loss)	25,650	32,389	8,568	9,641	41,503
Income before tax	205,368	180,811	180,358	343,500	418,195
Profit (loss) from continuing operations before tax	153,196	119,919	143,338	252,953	306,478
Discontinuing operation loss	0	0	0	0	0
Net income (Loss)	153,196	119,919	143,338	252,953	306,478
Other comprehensive income (income after tax)	5,235	(24,962)	(23,951)	(8,490)	53,902
Total comprehensive income	158,431	94,957	119,387	244,463	360,380
Net income attributable to shareholders of the parent	97,192	55,371	103,071	181,204	213,388
Net income attributable to non-controlling interest	56,004	64,548	40,267	71,749	93,090
Comprehensive income attributable to Shareholders of the parent	99,038	36,755	91,480	175,790	245,698
Comprehensive income attributable to non-controlling interest	59,393	58,202	27,907	68,673	114,682
Earnings per share(Note2)	1.28	0.73	1.36	2.40	2.82

Note1 : All consolidated financial data for 2018-2022 has been audited.

Note2 : Earnings per share has been adjusted retrospectively for cash capital increase and capitalization of earnings in previous years, and calculated using weighted average outstanding shares.

Note3 : None of the above financial data was amended or restated.

## 6.1.4 Condensed Statement of Comprehensive Income in 2018-2022

Except for earnings per share, which is in NTD thousands

Year Item	Financial Summary for The Last Five Years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	1,784,122	1,265,457	1,197,869	1,457,622	1,497,690
Gross profit	296,075	153,784	168,736	265,191	258,316
Income from operations	110,720	44,566	84,257	146,758	137,616
Net operating income (loss)	10,377	24,989	30,723	81,526	131,627
Income before tax	121,097	69,555	114,980	228,284	269,243
Profit (loss) from continuing operations before tax	97,192	55,371	103,071	181,204	213,388
Discontinuing operation loss	0	0	0	0	0
Net income (Loss)	97,192	55,371	103,071	181,204	213,388
Other comprehensive income (income after tax)	1,846	(18,616)	(11,591)	(5,414)	32,310
Total comprehensive income	99,038	36,755	91,480	175,790	245,698
Net income attributable to shareholders of the parent	97,192	55,371	103,071	181,204	213,388
Net income attributable to non-controlling interest	0	0	0	0	0
Comprehensive income attributable to Shareholders of the parent	99,038	36,755	91,480	175,790	245,698
Comprehensive income attributable to non-controlling interest	0	0	0	0	0
Earnings per share (Note 2)	1.28	0.73	1.36	2.40	2.82

Note 1 : All separate financial data for 2018-2022 has been audited.

Note 2 : Earnings per share has been adjusted retrospectively for cash capital increase and capitalization of earnings in previous years, and calculated using weighted average outstanding shares.

Note 3 : None of the above financial data was amended or restated.

## 6.1.5 Auditors' Opinions from 2018 to 2022

Year	Accounting Firm	CPA	Audit Opinion
2018	FULFILL & CO., CPAS	Ya-Chien Hsieh 、Chin-Ti Wu	Unqualified opinion
2019	FULFILL & CO., CPAS	Kuo-Yu Yen 、Chin-Ti Wu	Unqualified opinion
2020	FULFILL & CO., CPAS	Kuo-Yu Yen 、Chin-Ti Wu	Unqualified opinion
2021	FULFILL & CO., CPAS	Kuo-Yu Yen 、Chin-Ti Wu	Unqualified opinion
2022	FULFILL & CO., CPAS	Kuo-Yu Yen 、Chia-Yu Chi	Unqualified opinion

## 6.2 Five-Year Financial Analysis

### 6.2.1 Consolidated Financial Analysis in 2018-2022

Year (Note1) Item (Note3)		Financial Analysis for the Last Five Years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt Ratio	13.93	13.52	15.53	16.7	16.46
	Ratio of long-term capital to property, plant and equipment	228.74	247.34	256.03	274.29	270.69
Solvency (%)	Current ratio	434.40	467.28	421.83	410.94	418.23
	Quick ratio	319.84	365.67	345.84	315.27	321.67
	Interest earned ratio (times)	2,257.79	303.87	312.50	623.28	737.49
Operating performance	Accounts receivable turnover (times)	4.59	4.48	4.19	5.48	6.04
	Average collection period	79.52	81.47	87.11	66.61	60.43
	Inventory turnover (times)	5.41	5.01	5.34	5.77	5.43
	Accounts payable turnover (times)	7.58	7.59	6.44	7.35	8.30
	Average days in sales	67.48	72.85	68.35	63.26	67.22
	Property, plant and equipment turnover (times)	2.50	2.22	2.14	2.88	3.15
	Total assets turnover (times)	0.96	0.81	0.74	0.92	0.98
Profitability	Return on total assets (%)	5.07	4.19	5.02	8.45	9.56
	Return on stockholders' equity (%)	6.06	4.84	5.85	10.06	11.44
	Pre-tax income to paid-in capital (%) (Note 7)	27.14	23.90	23.84	45.40	55.27
	Profit ratio (%)	5.31	5.12	6.78	9.14	9.76
	Earnings per share (NT\$) (Note 2)	1.28	0.73	1.36	2.40	2.82
Cash flow	Cash flow ratio (%)	105.04	87.51	87.51	71.56	81.21
	Cash flow adequacy ratio (%)	169.31	161.24	167.12	127.82	138.19
	Cash reinvestment ratio (%)	4.34	3.82	5.16	5.55	4.67
Leverage	Operating leverage	2.08	2.07	1.78	1.39	1.34
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Analysis of financial ratio differences for the last two years.

(Not required if the difference does not exceed 20%)

- Return on assets, return on equity, net profit before tax as a percentage of paid-in capital, net profit, and earnings per share increased: The net profit after tax in 2022 grew by 21.16% compared to 2021.
- The increase in interest protection multiple is mainly due to the 21.16% growth in 2022 net profit after tax from 2021.
- Reduction of cash reinvestment ratio: mainly due to increase in cash dividends, gross amount of property, plant, and equipment, and working capital.

Note1 : All consolidated financial data for 2018-2022 has been audited by CPAs.

Note2 : Earnings per share has been adjusted retrospectively for cash capital increase and capitalization of earnings in previous years, and calculated using weighted average outstanding shares.

Note3 : Below are the formulas used for calculations in this chart:

**1. Financial structure:**

- (1). Debt of long fund to bank property and equipment=total liabilities/total assets
- (2). Ratio of liabilities to assets=(net shareholder's equity+long-term liabilities)/net fixed assets

**2. Solvency**

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

**3. Operating ability**

- (1). Account receivable turnover (including accounts receivable and notes receivable resulted from business operation)=net sales/average balance of account receivable (including accounts receivable and notes receivable resulted from business operation)
- (2). Days sales in account receivable=365/account receivable turnover
- (3). Inventory turnover=cost of goods sold/average inventory
- (4). Account payable turnover (including accounts payable and notes payable resulted from business operation)=operating costs/average balance of account payable (including accounts payable and notes payable resulted from business operation)
- (5). Average days in sales=365/inventory turnover
- (6). Fixed property and equipment turnover=net sales/net fixed assets
- (7). Total assets turnover=net sales/average total assets

**4. Profitability**

- (1). Ratio or return on total assets=[net income+interest expense\*(1-tax rate)]/average total assets
- (2). Ratio or return on shareholder's equity=net income/average net shareholder's equity
- (3). Profit ratio=net income/net sales
- (4). Earnings per share=(net income-preferred stock dividend)/weighted average stock shares issued ( Note.4 )

**5. Cash flow**

- (1). Cash flow ratio=net cash flow from operating activity/current liabilities
- (2). Cash flow adequacy ratio=(net cash flow from operating activities within five year/(capital expenditure+inventory increase +cash dividend) within five year
- (3). Cash re-investment ratio=(net cash flow from operating activity -cash dividend)/(total fixed assets+long-term investment+other assets+working capital) (Note.5)

**6. Balance :**

- (1). Operation balance=(net operating income-operating variable cost and expense)/operating income(Note.6) °
- (2). Financial balance= operating income/(operating income-interest expense)

Note4 : Calculation of earnings per share shall take the following factors into account:

1. Weighted average outstanding common shares are used, instead of outstanding shares at the end of the year.
2. Effects of cash capital increase or treasury stock shall be weighed by the number of outstanding shares and calculated for the length of time they were in circulation.
3. Where any additional shares were issued against capitalized earnings or reserves, the full year or half-year earnings per share are adjusted retrospectively, regardless of when the additional shares were issued.
4. For preferred shares that are cumulative and non-convertible in nature, all current year dividends (whether distributed or not) are deducted from net income, or added to net loss. For preferred shares that are non-cumulative in nature, preferred share dividends are deducted from net income, but no adjustment is required for net loss.

Note5 : Cash flow analyses shall take the following factors into account:

1. Net cash flow from operating activities is taken from the amount presented in the cash flow statement.
2. Capital expenditure refers to the amount of annual cash outflow spent on capital investments.
3. Increase in inventory is used only if the closing balance exceeds the opening balance. The value will be substituted with zero if the closing inventory balance is less than the opening balance.
4. Cash dividends include both common and preferred share cash dividends.
5. Gross property, plant and equipment refers to the amount before deducting accumulated depreciation.

Note6 : The Company, as a securities issuer, is required to classify operating costs and expenses between fixed and variable portions; any estimate or subjective judgment used in the classification has to be reasonable and consistent.

Note7: For shares issued with no par value or with a par value other than NT\$10 per share, the calculation of the percentage of paid-in capital above will be replaced by the equity ratio attributable to owners of the parent company on the balance sheet.

## 6.2.2 Financial Analysis in 2018-2022

Year (Note 1) Item (Note 3)		Financial Analysis for the Last Five Years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt Ratio	10.98	9.56	11.48	12.04	11.61
	Ratio of long-term capital to property, plant and equipment	318.01	327.92	344.56	360.37	369.64
Solvency (%)	Current ratio	403.37	465.01	433.92	417.14	450.02
	Quick ratio	272.34	334.55	349.67	308.34	333.56
	Interest earned ratio (times)	None	2,899.13	3,026.79	6,008.47	7,086.34
Operating performance	Accounts receivable turnover (times)	4.04	3.56	3.68	4.82	5.23
	Average collection period	90.35	102.53	99.19	75.73	69.79
	Inventory turnover (times)	4.46	3.61	4.09	4.28	3.64
	Accounts payable turnover (times)	6.76	6.63	6.00	6.38	7.32
	Average days in sales	81.85	101.11	89.24	85.28	100.27
	Property, plant and equipment turnover (times)	2.46	1.84	1.83	2.26	2.28
	Total assets turnover (times)	0.68	0.52	0.49	0.57	0.55
Profitability	Return on total assets (%)	3.72	2.26	4.22	7.08	7.90
	Return on stockholders' equity (%)	4.30	2.51	4.72	8.04	8.97
	Pre-tax income to paid-in capital (%) (Note 7)	16.01	9.19	15.20	30.17	35.59
	Profit ratio (%)	5.45	4.38	8.6	12.43	14.25
	Earnings per share (NT\$) (Note 2)	1.28	0.73	1.36	2.4	2.82
Cash flow	Cash flow ratio (%)	72.89	65.76	79.09	50.71	51.72
	Cash flow adequacy ratio (%)	131.91	113.35	110.61	93.44	102.8
	Cash reinvestment ratio (%)	0.49	1.55	3.34	2.90	0.90
Leverage	Operating leverage	1.78	2.66	1.68	1.33	1.39
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

- The increase in the interest coverage ratio is mainly due to the 17.76% growth in 2022 net profit after tax from 2021.
- The increase in the average number of days in sales is mainly due to the fact that the average inventory in 2022 increased by 21.06% from 2021.
- Return on assets, return on equity, net profit before tax as a percentage of paid-in capital, net profit, and earnings per share increased: It is because the net profit after tax in 2022 increased by 17.76% compared to 2021.
- Reduction of cash reinvestment ratio: mainly due to increase in cash dividends, gross amount of property, plant, and equipment, and working capital.

Note1 : All separate financial data for 2018-2022 has been audited by CPAs.

Note2 : Earnings per share has been adjusted retrospectively for cash capital increase and capitalization of earnings in previous years, and calculated using weighted average outstanding shares.

Note3 : Below are the formulas used for calculations in this chart:

**1. Financial structure:**

- (1). Debt of long fund to bank property and equipment=total liabilities/total assets
- (2). Ratio of liabilities to assets=(net shareholder's equity+long-term liabilities)/net fixed assets

**2. Solvency**

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

**3. Operating ability**

- (1). Account receivable turnover (including accounts receivable and notes receivable resulted from business operation)=net sales/average balance of account receivable (including accounts receivable and notes receivable resulted from business operation)
- (2). Days sales in account receivable=365/account receivable turnover
- (3). Inventory turnover=cost of goods sold/average inventory
- (4). Account payable turnover (including accounts payable and notes payable resulted from business operation)=operating costs/average balance of account payable (including accounts payable and notes payable resulted from business operation)
- (5). Average days in sales=365/inventory turnover
- (6). Fixed property and equipment turnover=net sales/net fixed assets
- (7). Total assets turnover=net sales/average total assets

**4. Profitability**

- (1). Ratio or return on total assets=[net income+interest expense\*(1-tax rate)]/average total assets
- (2). Ratio or return on shareholder's equity=net income/average net shareholder's equity
- (3). Profit ratio=net income/net sales
- (4). Earnings per share=(net income-preferred stock dividend)/weighted average stock shares issued ( Note.4 )

**5. Cash flow**

- (1). Cash flow ratio=net cash flow from operating activity/current liabilities
- (2). Cash flow adequacy ratio=(net cash flow from operating activities within five year/(capital expenditure+inventory increase +cash dividend) within five year
- (3). Cash re-investment ratio=(net cash flow from operating activity -cash dividend)/(total fixed assets+long-term investment+other assets+working capital) (Note.5)

**6. Balance :**

- (1). Operation balance=(net operating income-operating variable cost and expense)/operating income(Note.6) °
- (2). Financial balance= operating income/(operating income-interest expense)

Note4 : Calculation of earnings per share shall take the following factors into account:

1. Weighted average outstanding common shares are used, instead of outstanding shares at the end of the year.
2. Effects of cash capital increase or treasury stock shall be weighed by the number of outstanding shares and calculated for the length of time they were in circulation.
3. Where any additional shares were issued against capitalized earnings or reserves, the full year or half-year earnings per share are adjusted retrospectively, regardless of when the additional shares were issued.
4. For preferred shares that are cumulative and non-convertible in nature, all current year dividends (whether distributed or not) are deducted from net income, or added to net loss. For preferred shares that are non-cumulative in nature, preferred share dividends are deducted from net income, but no adjustment is required for net loss.

Note5 : Cash flow analyses shall take the following factors into account:

1. Net cash flow from operating activities is taken from the amount presented in the cash flow statement.
2. Capital expenditure refers to the amount of annual cash outflow spent on capital investments.
3. Increase in inventory is used only if the closing balance exceeds the opening balance. The value will be substituted with zero if the closing inventory balance is less than the opening balance.
4. Cash dividends include both common and preferred share cash dividends.
5. Gross property, plant and equipment refers to the amount before deducting accumulated depreciation.

Note6 : The Company, as a securities issuer, is required to classify operating costs and expenses between fixed and variable portions; any estimate or subjective judgment used in the classification has to be reasonable and consistent.

Note7: For shares issued with no par value or with a par value other than NT\$10 per share, the calculation of the percentage of paid-in capital above will be replaced by the equity ratio attributable to owners of the parent company on the balance sheet.

### **6.3 Audit Committee's Report for the Most Recent Year**

## **FINE BLANKING & TOOL CO., LTD. 2022 Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2022 Business Report, Parent Company Only Financial Statements, Consolidated Financial Statements and proposal for allocation of earnings. The Yen, Kuo-Yu Chi and Chia-Yu CPA of Full-Go & Co.,e was retained to audit FBT's Financial Statements and has issued an audit report relating to the Financial Statements.

The Business Report, Financial Statements, and allocation of earnings have been reviewed and determined To be correct accurate by the Audit Committee members of FBT According to relevant Requirements of the Securities and Exchange Act and the Company Law, We hereby submit this report.

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

chairman of the Audit Committee : YI-MIN LIN

March 6,2023

## **6.4 Financial Statements for the Years Ended December 31, 2022 and 2021, and Independent Auditors' Report**

### REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Fine Blanking & Tool Co., Ltd. as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Fine Blanking & Tool Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

FINE BLANKING & TOOL CO., LTD.

By

Wu, Chung-Yi

Chairman

March 6, 2023

## Independent Auditors' Report

To Fine Blanking & Tool Co., Ltd.

### Opinion

We have audited the accompanying consolidated balance sheets of Fine Blanking & Tool Co., Ltd. (the "Company") and its subsidiaries (the "Group"), as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

### Basis for Opinion

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

### Key Audit Matters

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

Key audit matter for the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

## 1. Accounts Receivable Valuation

Fine Blanking & Tool Co., Ltd. and its subsidiaries were affected by the economic climate, and 69.33% of receivables at end of period came from the top 10 customers. Receivables collection has significant effect on the cash flow of Fine Blanking & Tool Co., Ltd. and its subsidiaries. Consequently, the valuation of accounts receivable is identified as one of our key audit matters.

We performed the following audit procedures in respect of the above key audit matter:

- (1) Reviewed the cash collection of receivables during subsequence period, and assessed whether there is impairment of receivables. If any such item remains uncollected after the due date, ascertain whether appropriate treatment has been made.
- (2) Assessed whether overdue accounts receivable or accounts receivable under dispute or litigation are evaluated for impairment and reclassified to an appropriate account.
- (3) Examined the details of newly added customers with significant amounts of receivables or the top 10 customers to confirm that the Group performs a proper credit approval process and inspected whether there is any overdue debts.

## 2. Inventory valuation

To meet the needs of prompt delivery, it is essential for Fine Blanking & Tool Co., Ltd. and its subsidiaries that a certain amount of material, work in progress, and finished goods be prepared. However, the introduction of new products may lead to obsolete materials and affect cost of goods sold. Consequently, the valuation of inventory is identified as one of our key audit matters.

We performed the following audit procedures in respect of the above key audit matter:

- (1) Participate in the inventory count to confirm the quantity and ownership of inventory at the end of the period; and test the quantity on the closing inventory statement to the inventory book.
- (2) Examined whether the valuation of inventories is in accordance with the accounting policies of Fine Blanking & Tool Co., Ltd. and its subsidiaries.
- (3) Understood the basis of the selling prices Fine Blanking & Tool Co., Ltd. and its subsidiaries used and the variation of the price in the subsequent period to assess the reasonableness of net realizable value of inventories.
- (4) Assessed whether appropriate provisions have been recognized for aged, damaged, slow moving or obsolete inventories by discussing with the management.

## **Other Matter**

Fine Blanking & Tool Co., Ltd. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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

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

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

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

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

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

Ful-Fill & Co., CPAs  
Changhua, Taiwan  
Republic of China  
March 6, 2023

**Notice to Readers**

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

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

**FINE BLANKING & TOOL CO., LTD. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

Items	Notes	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
11××	CURRENT ASSETS:					
1100	Cash and cash equivalents	4 and 6(1)	\$ 874,855	26.41	\$ 898,053	28.87
1136	Current financial assets at amortized cost	4 and 6(2)	227,127	6.86	122,210	3.93
1150	Notes receivable, net	4 and 6(3)	6,708	0.20	15,990	0.51
1170	Accounts receivable, net	4, 5 and 6(3)	372,969	11.26	360,760	11.60
1180	Accounts receivable due from related parties, net	4, 5, 6(3) and 7	147,088	4.44	136,843	4.40
1200	Other receivables	7	8,103	0.24	5,700	0.18
1310	Inventories	4, 5 and 6(4)	469,937	14.19	455,851	14.65
1410	Prepayments		21,760	0.66	11,694	0.38
1470	Other current assets		1,202	0.04	1,265	0.04
11××	<b>Total current assets</b>		<b>2,129,749</b>	<b>64.30</b>	<b>2,008,366</b>	<b>64.56</b>
15××	NON-CURRENT ASSETS:					
1600	Property, plant and equipment	4, 6(5) and 8	1,035,423	31.26	955,954	30.73
1755	Right-of-use assets	4 and 6(6)	46,549	1.41	45,628	1.47
1801	Computer software, net	4 and 5	2,691	0.08	2,708	0.09
1805	Goodwill	4 and 5	15,521	0.47	15,379	0.49
1840	Deferred tax assets	4, 5 and 6(12)	18,489	0.56	17,776	0.57
1915	Prepayments for business facilities		12,608	0.38	17,365	0.56
1920	Guarantee deposits paid		10,415	0.31	10,405	0.33
1995	Other non-current assets, others		40,584	1.23	37,191	1.20
15××	<b>Total non-current assets</b>		<b>1,182,280</b>	<b>35.70</b>	<b>1,102,406</b>	<b>35.44</b>
1××	<b>TOTAL ASSETS</b>		<b>\$ 3,312,029</b>	<b>100.00</b>	<b>\$ 3,110,772</b>	<b>100.00</b>
21××	CURRENT LIABILITIES:	4				
2130	Current contract liabilities	4	\$ 18,988	0.57	\$ 21,452	0.69
2150	Notes payable	4	230	0.01	2,959	0.10
2170	Accounts payable	4 and 7	291,158	8.79	295,659	9.50
2180	Accounts payable to related parties		7,273	0.22	8,512	0.27
2200	Other payables	4 and 6(12)	121,353	3.66	108,401	3.49
2230	Current tax liabilities	4	64,817	1.96	48,224	1.55
2250	Current provisions	4 and 6(7)	12	0.00	116	0.00
2280	Current lease liabilities		1,165	0.04	1,188	0.04
2399	Other current liabilities		4,235	0.13	2,216	0.07
21××	<b>Total current liabilities</b>		<b>509,231</b>	<b>15.38</b>	<b>488,727</b>	<b>15.71</b>

(Continued)

**FINE BLANKING & TOOL CO., LTD. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

Items	Notes	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
25××	NON-CURRENT LIABILITIES:					
2570	Deferred tax liabilities	4 and 6(12)	\$ 5,535	0.17	\$ 995	0.03
2580	Non-current lease liabilities	4 and 6(7)	14,695	0.44	13,850	0.45
2640	Net defined benefit liability, non-current	4, 5 and 6(8)	15,432	0.46	15,776	0.51
2645	Guarantee deposits received		200	0.01	68	0.00
25××	Total non-current liabilities		35,862	1.08	30,689	0.99
2×××	Total liabilities		545,093	16.46	519,416	16.70
31××	EQUITY ATTRIBUTABLE TO OWNERS OF PARENT					
3110	Ordinary share	6(9)	756,617	22.84	756,617	24.32
3210	Capital surplus, additional paid-in capital	6(9)	150,801	4.55	150,801	4.85
3300	Retained earnings	6(9)				
3310	Legal reserve		459,608	13.88	441,475	14.19
3320	Special reserve		97,955	2.96	92,414	2.97
3350	Unappropriated retained earnings		1,041,715	31.45	972,781	31.27
3400	Other equity interest	6(9)				
3410	Exchange differences on translation of foreign financial statements		(65,920)	(1.99)	(97,955)	(3.15)
31××	Total equity attributable to owners of parent		2,440,776	73.69	2,316,133	74.45
36××	NON-CONTROLLING INTERESTS	6(9)	326,160	9.85	275,223	8.85
	Total equity		2,766,936	83.54	2,591,356	83.30
1×××	TOTAL LIABILITIES AND EQUITY		\$ 3,312,029	100.00	\$ 3,110,772	100.00

(See accompanying notes to consolidated financial statements.)

**FINE BLANKING & TOOL CO., LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)**

Items	Notes	2022		2021	
		Amount	%	Amount	%
4000 OPERATING REVENUE	4, 5, 6(10) and 7	\$ 3,141,305	100.00	\$ 2,766,438	100.00
5000 OPERATING COSTS	6(4)(13) and 7	(2,532,909)	(80.63)	(2,226,107)	(80.47)
5900 GROSS PROFIT FROM OPERATIONS		608,396	19.37	540,331	19.53
6000 OPERATING EXPENSES	6(13)				
6100 Selling expenses		(29,062)	(0.93)	(46,114)	(1.67)
6200 Administrative expenses		(179,345)	(5.71)	(137,858)	(4.98)
6300 Research and development expenses		(23,554)	(0.75)	(22,675)	(0.82)
6450 Impairment loss determined in accordance with IFRS 9		257	0.01	175	0.01
Total operating expenses		(231,704)	(7.38)	(206,472)	(7.46)
6900 NET OPERATING INCOME		376,692	11.99	333,859	12.07
7000 NON-OPERATING INCOME AND EXPENSES	6(11)				
7100 Interest income		14,372	0.46	14,618	0.53
7010 Other income		7,805	0.25	6,902	0.25
7020 Other gains and losses		19,679	0.63	(12,181)	(0.44)
7510 Interest expense	6(7)	(568)	(0.02)	(552)	(0.02)
7670 Gain on reversal of impairment loss		215	0.01	854	0.03
Total non-operating income and expenses		41,503	1.33	9,641	0.35
7900 PROFIT BEFORE INCOME TAX		418,195	13.32	343,500	12.42
7950 INCOME TAX EXPENSE	4 and 6(12)	(111,717)	(3.56)	(90,547)	(3.27)
8200 PROFIT FOR THE PERIOD		306,478	9.76	252,953	9.15
8300 OTHER COMPREHENSIVE INCOME					
8310 Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Gains (losses) on remeasurements of defined benefit plans	4 and 6(9)	344	0.01	159	0.01
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(12)	(69)	(0.00)	(32)	(0.00)
8360 Components of other comprehensive income that will be reclassified to profit or loss					
8361 Exchange differences on translation		53,627	1.71	(8,617)	(0.31)
OTHER COMPREHENSIVE INCOME(LOSS), NET OF INCOME TAX		53,902	1.72	(8,490)	(0.30)
8500 TOTAL COMPREHENSIVE INCOME		\$ 360,380	11.48	\$ 244,463	8.85
8600 PROFIT ATTRIBUTABLE TO					
8610 Owners of parent		\$ 213,388	6.79	\$ 181,204	6.55
8620 Non-controlling interests		93,090	2.97	71,749	2.60
		\$ 306,478	9.76	\$ 252,953	9.15
8700 COMPREHENSIVE INCOME ATTRIBUTABLE TO					
8710 Owners of parent		\$ 245,698	7.82	\$ 175,790	6.35
8720 Non-controlling interests		114,682	3.66	68,673	2.50
		\$ 360,380	11.48	\$ 244,463	8.85
9750 BASIC EARNINGS PER SHARE (NTD)	6(14)	\$ 2.82		\$ 2.40	

(See accompanying notes to consolidated financial statements.)

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

**Consolidated Statements of Changes in Equity  
For the years ended December 31, 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars)**

Equity Attributable to Owners of Parent

Items	Retained Earnings					Others	Total	Non-controlling Interests	Total Equity
	Ordinary Share	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements			
BALANCE, JANUARY 1, 2021	\$ 756,617	\$ 150,801	\$ 431,237	\$ 81,520	\$ 865,541	\$ (92,414)	\$ 2,193,302	\$ 246,127	\$ 2,439,429
Appropriation of earnings:									
Legal reserve appropriated			10,238		(10,238)		-		
Special reserve appropriated				10,894	(10,894)				
Cash dividends					(52,959)		(52,959)	(39,577)	(92,536)
Profit for the period					181,204		181,204	71,749	252,953
Other comprehensive income (loss) for the period:									
Exchange differences on translation of foreign financial statements						(5,541)	(5,541)	(3,076)	(8,617)
Gains (losses) on remeasurements of defined benefit plans					127		127		127
Total comprehensive income (loss) for the period					181,331	(5,541)	175,790	68,673	244,463
BALANCE, DECEMBER 31, 2021	\$ 756,617	\$ 150,801	\$ 441,475	\$ 92,414	\$ 972,781	\$ (97,955)	\$ 2,316,133	\$ 275,223	\$ 2,591,356
Appropriations of earnings:									
Legal reserve appropriated			18,133		(18,133)		-		-
Special reserve appropriated				5,541	(5,541)				
Cash dividends					(121,055)		(121,055)	(63,745)	(184,800)
Profit for the period					213,388		213,388	93,090	306,478
Other comprehensive income (loss) for the period:									
Exchange differences on translation of foreign financial statements						32,035	32,035	21,592	53,627
Gains (losses) on remeasurements of defined benefit plans					275		275		275
Total comprehensive income (loss) for the period					213,663	32,035	245,698	114,682	360,380
BALANCE, DECEMBER 31, 2022	\$ 756,617	\$ 150,801	\$ 459,608	\$ 97,955	\$ 1,041,715	\$ (65,920)	\$ 2,440,776	\$ 326,160	\$ 2,766,936

(See accompanying notes to consolidated financial statements.)

**FINE BLANKING & TOOL CO., LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES :		
Profit before income tax	\$ 418,195	\$ 343,500
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	96,284	93,529
Amortization expense	30,634	37,408
Expected credit loss (gain)	(257)	(175)
Interest income	(14,372)	(14,618)
Interest expense	568	552
Loss (gain) on disposal of property, plant and equipment	(2,641)	(888)
Loss (gain) on disposal of other assets	-	(17)
Impairment loss (gain on reversal) on non-financial assets	(215)	(854)
Changes in operating assets		
Decrease (increase) in notes receivable, net	9,282	(793)
Decrease (increase) in accounts receivable, net	(12,088)	(44,934)
Decrease (increase) in accounts receivable due from related parties	(10,109)	27,824
Decrease (increase) in other receivable	(1,256)	56,201
Decrease (increase) in current tax assets	-	666
Decrease (increase) in inventories	(14,086)	(143,603)
Decrease (increase) in prepayments	(10,066)	(6,020)
Decrease (increase) in other current assets	<u>63</u>	<u>(179)</u>
Total changes in operating assets	<u>(38,260)</u>	<u>(110,838)</u>
Changes in operating liabilities		
Increase (decrease) in contract liabilities	(2,464)	(5,814)
Increase (decrease) in notes payable	(2,729)	2,744
Increase (decrease) in accounts payable	(4,501)	6,214
Increase (decrease) in accounts payable to related parties	(1,239)	1,968
Increase (decrease) in other payable	12,875	32,292
Increase (decrease) in provisions	(104)	104
Increase (decrease) in other current liabilities	<u>2,019</u>	<u>515</u>
Total changes in operating liabilities	<u>3,857</u>	<u>38,023</u>

(Continued)

**FINE BLANKING & TOOL CO., LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2022	2021
Cash inflow (outflow) generated from operations	493,793	385,622
Interest received	13,861	16,079
Interest paid	(575)	(553)
Income taxes paid	(93,526)	(51,404)
Net cash flows from (used in) operating activities	413,553	349,744
 CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES :		
Decrease (increase) in financial assets at amortized cost - current	(104,917)	36,871
Acquisition of property, plant and equipment	(119,888)	(31,767)
Proceeds from disposal of property, plant and equipment	15,115	1,612
Decrease (increase) in software fee	(1,045)	(1,644)
Decrease (increase) in prepayments for business facilities	(55,291)	(42,915)
Decrease (increase) in refundable deposits	(10)	1,376
Decrease (increase) in other non-current assets	(26,234)	(43,136)
Net cash flows from (used in) investing activities	(292,270)	(79,603)
 CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES :		
Payments of lease liabilities	(1,344)	(1,030)
Increase (decrease) in guarantee deposits received	132	40
Cash dividends paid	(184,723)	(92,459)
Change in non-controlling interests	21,592	(3,076)
Net cash flows from (used in) financing activities	(164,343)	(96,525)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	19,862	(2,785)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(23,198)	170,831
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	898,053	727,222
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 874,855	\$ 898,053

(See accompanying notes to consolidated financial statements.)

**FINE BLANKING & TOOL CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended December 31, 2022 and 2021**  
**(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 December 31, 2022, 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 March 6, 2023.

**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, 2022:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022

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
Amendments to IFRS 17 “ Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12, "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

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 accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, IFRS, IAS, IFRIC, and SIC as endorsed 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

<b><u>Name of Investor</u></b>	<b><u>Name of Subsidiary</u></b>	<b><u>Business Activities</u></b>	<b><u>2022/12/31</u></b>	<b><u>2021/12/31</u></b>
The Company	Superiority Enterprise Corp.	Investment	100.0%	100.0%
The Company	Propitious International Inc.	Investment	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%
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%

(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"). In preparing the consolidated financial statements, the operating results and financial positions of each consolidated entity are translated into 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, financial assets at fair value through other comprehensive income (FVOCI) 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 and 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 pension 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 December 31, 2022 and 2021, the Group recognized the loss allowance of \$1,008 thousand and \$1,238 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 years ended December 31, 2022 and 2021, the Group recognized the impairment loss (gain on reversal of impairment loss) of (\$215) thousand and (\$854) 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 years ended December 31, 2022 and 2021, 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 December 31, 2022 and 2021, the Group recognized the deferred tax assets of \$18,489 thousand and \$17,776 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 December 31, 2022 and 2021, the carrying amounts of inventories were \$469,937 thousand and \$455,851 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 December 31, 2022 and 2021, the carrying amounts of defined benefit obligations were \$15,432 thousand and \$15,776 thousand, respectively.

## 6. Explanation of Significant Accounts

### (1) Cash and cash equivalents

Items	December 31, 2022	December 31, 2021
Cash	\$ 732	\$ 658
Deposits in banks	874,123	897,395
Total	\$ 874,855	\$ 898,053

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

### (2) Current financial assets at amortized cost

Items	December 31, 2022	December 31, 2021
Time deposits over three months	\$ 227,127	\$ 122,210

The time deposits over three months of the Group had not been pledged as collateral.

Information relating to credit risk of financial assets at amortized cost is provided in Note 6(16).

### (3) Notes and accounts receivable, net

Items	December 31, 2022	December 31, 2021
Notes receivable	\$ 6,708	\$ 15,990
Accounts receivable	374,526	362,079
Less: Loss allowance	(966)	(1,064)
Accounts receivable due from related parties	147,130	137,031
Less: Loss allowance	(42)	(174)
Plus: Allowance for exchange gains and losses	(591)	(269)
Total	\$ 526,765	\$ 513,593

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 December 31, 2022 and 2021, the analysis of the Group's expected credit losses of accounts receivable were as follows:

December 31, 2022

Items	Carrying amount	Lifetime expected credit loss rate	Loss allowance provision
Not past due	\$ 485,272	0.00%-0.03%	\$ 81
Past due within 90 days	34,614	0.04%-1.65%	61
Past due 91-180 days	1,770	0.00%-57.2%	866
Past due over 180 days	-	100.00%	-
Plus: Allowance for exchange gains and losses	(591)		
Total	\$ 521,065		\$ 1,008

December 31, 2021

Items	Carrying amount	Lifetime expected credit loss rate	Loss allowance provision
Not past due	\$ 476,353	0.05%-0.31%	\$ 550
Past due within 90 days	22,442	1.15%-2.18%	373
Past due 91-180 days	142	49.25%-100%	142
Past due over 180 days	173	100.00%	173
Plus: Allowance for exchange gains and losses	(269)		
Total	\$ 498,841		\$ 1,238

For the years ended December 31, 2022 and 2021, the movement in the allowance for notes and accounts receivable were as follows:

Items	For the years ended December 31,	
	2022	2021
Balance, beginning of period	\$ 1,238	\$ 1,418
Provision (reversal)	(257)	(175)
Effect of exchange rate changes	27	(5)
Balance, end of period	\$ 1,008	\$ 1,238

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

(4) Inventories

Items	December 31, 2022	December 31, 2021
Finished goods	\$ 167,846	\$ 167,791
Work in process	156,930	139,221
Raw materials	184,387	164,772
Others	4,530	2,671
Inventory in transit	12,085	23,946
Less: Allowance for inventory valuation and obsolescence losses	(55,841)	(42,550)
Total	\$ 469,937	\$ 455,851

The inventories of the Group had not been pledged as collateral. The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 were as follows:

Items	For the years ended December 31,	
	2022	2021
Cost of goods sold	\$ 2,516,555	\$ 2,222,998
Net losses (gains) on inventories	(149)	106
Inventory scrap loss	3,530	9,747
Losses on inventory valuation	12,973	(6,744)
Total	\$ 2,532,909	\$ 2,226,107

(5) Property, plant and equipment

Items	December 31, 2022	December 31, 2021
Land	\$ 399,060	\$ 399,060
Buildings and structures	223,412	241,561
Machinery and equipment	287,257	267,890
Transportation equipment	4,750	4,273
Office equipment	3,554	3,051
Other equipment	47,462	39,558
Construction in progress	69,928	561
Total	\$ 1,035,423	\$ 955,954

Items	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress	Total
Cost:								
2022/1/1	\$ 399,060	\$ 547,201	\$ 1,834,551	\$ 18,319	\$ 13,174	\$ 159,198	\$ 561	\$ 2,972,064
Additions		388	18,635	1,489	1,497	27,504	70,375	119,888
Disposals		(1,766)	(64,316)	(189)	(426)	(1,174)		(67,871)
Transfers		456	56,657			(1,495)	(1,017)	54,601
Effect of exchange rate changes		8,449	35,598	715	423	3,550	9	48,744
2022/12/31	\$ 399,060	\$ 554,728	\$ 1,881,125	\$ 20,334	\$ 14,668	\$ 187,583	\$ 69,928	\$ 3,127,426
2021/1/1								
2021/1/1	\$ 399,060	\$ 548,034	\$ 1,812,194	\$ 18,080	\$ 13,019	\$ 139,019	\$ 564	\$ 2,929,970
Additions		260	16,188		414	14,225	680	31,767
Disposals			(29,142)	(313)	(182)	(3,739)		(33,376)
Transfers		561	42,165	680		10,302	(680)	53,028
Effect of exchange rate changes		(1,654)	(6,854)	(128)	(77)	(609)	(3)	(9,325)
2021/12/31	\$ 399,060	\$ 547,201	\$ 1,834,551	\$ 18,319	\$ 13,174	\$ 159,198	\$ 561	\$ 2,972,064
Accumulated depreciation and impairment:								
2022/1/1	\$ -	\$ 305,640	\$ 1,566,661	\$ 14,046	\$ 10,123	\$ 119,640	\$ -	\$ 2,016,110
Depreciation		22,246	49,764	1,182	1,121	18,809		93,122
Disposals		(1,767)	(51,886)	(174)	(397)	(1,173)		(55,397)
Transfers								-
Effect of exchange rate changes		5,197	29,329	530	267	2,845		38,168
2022/12/31	\$ -	\$ 331,316	\$ 1,593,868	\$ 15,584	\$ 11,114	\$ 140,121	\$ -	\$ 2,092,003
2021/1/1								
2021/1/1	\$ -	\$ 284,114	\$ 1,553,178	\$ 13,272	\$ 9,243	\$ 105,582	\$ -	\$ 1,965,389
Depreciation		22,412	47,773	1,140	1,100	17,656		90,081
Disposals			(28,445)	(287)	(182)	(3,738)		(32,652)
Transfers			(517)			517		-
Effect of exchange rate changes		(886)	(5,328)	(79)	(38)	(377)		(6,708)
2021/12/31	\$ -	\$ 305,640	\$ 1,566,661	\$ 14,046	\$ 10,123	\$ 119,640	\$ -	\$ 2,016,110
Carrying amounts:								
2022/12/31	\$ 399,060	\$ 223,412	\$ 287,257	\$ 4,750	\$ 3,554	\$ 47,462	\$ 69,928	\$ 1,035,423
2021/12/31	\$ 399,060	\$ 241,561	\$ 267,890	\$ 4,273	\$ 3,051	\$ 39,558	\$ 561	\$ 955,954

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 6-50 years.

As of December 31, 2022 and 2021, the Group recognized \$20,266 thousand and \$23,879 thousand as a reserve for impairment loss from property, plant and equipment.

Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

For the years ended December 31, 2022 and 2021, 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	December 31, 2022	December 31, 2021
Land	\$ 44,598	\$ 43,775
Transportation Equipment	1,951	1,853
Total	\$ 46,549	\$ 45,628

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

Items	Land	Transportation equipment	Total
<b>Cost:</b>			
2022/1/1	\$ 48,992	\$ 3,486	\$ 52,478
Additions		1,238	1,238
Disposals		(1,416)	(1,416)
Effect of exchange rate changes	3,008		3,008
2022/12/31	\$ 52,000	\$ 3,308	\$ 55,308
2021/1/1	\$ 49,254	\$ 1,927	\$ 51,181
Additions		1,559	1,559
Disposals			
Effect of exchange rate changes	(262)		(262)
2021/12/31	\$ 48,992	\$ 3,486	\$ 52,478
<b>Depreciation:</b>			
2022/1/1	\$ 5,217	\$ 1,633	\$ 6,850
Depreciation	1,807	1,140	2,947
Disposals		(1,416)	(1,416)
Effect of exchange rate changes	378		378
2022/12/31	\$ 7,402	\$ 1,357	\$ 8,759
2021/1/1	\$ 3,245	\$ 774	\$ 4,019
Depreciation	1,735	859	2,594
Disposals			
Effect of exchange rate changes	237		237
2021/12/31	\$ 5,217	\$ 1,633	\$ 6,850
<b>Carrying amounts:</b>			
2022/12/31	\$ 44,598	\$ 1,951	\$ 46,549
2021/12/31	\$ 43,775	\$ 1,853	\$ 45,628

- 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:

December 31, 2022			
Items	Future minimum lease payments	Interest	Present value of minimum lease payments
Within 1 year	\$ 1,712	\$ 547	\$ 1,165
2-3 years	2,459	1,030	1,429
4-5 years	1,447	989	458
Over 5 years	21,439	8,631	12,808
<b>Total</b>	<b>\$ 27,057</b>	<b>\$ 11,197</b>	<b>\$ 15,860</b>
Current	\$ 1,712	\$ 547	\$ 1,165
Non-current	\$ 25,345	\$ 10,650	\$ 14,695

December 31, 2021			
Items	Future minimum lease payments	Interest	Present value of minimum lease payments
Within 1 year	\$ 1,729	\$ 541	\$ 1,188
2-3 years	2,259	1,010	1,249
4-5 years	1,375	963	412
Over 5 years	20,923	8,734	12,189
<b>Total</b>	<b>\$ 26,286</b>	<b>\$ 11,248</b>	<b>\$ 15,038</b>
Current	\$ 1,729	\$ 541	\$ 1,188
Non-current	\$ 24,557	\$ 10,707	\$ 13,850

The amount of lease liabilities increased \$1,238 thousand and \$1,559 thousand for the years ended December 31, 2022 and 2021. The interest rates are 1.045% and 2.5% and the expiry date is September 2025.

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

Items	For the years ended December 31,	
	2022	2021
Interest on lease liabilities	\$ 568	\$ 552
Expenses relating to short-term leases	\$ 746	\$ 1,062

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

Items	For the years ended December 31,	
	2022	2021
Total cash outflow for leases	\$ 2,658	\$ 2,644

(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 years ended December 31, 2022 and 2021, respectively, were as follows:

Items	For the years ended December 31,	
	2022	2021
Defined contribution pension expense	\$ 11,344	\$ 10,808

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 equal to 2% of salaries paid each month to their respective pension funds (the Funds), 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. Amounts recognized in respect of these defined benefit plans were as follows:

Items	For the year ended December 31, 2022	December 31, 2022	For the year ended December 31, 2021	December 31, 2021
Labor pension reserve account		\$ 8,930		\$ 15,624
Employee benefit liabilities		15,463		15,804
Pension cost	\$ 375		\$ 332	

Remeasurement in net defined benefit liability recognized in other comprehensive income:

Items	For the years ended December 31,	
	2022	2021
Accumulated amount, beginning of period	\$ (3,931)	\$ (3,804)
Recognized during the period	(275)	(127)
Accumulated amount, end of period	\$ (4,206)	\$ (3,931)

The pension costs of the aforementioned defined benefit plans were recognized in profit or loss by the following categories:

Items	For the years ended December 31,	
	2022	2021
Cost of revenue	\$ 295	\$ 221
General and administrative expenses	80	111
Total	\$ 375	\$ 332

Reconciliation of the defined benefit obligations at present value and plan asset at fair value were as follows:

Items	December 31, 2022	December 31, 2021
Present value of the defined benefit obligations	\$ (24,393)	\$ (31,428)
Fair value of plan assets	8,930	15,624
Net defined benefit liability	(15,463)	(15,804)

The movements in present value of the defined benefit obligations were as follows:

Items	For the years ended December 31,	
	2022	2021
Balance, beginning of period	\$ (31,428)	\$ (33,780)
Current service cost	(266)	(269)
Interest expense of defined benefit obligation	(218)	(135)
Benefits paid	8,430	2,855
Actuarial gain (loss) arising from experience adjustments	(2,729)	(1,121)
Actuarial gain (loss) arising from changes in demographic assumptions	(81)	(94)
Actuarial gain (loss) arising from changes in financial assumptions	1,899	1,116
Balance, end of period	\$ (24,393)	\$ (31,428)

Movements in the fair value of the plan assets were as follows:

Items	For the years ended December 31,	
	2022	2021
Balance, beginning of period	\$ 15,624	\$ 17,816
Interest income	110	72
Return on plan assets	1,255	258
Contributions from employer	371	333
Benefits paid from plan assets	(8,430)	(2,855)
Repayments from plan assets	-	-
Balance, end of period	\$ 8,930	\$ 15,624

The percentages of the major categories of plan assets that constitute the fair value of total plan assets were as follows:

Items	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Cash and cash equivalent	\$ 8,930	100.00%	\$ 15,624	100.00%

In accordance with the Labor Standards Act, monthly contributions made to the retirement benefit reserve fund are deposited in the designated financial institution and are under centralized management by the Labor Retirement Fund Supervisory Committee set up by the central competent authority. The fund can only be used to pay the pension benefits required by the Labor Standards Act and the statutory maximum amount available for payment is the balance of the accumulated contributions plus the accumulated earnings distributions minus the payment amount. In accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the earnings distribution depends on the fund's annual performance but shall not be less than that accrued from two-year time deposits with the interest rates offered by local banks. Any loss sustained or deficiency shall be compensated by the National Treasury. As of December 31, 2022, the Company's defined benefit plan is expected to distribute \$575 thousand in the next year and the weighted-average duration of the defined benefit obligation is 11 years.

The principal actuarial assumptions at the reporting date were as follows:

Items	For the years ended December 31,	
	2022	2021
Discount rate	1.35%	0.70%
Increase in future salary rate	2.00%	2.00%

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

Items	For the years ended December 31,			
	2022		2021	
	Influences of defined benefit obligations			
	Increase	Decrease	Increase	Decrease
Discount rate 0.25%	\$ (681)	\$ 710	\$ (902)	\$ 939
Salary increases rate 0.25%	703	(679)	925	(892)
Employee turnover rate 10%	(6)	6	(20)	20

## (9) Equity

### A. Ordinary share

As of December 31, 2022, 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	December 31, 2022	December 31, 2021
Additional paid-in capital	\$ 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 2021 and 2020 had been approved during shareholders' meeting on May 24, 2022 and July 26, 2021, respectively.

Items	Appropriation		Dividend per share	
	2021	2020	2021	2020
Legal reserve	\$ 18,133	\$ 10,238		
Special reserve	5,541	10,894		
Cash dividends	121,059	52,963	\$ 1.60	\$ 0.70

The appropriation of the 2022 net income was proposed by the Board of Directors on March 6, 2023 as follows:

Items	2022	Dividend per share
Legal reserve	\$ 21,366	
Special reserve	(32,035)	
Cash dividends	151,323	\$ 2.00

The appropriation for 2022 is to be presented for approval in the Company's shareholders' meeting to be held on May 30, 2023 (expected).

#### D. Others

Changes in others for the years ended December 31, 2022 and 2021 were as follows:

Items	For the years ended December 31,	
	2022	2021
Exchange differences on translation of foreign financial statements		
Balance, beginning of period	\$ (97,955)	\$ (92,414)
Changes in period	32,035	(5,541)
Balance, end of period	\$ (65,920)	\$ (97,955)

E. Non-controlling interests

Changes in the amount of non-controlling interests for 2022 and 2021 were as follows:

Items	For the years ended December 31,	
	2022	2021
Balance, beginning of period	\$ 275,223	\$ 246,127
Appropriation of earnings	(63,745)	(39,577)
Profit for the period	93,090	71,749
Exchange differences on translation of foreign financial statements	21,592	(3,076)
Balance, end of period	\$ 326,160	\$ 275,223

(10) Operating revenue

Disaggregation of revenue for the years ended December 31, 2022 and 2021 were as follows:

Items	For the years ended December 31,	
	2022	2021
Sale of goods	\$ 3,075,527	\$ 2,715,246
Others	65,778	51,192
Total	\$ 3,141,305	\$ 2,766,438

(11) Non-operating income and expenses

The details of non-operating income and expenses for the years ended December 31, 2022 and 2021 were as follows:

Items	For the years ended December 31,	
	2022	2021
Non-operating income		
Rent income	\$ 1,661	\$ 1,530
Other income	6,144	5,372
Total	\$ 7,805	\$ 6,902

Items	For the years ended December 31,	
	2022	2021
Other gains and losses		
Gain (loss) on disposal of property, plant and equipment	\$ 641	\$ 888
Foreign exchange losses	20,531	(11,220)
Others	(1,493)	(1,849)
Total	\$ 19,679	\$ (12,181)

(12) Income tax

A. Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

Items	For the years ended December 31,	
	2022	2021
Current income tax expense		
Current tax expense recognized in the current year	\$ 104,968	\$ 78,167
Income tax adjustments on prior years	1,746	4,580
Tax on undistributed earnings	1,100	1,189
Deferred income tax expense		
The origination and reversal of temporary differences	3,903	6,611
Income tax expense recognized in profit or loss	\$ 111,717	\$ 90,547

A reconciliation of income before income tax and income tax expense recognized in profit or loss were as follows:

Items	For the years ended December 31,	
	2022	2021
Income before tax	\$ 418,195	\$ 343,500
Income tax expense at the statutory rate	\$ 103,776	\$ 85,880
Tax effect of adjusting items		
Non deductible items in determining taxable income	4,949	2,371
Tax on undistributed earnings	1,100	1,189
Income tax adjustments on prior years,	1,746	4,580
Changes in deferred tax		
Temporary differences	146	(3,473)
Income tax expense recognized in profit or loss	\$ 111,717	\$ 90,547

B. Income tax expense recognized in other comprehensive income

Items	For the years ended December 31,	
	2022	2021
Defined benefit obligations	\$ 69	\$ 32

C. Deferred income tax assets and liabilities

Items	December 31, 2022	December 31, 2021
Deferred income tax assets		
Temporary differences		
Account receivable	\$ -	\$ 30
Provisions	2	23
Inventory	6,804	5,504
Property, plant and equipment	4,578	5,343
Unrealized gross profit from intercompany transactions within the Group	1,004	599
Net defined benefit liability	2,480	2,549
Foreign currency assets and liabilities	135	192
Land use rights	3,486	3,536
Total	\$ 18,489	\$ 17,776
Deferred income tax liabilities		
Long-term investments	\$ 5,150	\$ 720
Foreign currency assets and liabilities	135	2
Received in advance	250	273
Total	\$ 5,535	\$ 995

## D. Changes in deferred income tax assets and liabilities

For the year ended December 31, 2022

Items	Balance, beginning of period	Profit or loss	Other comprehensive income	Effect of exchange rate changes	Balance, end of period
<b>Deferred income tax assets</b>					
Account receivable	\$ 30	\$ (31)	\$ -	\$ 1	\$ -
Provisions	23	(21)			2
Inventory	5,504	1,284		16	6,804
Property, plant and equipment	5,343	(812)		47	4,578
Unrealized gross profit from intercompany transactions within the Group	599	362		43	1,004
Net defined benefit liability	2,549		(69)		2,480
Foreign currency assets and liabilities	192	(57)			135
Land use rights	3,536	(107)		57	3,486
<b>Total</b>	<b>\$ 17,776</b>	<b>\$ 618</b>	<b>\$ (69)</b>	<b>\$ 164</b>	<b>\$ 18,489</b>
<b>Deferred income tax liabilities</b>					
Long-term investments	\$ 720	\$ (4,430)	\$ -	\$ -	\$ 5,150
Foreign currency assets and liabilities	2	(133)			135
Received in advance	273	42		(19)	250
<b>Total</b>	<b>\$ 995</b>	<b>\$ (4,521)</b>	<b>\$ -</b>	<b>\$ (19)</b>	<b>\$ 5,535</b>

For the year ended December 31, 2021

Items	Balance, beginning of period	Profit or loss	Other comprehensive income	Effect of exchange rate changes	Balance, end of period
<b>Deferred income tax assets</b>					
Account receivable	\$ -	\$ 30	\$ -	\$ -	\$ 30
Provisions	2	21			23
Inventory	2,534	2,977		(7)	5,504
Long-term investments	6,095	(6,095)			-
Property, plant and equipment	6,265	(905)		(17)	5,343
Unrealized gross profit from intercompany transactions within the Group	1,416	(807)		(10)	599
Net defined benefit liability	2,581		(32)		2,549
Foreign currency assets and liabilities	1,197	(1,005)			192
Land use rights	3,661	(105)		(20)	3,536
<b>Total</b>	<b>\$ 23,751</b>	<b>\$ (5,889)</b>	<b>\$ (32)</b>	<b>\$ (54)</b>	<b>\$ 17,776</b>
<b>Deferred income tax liabilities</b>					
Long-term investments	\$ -	\$ (720)	\$ -	\$ -	\$ 720
Foreign currency assets and liabilities		(2)			2
Received in advance	278			5	273
<b>Total</b>	<b>\$ 278</b>	<b>\$ (722)</b>	<b>\$ -</b>	<b>\$ 5</b>	<b>\$ 995</b>

E. Unrecognized deferred tax assets

As of December 31, 2022 and 2021, deferred income tax asset items that are not very likely realizable and hence are not recognized of the Group were as follows:

December 31, 2022	December 31, 2021
\$ 38,920	\$ 34,349

F. The tax authorities have examined income tax returns of the Company through 2020.

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

By item	By function	For the years ended December 31,					
		2022			2021		
		Cost of sale	Operating expense	Total	Cost of sale	Operating expense	Total
Employee benefits							
Salary		\$ 218,742	\$ 72,985	\$ 291,727	\$ 230,269	\$ 67,565	\$ 297,834
Labor and health insurance		26,849	7,689	34,538	20,191	6,673	26,864
Pension		8,208	3,511	11,719	8,037	3,103	11,140
Remuneration directors		-	16,944	16,944	-	13,000	13,000
Others		73,961	9,312	83,273	49,975	8,642	58,617
Depreciation		82,609	13,675	96,284	78,941	14,588	93,529
Amortization		21,658	8,976	30,634	29,897	7,511	37,408

Note: For the years ended December 31, 2022 and 2021, the average numbers of employees of the Group were 1,026 and 1,032, respectively. The numbers of directors excluding the employees were both 8.

The remunerations to employees and the remunerations to directors for the years ended December 31, 2022 and 2021, were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the percentage amounted to \$25,334 thousand and \$19,447 thousand. If there are any adjustments to the amounts after the date of authorization for issuance of the parent company only financial statements, 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 2022 approved by the board of directors at March 6, 2023 were in the amounts of \$14,729 thousand and \$10,605 thousand, respectively. There is no difference between the aforementioned approved amounts and the amounts charged against earnings of 2022.

Remuneration to employees and directors for 2021 approved by the board of directors at March 2, 2022 were in the amounts of \$12,387 thousand and \$7,060 thousand and had been presented in the

shareholders' meeting on May 24, 2022. There is no difference between the aforementioned approved amounts and the amounts recognized in the financial statements of 2021.

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 years ended December 31,	
	2022	2021
Basic earnings per share		
Profit attributable to common shareholders of parent (in thousands)	\$ 213,388	\$ 181,204
The number of outstanding shares at beginning of period (in thousands)	75,661.74	75,661.74
Weighted-average number of common shares (in thousands)	75,661.74	75,661.74
Basic earnings per share	\$ 2.82	\$ 2.40

(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	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 874,855	\$ 898,053
Financial assets at amortized cost	227,127	122,210
Receivables	526,765	513,593
Total	\$ 1,628,747	\$ 1,533,856

Items	December 31, 2022	December 31, 2021
Financial liabilities		
Financial liabilities at amortized cost		
Payables	\$ 298,661	\$ 307,130
Lease liabilities	15,860	15,038
Total	<u>\$ 314,521</u>	<u>\$ 322,168</u>

## 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 years ended December 31,			
	2022		2021	
	Appreciation	Depreciation	Appreciation	Depreciation
Profit for the period	\$ 5,068	\$ (5,068)	\$ 5,801	\$ (5,801)
Equity	7,675	(7,675)	5,834	(5,834)

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 years ended December 31, 2022 and 2021 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 receivables of the Group represented as follows. The credit concentration risk of other accounts receivables was insignificant.

	December 31, 2022	December 31, 2021
Percentage	69.33%	67.15%

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
	_____	_____	_____	_____	_____
December 31, 2022					
Payables	\$ 298,661	\$ -	\$ -	\$ -	\$ 298,661
Lease liabilities	1,165	1,429	458	12,808	15,860
December 31, 2021					
Payables	\$ 307,130	\$ -	\$ -	\$ -	\$ 307,130
Lease liabilities	1,188	1,249	412	12,189	15,038

#### F. Fair value of financial instruments

##### a. Valuation techniques and assumptions used to measure 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, 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

		December 31, 2022			December 31, 2021		
		Foreign currency amount (In thousands)	Exchange rate	NTD	Foreign currency amount (In thousands)	Exchange rate	NTD
<u>Financial assets</u>							
Monetary items:							
USD	\$	8,478	30.715	\$ 260,396	\$ 8,076	27.680	\$ 223,556
EUR		614	32.745	20,096	1,006	31.320	31,500
RMB		27,553	4.410	121,515	31,951	4.342	138,717
VND		372,314,943	0.001	484,009	357,190,803	0.001	428,629

		December 31, 2022			December 31, 2021		
		Foreign currency amount (In thousands)	Exchange rate	NTD	Foreign currency amount (In thousands)	Exchange rate	NTD
<u>Financial liabilities</u>							
Monetary items:							
USD	\$	177	30.715	\$ 5,424	\$ 287	27.680	\$ 7,937
EUR		30	32.745	992	-	31.320	-
RMB		7,463	4.410	32,912	9,604	4.342	41,696
VND		86,708,743	0.001	112,721	59,249,472	0.001	71,099

## 7. Related-Party Transactions

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

<u>Related party name</u>	<u>Related party categories</u>
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
GSK Precision Co., Ltd.	Other related party
Shanghai Yuxing Trading Co., Ltd.	Other related party

(2) Significant related party transactions:

A. Purchases of goods

<u>Items</u>	For the years ended December 31,	
	<u>2022</u>	<u>2021</u>
Other related parties	\$ 43,320	\$ 46,140

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

<u>Items</u>	For the years ended December 31,	
	<u>2022</u>	<u>2021</u>
Other related parties		
GSK Corporation	\$ 335,424	\$ 299,547
GSK Technologies	491,064	462,889
Others	35,753	50,145
Total	\$ 862,241	\$ 812,581

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	December 31, 2022	December 31, 2021
Other related parties		
GSK Corporation	\$ 53,332	\$ 39,641
GSK Technologies	83,894	83,355
Others	9,904	14,021
Less: Loss allowance	(42)	(174)
Total	\$ 147,088	\$ 136,843

b. Accounts payable

Items	December 31, 2022	December 31, 2021
Other related parties	\$ 7,273	\$ 8,512

D. Property transactions

During 2022, the Group's property transactions with its related parties are as follows:

Items	Name of equipment	Year	Purchase price	Outstanding payment
GSK Technologies	Mold equipment	2022	\$ 11,400	\$ -
Others	Disc inspection machine	2022	1,812	-
	Gear measuring machine			

E. Others

During 2022 and 2021, the Group's other transactions with its related parties are summarized as follows:

Items	For the years ended December 31,	
	2022	2021
Agency fee	\$ 770	\$ 848
Manufacturing overhead - outsourced	4,278	3,670

F. Compensation of key management personnel

Items	For the years ended December 31,	
	2022	2021
Short-term employee benefits	\$ 23,125	\$ 15,619

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 December 31, 2022, amounts available under letters of credit for import: None
- (2) As of December 31, 2022, capital expenditures contracted for but not yet incurred were as follows:

Items	Contract target	Counterparty	Total contract amount (In thousands)	Accumulated payment as at December 31, 2022 (In thousands)
Prepayments for business facilities	Tab transmission CDD automated inspection equipment	Commander Consulting Co., Ltd.	6,000	4,815
Prepayments for business facilities	MES Production management information system	NXN Technology Co., Ltd.	3,430	2,744
Construction in progress	Expansion of the second plant in Hanoi, Vietnam - Plant	Chien Huong. JSC	VND 51,281,487	57,091
Construction in progress	Expansion of the second plant in Hanoi, Vietnam - Electrical system	Dai Tin Phat Investment Building and Trading Co., Ltd.	VND 5,628,700	4,836
Construction in progress	Expansion of the first plant in Hanoi, Vietnam - Office building	Chien Huong. JSC	VND 30,476,007	8,001

**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 year ended December 31, 2022	Domestic operations department	Overseas operations department	Adjustment and elimination	Total
Revenue				
Revenue from external customers	\$ 1,477,520	\$ 1,663,785	\$ -	\$ 3,141,305
Intersegment revenues	20,170	5,720	(25,890)	-
Total revenue	1,497,690	1,669,505	(25,890)	3,141,305
Segment profit or loss	269,243	253,057	(104,105)	418,195
Segment assets	2,761,458	1,264,460	(713,889)	3,312,029
For the year ended December 31, 2021	Domestic operations department	Overseas operations department	Adjustment and elimination	Total
Revenue				
Revenue from external customers	\$ 1,434,397	\$ 1,332,041	\$ -	\$ 2,766,438
Intersegment revenues	23,225	6,623	(29,848)	-
Total revenue	1,457,622	1,338,664	(29,848)	2,766,438
Segment profit or loss	228,283	198,234	(83,017)	343,500
Segment assets	2,644,070	1,123,877	(657,175)	3,110,772

(2) Geographical information

Geographical information	Revenue from external customers		Non-current assets	
	For the years ended December 31, 2022	For the years ended December 31, 2021	December 31, 2022	December 31, 2021
Taiwan	\$ 1,345,674	\$ 1,265,133	\$ 695,139	\$ 683,001
Asia	1,709,154	1,397,669	468,652	401,629
America	25,464	25,446		
Europe	61,013	69,743		
Others	-	8,447		
Total	\$ 3,141,305	\$ 2,766,438	\$ 1,163,791	\$ 1,084,630

Revenue recognition is based on the locations where accounts are collected. Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, and other non-current assets, excluding financial instruments and deferred tax assets.

(3) Major customer information

Major customers representing at least 10% of net revenue for the years ended December 31, 2022 and 2021:

Customer	For the years ended December 31,			
	2022		2021	
	Amount	%	Amount	%
Customer A	\$ 491,064	15.63%	\$ 462,889	16.73%
Customer B	335,424	10.68%	299,547	10.83%
Customer C	981,791	31.25%	792,267	28.64%
Total	\$ 1,808,279	57.56%	\$ 1,554,703	56.20%

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 year ended December 31, 2022

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	335,424	10.68%	60 days	Normal	Normal	53,332	10.12%	
Fine Blanking & Tool Co., Ltd. GSK Vietnam	GSK Technologies Inc.	The entity's chairman is the Company's director	Sale	491,064	15.63%	60 days	Normal	Normal	83,894	15.93%	

Table 2: Significant intercompany transactions during the reporting periods

In Thousands of NTD  
For the year ended December 31, 2022

No. (Note 1)	Name of company	Counterparty	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of consolidated revenue or total assets (Note 3)
0	Fine Blanking & Tool Co., Ltd.	GSK Vietnam Co., Ltd.	1	Operating revenue	12,813	Normal trading terms	0.41%
0	Fine Blanking & Tool Co., Ltd.	GSK Vietnam Co., Ltd.	1	Accounts receivable	2,259	Normal trading terms	0.07%
0	Fine Blanking & Tool Co., Ltd.	Suzhou Fine Blanking & Tool Co., Ltd.	1	Operating revenue	7,357	Normal trading terms	0.23%
0	Fine Blanking & Tool Co., Ltd.	Suzhou Fine Blanking & Tool Co., Ltd.	1	Accounts receivable	1,599	Normal trading terms	0.05%
1	GSK VIETNAM CO., LTD.	Fine Blanking & Tool Co., Ltd.	2	Operating revenue	1,964	Normal trading terms	0.06%
1	GSK VIETNAM CO., LTD.	Fine Blanking & Tool Co., Ltd.	2	Accounts receivable	1,920	Normal trading terms	0.06%
2	Suzhou Fine Blanking & Tool Co., Ltd.	GSK Vietnam Co., Ltd.	3	Operating revenue	3,756	Normal trading terms	0.12%
2	Suzhou Fine Blanking & Tool Co., Ltd.	GSK Vietnam Co., Ltd.	3	Accounts receivable	870	Normal trading terms	0.03%

Note 1: The numbers filled in for the transaction company in respect of intercompany 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: Names, locations, and related information of investees over which the Company exercises significant influence  
(excluding information on investment in mainland China)

In Thousands of NTD  
For the year ended December 31, 2022

Name of investor	Name of investee (Note 1, 2)	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee (Note 2(2))	Share of profits/losses (Note 2(3))	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of ownership	Carrying value			
Fine Blanking & Tool Co., Ltd.	Propitious International Inc.	BVI	Investment	347,044	347,044	-	55.75%	424,120	210,607	117,283	Transactions 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	-	100.0%	285,839	(13,366)	(14,855)	Transactions 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	-	100.0%	721,198	210,944	211,351	Transactions 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 December 31, 2022" 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 year ended December 31, 2022

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, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of investee	Percentage of ownership	Share of profits/losses (Note 2(2)B)	Carrying amount as of December 31, 2022	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	(13,378)	100%	(13,378)	291,264	-

Accumulated investment in mainland China as of December 31, 2022	Investment amounts authorized by Investment Commission, MOEA	Upper Limit on Investment
391,965	395,904	1,464,466

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  
December 31, 2022

Shareholding Shareholder's name	Number of common shares	Number of preferred shares	Percentage
Chuan Tai Investment Co., Ltd.	14,462,693		19.11%
Chuan Hsin Investment Development Co., Ltd.	10,352,725		13.68%
Taiwan Fu Hsing Industrial Co., Ltd.	7,552,867		9.98%
Chuan Tao Investment Co., Ltd.	6,104,668		8.06%
Fubon Life Insurance Co., Ltd.	5,566,940		7.35%

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

## 6.5 Parent Company-only Financial Statement for the Most Recent Fiscal Year, Audited and Attested by CPAs



FulFill 富錄聯合會計師事務所

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### Independent Auditors' Report

To Fine Blanking & Tool Co., Ltd.

#### Opinion

We have audited the accompanying parent company only financial statements of Fine Blanking & Tool Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### Basis for Opinion

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

#### Key Audit Matters

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

Key audit matter for the Company's parent company only financial statements for the year ended December 31, 2022 is stated as follows:

##### 1. Accounts Receivable Valuation

Fine Blanking & Tool Co., Ltd. was affected by the economic climate, and 80.12% of receivables at end of period came from the top 10 customers. Receivables collection has significant effect on the cash flow of Fine Blanking & Tool Co., Ltd. Consequently, the valuation of accounts receivable is identified as one of our key audit matters.

We performed the following audit procedures in respect of the above key audit matter:

- (1) Reviewed the cash collection of receivables during subsequence period, and assessed whether there is impairment of receivables. If any such item remains uncollected after the due date, ascertain whether appropriate treatment has been made.
- (2) Assessed whether overdue accounts receivable or accounts receivable under dispute or litigation are evaluated for impairment and reclassified to an appropriate account.
- (3) Examined the details of newly added customers with significant amounts of receivables or the top 10 customers to confirm that the Company performs a proper credit approval process and inspected whether there is any overdue debts.

## 2. Inventory valuation

To meet the needs of prompt delivery, it is essential for Fine Blanking & Tool Co., Ltd. that a certain amount of material, work in progress, and finished goods be prepared. However, the introduction of new products may lead to obsolete materials and affect cost of goods sold. Consequently, the valuation of inventory is identified as one of our key audit matters.

We performed the following audit procedures in respect of the above key audit matter:

- (1) Participate in the inventory count to confirm the quantity and ownership of inventory at the end of the period; and test the quantity on the closing inventory statement to the inventory book.
- (2) Examined whether the valuation of inventories is in accordance with the accounting policies of Fine Blanking & Tool Co., Ltd.
- (3) Understood the basis of the selling prices Fine Blanking & Tool Co., Ltd. used and the variation of the price in the subsequent period to assess the reasonableness of net realizable value of inventories.
- (4) Assessed whether appropriate provisions have been recognized for aged, damaged, slow moving or obsolete inventories by discussing with the management.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

Ful-Fill & Co., CPAs  
Changhua, Taiwan  
Republic of China  
March 6, 2023

**Notice to Readers**

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

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

**FINE BLANKING & TOOL CO., LTD.**  
**Parent Company Only Balance Sheets**  
**December 31, 2022 and 2021**  
(Expressed in Thousands of New Taiwan Dollars)

Items	Notes	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
11××	<b>CURRENT ASSETS:</b>					
1100	Cash and cash equivalents	4 and 6(1)	\$ 708,625	25.66	\$ 660,300	24.97
1150	Notes receivable, net	4 and 6(2)	5,972	0.22	12,311	0.47
1170	Accounts receivable, net	4, 5 and 6(2)	139,082	5.04	154,717	5.85
1180	Accounts receivable due from related parties, net	4, 5, 6(2) and 7	135,514	4.91	124,659	4.71
1200	Other receivables		836	0.03	780	0.03
1210	Other receivables due from related parties	7	6,199	0.22	3,594	0.14
1310	Inventories	4, 5 and 6(3)	340,201	12.32	331,236	12.53
1410	Prepayments		7,979	0.29	6,673	0.25
1470	Other current assets		975	0.03	1,265	0.05
11××	<b>Total current assets</b>		<b>1,345,383</b>	<b>48.72</b>	<b>1,295,535</b>	<b>49.00</b>
15××	<b>NON-CURRENT ASSETS:</b>					
1550	Investments accounted for using equity method	4 and 6(4)	709,959	25.71	655,598	24.80
1600	Property, plant and equipment	4, 6(5) and 8	666,187	24.13	647,526	24.49
1755	Right-of-use assets	4 and 6(6)	1,951	0.07	1,853	0.07
1801	Computer software, net	4 and 5	2,691	0.10	2,708	0.10
1840	Deferred tax assets	4, 5 and 6(12)	10,977	0.40	9,936	0.38
1915	Prepayments for business facilities		10,064	0.36	16,516	0.62
1920	Guarantee deposits paid		10,319	0.37	10,319	0.39
1995	Other non-current assets, others		3,927	0.14	4,079	0.15
15××	<b>Total non-current assets</b>		<b>1,416,075</b>	<b>51.28</b>	<b>1,348,535</b>	<b>51.00</b>
1××	<b>TOTAL ASSETS</b>		<b>\$ 2,761,458</b>	<b>100.00</b>	<b>\$ 2,644,070</b>	<b>100.00</b>
21××	<b>CURRENT LIABILITIES:</b>					
2130	Current contract liabilities	4	\$ 9,408	0.34	\$ 11,022	0.42
2150	Notes payable	4	230	0.01	2,959	0.11
2170	Accounts payable	4	142,658	5.17	180,614	6.83
2180	Accounts payable to related parties	4 and 7	4,606	0.17	2,721	0.10
2200	Other payables		85,588	3.10	72,374	2.74
2230	Current tax liabilities	4 and 6(12)	51,259	1.86	37,543	1.42
2250	Current provisions	4	12	0.00	116	0.00
2280	Current lease liabilities	4 and 6(7)	964	0.03	1,008	0.04
2399	Other current liabilities		4,235	0.15	2,215	0.08
21××	<b>Total current liabilities</b>		<b>298,960</b>	<b>10.83</b>	<b>310,572</b>	<b>11.74</b>

**FINE BLANKING & TOOL CO., LTD.**  
**Parent Company Only Balance Sheets**  
**December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

Items	Notes	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
25××	NON-CURRENT LIABILITIES:					
2570	Deferred tax liabilities	4 and 6(12)	5,285	0.19	722	0.03
2580	Non-current lease liabilities	4 and 6(7)	1,005	0.04	867	0.03
2640	Net defined benefit liability, non-current	4, 5 and 6(8)	15,432	0.56	15,776	0.60
25××	Total non-current liabilities		21,722	0.79	17,365	0.66
2××	Total liabilities		320,682	11.62	327,937	12.40
31××	EQUITY:					
3110	Ordinary share	6(9)	756,617	27.40	756,617	28.62
3210	Capital surplus, additional paid-in capital	6(9)	150,801	5.46	150,801	5.70
3300	Retained earnings	6(9)				
3310	Legal reserve		459,608	16.64	441,475	16.70
3320	Special reserve		97,955	3.55	92,414	3.50
3350	Unappropriated retained earnings		1,041,715	37.72	972,781	36.79
3400	Other equity interest	6(9)				
3410	Exchange differences on translation of foreign financial statements		(65,920)	(2.39)	(97,955)	(3.71)
31××	Total equity		2,440,776	88.38	2,316,133	87.60
1××	TOTAL LIABILITIES AND EQUITY		\$ 2,761,458	100.00	\$ 2,644,070	100.00

(See accompanying notes to the parent company only financial statements.)

**FINE BLANKING & TOOL CO., LTD.**  
**Parent Company Only Statements of Comprehensive Income**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)**

Items	Notes	2022		2021	
		Amount	%	Amount	%
4000 OPERATING REVENUE	4, 5, 6(10) and 7	\$ 1,497,690	100.00	\$ 1,457,622	100.00
5000 OPERATING COSTS	6(3)(13) and 7	(1,239,136)	(82.74)	(1,194,988)	(81.98)
5900 GROSS PROFIT FROM OPERATIONS		258,554	17.26	262,634	18.02
5910 UNREALIZED PROFIT (LOSS) FROM SALES		(238)	(0.02)	2,557	0.18
5950 GROSS PROFIT FROM OPERATIONS, NET		258,316	17.24	265,191	18.20
6000 OPERATING EXPENSES	6(13)	(120,700)	(8.06)	(118,433)	(8.13)
6100 Selling expenses		(24,408)	(1.63)	(26,052)	(1.79)
6200 Administrative expenses		(81,346)	(5.43)	(77,573)	(5.32)
6300 Research and development expenses		(14,503)	(0.97)	(15,278)	(1.05)
6450 Impairment loss determined in accordance with IFRS 9		(443)	(0.03)	470	0.03
6900 NET OPERATING INCOME		137,616	9.18	146,758	10.07
7000 NON-OPERATING INCOME AND EXPENSES	6(11)	131,627	8.80	81,526	5.60
7100 Interest income		2,679	0.18	3,638	0.25
7010 Other income		9,686	0.65	6,755	0.46
7020 Other gains and losses		16,872	1.13	(12,166)	(0.83)
7070 Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(4)	102,428	6.84	83,337	5.72
7510 Interest expense	6(7)	(38)	(0.00)	(38)	(0.00)
7900 PROFIT BEFORE INCOME TAX		269,243	17.98	228,284	15.67
7950 INCOME TAX EXPENSE	4 and 6(12)	(55,855)	(3.73)	(47,080)	(3.23)
8200 PROFIT FOR THE PERIOD		213,388	14.25	181,204	12.44
8300 OTHER COMPREHENSIVE INCOME					
8310 Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Gains (losses) on remeasurements of defined benefit plans	4 and 6(8)	344	0.02	159	0.01
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(12)	(69)	(0.00)	(32)	(0.00)
8360 Components of other comprehensive income that will be reclassified to profit or loss					
8361 Exchange differences on translation		32,035	2.14	(5,541)	(0.38)
Other comprehensive income(loss), net of income tax		32,310	2.16	(5,414)	(0.37)
8500 TOTAL COMPREHENSIVE INCOME		\$ 245,698	16.41	\$ 175,790	12.07
9750 BASIC EARNINGS PER SHARE (NTD)	6(14)				
Profit before income tax		\$ 3.56		\$ 3.02	
Less: Income tax expense		(0.74)		(0.62)	
Profit for the period		\$ 2.82		\$ 2.40	

(See accompanying notes to the parent company only financial statements.)

**FINE BLANKING & TOOL CO., LTD.**  
**Parent Company Only Statements of Changes in Equity**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

Items	Retained Earnings					Others	Total
	Ordinary Share	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	
BALANCE, JANUARY 1, 2021	\$ 756,617	\$ 150,801	\$ 431,237	\$ 81,520	\$ 865,541	\$ (92,414)	\$ 2,193,302
Appropriation of earnings:							
Legal reserve appropriated			10,238		(10,238)		-
Special reserve appropriated				10,894	(10,894)		-
Cash dividends					(52,959)		(52,959)
Profit for the period					181,204		181,204
Other comprehensive income (loss) for the period:							
Exchange differences on translation of foreign financial statements						(5,541)	(5,541)
Gain (losses) on remeasurements of defined benefit plans					127		127
Total comprehensive income (loss) for the period					181,331	(5,541)	175,790
BALANCE, DECEMBER 31, 2021	\$ 756,617	\$ 150,801	\$ 441,475	\$ 92,414	\$ 972,781	\$ (97,955)	\$ 2,316,133
Appropriation of earnings:							
Legal reserve appropriated			18,133		(18,133)		-
Special reserve appropriated				5,541	(5,541)		-
Cash dividends					(121,055)		(121,055)
Profit for the period					213,388		213,388
Other comprehensive income (loss) for the period:							
Exchange differences on translation of foreign financial statements						32,035	32,035
Gain (losses) on remeasurements of defined benefit plans					275		275
Total comprehensive income (loss) for the period					213,663	32,035	245,698
BALANCE, DECEMBER 31, 2022	\$ 756,617	\$ 150,801	\$ 459,608	\$ 97,955	\$ 1,041,715	\$ (65,920)	\$ 2,440,776

(See accompanying notes to the parent company only financial statements.)

**FINE BLANKING & TOOL CO., LTD.**  
**Parent Company Only Statements of Cash Flows**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES :		
Profit before income tax	\$ 269,243	\$ 228,284
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	48,804	42,322
Amortization expense	5,223	8,890
Expected credit loss (gain)	443	(470)
Interest expense	38	38
Interest income	(2,679)	(3,638)
Share of profit of associates and joint ventures accounted for using equity method	(102,428)	(83,337)
Loss (gain) on disposal of property, plant and equipment	(333)	(283)
Unrealized (realized) gain on the transactions with subsidiaries	(209)	(3,102)
Changes in operating assets		
Decrease (increase) in notes receivable, net	6,339	(5,987)
Decrease (increase) in accounts receivable, net	15,173	(5,262)
Decrease (increase) in accounts receivable due from related parties	(10,836)	33,108
Decrease (increase) in other receivable	25	56,547
Decrease (increase) in other receivable due from related parties	(2,605)	(876)
Decrease (increase) in inventories	(8,965)	(107,826)
Decrease (increase) in prepayments	(1,306)	(4,255)
Decrease (increase) in other current assets	<u>290</u>	<u>(184)</u>
Total changes in operating assets	<u>(1,885)</u>	<u>(34,735)</u>
Changes in operating liabilities		
Increase (decrease) in contract liabilities	(1,614)	(6,883)
Increase (decrease) in notes payable	(2,729)	2,745
Increase (decrease) in accounts payable	(37,956)	790
Increase (decrease) in accounts payable to related parties	1,885	(2,844)
Increase (decrease) in other payable	13,037	17,776
Increase (decrease) in provisions	(104)	104
Increase (decrease) in other current liabilities	<u>2,020</u>	<u>514</u>
Total changes in operating liabilities	<u>(25,461)</u>	<u>12,202</u>

(Continued)

**FINE BLANKING & TOOL CO., LTD.**  
**Parent Company Only Statements of Cash Flows**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2022</u>	<u>2021</u>
Cash inflow (outflow) generated from operations	190,756	166,171
Interest received	2,598	3,643
Interest paid	(38)	(38)
Income taxes paid	<u>(38,686)</u>	<u>(12,288)</u>
Net cash flows from (used in) operating activities	<u>154,630</u>	<u>157,488</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES :</b>		
Decrease (increase) in financial assets at amortized cost - current	-	1,203
Dividends received	80,311	49,863
Acquisition of property, plant and equipment	(32,593)	(24,956)
Proceeds from disposal of property, plant and equipment	529	383
Decrease (increase) in intangible assets	(1,045)	(1,644)
Decrease (increase) in prepayments for business facilities	(27,911)	(28,193)
Decrease (increase) in refundable deposits	-	297
Decrease (increase) in other non-current assets	<u>(3,574)</u>	<u>(2,336)</u>
Net cash flows from (used in) investing activities	<u>15,717</u>	<u>(5,383)</u>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES :</b>		
Payments of lease liabilities	(1,144)	(855)
Cash dividends paid	<u>(120,878)</u>	<u>(52,882)</u>
Net cash flows from (used in) financing activities	<u>(122,022)</u>	<u>(53,737)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>48,325</b>	<b>98,368</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b><u>660,300</u></b>	<b><u>561,932</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b><u>\$ 708,625</u></b>	<b><u>\$ 660,300</u></b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
<b>Non-cash investing and financing activities:</b>		
Exchange differences on translation of foreign financial statements	<u>\$ 32,035</u>	<u>\$ (5,541)</u>

(See accompanying notes to the parent company only financial statements.)

**FINE BLANKING & TOOL CO., LTD.**  
**Notes to the Parent Company Only Financial Statements**  
**For the Years Ended December 31, 2022 and 2021**  
**(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 December 31, 2022, the Company's paid-in capital was \$756,617,400. The major business activities of the Company 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 parent company only financial statements were approved and authorized for issue by the Board of Directors on March 6, 2023.

**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 parent company only financial statements, the Company 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, 2022:

<b>New Standards, Interpretations and Amendments</b>	<b>Effective Date Issued by IASB</b>
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company'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:

<b>New Standards, Interpretations and Amendments</b>	<b>Effective Date Issued by IASB</b>
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
Amendments to IFRS 17 “ Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12, "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company'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 parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### **(1) Compliance statement**

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### **(2) Basis of Preparation**

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

##### **(3) Foreign currency transactions**

In preparing the parent company only financial statements, transactions 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.

#### (4) 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.

#### (5) 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.

#### (6) Financial Instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities other than financial assets and financial liabilities at 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, financial assets at fair value through other comprehensive income (FVOCI) and financial assets at fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company 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 Company'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 Company 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 Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including account receivables).

The Company always recognizes lifetime Expected Credit Loss (“ECL”) for account receivables. For all other financial instruments, the Company 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 Company 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 Company 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 Company 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 and 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.

#### (7) 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.

#### (8) Investments accounted for using equity method

Investments accounted for using the equity method include investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

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. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the Company loses control of a subsidiary, any retained investment of the former subsidiary is measured at the fair value at that date. A gain or loss is recognized in profit or loss and calculated as the difference between (a) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and (b) the previous carrying amount of the investments in such subsidiary. In addition, the Company shall account for all amounts previously recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the subsidiary had directly disposed of the related assets and liabilities. That is, if any gains or losses previously recognized in other comprehensive income are to be reclassified to profit or loss upon disposal of related assets or liabilities, such gains or losses, when the Company loses control over the subsidiary, are reclassified from equity to profit or loss.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment in an associate.

All unrealized profit or loss resulting from transactions between the Company and its subsidiaries have been eliminated in the parent company only financial statements.

(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 50 years, machinery and equipment 2~15 years, transportation equipment 3~5 years, facilities 2~15 years, and other equipment 3~7 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 Company. 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 Company 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

The Intangible asset of the Company is computer software, which is measured at cost less accumulated amortization and any accumulated impairment losses. The amortization amount is the cost of an asset less its residual value. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The residual value, amortization period, and amortization method for an intangible asset shall be examined at least annually at each reporting date. Any change shall be accounted for as a change in accounting estimate.

## (12) Impairment of tangible and intangible assets

At the end of each reporting period, the Company 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 Company 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 Company 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 pension 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 Company 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 Company 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 stockholders 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 Company expects to be entitled in exchange for transferring promised goods or services to a customer. Revenue is recognized when the Company 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 Company's major sources of revenue were as follows:

The Company 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 Company 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 Company 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 Company has the obligation to transfer the goods subsequently. Accordingly, the Company recognized the consideration received in advance from customers under contract liabilities.

## (17) Government grants

Government grants are recognized only when there is reasonable assurance that the Company 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 Company 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 Company's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

The Company has provided the operating segments disclosure in the consolidated financial statements, and the parent company only segment information would not disclose such information.

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

In the application of the Company'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 Company'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 Company has estimated the loss allowance of accounts receivable based on the risk of a default occurring and the rate of expected credit loss. The Company 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 December 31, 2022 and 2021, the Company recognized the loss allowance of \$1,001 thousand and \$558 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 Company 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 years ended December 31, 2022 and 2021, the Company recognized the impairment loss of \$0 thousand and \$0 thousand, respectively.

### (3) 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 December 31, 2022 and 2021, the Company recognized the deferred tax assets of \$10,977 thousand and \$9,936 thousand, respectively.

### (4) Valuation of Inventory

Inventories are stated at the lower of cost or net realizable value, and the Company uses judgment and estimate to determine the net realizable value of inventory at the end of each reporting period.

As of December 31, 2022 and 2021, the carrying amounts of inventories were \$340,201 thousand and \$331,236 thousand, respectively.

### (5) Defined benefit obligations

When calculating and determining the present value of employee benefit obligations, the Company 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 Company's defined benefit obligations.

As of December 31, 2022 and 2021, the carrying amounts of defined benefit obligations were \$15,432 thousand and \$15,776 thousand, respectively.

## 6. Explanation of Significant Accounts

### (1) Cash and cash equivalents

Items	December 31, 2022	December 31, 2021
Cash	\$ 294	\$ 283
Deposits in banks	708,331	660,017
Total	\$ 708,625	\$ 660,300

### (2) Notes and accounts receivable, net

Items	December 31, 2022	December 31, 2021
Notes receivable	\$ 5,972	\$ 12,311
Accounts receivable	140,633	155,469
Less: Loss allowance	(960)	(498)
Accounts receivable due from related parties	135,642	124,732
Less: Loss allowance	(41)	(60)
Plus: Allowance for exchange gains and losses	(678)	(267)
Total	\$ 280,568	\$ 291,687

For trade receivables, the Company applies a simplified approach in calculating ECLs to recognize for credit losses expected over the remaining life of the exposure. As of December 31, 2022 and 2021, the analysis of the Company's expected credit losses of accounts receivable were as follows:

December 31, 2022

Items	Carrying amount	Lifetime expected credit loss rate	Loss allowance provision
Not past due	\$ 271,063	0.03%	\$ 81
Past due within 90 days	3,711	1.65%	61
Past due 91-180 days	1,501	57.20%	859
Past due over 180 days	-	100.00%	-
Plus: Allowance for exchange gains and losses	(678)		
Total	\$ 275,597		\$ 1,001

December 31, 2021

Items	Carrying amount	Lifetime expected credit loss rate	Loss allowance provision
Not past due	\$ 274,643	0.05%	\$ 134
Past due within 90 days	5,248	2.18%	114
Past due 91-180 days	142	100.00%	142
Past due over 180 days	168	100.00%	168
Plus: Allowance for exchange gains and losses	(267)		
Total	\$ 279,934		\$ 558

For the years ended December 31, 2022 and 2021, the movement in the allowance for notes and accounts receivable were as follows:

	For the years ended December 31,	
	2022	2021
Balance, beginning of period	\$ 558	\$ 1,028
Provision (reversal)	443	(470)
Balance, end of period	\$ 1,001	\$ 558

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

### (3) Inventories

Items	December 31, 2022	December 31, 2021
Finished goods	\$ 135,184	\$ 138,972
Work in process	119,321	111,800
Raw materials	135,674	103,048
Inventory in transit	-	13,493
Less: Allowance for inventory valuation and obsolescence losses	(49,978)	(36,077)
Total	\$ 340,201	\$ 331,236

The inventories of the Company had not been pledged as collateral. The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 were as follows:

Items	For the years ended December 31,	
	2022	2021
Cost of goods sold	\$ 1,221,853	\$ 1,187,090
Net losses (gains) on inventories	(148)	105
Inventory scrap loss	3,530	9,747
Losses on inventory valuation	13,901	(1,954)
Total	\$ 1,239,136	\$ 1,194,988

### (4) Investments accounted for using equity method

Investments accounted for using the equity method as of December 31, 2022 and 2021 consisted of the following:

Company name	December 31, 2022			2021
	Initial investment cost	Carrying amount	% of ownership	Share of profits/losses
Propitious International Inc.	\$ 347,044	\$ 424,120	55.75%	\$ 117,283
Superiority Enterprise Corp.	391,965	285,839	100.0%	(14,855)
Total	\$ 739,009	\$ 709,959		\$ 102,428

Company name	December 31, 2021			2021
	Initial investment cost	Carrying amount	% of ownership	Share of profits/losses
Propitious International Inc.	\$ 347,044	\$ 359,809	55.75%	\$ 90,396
Superiority Enterprise Corp.	391,965	295,789	100.0%	(7,059)
Total	\$ 739,009	\$ 655,598		\$ 83,337

The Company invested Propitious International Inc. with initial investment amount of \$360,821 thousand and a 55.75% shareholding and made indirect investment in GSK Vietnam Co., Ltd. through Propitious International Inc. The main business activities of GSK Vietnam Co., Ltd. are manufacturing, processing and production of products, seat cushions and precision stamping parts for automobiles, motorcycles and special vehicles. Due to the goodwill arising from the difference between the net equity acquired and the investment cost, the company underwent a capital reduction in September 2016 to return the investment amount of \$13,777 thousand. As of December 31, 2022, accumulated impairment loss of \$34,636 thousand was recognized. The Company recognizes the aforesaid foreign currency long-term investments in accordance with the financial statements of the investee company on the balance sheet date audited by auditors.

The Company invested in Suzhou Fine Blanking & Tool Co., Ltd. in mainland China through Superiority Enterprise Corp. in the British Virgin Islands, with an investment amount of USD12,000,000. Suzhou Fine Blanking & Tool Co., Ltd. mainly engaged in production and marketing business and import and export business of related products of precision stamping parts for automobiles, special vehicles and other transportation equipment. In April 2008, the factory was completed with mass production capability, and it has been approved by the Investment Review Committee of the Ministry of Economic Affairs letter No. 09500163520. The investment was completed with remittances of USD12,000,000, equivalent to NTD391,965 thousand. The Company recognizes the aforesaid foreign currency long-term investments in accordance with the financial statements of the investee company on the balance sheet date audited by auditors.

#### (5) Property, plant and equipment

Items	December 31, 2022	December 31, 2021
Land	\$ 399,060	\$ 399,060
Buildings and structures	139,200	155,012
Machinery and equipment	107,706	78,790
Transportation equipment	725	119
Office equipment	1,133	91
Tools and equipment	1,572	1,932
Other equipment	16,791	12,522
Research equipment	-	-
Total	\$ 666,187	\$ 647,526

For the year ended December 31, 2022

Items	Beginning balance	Additions	Disposals and reclassification	Ending balance
Cost:				
Land	\$ 399,060			\$ 399,060
Buildings and structures	364,786			364,786
Machinery and equipment	1,047,888	18,745	9,319	1,075,952
Transportation equipment	5,711	770	(34)	6,447
Office equipment	4,326	1,218	(116)	5,428
Tools and equipment	41,458		211	41,669
Other equipment	49,317	11,860		61,177
Research equipment	3,281			3,281
<b>Total</b>	<b>\$ 1,915,827</b>	<b>\$ 32,593</b>	<b>\$ 9,380</b>	<b>\$ 1,957,800</b>
Accumulated depreciation and impairment:				
Buildings and structures	\$ 209,774	\$ 15,812		\$ 225,586
Machinery and equipment	969,098	23,350	(24,202)	968,246
Transportation equipment	5,592	164	(34)	5,722
Office equipment	4,235	176	(116)	4,295
Tools and equipment	39,526	571		40,097
Other equipment	36,795	7,591		44,386
Research equipment	3,281			3,281
<b>Total</b>	<b>\$ 1,268,301</b>	<b>\$ 47,664</b>	<b>\$ (24,352)</b>	<b>\$ 1,291,613</b>
<b>Carrying amounts</b>	<b>\$ 647,526</b>			<b>\$ 666,187</b>

For the year ended December 31, 2021

Items	Beginning balance	Additions	Disposals and reclassification	Ending balance
Cost:				
Land	\$ 399,060			\$ 399,060
Buildings and structures	364,786			364,786
Machinery and equipment	1,034,232	12,174	1,482	1,047,888
Transportation equipment	5,758		(47)	5,711
Office equipment	4,508		(182)	4,326
Tools and equipment	39,623	590	1,245	41,458
Other equipment	37,623	12,192	(498)	49,317
Research equipment	3,281			3,281
<b>Total</b>	<b>\$ 1,888,871</b>	<b>\$ 24,956</b>	<b>\$ 2,000</b>	<b>\$ 1,915,827</b>

For the year ended December 31, 2021

Items	Beginning balance	Additions	Disposals and reclassification	Ending balance
Accumulated depreciation and impairment:				
Buildings and structures	\$ 193,962	\$ 15,812		\$ 209,774
Machinery and equipment	972,376	16,582	(19,860)	969,098
Transportation equipment	5,526	113	(47)	5,592
Office equipment	4,325	92	(182)	4,235
Tools and equipment	35,811	3,840	(125)	39,526
Other equipment	32,269	5,024	(498)	36,795
Research equipment	3,281			3,281
<b>Total</b>	<b>\$ 1,247,550</b>	<b>\$ 41,463</b>	<b>\$ (20,712)</b>	<b>\$ 1,268,301</b>
<b>Carrying amounts</b>	<b>\$ 641,321</b>			<b>\$ 647,526</b>

The significant part of the Company'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 6-50 years.

As of December 31, 2022 and 2021, the Company recognized \$9,783 thousand and \$12,542 thousand as a reserve for impairment loss from property, plant and equipment.

As of December 31, 2022 and 2021, no property, plant and equipment were pledged to others as collateral.

For the period ended December 31, 2022 and 2021, 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:

For the year ended December 31, 2022			
Transportation Equipment	Cost	Accumulated depreciation	Carrying amount
Beginning balance	\$ 3,486	\$ 1,633	\$ 1,853
Additions	1,238	1,140	98
Decreases	(1,416)	(1,416)	-
<b>Ending balance</b>	<b>\$ 3,308</b>	<b>\$ 1,357</b>	<b>\$ 1,951</b>

For the year ended December 31, 2021

Transportation Equipment	Cost	Accumulated depreciation	Carrying amount
Beginning balance	\$ 1,927	\$ 774	\$ 1,153
Additions	1,559	859	700
Decreases			-
Ending balance	\$ 3,486	\$ 1,633	\$ 1,853

B. The Company leases transportation equipment with lease terms of 3 years.

The Company 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 Company 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:

December 31, 2022

Items	Future minimum lease payments	Interest	Present value of minimum lease payments
Within 1 year	\$ 989	\$ 25	\$ 964
2-3 years	1,014	9	1,005
Total	\$ 2,003	\$ 34	\$ 1,969
Current	\$ 989	\$ 25	\$ 964
Non-current	\$ 1,014	\$ 9	\$ 1,005

December 31, 2021

Items	Future minimum lease payments	Interest	Present value of minimum lease payments
Within 1 year	\$ 1,042	\$ 34	\$ 1,008
2-3 years	885	18	867
Total	\$ 1,927	\$ 52	\$ 1,875
Current	\$ 1,042	\$ 34	\$ 1,008
Non-current	\$ 885	\$ 18	\$ 867

The amount of lease liabilities increased \$1,238 thousand and \$1,559 thousand for the year ended December 31, 2022 and 2021. The interest rates are 1.045% and 2.5% and the expiry date is September 2025.

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

Items	For the years ended December 31,	
	2022	2021
Interest on lease liabilities	\$ 38	\$ 38
Expenses relating to short-term leases	\$ 691	\$ 948

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

Items	For the years ended December 31,	
	2022	2021
Total cash outflow for leases	\$ 1,182	\$ 893

(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. Accordingly, the Company recognized expenses for the years ended December 31, 2022 and 2021, were \$7,965 thousand and \$8,038 thousand, respectively.

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 equal to 2% of salaries paid each month to their respective pension funds (the Funds), 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. Amounts recognized in respect of these defined benefit plans were as follows:

Items	December 31, 2022	For the year ended December 31, 2022	December 31, 2021	For the year ended December 31, 2021
Labor pension reserve account	\$ 8,930		\$ 15,624	
Employee benefit liabilities	15,463		15,804	
Pension cost		\$ 375		\$ 332

Remeasurement in net defined benefit liability recognized in other comprehensive income:

Items	For the years ended December 31,	
	2022	2021
Accumulated amount, beginning of period	\$ (3,931)	\$ (3,804)
Recognized during the period	(275)	(127)
Accumulated amount, end of period	\$ (4,206)	\$ (3,931)

The pension costs of the aforementioned defined benefit plans were recognized in profit or loss by the following categories:

Items	For the years ended December 31,	
	2022	2021
Cost of revenue	\$ 295	\$ 221
General and administrative expenses	80	111
Total	\$ 375	\$ 332

The amounts of defined benefit plan recognized in the balance sheet were as follows:

Items	December 31, 2022	December 31, 2021
Present value of the defined benefit obligations	\$ (24,393)	\$ (31,428)
Fair value of plan assets	8,930	15,624
Net defined benefit liability	\$ (15,463)	\$ (15,804)

The movements in present value of the defined benefit obligations of the Company were as follows:

Items	For the years ended December 31,	
	2022	2021
Balance, beginning of period	\$ (31,428)	\$ (33,780)
Current service cost	(266)	(269)
Interest expense of benefit obligation	(218)	(135)
Benefits paid	8,430	2,855
Actuarial gain (loss) arising from experience adjustments	(2,729)	(1,121)
Actuarial gain (loss) arising from changes in demographic assumptions	(81)	(94)
Actuarial gain (loss) arising from changes in financial assumptions	1,899	1,116
Effect of plan settlements	-	-
Balance, end of period	\$ (24,393)	\$ (31,428)

Movements in the fair value of the plan assets were as follows:

Items	For the years ended December 31,	
	2022	2021
Balance, beginning of period	\$ 15,624	\$ 17,816
Interest income	110	72
Return on plan assets	1,255	258
Contributions from employer	371	333
Benefits paid from plan assets	(8,430)	(2,855)
Repayments from plan assets	-	-
Balance, end of period	\$ 8,930	\$ 15,624

The percentages of the major categories of plan assets that constitute the fair value of total plan assets were as follows:

Items	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Cash and cash equivalent	\$ 8,930	100%	\$ 15,624	100%

In accordance with the Labor Standards Act, monthly contributions made to the retirement benefit reserve fund are deposited in the designated financial institution and are under centralized management by the Labor Retirement Fund Supervisory Committee set up by the central competent authority. The fund can only be used to pay the pension benefits required by the Labor Standards Act and the statutory maximum amount available for payment is the balance of the accumulated contributions plus the accumulated earnings distributions minus the payment amount. In accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the earnings distribution depends on the fund's annual performance but shall not be less than that accrued from two-year time deposits with the interest rates offered by local banks. Any loss sustained or deficiency shall be compensated by the National Treasury. As of December 31, 2022, the Company's defined benefit plan is expected to distribute \$575 thousand in the next year and the weighted-average duration of the defined benefit obligation is 11 years.

The principal actuarial assumptions at the reporting date were as follows:

Items	For the years ended December 31,	
	2022	2021
Discount rate	1.35%	0.70%
Increase in future salary rate	2.00%	2.00%

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

Items	For the years ended December 31,			
	2022		2021	
	Influences of defined benefit obligations			
	Increase	Decrease	Increase	Decrease
1. Discount rate 0.25%	\$ (681)	\$ 710	\$ (902)	\$ 939
2. Salary increases rate 0.25%	703	(679)	925	(892)
3. Employee turnover rate 10%	(6)	6	(20)	20

## (9) Equity

### A. Ordinary share

As of December 31, 2022, 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	December 31, 2022	December 31, 2021
Additional paid-in capital	\$ 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 2021 and 2020 had been approved during shareholders' meeting on May 24, 2022 and July 26, 2021, respectively.

Items	Appropriation		Dividend per share	
	2021	2020	2021	2020
Legal reserve	\$ 18,133	\$ 10,238		
Special reserve	5,541	10,894		
Cash dividends	121,059	52,963	\$ 1.60	\$ 0.70

The appropriation of the 2022 net income was proposed by the Board of Directors on March 6, 2023 as follows:

Items	2022	
Legal reserve	\$	21,366
Special reserve		(32,035)
Cash dividends		151,323      2 / share

The appropriation for 2022 is to be presented for approval in the Company's shareholders' meeting to be held on May 30, 2023 (expected).

#### D. Others

Changes in others for the years ended December 31, 2022 and 2021 were as follows:

Exchange differences on translation of foreign financial statements	For the years ended December 31,	
	2022	2021
Balance, beginning of period	\$ (97,955)	\$ (92,414)
Changes in period	32,035	(5,541)
Balance, end of period	\$ (65,920)	\$ (97,955)

#### (10) Operating revenue

Disaggregation of revenue for the years ended December 31, 2022 and 2021 were as follows:

Items	For the years ended December 31,	
	2022	2021
Sale of goods	\$ 1,477,099	\$ 1,437,238
Others	20,591	20,384
Total	\$ 1,497,690	\$ 1,457,622

#### (11) Non-operating income and expenses

The details of non-operating income and expenses for the years ended December 31, 2022 and 2021 were as follows:

Items	For the years ended December 31,	
	2022	2021
Non-operating income		
Other income	\$ 8,836	\$ 5,905
Rent income	850	850
Total	\$ 9,686	\$ 6,755

Items	For the years ended December 31,	
	2022	2021
Other gains and losses		
Gain (loss) on disposal of property, plant and equipment	\$ 781	\$ 828
Foreign exchange losses	16,811	(11,886)
Others	(720)	(1,108)
Total	\$ 16,872	\$ (12,166)

(12) Income tax

A. Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

Items	For the years ended December 31,	
	2022	2021
Current income tax expense		
Current tax expense recognized in the current year	\$ 50,361	\$ 36,386
Income tax adjustments on prior years	941	4,580
Tax on undistributed earnings	1,100	1,189
Deferred income tax expense		
The origination and reversal of temporary differences	3,453	4,925
Income tax expense recognized in profit or loss	\$ 55,855	\$ 47,080

A reconciliation of income before income tax and income tax expense recognized in profit or loss were as follows:

Items	For the years ended December 31,	
	2022	2021
Income before tax	\$ 269,243	\$ 228,284
Income tax expense at the statutory rate	\$ 53,849	\$ 45,657
Tax effect of adjusting items		
Nondeductible items in determining taxable income	(35)	(490)
Tax-exempt income	-	-
Tax on undistributed earnings	1,100	1,189
Income tax adjustments on prior years	941	4,580
Changes in deferred tax		
Temporary differences	-	(3,856)
Income tax expense recognized in profit or loss	\$ 55,855	\$ 47,080

B. Income tax expense recognized in other comprehensive income

Items	For the years ended December 31,	
	2022	2021
Defined benefit obligations	\$ 69	\$ 32

C. Deferred income tax assets and liabilities

Items	December 31,	December 31,
	2022	2021
Deferred income tax assets		
Provisions	\$ 2	\$ 23
Inventory	6,402	4,663
Property, plant and equipment	1,957	2,509
Net defined benefit liability	2,480	2,549
Foreign currency assets and liabilities	136	192
Deferred income tax assets	\$ 10,977	\$ 9,936
Deferred income tax liabilities		
Long-term investments	\$ 5,150	\$ 720
Foreign currency assets and liabilities	135	2
Deferred income tax liabilities	\$ 5,285	\$ 722

D. Changes in deferred income tax assets and liabilities

For the year ended December 31, 2022

Items	Balance, beginning of period	Profit or loss	Other comprehensive income	Balance, end of period
Deferred income tax assets				
Provisions	\$ 23	\$ (21)		\$ 2
Inventory	4,663	1,739		6,402
Property, plant and equipment	2,509	(552)		1,957
Net defined benefit liability	2,549		(69)	2,480
Foreign currency assets and liabilities	192	(56)		136
Total	\$ 9,936	\$ 1,110	\$ (69)	\$ 10,977

Items	Balance, beginning of period	Profit or loss	Other comprehensive income	Balance, end of period
Deferred income tax liabilities				
Long-term investments	\$ 720	\$ (4,430)	\$ -	\$ 5,150
Foreign currency assets and liabilities	2	(133)		135
Total	\$ 722	\$ (4,563)	\$ -	\$ 5,285

For the year ended December 31, 2021

Items	Balance, beginning of period	Profit or loss	Other comprehensive income	Balance, end of period
Deferred income tax assets				
Provisions	\$ 2	\$ 21	\$ -	\$ 23
Inventory	1,235	3,428		4,663
Long-term investments	6,095	(6,095)		-
Property, plant and equipment	3,060	(551)		2,509
Net defined benefit liability	2,581		(32)	2,549
Foreign currency assets and liabilities	1,198	(1,006)		192
Total	\$ 14,171	\$ (4,203)	\$ (32)	\$ 9,936
Deferred income tax liabilities				
Long-term investments	\$ -	\$ (720)	\$ -	\$ 720
Foreign currency assets and liabilities		(2)		2
Total	\$ -	\$ (722)	\$ -	\$ 722

E. The tax authorities have examined income tax returns of the Company through 2020.

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

Employee benefits, depreciation, depletion, and amortization expenses for the years ended December 31, 2022 and 2021 were summarized according to their functions as follows:

By item	For the year ended December 31, 2022		
	Cost of sale	Operating expense	Total
Employee benefits			
Salary	143,683	42,055	\$ 185,738
Labor and health insurance	15,804	4,368	20,172
Pension	6,561	1,778	8,339
Remuneration directors	-	16,944	16,944
Others	38,907	4,741	43,648
Depreciation	40,366	8,438	48,804
Amortization	3,266	1,957	5,223

By item	For the year ended December 31, 2021		
	Cost of sale	Operating expense	Total
Employee benefits			
Salary	138,015	41,235	\$ 179,250
Labor and health insurance	16,140	4,081	20,221
Pension	6,574	1,796	8,370
Remuneration directors	-	13,000	13,000
Others	39,862	4,433	44,295
Depreciation	32,933	9,389	42,322
Amortization	6,066	2,824	8,890

For the years ended December 31, 2022 and 2021, the average numbers of employees of the Company were 374 and 383, respectively. The numbers of directors excluding the employees were both 8.

The average employee benefits expense of the Company for 2022 and 2021 were \$705 thousand and \$672 thousand.

The average employee salary expense of the Company for 2022 and 2021 were \$507 thousand and \$478 thousand.

The rate of adjustment in average salary expenses was 6.1%.

The remunerations to employees and the remunerations to directors for the years ended December 31, 2022 and 2021, were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the percentage amounted to \$25,334 thousand and \$19,447 thousand. If there are any adjustments to the amounts after the date of authorization for issuance of the parent company only financial statements, 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 2022 approved by the board of directors at March 6, 2023 were in the amounts of \$14,729 thousand and \$10,605 thousand, respectively. There is no difference between the aforementioned approved amounts and the amounts charged against earnings of 2022.

Remuneration to employees and directors for 2021 approved by the board of directors at March 2, 2022 were in the amounts of \$12,387 thousand and \$7,060 thousand and had been presented in the shareholders' meeting on May 24, 2022. There is no difference between the aforementioned approved amounts and the amounts recognized in the financial statements of 2021.

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

	For the years ended December 31,	
	2022	2021
Profit for the period (in thousands)(A)	\$ 213,388	\$ 181,204
The number of outstanding shares at beginning of period	75,661.74	75,661.74
The number of average outstanding equivalent shares in fiscal year (in thousands)(B)	75,661.74	75,661.74
Earnings per share (NTD)(A)/(B)	\$ 2.82	\$ 2.40

(15) Capital management

The primary objective of the Company'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 Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(16) Financial instruments

A. Categories of financial instruments

Items	December 31, 2022	December 31, 2021
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 708,625	\$ 660,300
Receivables	280,568	291,687
Total	\$ 989,193	\$ 951,987
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Payables	\$ 147,494	\$ 186,294
Lease liabilities	1,969	1,875
Total	\$ 149,463	\$ 188,169

## B. Financial risk management objectives and policies

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

For the above-mentioned financial risks, the Company 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 Company needs to strictly follow applicable financial operating procedures about the overall financial risk management.

## C. Market risk

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

The Company 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 Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company'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	December 31, 2022		December 31, 2021	
	Appreciation	Depreciation	Appreciation	Depreciation
Profit for the period	\$ 5,088	\$ (5,088)	\$ 5,863	\$ (5,863)
Equity	7,675	(7,675)	5,834	(5,834)

### 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 Company mainly comes from borrowings at floating interest rates. Since most short-term loans of the Company for the years ended December of 2022 and 2021 are fixed rate borrowings, the interest rate fluctuations risk of future cash flows was insignificant.

### 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 Company 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.

### D. Credit risk management

Credit risk is the risk of financial losses to the Company if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company'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 Company. 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 Company 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 Company represented as follows. The credit concentration risk of other accounts receivable was insignificant.

	December 31, 2022	December 31, 2021
Percentage	80.12%	75.49%

### E. Liquidity risk management

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

#### Non-derivative financial instruments

Items	December 31, 2022	December 31, 2021
Payables		
Within 1 year	\$ 147,494	\$ 186,294
Lease liabilities		
Within 1 year	\$ 964	\$ 1,008
2-3 years	1,005	867
Total	\$ 1,969	\$ 1,875

## F. Fair value of financial instruments

### a. Valuation techniques and assumptions used to measure 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 Company's financial assets and liabilities are as follows:

The carrying amount of cash and cash equivalents, receivables, 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 Company considers that the carrying amounts of financial assets and liabilities that are measured at amortized cost approximate their fair values.

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

Items	December 31, 2022		
	Foreign currency amount	Exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$ 5,899	30.7150	\$ 181,188
EUR	614	32.7450	20,105
RMB	10,876	4.4102	47,965
JPY	527	0.2330	123
<u>Financial liabilities</u>			
Monetary items:			
USD	63	30.7150	1,935
December 31, 2021			
Items	Foreign currency amount	Exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$ 6,256	27.6800	\$ 173,166
EUR	1,006	31.3200	31,508
RMB	10,028	4.3415	43,537
JPY	378	0.2405	91
<u>Financial liabilities</u>			
Monetary items:			
RMB	74	4.3415	321
JPY	1,095	0.2405	263

## 7. Related-Party Transactions

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

<u>Related party name</u>	<u>Related party categories</u>
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
Propitious International Inc.	Subsidiary
GSK Vietnam Co., Ltd	Subsidiary
Suzhou Fine Blanking & Tool Co., Ltd.	Subsidiary

(2) Significant related party transactions:

### A. Purchases of goods

Items	For the years ended December 31,	
	2022	2021
Subsidiaries	\$ 1,945	\$ 6,071
Other related parties	25,037	28,499
Total	\$ 26,982	\$ 34,570

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 years ended December 31,	
	2022	2021
Subsidiaries	\$ 20,170	\$ 23,225
Other related parties		
GSK Technologies	454,974	434,659
GSK Corporation	335,424	299,547
Others	16,264	22,610
Total	\$ 826,832	\$ 780,041

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	December 31, 2022	December 31, 2021
Subsidiaries	\$ 3,859	\$ 6,360
Other related parties		
GSK Corporation	53,332	39,641
GSK Technologies	75,201	74,856
Others	3,163	3,862
Less: Loss allowance	(41)	(60)
Total	\$ 135,514	\$ 124,659

Items	December 31, 2022	December 31, 2021
Subsidiaries		
Propitious	\$ 4,612	\$ 3,594
Other related parties	1,587	-
Total	\$ 6,199	\$ 3,594

c. Accounts payable

Subsidiaries	\$ 1,920	\$ 320
Other related parties	2,686	2,401
Total	\$ 4,606	\$ 2,721

D. Property transactions

The acquisition of property, plant and equipment from related parties was as follows:

Items	Period	Name of equipment	Purchase price	Outstanding payment
Machinery and equipment	2022	Disc inspection machine	\$ 1,300	\$ -
Machinery and equipment	2022	Gear measuring machine	512	-
Machinery and equipment	2021	VR-3 Vertical double-sided grinder	799	-

## E. Others

Items	For the years ended December 31,	
	2022	2021
Agency fee - other related parties	\$ 770	\$ 848
Manufacturing overhead-outsourced - other related parties	4,278	3,670
Other income - subsidiaries	4,612	3,594

## F. Compensation of key management personnel

Items	For the years ended December 31,	
	2022	2021
Salary	\$ 11,995	\$ 7,989
Professional practice charge	525	570
Remuneration	10,605	7,060
Total	\$ 23,125	\$ 15,619

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 December 31, 2022, amounts available under letters of credit for import: None
- (2) As of December 31, 2022, capital expenditures contracted for but not yet incurred were as follows:

Items	Contract target	Counterparty	Total contract amount (In thousands)	Accumulated payment as at December 31, 2022 (In thousands)
Prepayments for business facilities	Tab transmission CDD automated inspection equipment	Commander Consulting Co., Ltd.	6,000	4,815
Prepayments for business facilities	MES Production management information system	NXN Technology Co., Ltd.	3,430	2,744

## 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

### (2) Information on investees

- A. Related information regarding the name and the location of the investee companies: Please refer to table 2.

### (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 3.
- 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 note 7.

### (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 4.

## 14. Segment Information

The Company has provided the operating segments disclosure in the consolidated financial statements.

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 year ended December 31, 2022

Name of company	Related party	Nature of relationship	Transaction details				Abnormal Transaction (Note 1)		Notes/Accounts payable or receivable		Note (Note 2)
			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	335,424	22.40%	2 months	Normal	Normal	53,332	19.01%	
Fine Blanking & Tool Co., Ltd.	GSK Technologies Inc.	The entity's chairman is the Company's director	Sale	454,974	30.38%	2 months	Normal	Normal	75,201	26.80%	

Note 1: If the related party transaction terms are different from the general transaction terms, the description of the terms of the transaction and the reasons for the difference should be stated in the columns of unit price and payment terms.

Note 2: If there are any prepayments, the reason, contractual terms, amount, and differences from general transactions should be stated in the remarks column.

Note 3: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's stock has no par value or the par value per share is not NTD 10, the transaction amount requirement of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

Table 2: Names, locations, and related information of investees over which the Company exercises significant influence  
(excluding information on investment in mainland China)

In Thousands of NTD  
For the year ended December 31, 2022

Name of investor	Name of investee (Note 1, 2)	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee (Note 2(2))	Share of profits/losses (Note 2(3))	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of ownership	Carrying value			
Fine Blanking & Tool Co., Ltd.	Propitious International Inc.	BVI	Investment	347,044	347,044	-	55.75%	424,120	210,607	117,283	Subsidiary
Fine Blanking & Tool Co., Ltd.	Superiority Enterprise Corp.	BVI	Investment and import/export trade	391,965	391,965	-	100.0%	285,839	(13,366)	(14,855)	Subsidiary
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	-	100.0%	721,198	210,944	211,351	Sub-subsidiary

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 December 31, 2022" 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 3: Information on investment in mainland China

In Thousands of NTD  
For the year ended December 31, 2022

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, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of investee	Percentage of ownership	Share of profits/losses (Note 2(2)B)	Carrying amount as of December 31, 2022	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	(13,378)	100%	(13,378)	291,264	-

Accumulated investment in mainland China as of December 31, 2022	Investment amounts authorized by Investment Commission, MOEA	Upper Limit on Investment
391,965	395,904	1,464,466

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 4: Information on major shareholders

Unit: Share

December 31, 2022

Shareholding Shareholder's name	Number of common shares	Number of preferred shares	Percentage
Chuan Tai Investment Co., Ltd.	14,462,693		19.11%
Chuan Hsin Investment Development Co., Ltd.	10,352,725		13.68%
Taiwan Fu Hsing Industrial Co., Ltd.	7,552,867		9.98%
Chuan Tao Investment Co., Ltd.	6,104,668		8.06%
Fubon Life Insurance Co., Ltd.	5,566,940		7.35%

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

**6.6 Any financial distress experienced by the Company and its affiliated enterprises and impacts on the Company's financial position in the last year and up until the publication date of the annual report: None.**

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

### 7.1 Analysis of Financial Status

#### 7.1.1 Main causes for material changes in assets, liabilities, and shareholders' equity in the last two years, and their impacts:

Unit: NT\$ thousands

Item \ Year	2021	2022	Difference	
			Amount	%
Current Assets	2,008,366	2,129,749	121,383	6.04%
Property, Plant and Equipment	955,954	1,035,423	79,469	8.31%
Right-of-use assets	45,628	46,549	921	2.02%
Intangible assets	18,087	18,212	125	0.69%
Other Assets	82,737	82,096	(641)	-0.77%
Total Assets	3,110,772	3,312,029	201,257	6.47%
Current Liabilities	488,727	509,231	20,504	4.20%
Long-term Liabilities	30,689	35,862	5,173	16.86%
Total Liabilities	519,416	545,093	25,677	4.94%
Capital stock	756,617	756,617	0	0.00%
Capital surplus	150,801	150,801	0	0.00%
Retained Earnings	1,506,670	1,599,278	92,608	6.15%
Exchange differences on translation of foreign financial statements	(97,955)	(65,920)	32,035	32.70%
Non-controlling interests	275,223	326,160	50,937	18.51%
Total equity	2,591,356	2,766,936	175,580	6.78%
Analysis of changes in financial ratios:				
1. Increase in non-current liabilities: it is mainly because of the increase in deferred income tax liabilities and lease liabilities-non-current by NT\$4,540 thousand and NT\$845 thousand from the previous period.				
2. The increase in exchange differences on the translation of financial statements of foreign operations: It is mainly due to the appreciation of the US dollar in 2022 and the changes in the exchange rate.				
3. Increase in non-controlling interests: cash dividends distributed to non-controlling interests of subsidiaries amounted to NT\$63,745 thousand in 2022, net profit after tax was NT\$93,090 thousand in 2022, and the exchange difference from translation of the financial statements of foreign operations recognized as gains increased by NT\$21,592 thousand as a result .				
Note: Other items were not analyzed because the increase/decrease did not reach 10% or more or the amount of change did not exceed NT\$1,000 thousand.				

#### 7.1.2 Description of response plans to changes with significant impacts: Not applicable as there was no significant impact on the financial position.

## 7.2 Analysis of Financial Performance

### 7.2.1 Main causes for significant changes in consolidated operating revenue, operating profit, and pre-tax profit in the last two years, and their impacts:

Unit: NT\$ thousands

Item	Year		Difference	
	2021	2022	Amount	%
Net Sales	2,766,438	3,141,305	374,867	13.55%
Gross Profit	540,331	608,396	68,065	12.60%
Operating Expenses	206,472	231,704	25,232	12.22%
Operating Income	333,859	376,692	42,833	12.83%
Non-operating income and expenses	9,641	41,503	31,862	330.48%
Income Before Tax	343,500	418,195	74,695	21.75%
Tax expense (income)	90,547	111,717	21,170	23.38%
Net income	252,953	306,478	53,525	21.16%
Other comprehensive income (income after tax)	(8,490)	53,902	62,392	734.89%
Total comprehensive income	244,463	360,380	115,917	47.42%
Net income attributable to shareholders of the parent	181,204	213,388	32,184	17.76%
Net income attributable to non-controlling interest	175,790	245,698	69,908	39.77%

#### Analysis of changes in financial ratios:

1. Increase in operating revenue: Orders from customers rebounded in 2022, such as orders for auto seats and golf cart parts increased significantly.
2. Increase in operating expenses: mainly due to an increase of NT\$17,985 thousand in technology transfer fees and sample fees for new car seat development, and an increase of NT\$5,893 thousand in freight, bonus, directors' and employees' remuneration, etc., as a result of the increase in revenue and profit.
3. Non-operating income and expenses increased: mainly due to an increase of other net income and foreign currency exchange gains and losses by NT\$1,259 thousand and NT\$31,751 thousand, and a decrease of NT\$262 thousand, 639 thousand, and 247 thousand.
4. Increase in income tax expenses: The increase in income tax was mainly due to the increase in net profit before and after tax of the operating locations in Taiwan and Vietnam.
5. The increase in other comprehensive income (net amount after tax) for the current period is a result of the decrease in exchange losses from the translation of the financial statements of foreign operations from the previous period due to the appreciation of the US dollar.
6. Gross profit margin, operating profit, net profit before tax, net profit for the current period, total comprehensive income for the current period, net profit attributable to owners of the parent company for the current year, and comprehensive income attributable to owners of the parent company for the current year increased; Due to the addition of the descriptions in Lane 1-2 above, the net profit before tax is increased due to the descriptions of Lane 1-3 above, and the net profit of the current period is increased due to the descriptions of Lane 1-5 above.

Note: Other items were not analyzed because the increase/decrease did not reach 10% or more or the amount of change did not exceed NT\$1,000 thousand.

### 7.2.2 Sales forecast for the next year:

Please refer to section “2022 sales forecast and basis” on page 5.

### 7.2.3. Possible impacts on the Company's future financial operations and

**countermeasures:** In 2022, revenue increased by 13.55% compared to 2021, gross profit increased by NT\$68,065 thousand, and operating expenses increased by NT\$25,232 thousand from the previous period, resulting in an increase in operating profits of NT\$42,833 thousand. In terms of business development, we will continue to increase development and technical capital expenditures and seek collaborative technical resources from China Steel and other parties to improve the ability of independent development of products and processes. In the future, we will continue to promote TPS, TPM and project improvement to reduce costs, provide the energy for business development, and increase the momentum of future revenue growth.

## 7.3 Analysis of Cash Flow

### 7.3.1 Remedy for Cash Deficit and Liquidity Analysis

Item \ Year	2021	2022	Variance (%)
Cash Flow Ratio (%)	71.56%	81.21%	9.65%
Cash Flow Adequacy Ratio (%)	127.82%	138.19%	10.37%
Cash Reinvestment Ratio (%)	5.55%	4.67%	-0.88%

Analysis of financial ratio change:

1. Increase in cash flow ratio in the current period: It is because the increase in net cash inflow from operating activities is greater than the increase in current liabilities.
2. The increase in cash flow adequacy ratio in the current period is a result of the increase of net cash inflow from operating activities in the 5-year period by NT\$120,982 thousand from the previous year, and the decrease in the total of denominator items such as inventories in the 5-year period by NT\$12,844 thousand.
3. The decrease in the cash reinvestment ratio in the current period is a result of the decrease in (net cash flow from operating activities - cash dividends) in 2022 compared to 2021 by 11.06%, and the increase in the sum of the items in the denominator by 5.53%.

Unit: NT\$ thousands

2022 Cash and Cash Equivalents, Beginning of Year □ (A)	Net Cash Flow from Operating Activities (B)	Cash Outflow (C)	Cash Surplus □ (Deficit) (D)=(A)+(B)-(C)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
898,053	413,553	436,751	874,855	0	0

1. 2022 Analysis of change in cash flow in the current year:

- (1) Operating activities: In the year 2022, the consolidated operating performance generated a net cash inflow of NT\$413,553 from operating activities.
- (2) Investing activities: net outflow of NT\$292,270 resulting from the consolidation of equipment acquisition and financial assets measured at amortized cost in 2022.
- (3) Financing activities: The consolidation in 2022 is mainly due to the distribution of cash dividends and other expenses totaling NT\$164,343 thousand.
- (4) Effect of exchange rate: the consolidated net amount for the year ended December 2022 was increased by NT\$19,862 thousand.

2. Improvement plans for lack of liquidity : In 2022, the net change of assets related to business activities decreased by NT\$ 38,260 thousand mainly due to the increase of NT\$ 74,695 thousand in pre-tax net profit of 418,195 thousand, NT\$ 14,086 thousand in inventory, NT\$ 12,915 thousand in receivables and NT\$ 1,256 thousand in other receivables. The net change of liabilities related to business activities decreased by NT\$ 8,469 thousand due to payables. Other payables increased by NT\$ 12,875 thousand and contract liabilities decreased by NT\$ 2,464 thousand, resulting in an increase of NT\$ 3,857 thousand and a net cash inflow from operating activities of NT\$ 413,553 thousand in the consolidated statement, an increase of NT\$ 63,809 thousand compared with the previous period; the capital expenditure outflow from investment activities was NT\$ 175,179 thousand. Other non-current assets increased by NT\$ 26,234 thousand compared with the previous period. The time deposit more than three months increased by NT\$ 104,917 thousand compared with the previous period. As a result, the cash flow outflow from investment activities in the consolidated statement was NT\$292,270 thousand, an increase of NT\$212,667 thousand compared with the previous period; the outflow in the current period increased by NT\$164,343 compared with the previous period; the fund-raising activities, mainly because of dividends paid in current period of NT\$ 184,723 thousand, increased by NT\$ 92,264 thousand. The outflow of non-control equity change increased by NT\$ 24,668 thousand compared with the previous period. As a result, the outflow of the current period was NT\$ 164,343 thousand, an increase of NT\$ 67,818 thousand compared with the previous period. For the overall cash flow, cash and equivalent cash in the current period decreased by NT\$23,198 thousand compared with previous transactions. At the end of the period, the self-owned funds were NT\$ 874,855 thousand, which were still sufficient. In addition, according to the financial analysis, the consolidated current liabilities ratio from 2018 to 2022 was 12.90%, 12.37%, 14.49% and 15.71% to 15.38%, all of which were below 20%. The financial structure is stable, and there is no shortage of liquidity.

### 7.3.2 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

2023 Estimated Cash and Cash Equivalents, Beginning of Year □ (A)	Estimated Net Cash Flow from Operating Activities (B)	Estimated Cash Outflow (Inflow) (C)	Cash Surplus (Deficit) (D)=(A)+(B)-(C)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
874,855	457,383	345,265	986,973	0	0
1. Analysis of cash flow variation for the next year:					
(1) Operating activities: The Company expects the operating performance in 2023 and the net cash inflow from operating activities will be NT\$457,383 thousand.					
(2) Investing activities: Expenditures on additional equipment purchase at NTD 168,251 thousand and reversal of other non-current assets at NTD 73,270 thousand are expected to total net expenditure on investing activities at NTD 94,981 thousand in the next year.					
(3) Financing activities: cash dividends and other expenses were expected to be NT\$248,677 thousand, and the reduce by NT\$7,090 thousand due to changes in non-controlling interests, the total net expenditure from financing activities was NT\$255,767 thousand.					
(4) Effect of exchange rate: It is estimated that the consolidated net amount in 2023 will increase by NT\$5,483 thousand.					
2. Response measures and liquidity analysis for cash flow deficit:					
According to the financial analysis, the consolidated current liabilities ratio of the Company was below 20% from 2018 to 2022, from 12.90%, 12.37%, 14.49% and 15.71% to 15.38%, showing a stable financial structure. The 2023 annual budget continues to support investment and financing activities with net cash inflows from operating activities., resulting in the effect on the cash balance at the beginning and end of the term. In 2022, the cash at the end of the term was NT\$874,855 thousand with cash adequacy of NT\$986,973. Therefore, there is no condition that requires remedial measures for insufficient cash and liquidity in the operating condition.					

### 7.4 Major Capital Expenditure Items

#### 7.4.1 Major Capital Expenditure Items and Source of Capital

Unit: NT\$ thousands

Project	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Capital	Actual or Expected Capital Expenditure	
				2021	2022
Procedure improvement; acquisition of machinery, equipment, and accessories	Proprietary capital	111.1~ 112.12	337,421	74,682	175,179

**7.4.2. Effect of major capital spending on financial position and business operation:**

1. Production equipment has been acquired to facilitate in-house production of previously outsourced items for better quality control, shorten production turnaround time, reduce costs, and increase production efficiency and yield for better customer satisfaction.

2. Additional plant premise and production line equipment are being acquired to accommodate customers' orders, which has the potential to grow revenue and increase profit.

Additional machinery, equipment, and accessories are being acquired as part of the procedure improvement and production automation plan, which has the potential to increase production efficiency, lower costs, and improve technological capacity.

3. New precision equipment and measuring instruments are being acquired to support mold development, which will improve the complexity and efficiency of product development efforts and enhance the Company's competitive advantage over time.

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

Unit: NT\$ thousands

Item	Remarks	Amount of Initial Investment	Policies	Reasons for Gain or Loss	Action Plan	Investment Plan for the Next 12 Months
Propitious International Inc.		347,044	Holding company - It invests in GSK VIETNAM CO., LTD. for the manufacturing, processing, and production of precision metal stamped parts, seats, and interior accessories for cars and motorcycles.	Holding company - It invests in GSK VIETNAM CO., LTD. for the manufacturing, processing, and production of precision metal stamped parts, seats, and interior accessories for cars and motorcycles. NTD117,283 thousands for 2022	Support product development efforts in the motorcycle market with the goal of increasing market share; develop car seats, saddles, paddings, and parts for local customers; and explore opportunities for stamped parts such as DISK in the Southeast Asian market for increased revenue and profit.	The subsidiary expects to invest NT\$91,133 thousands in improving bottlenecks and equipment associated with the production of car seats, saddles, and DISK, so that it has the capacity to supply to the automobile industry in Vietnam and meet the needs of Southeast Asian countries.

SUPERIORITY ENTERPRISE CORP.	391,965	Holding company - It invests in Suzhou Fine Blanking & Tool for the manufacturing, processing, and production of precision metal stamped parts for automobiles in Mainland China.	The subsidiary mainly produces metal stamped parts for the Mainland market; it underwent a re-organization in 2020 that significantly reduced personnel expenses, but due to poor sale of newly mass-produced products, the subsidiary reported a loss in 2022 totaling NTD 14,855 thousands.	<ol style="list-style-type: none"> <li>1. Shorten the validation timeline for automobile parts, so that they can be mass-produced more quickly to generate revenue and profit.</li> <li>2. Lease out idle plant premises and lease out or sell idle equipment to reduce fixed expenses.</li> </ol>	Suzhou Fine Blanking & Tool expects to incur NT\$4,089 thousands of capital expenditure for the creation of a new production line, in order to support the production of newly developed parts.
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## 7.6 Analysis of Risk Management

### Risk management organization and execution

Item	Key risks	Responsible risk manager (1st line)	Risk review and control mechanism (2nd line)	Risk decision and supervision (3rd line)
1	The overall strategy map and assessment and control of goals	Grade 1 manager	Operational review meeting	<p>* Highest response and decision-making authority: Board of directors</p> <p>* Risk monitoring and tracking unit: Audit Office</p>
2	Market risk (1) New customer development and competitive actions (2) Risk management in order-taking and the accounts receivable cycle (3) Customer credit risk assessment and management	Sales Department	Operational review meeting	
3	Production capacity risk Risk of production delay (for reasons such as equipment malfunction, labor shortage, natural disaster, water/power/resource disruption, supplier delay, etc.) disrupting customer production lines	Manufacturing Department Assisting departments: Technology Research Department Sales Department Administration Department	Operational review meeting	
4	New product development risk (1) Risk of delay in new product development (2) Safety risk, testing, and control for safety-related new products	Technology Research Department Quality Assurance Department	Development meeting Operational review meeting	
5	Information risk Assessment and control of risks associated with IT system errors	President's Office	Operational review meeting	
6	Handling of litigation and non-contentious cases Compliance with government policies and regulations	Administration Department	Operational review meeting Board of directors	
7	Assessment and control of risks and benefits associated with investments, mergers, and acquisitions	President's Office Administration Department	Operational review meeting Board of directors	
8	Assessment and control of financial risk, liquidity risk, risk associated with external party lending/endorsement/guarantee and trading of financial instruments, and budget attainment	Budget Committee Administration Department	Operational review meeting Board of directors	
9	Assessment and control of environmental, safety and health, and climate change risks	Safety Management Office Environmental Safety System Committee	Operational review meeting Safety and Health Committee	
10	Management of employee behavior	Managers of all levels and the Administration Department	Personnel Evaluation Committee	
11	Management of affairs relating to board of directors meeting and shareholder meeting	Administration Department	Board of directors	

## 7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures :

### 1. Impact on the Company's earnings

Item	2022 (NT\$ thousands)	As a percentage of revenue(%)	As a percentage of pre-tax profit(%)
Net interest income (expense)	13,804	0.44%	3.30%
Net gain (loss) on exchange	20,531	0.65%	4.91%

#### (1) Interest rate

The interest rate risk of the Company mainly comes from the borrowings with floating interest rate for supporting the short-term liabilities and long-term liabilities generated from operating activities and long-term capital expenditure. However, most of the short-term borrowings in 2022 and 2021 were of fixed interest rate, and the financing amount in recent years could only be used to issue immediate letters of credit, so there was no significant change in interest rates. the cash flow risk.

Future countermeasures: In order to reduce the interest rate risk, the Company mainly repays short-term borrowings from working capital income immediately. When short-term funds are available, the Company invests in highly liquid short-term bills and time deposits to protect the safety of principal and maintain liquidity. In addition, domestic and foreign interest rates are still maintained at low levels, it is expected that the interest rate fluctuations in the next year as shown in the table above will have little impact on the Company.

#### (2) Foreign exchange rates

The Company's exchange rate risk is mainly related to business activities (revenue or expense denominated in the currency different from the consolidated company's functional currency) and net investment in foreign operations. In Taiwan, more than 20% of the company's revenue is derived from foreign currencies such as USD and EUR; about 25% of the cost of raw materials (steel) is paid in USD, and the cost of large equipment is paid in USD, JPY, and EUR. The subsidiary in Mainland China will receive payment in NT\$; the subsidiary in Vietnam will receive payment in VND, and some imported raw materials and equipment will be paid in US dollars. Therefore, the foreign currency receivables and foreign currency payables have some identical positions, which would generate natural hedging, while the net investment in foreign institutions was not hedged.

Future countermeasures: The impact on the amount of exchange gains and

losses of the Company's subsidiaries in mainland China and Vietnam is minor, and the exchange rate between NT\$ and VND is constantly monitored to reduce the cost of purchase in US dollars. Apart from paying attention to exchange rate fluctuations, Taiwan Branch increases or decreases the amount of short-term borrowings in foreign currencies for imported steel products to use as a foreign currency hedging tool into the assessment process.

### **(3) Inflation**

The Company's sales market in Taiwan is scattered in the Asian, North American, European, and Taiwanese markets. Approximately 25% of the procurement cost is purchased overseas, and the domestic raw material and labor account for approximately 75%. According to the data from the Director-General of Budget, Accounting and Statistics, Executive Yuan, the 2022 economic growth rate is estimated at 2.45%, and the 2023 economic growth rate is estimated at 2.12%. The International Monetary Fund (IMF) World Outlook Spring Report estimates Taiwan's inflation rate in 2023 at 1.9%. The subsidiary in Mainland China mainly sells local auto parts. The National Bureau of Statistics of China announced the economic growth rate in 2022 at 3.0%. The Government Work Report of China in 2023 estimated the economic growth rate in 2023 by about 5.0%. The National Bureau of Statistics of China proposed in April that the average inflation rate in 2022 was 3%; the Vietnam subsidiary mainly sells local auto parts and component. The economic growth rate of Vietnam in 2022 was about 8.02% according to Vietnam's official announcement. The Vietnam government has set an economic growth rate of 6.5% in 2023 and an inflation rate of 4.5% in Vietnam; on January 31, 2023, according to the latest "World Economic Outlook" (WEO) report published by IMF, the global economy is expected to grow by 2.9% in 2023 and 3.1% in 2024.

The Company is mainly affected by the import and procurement of main materials, which is more affected by the labor cost and the local procurement of raw materials. The aforementioned situation has not yet occurred to the major events that affect the Company's operations and development.

Future countermeasures: In the future, the Company will pay attention to changes in inflation at any time, adjust the purchase and inventory of local raw materials, and cooperate with the implementation of improvement proposals to reduce costs and increase efficiency and effectiveness.

#### **7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions:**

1. The Company did not engage in any high-risk or highly leveraged investments or derivatives trading, and will carefully devise its policies and ensure adherence

should it decide to do so in the future.

2. The Company offers external party endorsement, guarantee, and lending only to subsidiaries in which it holds 50% direct or indirect ownership interest or more. “External Party Lending, Endorsement, and Guarantee Procedures” have been established to serve as guidance and to ensure that risks are managed in the Company’s best interest. A more detailed explanation is provided below:

(1) Loans to external parties:

The Company did not lend capital to any external parties in the last year and up until the publication date of annual report.

(2) Endorsements and guarantees:

The Company did not offer endorsement or guarantee to any external parties in the last year and up until the publication date of annual report.

3. Main causes of profit or loss incurred and future response measures: Not applicable.

### **7.6.3 Future Research & Development Projects and Corresponding Budget**

1. Please refer to pages 121 for details on "Products planned to be developed" under Operational Overview.
2. Expected R&D expenses: The Company expects to invest \$32,330 thousand in product R&D in 2023, or 0.94% of revenue.

### **7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales**

The Company encountered no changes in local or foreign policies/regulations that affected its financial or business performance in the last year and up until the publication date of the annual report.

The Company pays constant attention to key policies and laws at home and abroad for changes that may affect its financial or business performance. The Company encountered no changes in policies or laws in the last year and up until the publication date of the annual report that significantly affected its financial or business performance.

### **7.6.5 Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales**

The Company constantly gathers and analyzes information on automobile parts as well as technological changes that are relevant to its products, so that actions can be taken to mitigate the impact of technological change. Meanwhile, the Company invests proactively in new product development and adopts solutions such as TPS, TPM, production automation, etc. to secure revenue and profitability. There have been no changes in technology or industry practice in the last year and up until the publication date of the annual report that significantly affected the Company’s financial position or business performance. The Company has implemented a robust cybersecurity management system to enforce cybersecurity in all business and service activities, to avoid potential

impacts. For information on IT security risk management, please refer to Page 156~161, IT Security Management. The Company encountered no significant cybersecurity incidents in the last year and up until the publication date of the annual report.

#### **7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures**

The Company has always upheld professionalism and integrity as the ultimate guiding principles, and places great emphasis on corporate image and risk management. There has been no media coverage that adversely affected the Company's image to date.

#### **7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans**

The Company has been able to deliver strong business performance and profitability, and does not plan to engage in any business acquisitions or mergers.

#### **7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans**

In response to the demand for new development orders of automobile seats, the Company's Vietnam subsidiary built the Hanoi Plant 3 and purchased additional equipment in March 2022. It is expected to be completed in 2023 to increase the production capacity, and is expected to satisfy customer orders and improve customer satisfaction. The operating headquarters in Taiwan and the subsidiary in Mainland China are expected to continue to purchase additional automation equipment and replace the old ones for new ones in 2022. It is expected that the production efficiency will be improved. The capital expenditure for plant expansion and additional purchased equipment can still be paid from the Company's own working capital, so there is no material impact on the Company.

The Company will continue monitoring customers' needs, and explore the possibility of expanding production capacity and increasing the level of automation for cost reduction.

#### **7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration**

##### **1. Purchases:**

The Company's main raw materials are purchased indirectly from China Steel through a number of domestic manufacturers. For overseas purchases, two Japanese companies purchase materials. In addition, the subsidiaries in mainland China and Vietnam purchase some steel from local steel mills or agents. The Company maintains long-term and good cooperative relations with suppliers of major raw materials, and appropriately diversifies the sources of purchases to reduce the risk of shortage of major raw materials. The Company's purchase situation is stable, with only one supplier exceeding 10% in 2022. Since the top three suppliers accounted for about 37.49% of the total purchase amount, there should be no risk of excessive purchase concentration.

##### **2. Sales:**

In terms of sales concentration, three customers accounted for 31.25%, 15.63%, and 10.68% of the sales in 2022, respectively, and a total of 57.56%. The top three customers are mid-term and long-term advanced product development in the automobile and motorcycle supply chain. The Company maintains a good cooperation model and actively develops various new products. In the future, the Company will continue to explore other customers and there should be no risk of excessive concentration of sales.

**7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%**

There have been no significant transfers of shareholding by directors or major shareholders with more than 10% ownership up until the publication date of annual report, therefore the issue has yet to pose any impact or risk to the Company.

**7.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights**

There have been no changes of management up until the publication date of annual report, therefore the issue has yet to pose any impact or risk to the Company.

**7.6.12 Litigation or Non-litigation Matters**List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, supervisor, the president, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report:

None of the Company's directors, the President, person-in-charge, major shareholders with more than 10% ownership interest, or subsidiaries were involved in any major litigation, non-contentious dispute, or administrative litigation that would affect shareholders' equity or security price as of the publication date of annual report.

**7.6.13 Other Major Risks : None ◦**

**7.7 Other material issues : None ◦**

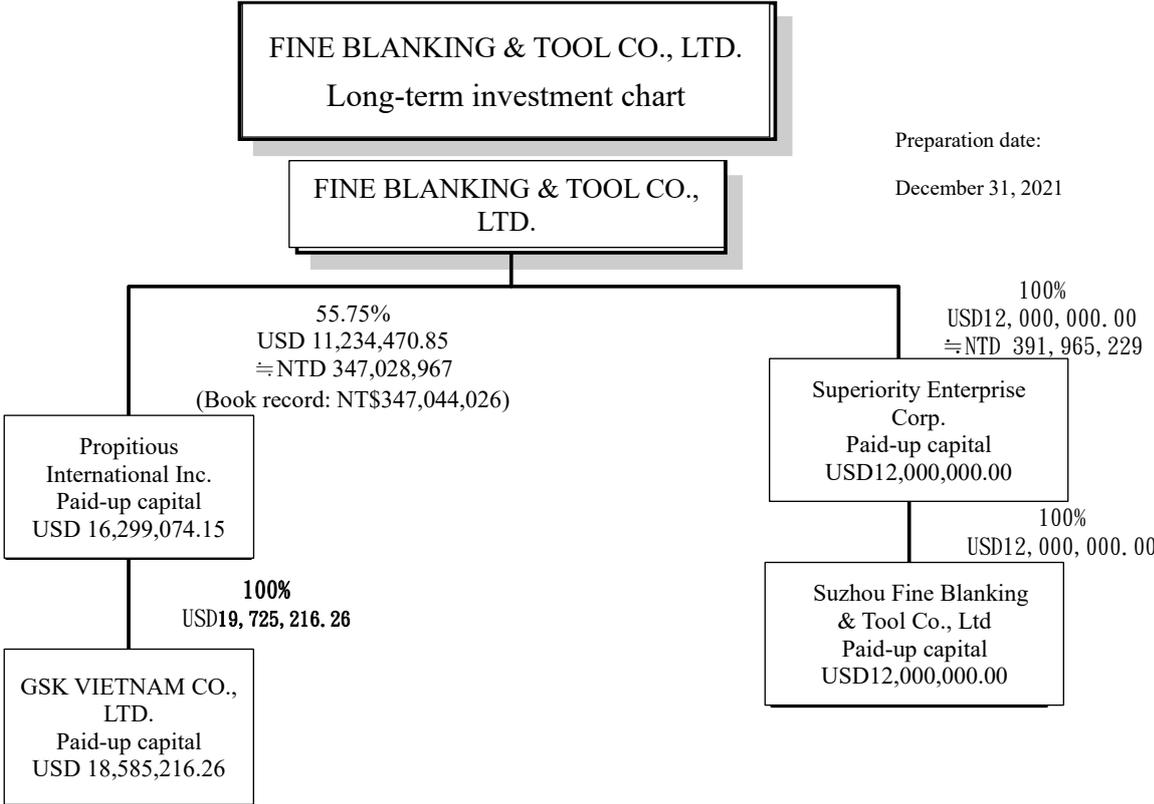
# VIII. Special Disclosure

## 8.1 Summary of Affiliated Companies

2022 consolidated business report

### 8.1.1 Overview of affiliated enterprises

1. Affiliated enterprises chart:



- 2. Companies deemed in control and controlled: None.
- 3. Subordinate entities with personnel, financial, or business decisions directly or indirectly controlled by the Company: None.

### 8.1.2. Profile of affiliated enterprises

Name of company	Date of establishment	Address	Paid-in capital	Main business activities or products
Propitious International Inc.	06/07/2006	P.O BOX 933,2nd Floor, Abbott Building, Road Town, Tortola, British Virgin Islands.	USD16,299,074.15 dollars	Investment
GSK VIETNAM CO., LTD.	12/20/2004	Lot 4A - Road 5 , Song May Industrial Zone ,TrangBom District , Dong Nai Province, Vietnam.	USD 18,585,216.26 dollars	1. Manufacturing, processing, and production of various products and precision metal stamped parts for cars, motorcycles, and special vehicles. 2. Production of car seat padding, saddle padding, motorcycle covers, air filters, rubber and plastic products for automobiles, motorcycle lubricant, automobile brake wires, speedometer control wires, carburetor throttle and throttle control wires, steering wheels, seat belts, and sun visors.
SUPERIORITY ENTERPRISE CORP	05/16/2006	Sea Meadow House, Blackburne Highway,(P.O. Box 116) Road Town, Tortola, British Virgin Islands	USD1,200 Ten thousand dollars	Investment and import/export
Suzhou Fine Blanking & Tool	08/04/2006	Address: No.46,Hong Xi Road, SND., Suzhou CHINA	USD1,200 Ten thousand dollars	Production and sale of various products and precision metal stamped parts for cars, motorcycles, and special vehicles, and other transportation equipment.

### 8.1.3.Common shareholders in controlling and controlled companies: None.

### 8.1.4.Businesses covered by all affiliated enterprises:

- 1.The Company and its affiliated enterprises are primarily involved in the manufacturing, processing, trading, import, and export of supplies, precision metal stamped parts, and seats for cars, motorcycles, and special vehicles.
2. Manufacturing, trading, import, and export of equipment, molds, and fixtures relating to the above products.

### 8.1.5. Directors, supervisors, and presidents of affiliated enterprises

Name	Position (Note1)	Name /Representative	Shareholding (Note2)( Note3)	
			Percentage of shareholding /capital contribution	Amount of shareholding/capital contribution
SUPERIORITY ENTERPRISE CORP (* A 100%-owned subsidiary of the Company; all directors listed on the right are assigned by the Company)	Executive Director	Chung-Ming Wu	100%	48,000 shares / USD12,000,000
	Directors	Chin-Tsu Hsieh		
	Directors	Mei-Niang Liu		
	Total	3 people in total	100%	48,000 shares / USD12,000,000
Suzhou Fine Blanking & Tool (* A 100%-owned subsidiary held indirectly through SUPERIORITY ; ENTERPRISECORP all directors and supervisors listed on the right are assigned by the Company)	Legal representative of the chairman	Chung-Ming Wu	100%	USD12,000,000
	Directors	Chin-Tsu Hsieh		
	Directors	Ta-Yue Lin		
	Directors	Ming-Wei Yang		
	Supervisors	Chiung-Shang Wu		
	Total	5 people in total	100%	USD12,000,000
PROPTIOUS INTERNATIONAL INC.	Executive Director	FINE BLANKING & TOOL CO., LTD Representative: Chung-Ming Wu	55.75%	22,717 股/ USD9,086,733.84 (Capital contributed by the Company amounted to USD11,234,470.85)
	Directors	GREAT RIVER INDUSTRIAL LIMITED Representative: Shen Teng Yang	2.48%	1,011 shares / USD404,684.63
	Directors	GSK INVESTMENT DEVELOPMENT CORP. Representative: Yen-Hsing Wu	33.80%	13,772 shares / USD5,508,619.47
	Directors	GSK Autotech & Frurniture INC Representative: Hung-Wen Cheng	7.97%	3,248 shares / USD1,299,036.21
	Total	4 people in total	100%	40,748 shares / USD16,299,074.15
GSK VIETNAM CO., LTD. (※PROPTIOUS A 100%-owned subsidiary held indirectly through INTERNATIONAL INC.; all directors and supervisors listed on the right are assigned by PROPTIOUS INTERNATIONAL INC.)	Chairman,	Shen-Teng Yang	100%	USD18,585,216.26
	Directors	Chung-Ming Wu		
	Director and General manager,	Ming-Wei Yang		
	Directors	Chung-Wuu LI		
	Directors	Hung-Wen Cheng		
	Supervisors	Mei-Niang Liu		
Total	6 people in total	100%	USD18,585,216.26	

Note 1: If the affiliated enterprise is a foreign company, the equivalent position is disclosed.

Note 2: If the investee is a company limited by shares, the amount and percentage of shareholding is disclosed; for all other entities, the amount and percentage of capital contribution is disclosed.

### 8.1.6. Operational overview of affiliated enterprises

#### 1. Financial position and business performance of affiliated enterprises:

Unit: NTD thousand except for earnings per share, which is in NTD

Name of Subsidiary	Stock Capital Collected (Note1)	Total Assets (Note2)	Total Liability (Note2)	Total Equity	Operating Revenue (Note2)	Net Operating Income (Note2)	continuing operating income (after tax) (Note2)	EPS/NT\$ (after tax) (Note2)
SUPERIORITY ENTERPRISE CORP	391,965	291,361	0	291,361	0	0	(13,366)	(278)
Suzhou Fine Blanking & Tool	391,965	342,720	51,456	291,264	165,457	(17,799)	(13,378)	Note3
PROFITIOUS INTERNATIONAL INC.	496,138	746,726	9,299	737,427	0	(12,275)	210,607	5,169
GSK VIETNAM CO., LTD.	568,588	900,808	178,118	722,690	1,504,049	252,468	210,944	Note3

Note1: For foreign affiliated enterprises, the amount of capital is converted into NTD using the historical rate.

Note2: For foreign affiliated enterprises, the amounts of assets and liabilities are converted into NTD using the exchange rate as at the reporting date:

USD 1 = NTD 30.715, CNY 1 = NTD 4.4102, VND 1 = NTD 0.00131261 (assets) and NTD 0.00129163 (liabilities); Revenue, operating profit, and current net income are converted into NTD using the average exchange rate for the year: USD 1 = NTD 29.849, CNY 1 = NTD 4.4369, VND 1 = NTD 0.00127484.

Note3: Not applicable as no shares have been issued.

### **8.1.7 Consolidated financial statements of affiliated enterprises:**

#### **REPRESENTATION LETTER**

The entities that are required to be included in the combined financial statements of Fine Blanking & Tool Co., Ltd. as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Fine Blanking & Tool Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,  
FINE BLANKING & TOOL CO., LTD.  
By  
Wu, Chung-Yi  
Chairman  
March 6, 2023

**8.1.8 Affiliation report : None ◦**

**8.2 Private placement of securities in the last year and up until the publication date of the annual report : None ◦**

**8.3 Holding or disposal of the Company's shares by subsidiaries in the last year and up until the publication date of the annual report :**

**None ◦**

**8.4 Other supplementary information: The Company has no TPEX listing commitments that remain unfulfilled.**

**IX. Any occurrence of events defined in Article 36, Paragraph 3, Subparagraph 2 of the “Securities and Exchange Act” in the last year and up until the publication date of the annual report that significantly impacted shareholders’ equity or security prices:**

**The Company did not encounter any occurrence of events defined in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act in the previous year up until the publication date of annual report that significantly impacted shareholders’ equity or security prices.**

## Ten. Other disclosures

### 10.1 Method and basis of evaluation for asset and liability reserve accounts

#### (I) Evaluation basis and basis for bad debt allowance:

The allowance for loss of ECLs is recognized in the impairment assessment of accounts receivable, and whether there is a significant increase in credit risk on the balance sheet date every quarter, in order to apply 12-month ECLs or lifetime ECLs.

From January 2018 to the 12-month period of the previous year, the aging and transfer status of accounts receivable in the 12-month period were counted, and the historical average credit loss rate plus the standard deviation were calculated as the lifetime ECL rate. The provision matrix method is used to calculate and recognize the allowance for the existing ECL.

As of December 31, 2022, the Company has estimated the ECLs of all accounts receivable using the simplified method described above, that is, using the ECLs throughout the duration for measurement.

#### (II) Evaluation basis and basis for allowance for inventory valuation loss:

##### 1. Provision policy for inventory obsolescence losses

The Company's inventory adopts the perpetual inventory system, which is recorded on the basis of acquisition cost. The monthly weighted average method is adopted for carrying forward the cost. The allowance for inventory obsolescence loss at the end of each quarter is made based on the aging obsolescence of the inventory. Finished products: I obsolete and non-performing goods for more than 12 years are provided 100% of the same value, and 30% from June to December; raw materials: steel plates and materials used for more than 1 year, 55% of the same value; other raw materials, inventory obsolescence, Non-performing products are recognized at 100% of the value. The aforementioned obsolescence is based on the age of storage for more than one year and the finished product is not sold or the raw materials are no longer put into production because the machine model is not produced and not used.

##### 2. Provision policy for allowance for inventory devaluation losses

Except for the allowance for inventory obsolescence loss referred to above, inventories are valued at the lower of cost and net realizable value. The comparison of cost and net realizable value is based on individual items. The net realizable value is the estimate under normal circumstances. The balance of the selling price after deducting the cost of completion and selling expenses.

3. The allowance for inventory obsolescence loss and allowance for inventory devaluation loss are re-evaluated every quarter, and the difference from the previous period is added to the current year's operating cost.

**(III) Evaluation basis and basis for the allowance for financial assets:**

The Company's financial assets are classified into: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss.

Only when the Company changes its business model for managing financial assets can it reclassify all affected financial assets.

For the relevant accounting policies, please refer to Note 4. Significant accounting policies of the consolidated financial statements for the years ended December 31, 2022. 7. Financial instruments (1) Description of financial assets. The Company's current financial assets are measured at amortized cost, including cash, cash equivalents, accounts receivable in origin, and other current assets. Based on the aforementioned methods and assumptions, the Company's financial reports disclose information about financial instruments, except for the provision of allowance for bad debt as referred to in (1), other financial assets do not have provision for assessed loss.

**10.2 Key performance Indicator, KPI**

The Company is a manufacturer of stamped parts for the automobile supply chain; below is a list of KPIs that are relevant to the Company:

Aspect	KPI name	2022 target	2022 performance	KPI attainment rate for 2022
Financial	Consolidated revenue	27.23 billion	31.41 billion	115.35%
	Consolidated benefit of improvement proposals	75,000 thousand	103,535 thousand	138.05%
Customer service	On-time delivery rate	100%	98.40%	98.40%
	Bad return rate	1,000PPM	279PPM	100%
Internal process	On-time purchase delivery rate	100%	99.86%	99.86%
	Production defect rate	7,000PPM	5,159PPM	100%
Learning and growth	Consolidated training hours	9,736 hours	18,060.5 hours	100%
	Integration of BI、ERP、HR, etc.	Digitalization rate□ 100%	100%	100%
	Knowledge documents	128 pieces	136 pieces	100%



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

2022 Annual Report

Chairman: Wu, Chung-Yi