

Stock Code:4535



FINE BLANKING & TOOL CO., LTD.

2023 Annual Report

Notice to readers

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

Market Observation Post System

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

FBT Annual Report is available at: [http://www.fineblanking.com. tw/](http://www.fineblanking.com.tw/)

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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 Co., Ltd.



GSK VIETNAM CO., LTD.



GSK VIETNAM CO., LTD. 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 摩托車類部品



Pioneer in stamping technologies

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Address:

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FULFILL & CO., CPAS

Auditors: Yen Kui-Yu, Chi Chia-Yu

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Overseas Securities Exchange: None °

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

FINE BLANKING & TOOL CO., LTD.

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I.Letter to Shareholders

Dear Shareholders,

In the 2023 fiscal year, due to the impact of inflation and high interest rates on the global economy, coupled with continued sluggishness in end-market demand, orders decreased compared to the 2022 fiscal year. As a result, the consolidated net revenue for the 2023 fiscal year declined by 8.95% compared to the same period in the previous year, and the overall consolidated net profit after tax declined by 10.90%.

In the 2022 fiscal year, the gradual lifting of pandemic-related restrictions led to a gradual recovery in orders from existing customers and increased production volume from new developments, resulting in significant revenue growth compared to the 2021 fiscal year. However, in the 2023 fiscal year, revenue declined due to inflation, high interest rates, and global geopolitical risks. In 2024, 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 2024, 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 2023 business results, 2024 business plan, future growth strategies, and susceptibility to external influence:

1.1 2023 business report

1.1.1 Results of the 2023 business plan

The consolidated net revenue for the group in the fiscal 2023 was NT\$2,860,040 thousand, a decline of 8.95% compared to NT\$3,141,305 thousand in the fiscal 2022. The pre-tax net profit for the fiscal 2023 was NT\$372,870 thousand, a decline of 10.84% compared to NT\$418,195 thousand in the fiscal 2022. The after-tax net profit for the fiscal 2023 was NT\$273,083 thousand, a decline of 10.90% compared to NT\$306,478 thousand in the fiscal 2022. Among these, the net profit attributable to the owners of the parent company for the fiscal 2023 was NT\$181,424 thousand, a decline of 14.98% compared to NT\$213,388 thousand in the fiscal 2022.

1.1.2. Budget implementation

The 2023 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 | 2023 Estimated Consolidated Financial Statements | 2023 Consolidated Financial Statements | Achievement rate% |
|--|--|---|----------------------|
| OPERATING REVENUE | 3,457,110 | 2,860,040 | 82.73% |
| OPERATING COSTS | (2,773,289) | (2,293,463) | 82.70% |
| GROSS PROFIT FROM OPERATIONS | 683,821 | 566,577 | 82.85% |
| Total operating expenses | (229,213) | (233,156) | 101.72% |
| NET OPERATING INCOME | 454,608 | 333,421 | 73.34% |
| NON-OPERATING INCOME AND EXPENSES | 22,184 | 39,449 | 177.83% |
| PROFIT BEFORE INCOME TAX | 476,792 | 372,870 | 78.20% |
| INCOME TAX EXPENSE | (131,244) | (99,787) | 76.03% |
| PROFIT FOR THE PERIOD | 345,548 | 273,083 | 79.03% |
| 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 | 0 | 0 | |
| Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 0 | 0 | |
| Gains (losses) on remeasurements of defined benefit (net of Income tax) | 0 | 0 | |
| Components of other comprehensive income that will be reclassified to profit or loss | | | |
| Exchange differences on translation | (28,247) | (23,248) | 82% |
| OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAX | (28,247) | (23,248) | 82% |
| TOTAL COMPREHENSIVE INCOME | 317,301 | 249,835 | 78.74% |
| PROFIT ATTRIBUTABLE TO | | | |
| Owners of parent | 217,985 | 181,424 | 83.23% |
| Non-controlling interests | 127,563 | 91,659 | 71.85% |
| | 345,548 | 273,083 | 79.03% |
| COMPREHENSIVE INCOME ATTRIBUTABLE TO | | | |
| Owners of parent | 196,828 | 166,412 | 84.55% |
| Non-controlling interests | 120,473 | 83,423 | 69.25% |
| | 317,301 | 249,835 | 78.74% |
| BASIC EARNINGS PER SHARE (NTD) | 2.89 | 2.40 | 83.23% |

1.1.3. Financial income and expenditure

1. Comparison of consolidated financial performance

Unit: In Thousands of New Taiwan Dollars; %

| | 2022 | 2023 | Percent Change (%) |
|---|-------------|-------------|-----------------------|
| Net sales | 3,141,305 | 2,860,040 | -8.95% |
| Cost of Sales | (2,532,909) | (2,293,463) | -9.45% |
| Gross profit | 608,396 | 566,577 | -6.87% |
| Operating Expenses | (231,704) | (233,156) | 0.63% |
| Operating Income | 376,692 | 333,421 | -11.49% |
| Non-operating income and expenses | 41,503 | 39,449 | -4.95% |
| Income Before Tax | 418,195 | 372,870 | -10.84% |
| Tax Benefit (Expense) | (111,717) | (99,787) | -10.68% |
| Net income | 306,478 | 273,083 | -10.90% |
| 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 | 344 | 0 | |
| Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | (69) | 0 | |
| Net Components of other comprehensive income that will not be reclassified to profit or loss | 275 | 0 | |
| Components of other comprehensive income that will be reclassified to profit or loss: | | | |
| Exchange differences on translation | 53,627 | (23,248) | 143.35% |
| (income after tax) | 53,902 | (23,248) | 143.13% |
| Total comprehensive income | 360,380 | 249,835 | -30.67% |

Profit (loss), attributable to:

| | | | |
|--------------------------------------|---------|---------|---------|
| Profit (loss), attributable to owner | 213,388 | 181,424 | -14.98% |
| Profit (loss), attributable to non-c | 93,090 | 91,659 | -1.54% |
| | 306,478 | 273,083 | -10.90% |

Comprehensive income attributable to:

| | | | |
|---------------------------------------|---------|---------|---------|
| Comprehensive income, attributable to | 245,698 | 166,412 | -32.27% |
| Comprehensive income, attributable to | 114,682 | 83,423 | -27.26% |
| | 360,380 | 249,835 | -30.67% |

| | | | |
|--------------------|------|------|---------|
| earnings per share | 2.82 | 2.40 | -14.98% |
|--------------------|------|------|---------|

2. Profitability analysis (Consolidated Financial Statements)

| Items \ Year | 2022 (A) | 2023 (B) | Increase or decrease rate/amount (B-A) |
|---|-------------|-------------|---|
| Return on Total Assets (%) | 9.56 | 8.31 | (1.25) |
| Return on Equity (%) | 11.44 | 9.84 | (1.60) |
| Pre-tax Income to Paid-in Capital Ratio (%) | 55.27 | 49.28 | (5.99) |
| Net Margin (%) | 9.76 | 9.54 | (0.22) |
| BASIC EARNINGS PER SHARE (NTD) (Note) | 2.82 | 2.40 | (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 — K-shaped latches, latches, connecting plates, hand brake assemblies. Interior System — interior compartment assemblies, right/left outer exterior compartment assemblies, right outer exterior, compartment body assemblies, handle. Drive train — Bearing spacers, transmission rod assemblies, spot welding bolt. | Automotive Application |
| Safety System — Brake discs, smart discs, lace forged discs, front sensing wheels, rear sensing wheels, floating discs. Engine System — chain wheels. Drive train — shock absorber assemblies, drive chain wheels, chain wheels. | Motorcycle Application |
| Tools and equipment — Gasket. Golf cart — Secondary clutch assemblies, paddle assemblies (TPS), Frictional Shifted Seat-Pad, Main clutch assemblies. All Terrain Vehicle (ATV) — A-arm assemblies, 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 2024 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) | 36,704 |
| Car motorcycle seats, etc. | Thousand units | 2,619 |

The above projections were made based on sales performance for Q4 2023 after taking into consideration the effect of new products that are expected to commence mass production in 2024.

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 2024 were validated in March to May 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 83% 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 eighth (2022) corporate social responsibility report in July 2022, 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 “Bronze” in the Corporate Sustainability Report Awards - Conventional Manufacturing during the 16th TCSA. This accomplishment serves as proof of the Company’s commitment to social responsibility and integrity when engaging in business activities.

During the 2020 to 2021, the overall business environment was influenced by the global COVID-19 pandemic. In the 2023, the global economy was impacted by factors such as inflation and high interest rates. Sales volumes in the global automotive and machinery supply chain fluctuated in line with global economic trends. Despite these challenges, our company remains committed to strengthening our core competencies. We will continue to appropriately plan both short and long-term strategies for technical and business development. We will persist in leveraging the collective resources of the group to deepen our presence in the OEM market for automotive and machinery components.

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. |
| 2019 | The Hanoi Plant of GSK Vietnam Co., Ltd. passed certification for the revised version of IATF 16949 and ISO 9001:2015 in December. |
| | 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. |
| | The Company's 2022 greenhouse gas survey passed validation for ISO 14064-1:2018 in April. |
| | In May 2022, the climate-related financial disclosure (TCFD) report was verified as Level-5: excellent level. |

| Year | Description |
|------|--|
| | The Company published its eighth 2022 CSR report in July, which was validated to conform with AA1000 v3 Assurance Standard Type 1 and GRI Sustainability Reporting Standards core requirements |
| | Won “Bronze” in the Corporate Sustainability Report Awards - Conventional Manufacturing during the 16th TCSCA in November. |
| | Won the 2022 BSI Sustainability Resilience Pilot Award in November |
| | Received the 2023 Occupational Safety and Health Administration Award of Excellence in November. |
| | Received the 2023 1111 Manpower Bank Happiness Enterprise Silver Award in November. |
| | Participated in the 36rd Taiwan Continuous Improvement Award - Self-improvement Division, and won the Gold Tower Award in December. |
| | Received the 2023 Occupational Safety and Health Administration "Core Enterprise Award" for the FBT Safety Family in December. |

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.

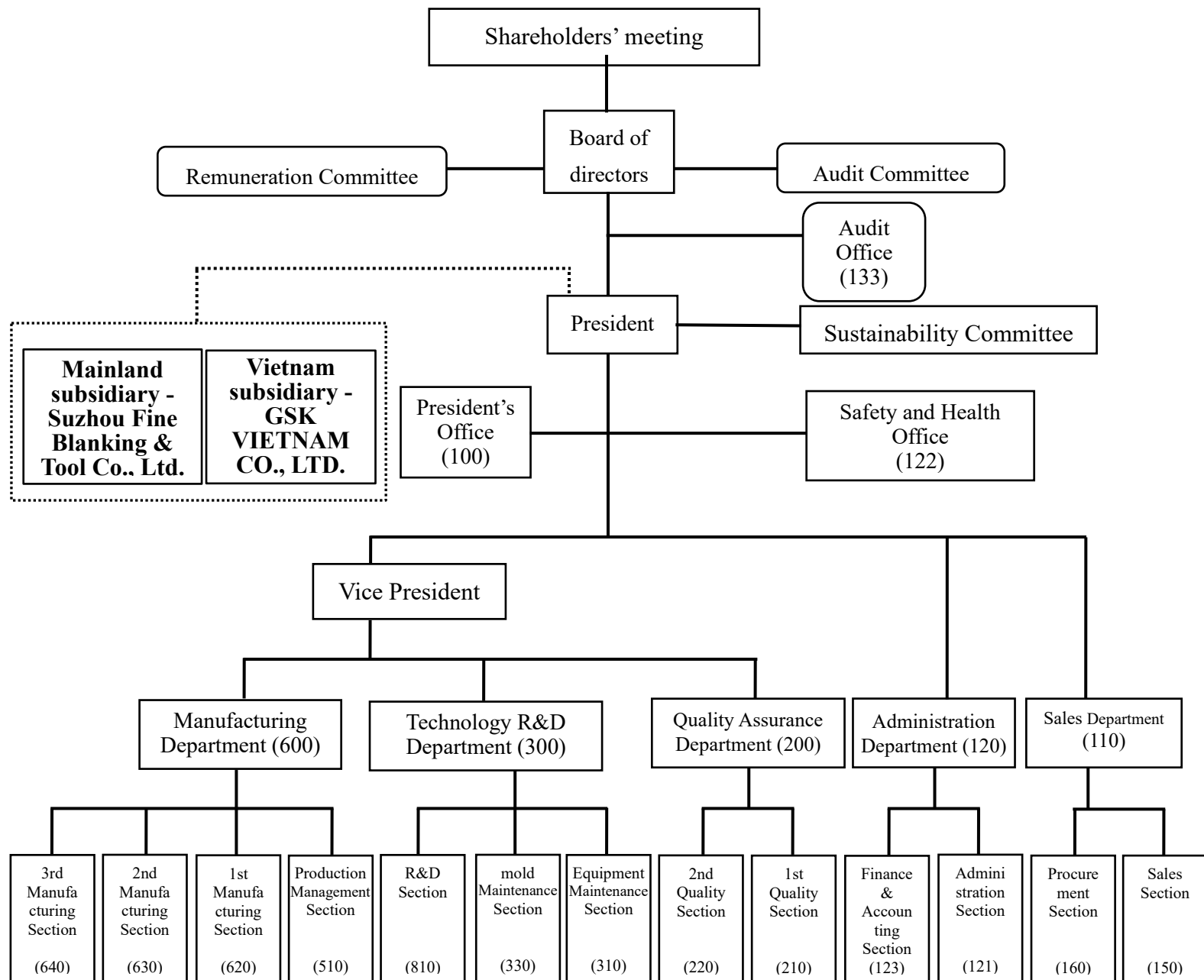
2.2.3. Major transfers or changes of shareholding by directors, supervisors, or shareholders with more than 10% ownership interest: None.

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

| Main department | Responsibilities |
|---------------------------|--|
| Technology R&D Department | <p>A. Responsible for mold design, manufacturing, and maintenance.</p> <p>B. Construction outsourcing, work supervision, and control.</p> <p>C. Tracking and auditing of maintenance quality and construction progress.</p> <p>D. Execution of factory power management, equipment maintenance, and machinery maintenance.</p> <p>E. Implementation of energy conservation and efficiency enhancement tasks according to the energy management system improvement program.</p> <p>F. Supply management, equipment troubleshooting and maintenance, equipment inspection, and trial-run and inspection of new equipment.</p> <p>G. New plant construction, procedure changes, and power allocation planning.</p> <p>H. Product packaging design, establishment of standard work hours, and establishment of engineering criteria for new products.</p> <p>I. Understanding of future product technologies and market trends.</p> <p>J. Research, design, and development of high-end product technologies, and understanding of integrated product technologies.</p> <p>K. Support for new product and software and hardware-developing technologies; business management in new product development.</p> <p>L. Technical guidance and product improvement for upstream vendors.</p> <p>M. Assistance for overseas subsidiaries with product R&D in early stages and ensuring customers' trust in the Company's products for alignment with overall plans.</p> <p>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.</p> |
| Manufacturing Department | <p>A. Ensuring that finished goods and raw materials are properly stored according to customers' requirements.</p> <p>B. Overseeing of raw materials, product packaging, property management, and progress of outsourced processing.</p> <p>C. Overseeing of raw material availability and shipping at factory sites.</p> <p>D. Responsible for detailed planning of product manufacturing, and executions.and after-sale maintenance.</p> |

3.2 Directors and Management Team

3.2.1 Director Information(I)

March 22,2024

| 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) | 05/30 2023 | 3 | 06/27/ 2008 | 6,104,668 | 8.07% | 6,828,668 | 9.09% | 0 | 0 | 0 | 0 | (N/A) | None | None | None | None |
| | R.O.C | Chiuan-Dau INVESTMENT Co., Ltd. | Male | 05/30 2023 | 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 |
| | | Representative: Chung-Yi Wu | 61~70 years old | | | | | | | | | | | | | | | | |
| Director | R.O.C | IDEA INVESTMENT Co., Ltd. | (N/A) | 05/30 2023 | 3 | 05/30 2023 | 55,000 | 0.07% | 88,000 | 0.12% | 0 | 0 | 0 | 0 | (N/A) | None | None | None | None |
| | R.O.C | IDEA INVESTMENT Co., Ltd. | Male | 05/30 2023 | 3 | 05/30 2023 | 58,379 | 0.08% | 58,379 | 0.08% | 0 | 0 | 0 | 0 | (Note : B) | (Note : B) | None | None | None |
| | | Representative: Chung-Ming Wu (Note 3) | 51~60 years old | | | | | | | | | | | | | | | | |

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 : IDEA INVESTMENT Co., Ltd. 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) | 5/30/2023 | 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 | 5/30/2023 | 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) | 5/30/2023 | 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 | 5/30/2023 | 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 | % | Share s | % | | | Title | Name | Relati on |
| Director | R.O.C | Fu Yen Investm ent 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 Investm ent Co., Ltd. Representative: Jui- Chang Lin | Male 71~80 years old | 5/30/ 2023 | 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 | 5/30/ 2023 | 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 INVESTMENT Co.,Ltd | (N/A) | 5/30/2023 | 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 INVESTMENT Co.,Ltd. Representative:Yen-Hsing Wu | Male 41~50 years old | 5/30/2023 | 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 |
| Director | R.O.C | Chiuan-Dau INVESTMENT Co., Ltd | (N/A) | (N/A) | (N/A) | 03/05/1988 | (N/A) (Note3: Chiuan-Dau INVESTMENT Co., Ltd. Representative: Chung-Ming Wu, was dismissed on May 30, 2023. | | | | | | | | | | | | |
| | R.O.C | Chiuan-Dau INVESTMENT Co., Ltd. Representative: Chung-Ming Wu | Male 51~60 years old | (N/A) | (N/A) | 06/23/2014 | | | | | | | | | | | | | |

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 | Chia-Chi Kuo | Female | | 05/30/2023 | 3 | 06/23/2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (Note : H) | (Note : H) | None | None | None |
| | | | 51~60 years old | | | | | | | | | | | | | | | | | |
| Independent Director | R.O.C | Yi-Min Lin | Male | | 05/30/2023 | 3 | 06/18/2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Master of Accounting, National Changhua University of Education FULL-GO & CO., CPAs | ●FULL-GO & CO., CPAs , ●Independent Director, FINE BLANKING & TOOL CO., LTD. ●Supervisors, FLAVOR FULL FOODS INC. Supervisors | None | None | None |
| | | | 51~60 years old | | | | | | | | | | | | | | | | | |
| Independent Director | R.O.C | Cheng-Shong Hong | Male | | 05/30/2023 | 3 | 06/18/2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Ph.D., Electrical Engineering, National Cheng Kung University National Kaohsiung Normal University Professor, Department of Electronic Engineering , | ●National Kaohsiung Normal University Professor, Department of Electronic Engineering , ●Independent Director, FINE BLANKING & TOOL CO., LTD. | 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 5/30/2023, hence no supervisor information is available.
3. On May 30, 112, Chiuan-Dau INVESTMENT Co., Ltd. Representative: Chung-Ming Wu., was dismissed as a director, and IDEA INVESTMENT Co., Ltd. Chung-Ming Wu., was appointed as a new director.

Major shareholders of the institutional shareholders

March 22,2024

| 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%) |
| IDEA INVESTMENT Co., Ltd. | Chung-Ming Wu ((100%) |

Major shareholders of the Company's major institutional shareholders

March 22,2024

| 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(36%), SHU-HAO WU(14%) |

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 Statu | Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Directo |
|---|--|---|---|---|
| Chairman, Chiu-an-Dau INVESTMENT Co., Ltd. Representative: Chung-Yi Wu | <p>● 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 15-20)</p> <p>● None of the directors had any of the conditions stated in Article 30 of The Company Act (Note 1)</p> | | (N/A) | None |
| Director, Fu Yen Investment Co., Ltd. Representative: Jui-Chang Lin | | | | None |
| IDEA INVESTMENT Co., Ltd. Representative: Chung-Ming Wu | | | | None |
| Director, Chiu-an-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> <p>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</p> <p>2. Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any FBT shares</p> <p>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"</p> | 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%. Two out of three independent directors have served for nearly four years, while one has served for nearly nine years. However, considering her professional background as a certified accountant and her experience serving as an independent director for multiple listed companies, the company requires her insight to guide its future direction. The board believes that she continues to maintain the necessary independence in judgment and execution of her duties, without establishing any relationships with the management (or others) that could compromise her ability to make impartial judgments based on the best interests of the company or her ability to carry out her duties without bias. She continues to be re-elected as an independent director of the company. Relevant implementation details can be found in Table on page 27.

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 independent directors all meet the regulations set forth by the Financial Supervisory Commission (FSC) regarding independent directors. Their independence is as follows:

| Name | Whether oneself, spouse, or relatives within the second degree of kinship serve as directors, supervisors, or employees of the company or its affiliated enterprises. | The number and proportion of company shares held by oneself, spouse, relatives within the second degree of kinship, or held under another person's name. | Whether one serves as a director, supervisor, or employee of companies with specific relationships to the company. | The compensation received for providing business, legal, financial, accounting, or other services to the company or its affiliated enterprises over the past two years. |
|--------------|---|--|--|---|
| Chia-Chi Kuo | None | In the absence of such circumstances. | None | In the absence of such circumstances. |
| Yi-Min Lin | None | In the absence of such circumstances. | None | In the absence of such circumstances. |

| | | | | |
|------------------|------|--------------------------------------|------|---------------------------------------|
| Cheng-Shong Hong | None | n the absence of such circumstances. | None | In the absence of such circumstances. |
|------------------|------|--------------------------------------|------|---------------------------------------|

The board of directors implements an annual performance evaluation system, which includes self-assessments by the board, individual board members, and assessments within functional committees. The evaluation criteria for the board's performance include : (1)Degree of involvement in company operations,(2)Quality of board decisions,(3)Composition and structure of the board,(4)Selection and ongoing education of directors,(5)Internal controls,(6)Awareness and participation in the company's ESG initiatives. ; The self-assessment for board members covers : (1)Understanding of company goals and missions,(2)Awareness of director responsibilities,(3)Degree of involvement in company operations,(4)Internal relationship management and communication,(5)Professionalism and ongoing education of directors,(6)Internal controls.,The results of these assessments are disclosed in the company's annual report and on its official website after being submitted to the board of directors.

Additionally, to ensure that the investing public fully understands the remaining operations of the board of directors, relevant information has been disclosed in the company's annual report, official website, or on public information platforms:(1)Attendance records of board members at meetings.,(2)Agendas and resolutions of board meetings.,(3)Continuous education status of board members.,(4)Changes in shareholding of board members (including shareholding ratios, share transfers, and establishment of pledges, etc.). (Please refer to the public information platform for details).

Implementation of the Diversity Policy for Board Members

| Diversity criteria Director Name | Basic composition | | | | | | | | Operational management | Leaders hip & decision- making | Industry knowledge | Financial accounting | Marketing | Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship | | |
|---|-------------------|---|------------------|---------------|---------------|---------------|--|--------------|---------------------------|---|-----------------------|-------------------------|-----------|--|-------------------------------------|--|
| | Gender | Concurre nt employe nt at the Company | Age distribution | | | | ndependent Director Term/years of service | | | | | | | | | |
| | | | 41 - 50 | 51 - 60 | 61 - 70 | 71 - 80 | 4-6 Years | 7-9 Years | | | | | | Title | Name | Relation |
| Chairman Chung-Yi Wu | Male | | | | V | | | | V | V | V | | V | Director Director | Yu-Mei Wu Yen- Hsing Wu | brother and sister 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 |
| Independe nt Director Chia-Chi Kuo | Female | | | V | | | | V | V | V | | V | | | | |
| Independe nt Director Yi-Min Lin | Male | | | V | | | V | | V | V | | V | | | | |
| Independe nt Director Cheng-Shong Hong | Male | | | | V | | V | | | | | V | | | | |

3.2.2 Management Team

March 22, 2024

| 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"> •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. | 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"> •Director, SUPERIORITY ENTERPRISE CORP •Director, Suzhou Fine Blanking & Tool Co., Ltd. | 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"> Supervisors, GSK VIETNAM CO., LTD. Director, SUPERIORITY ENTERPRISE CORP | 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 College of Continuing Education Affiliated to Taichung University of Science and Technology, The chief of finance and accounting department, and the head of finance and accounting section in our 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 | The company | | Companies in the consolidated financial | | The company | Companies in the consolidated financial | |
| | | | | | | | | | | | | | | | | Cash | Stock | Cash | Stock | | | |
| Chairman | Chiuan-Dau INVESTMENT Co., Ltd.Representative: Chung -Yi Wu | 3,264 | 3,264 | 0 | 0 | 2,996 | 2,996 | 42 | 42 | 3.47% | 3.47% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3.47% | 3.47% | None |
| Director | Fu Yen Investment Co., Ltd. Representative: Jui-Chang Lin | 0 | 0 | 0 | 0 | 1,000 | 1,000 | 30 | 30 | 0.57% | 0.57% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.57% | 0.57% | None |
| Director | IDEA INVESTMENT Co.,Ltd.(Note2) Representative: Chung-Ming Wu | 0 | 0 | 0 | 0 | 1,800 | 1,800 | 24 | 24 | 1.01% | 1.01% | 2,801 | 2,801 | 0 | 0 | 1,052 | 0 | 1,052 | 0 | 3.13% | 3.13% | None |
| Director | Chiuan-Tai INVESTMENT. CORP. Representative: Chung-Ming Wu | 0 | 0 | 0 | 0 | 300 | 300 | 18 | 18 | 0.17% | 0.17% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.17% | 0.17% | None |
| Director | Chiuan-Tai INVESTMENT CORP. Representative: Kuan- Hsing Wu | 0 | 0 | 0 | 0 | 700 | 700 | 42 | 42 | 0.41% | 0.41% | 614 | 614 | 36 | 36 | 68 | 0 | 68 | 0 | 0.80% | 0.80% | None |
| Director | GSK INVESTMENT DEVELOPMENT CORP. Representative: Chung-Wuu Li | 0 | 0 | 0 | 0 | 1,000 | 1,000 | 42 | 42 | 0.57% | 0.57% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.57% | 0.57% | None |
| Director | Yu-Mei Wu | 0 | 0 | 0 | 0 | 700 | 700 | 42 | 42 | 0.41% | 0.41% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.41% | 0.41% | None |
| Director | CHING YUAN INVESTMENT Co.,Ltd. Representative: Yen-Hsing Wu | 0 | 0 | 0 | 0 | 700 | 700 | 36 | 36 | 0.41% | 0.41% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.41% | 0.41% | 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)(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 | The company | | Companies in the consolidated financial | | The company | Companies in the consolidated financial | | |
| | | | | | | | | | | | | | | | | Cash | Stock | Cash | Stock | | | | |
| Independent Diror Chia-Chi Kuo | Chia-Chi Kuo | 396 | 396 | 0 | 0 | 0 | 0 | 77 | 77 | 0.26% | 0.26% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.26% | 0.26% | None |
| Independent Director Chia-Chi Kuo | Yi-Min Lin | 396 | 396 | 0 | 0 | 0 | 0 | 77 | 77 | 0.26% | 0.26% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.26% | 0.26% | None |
| Independent Director Chia-Chi Kuo | Cheng-Shong Hong | 396 | 396 | 0 | 0 | 0 | 0 | 77 | 77 | 0.26% | 0.26% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.26% | 0.26% | None |
| <div>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.</div> <div>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.</div> | | | | | | | | | | | | | | | | | | | | | | | |

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

(2).On May 30, 112, Chiuan-Dau INVESTMENT Co., Ltd. Representative: Chung-Ming Wu., was dismissed as a director, and IDEA INVESTMENT Co., Ltd. Chung-Ming Wu., was appointed as a new director, Mr. Chung-Ming Wu will concurrently receive relevant remuneration as an employee under the new appointment.

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: Chung-Ming Wu 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: Chung-Ming Wu 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: Chung-Ming 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: Chung-Ming Wu 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\$2,000,000 | IDEA INVESTMENT Co., Ltd. Representative: Chung-Ming Wu Fu Yen Investment Co., Ltd. Representative: Jui-Chang Lin GSK INVESTMENT DEVELOPMENT CORP. Representative: Chung-Wuu Li | IDEA INVESTMENT Co., Ltd. Representative: Chung-Ming Wu Fu Yen Investment Co., Ltd. Representative: Jui-Chang Lin GSK INVESTMENT DEVELOPMENT CORP. Representative: Chung-Wuu Li | 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 | 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 |
| NT\$2,000,000 ~ NT\$3,500,000 | None | None | None | None |
| NT\$3,500,000 ~ NT\$5,000,000 | None | None | None | None |
| NT\$5,000,000 ~ NT\$10,000,000 | 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 IDEA INVESTMENT Co., Ltd. Representative: Chung-Ming Wu | Chiuan-Dau INVESTMENT Co., Ltd. Representative: Chung - Yi Wu IDEA INVESTMENT Co., Ltd. Representative: Chung-Ming W |
| NT\$10,000,000 ~ NT\$15,000,000 | None | None | None | None |
| NT\$15,000,000 ~ NT\$30,000,000 | None | None | None | None |
| NT\$30,000,000 ~ NT\$50,000,000 | None | None | None | None |
| NT\$50,000,000 ~ NT\$100,000,000 | None | None | None | None |
| Greater than or equal to NT\$100,000,000 | None | None | None | None |

| 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) |
| Total | 11 | 11 | 11 | 11 |

Note: The company appointed a total of 10 directors (including independent directors). However, due to the board election on May 30th 2023, , where Chung-Ming Wu was relieved of his duties as the legal Chiuan-Dau INVESTMENT Co., Ltd. Representative., and appointed as the new director and legal representative of IDEA INVESTMENT Co., Ltd. Representative: Chung-Ming Wu., the total number of directors listed above is 11.

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, 272 | 1, 272 | 1, 052 | 0 | 1, 052 | 0 | 2. 1238% | 2. 1238% | None |
| Vice President | Chin-Tsu Hsieh | 1, 141 | 1, 141 | 70 | 70 | 752 | 752 | 631 | 0 | 631 | 0 | 1. 4298% | 1. 4298% | 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 | 1,052 | 1,052 | 0.5799% |
| | Vice President | Chin-Tsu Hsieh | 0 | 631 | 631 | 0.3478% |
| | Deputy Manager of the President's Office and Acting Spokesperson | Chun Chieh Lin | 0 | 1,937 | 1,937 | 1.0677% |
| | 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 | | | |
|---|-----------------------|--|-----------------------|--|--|--|-----------------------|--|
| | 2022 | | 2023 | | 2022 | | 2023 | |
| | 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 | 21,473 | 10.06% | 18,276 | 10.32% | 21,473 | 10.06% | 18,276 | 10.32% |
| Remuneration of the President and Vice Presidents | 6,250 | 2.93% | 6,447 | 3.55% | 6,250 | 2.93% | 6,447 | 3.55% |

Note : 1. The total remuneration for directors decreased in the fiscal year 2023 compared to 2022, mainly due to a decrease in net profit after tax for the year 2023, resulting in a reduction in the amount allocated for director's fees. On May 30, 2023, the company underwent a comprehensive election of directors, and an Audit Committee comprising all independent directors was established, hence no remuneration for supervisors in 2023. The total remuneration for the general manager and deputy general manager in 2023 slightly increased compared to 2022, primarily due to an increase in the allocation of year-end bonuses for the year 2023.

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. In fiscal year 2023, both the performance self-assessment results of the board of directors, board members, and members of various functional committees exceeded the standards. The company's pre-tax net profit for fiscal year 2023 was 372,870 million NT dollars, representing a decrease of 10.84% compared to the pre-tax net profit of 418,195 million NT dollars in fiscal year 2022. According to the evaluation system of the corporate governance evaluation for listed companies, the company's evaluations ranged from 6% to 20% in the first through ninth sessions, and in the tenth session, it ranged from 21% to 35%. The performance evaluation results of managers for fiscal year 2023 all met the predetermined target requirements.
 - 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 2023 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 2023. 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% | 5/30/2023 Re-election for another term |
| Director | IDEA INVESTMENT Co., Ltd. Representative: Chung-Ming Wu | 4 | 0 | 100% | 5/30/2023 Re-election for another term |
| Director | Chiuan-Tai INVESTMENT CORP. Representative: Chung-Ming Wu | 2 | 0 | 100% | 5/30/2023 Re-elect the incumbent |
| Director | Chiuan-Tai INVESTMENT CORP. Representative: Kuan- Hsing Wu | 6 | 0 | 100% | 5/30/2023 Re-election for another term |
| Director | Fu Yen Investment Co., Ltd. Representative: Jui-Chang Lin | 5 | 1 | 83% | 5/30/2023 Re-election for another term |
| Director | GSK INVESTMENT DEVELOPMENT CORP. Representative: Chung-Wuu Li | 6 | 0 | 100% | 5/30/2023 Re-election for another term |
| Director | Yu-Meu Wu | 6 | 0 | 100% | 5/30/2023 Re-election for another term |
| Director | CHING YUAN INVESTMENT Co., Ltd. Representative: Yen-Hsing Wu | 5 | 1 | 83% | 5/30/2023 Re-election for another term |
| Independent Director | Chia-Chi Kuo | 6 | 0 | 100% | 5/30/2023 Re-election for another term |
| Independent Director | Yi-Min Lin | 6 | 0 | 100% | 5/30/2023 Re-election for another term |
| Independent Director | Cheng-Shong Hong | 6 | 0 | 100% | 5/30/2023 Re-election for another term |

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 6, 2023 (1st meeting of 2023) | Review of the allocation and payment of the 2022 director/supervisor/employee remuneration. | Passed by all independent directors |
| | 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. | |
| December 12, 2023 (2th meeting of 2023) | Review of the allocation and payment of the 2023 director/supervisor/employee remuneration. | |
| February 27, 2024 (1th meeting of 2024) | Discussion on the issuance of the 2023 "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 2024. (Appointment of CPAs) | |

(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 2023 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 2023.

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

| |
|--|
| <p>Remuneration Committee held two meetings in 2023 to assist the board of directors with various duties, and its presence contributes to overall corporate governance efforts.</p> <p>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 February 27, 2024, 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.</p> <p>3. The Company has been ranked in the 6-20% tier among TPEX-listed companies from the first to the tenth Corporate Governance Evaluation ; The 10th edition is ranked in the 'Over-the-Counter' category, comprising 21% to 35%.</p> <p>4. On May 30, 2023, the Company re-elected its directors and set up an Audit Committee consisting of all the independent directors.</p> <p>The Audit Committee held 5 meetings in 2023 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.</p> |
|--|

| Board of Directors_Directors' Attendance in 2023 | | | | | | | |
|---|---|----------|----------|-----------|-----------|-----------|------------|
| Title | Name | 1st | 2nd | 3rd | 4th | 5th | 6th |
| | | 3/6/2023 | 5/8/2023 | 5/30/2023 | 7/25/2023 | 11/8/2023 | 12/13/2023 |
| Chairman | Chiuan-Dau INVESTMENT Co., Ltd. Representative: Chung-Yi Wu | ● | ● | ● | ● | ● | ● |
| Director | IDEA INVESTMENT Co., Ltd. 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, 2023 | 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 Awareness and Participation Level of Company in ESG Promotion |
| | January 1 to December 31, 2023 | 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, 2023 | 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 2023 board performance self-assessment was presented during the board of directors meeting held on February 27, 2024, to serve as reference for review and improvement. During the self-assessment, concerns were raised with regards to:

| Evaluation Scope | Items with Lower Scores | Future Actions |
|---|---|--|
| Board of directors internal self-assessment | F.Awareness and Participation Level of the Company in ESG Promotion: 45.ABoard Members' Understanding and Involvement in the Company's ESG Promotion: Board members have sufficient understanding and involvement. | The Board Secretariat regularly communicates information related to ESG to the board members, allowing directors to understand and participate in the company's ESG initiatives. |

| Evaluation Scope | Items with Lower Scores | Future Actions |
|---|---|---|
| Individual Director Self-Assessment | <p>E.Directors' Professionalism and Continuing Education:</p> <p>5.Newly appointed directors have understood their responsibilities and are familiar with the company's operations and environment.</p> <p>19.Directors have pursued diverse courses beyond their respective professional capabilities and engage in appropriate continuing education hours annually.</p> | By participating in board meetings and arranging diverse corporate governance courses for continuing education, directors enhance their professionalism in understanding the responsibilities and operational modes of the board. |
| Functional committee internal self-assessment | <p>A.Degree of Participation in Company Operations:</p> <p>3.Each committee member makes effective contributions during functional committee meetings.</p> | Enhance functional committee members' comprehensive understanding of the company's operations and operational modes. |

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 2023.

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% | 5/30/2023 Re-election 5/30/2023 The re-elected convener |
| Committee Member | Chia-Chi Kuo | 5 | 0 | 100% | 5/30/2023 Re-election |
| Committee Member | Cheng-Shong Hong | 5 | 0 | 100% | 5/30/2023 Re-election |

Other information required:

- 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.
 - 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 48
 - Other than those described above, any resolutions unsupported by the Audit Committee but passed by more than two-thirds of the directors: None
- 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 2023 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 6, 2023 1st meeting of 2023 | Report on audit tasks executed from November 2022 to January 2023 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 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. |
| May 8, 2023 2nd meeting of 2023 | 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. |
| July 25, 2023 3rd meeting of 2023 | Report on audit tasks executed from April 2023 to June 2023 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. |

| | | | |
|--|--|---------------------------|---|
| November 8, 2023 4th meeting of 2023 | Report on audit tasks executed from July 2023 to September 2023 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. |
| | Review of the Audit Plan for the Fiscal Year 2024. | Questions and discussions | After discussion, the independent directors had no objection to the report on audit task execution. |
| December 13, 2023 5th meeting of 2023 | Report on audit tasks executed from October 2023 to November 2023 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. |
| February 27, 2024 1st meeting of 2024 | Report on audit tasks executed from December 2023 to January 2024 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 2023 “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 2023: 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 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. |

| | | | |
|---|--|---------------------------|---|
| May 8, 2023 2nd meeting of 2023 | Review of the Company's 2023 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. |
| July 25, 2023 3rd meeting of 2023 | 2023 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 8, 2023 4th meeting of 2023 | Consolidated financial statements and consolidated financial statements encompassing business investments for the third quarters of 2023 | 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. |
| February 27, 2024 1st meeting of 2024 | Review of the Company's 2023 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. |

During the fiscal year 112, the Audit Committee held 5 meetings. The attendance of independent directors is as follows:

Audit Committee Attendance of independent directors 2023

| Title | Name | 1st | 2nd | 3rd | 4th | 5th |
|----------------------|------------------|----------|----------|-----------|-----------|------------|
| | | 3/6/2023 | 5/8/2023 | 7/25/2023 | 11/8/2023 | 12/13/2023 |
| Independent Director | Yi-Min Lin | ● | ● | ● | ● | ● |
| Independent Director | Chia-Chi Kuo | ● | ● | ● | ◎ | ● |
| 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 2023 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 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. | | 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." | 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 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. |
| May 8, 2023 2nd meeting of 2023 | Motion 1 | Review of the Company's 2023 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 8, 2023 2nd meeting of 2023 | Passed as proposed without objection from attending directors when inquired by the chair. |
| July 25, 2023 3rd meeting of 2023 | Motion 1 | Review of the Company's 2023 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 | July 25, 2023 3rd meeting of 2023 | Passed as proposed without objection from attending directors when inquired by the chair. |
| November 8, 2023 4th meeting of 2023 | 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 8, 2023 4th meeting of 2023 | 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. |
| | Motion 3 | Revised review of the 「Procedures for Financial Transactions between Related Enterprises」 of the Company | 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 13, 2023 5th meeting of 2023 | Motion 1 | Review of the capital expenditure budgets for 2024. | 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 13, 2023 5th meeting of 2023 | Passed as proposed without objection from attending directors when inquired by the chair. |
| | Motion 2 | The proposal for the approval of the company's 2023 and 2024 budgets for sales and purchases to related parties, which account for more than 5% of the combined operating income. | 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 | | Passed as proposed without objection from attending directors when inquired by the chair. |
| February 27, 2024 1st meeting of 2024 | Motion 1 | Review of the Company's 2023 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 | February 27, 2024 1st meeting of 2024 | 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 2023 earnings distribution. | | No opinion expressed | | Passed as proposed without objection from attending directors when inquired by the chair. |
| | Motion 3 | Discussion on the issuance of the 2023 "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 4 | Discussion on the regular assessment of CPAs' independence. (Appointment of 2024 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, March 2, 2022, March 6, 2023, and February 27, 2024. 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 ¹ | | | 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 22-27) 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 ¹ | | | 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 policy was amended on December 15, 2020, and further revised on December 13, 2023. The terms of this policy have been disclosed on Market Observation Post System and the Company’s website. The performance evaluation for year 2023 was completed between January and February 2024, and the outcomes were presented to the board of directors meeting held in February 2024. 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, 2023, 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. The company's audit committee evaluates the independence and competency of its certified accountants every year. In addition to requiring certified accountants to provide "declaration of detachment and independence" and "audit quality indicators (AQIs)", and evaluated in accordance with the standards of Note 1 and 13 AQI indicators. It is confirmed that the accountant has no other financial interests or | (4) None |

| Evaluation Item | Implementation Status ¹ | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons |
|--|------------------------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| | | | business relationships with the company except for fees for visas and financial and tax cases, and the accountant's family members do not violate independence requirements., and refer to the AQI indicator information to confirm that the accounting experience and turnover rate of the accountants and firms are better than the average level of the industry, and they are familiar with the company's audit quality control. The evaluation results of the most recent year have been discussed and approved by the Audit Committee on February 27, 2013, and reported to the Board of Directors on February 27, 2013 to pass the assessment of the independence and competency of the accountants. | |
| 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 department head 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"> 1.Board meeting and shareholders’ meeting affairs, and helping the Company comply with relevant laws concerning board meetings and shareholders’ meetings. 2.Preparation of conference materials and minutes for board meetings and shareholders’ meetings. 3.Assist directors in taking office and continuing their education. 4.Provide the necessary information for Directors and Audit Committee to carry out their business. 5.Assist Directors and Audit Committee in complying with laws and regulations. 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. 7.Handle matters related to changes in Directors. 8. Other matters mentioned in the Articles of Incorporation or contracts. | None |

| Evaluation Item | Implementation Status ¹ | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|------------------------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| 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 | | <p>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.</p> <p>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.</p> | None |
| 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 |
| <p>7. Information Disclosure</p> <p>(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?</p> <p>(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)?</p> | V | | <p>(1).The Company has set up its own website (http://www.fineblanking.com.tw/) 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.</p> <p>(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.</p> | <p>(1) None</p> <p>(2) None</p> |

| Evaluation Item | Implementation Status ¹ | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|------------------------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| 7. Information Disclosure (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 | (3).The Company complies with regulations by publishing and filing annual financial statements within 75 days 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 (https://mops.twse.com.tw/mops/web/index). | (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 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)? | V | | <p>(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 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 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. ② Arrangements such as regular health checkup, on-site physician, mental counseling, physiotherapy service,</p> | None |

| Evaluation Item | Implementation Status ¹ | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons |
|-----------------|------------------------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| | | | <p>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 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 ① The Company handles stakeholder interests according to Articles 50 of its Corporate Governance Code of Conduct. An investors section has been created on the corporate website (http://www.fineblanking.com.tw/) to</p> | |

| Evaluation Item | Implementation Status ¹ | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons |
|-----------------|------------------------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| | | | <p>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 94 of the annual report for details on directors’ education in 2023 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 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 296-302 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&D and the ability to deliver high-quality products at</p> | |

| Evaluation Item | Implementation Status ¹ | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|-----------------|------------------------------------|----|--|--|
| | Yes | No | Abstract Illustration | |
| | | | <p>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 2023 and maintained an attendance rate of 96.67%.</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.

From the first to the ninth sessions of the corporate governance evaluation for listed companies, our company ranked between 6% and 20% in the over-the-counter group. In the tenth session, our ranking improved to between 21% and 35% in the over-the-counter group. In the year 2023, efforts and measures were intensified, including the establishment of a corporate governance supervisor, which was implemented on March 6th, 2023.

In the transition from 2022 to 2023, improvements were made in areas where our company did not score in the previous year, as detailed in the table on the following page.

Corporate governance evaluation outcome - Improvements planned for 2023 in areas where the
Company failed to score during the 2022 assessment

| Question No. | Indicator content | Is there any improvement | No improvement yet |
|--------------|--|--------------------------|---|
| 1.1 | Does the company report the remuneration received by directors in the shareholders' meeting, including remuneration policy, individual remuneration content, and amounts? | No | The individual remuneration content and amounts of this company have been disclosed in the annual report. |
| 1.8 | Does the company upload the annual report 18 days in advance of the shareholders' meeting? | No | Starting from the fiscal year 2024, the plan is to upload the annual report 18 days in advance of the shareholders' meeting. |
| 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? | YES | |
| 1.11 | Does the Company upload the English version of the annual report 7 days before the ordinary shareholders' meeting? | YES | |
| 1.15 | Has the company established and disclosed on the company website internal regulations prohibiting directors or employees from trading securities using undisclosed information? The content includes (but is not limited to) directors not being allowed to trade their shares during the thirty days prior to the announcement of annual financial reports and fifteen days prior to the announcement of quarterly financial reports, and explanations of enforcement measures? | YES | |
| 2.4 | Are there no more than two directors in the company who have a spouse or a relative within the second degree of kinship? | No | The plan is yet to be discussed. |
| 2.7 | Does the number of independent directors in the company exceed one-third of the total number of directors' seats? | No | The plan is yet to be discussed. |
| 2.14 | Does the company establish functional committees such as the Nomination Committee, Risk Management Committee, or Sustainability Committee, in addition to those required by law? Are there at least three members, with more than half of them being independent directors, and at least one member possessing the necessary expertise for the committee's functions? Is the composition, responsibilities, and operation of these committees disclosed? | No | The plan is yet to be discussed. |
| 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.] | YES | |
| 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. |
| 2.23 | Whether the board's performance evaluation method established by the company has been approved by the board, and specifies that an external evaluation must be conducted at least once every three years? Has such evaluation been conducted in the assessed year or the past two years, and are the implementation status and evaluation results disclosed on the company's website or annual report? | No | The execution of the external evaluation is still under discussion. |
| 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. |
| 3.2 | Does the Company simultaneously report material information in English? | YES | |
| 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.] | YES | |
| 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? | YES | |
| 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 2023, but has not yet disclosed complete internal and external resources in English. |
| 3.20 | Has the company been invited (self-organized) to hold at least two corporate briefings, with an interval of at least three months between the first and last corporate briefings of the assessed year? | No | The plan is yet to be discussed. |
| 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? | YES | |
| 4.7 | Has the company uploaded the English version of the sustainability report on the Market Observation Post System and the company website? | No | The Company has established an English website since 2023, but has not yet disclosed complete internal and external resources in English. |
| 4.15 | Does the company website or annual report disclose the integrity operation policy approved by the board of directors, which specifies specific practices and preventive measures against dishonest behaviors, and explains the implementation status? | No | If subsequently formulated, it will be disclosed on the company website or annual report. |

3.4.4 Composition, Responsibilities and Operations of the Remuneration Committee

1. Information on members of the Remuneration Committee

March 22, 2024

| <div>Criteria</div> <div>Title</div> <div>Name</div> | | Professional qualifications and experience | Independence situation | Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member |
|--|------------------|---|--|---|
| Independent Director (Convener) | Yi-Min Lin | 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 15-20) 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" | None |
| Independent Director | Chia-Chi Kuo | | | 1 |
| 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 May 30, 2023, until May 29, 2026. The Remuneration Committee held 2 meetings (A) in 2023; details of members' attendance are as follows:

| Title | Name | Attendance in Person(B) | By Proxy | Attendance Rate (%) 【 B / A 】 | Remarks |
|------------------|------------------|-------------------------|----------|-------------------------------|---|
| Convener | Yi-Min Lin | 2 | 0 | 100% | 5/30/2023 Re-election To take office as the convener. |
| Committee Member | Chia-Chi Kuo | 2 | 0 | 100% | 5/30/2023 Re-election |
| Committee Member | Cheng-Shong Hong | 2 | 0 | 100% | 5/30/2023 Re-election |

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 2023 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 2023 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 6, 2023 | Motion 1 | 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 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 |

| Remuneration Committee meeting date | Motion No | Motion details | Resolution | The Company's response to the Remuneration Committee's opinions | Board resolution |
|-------------------------------------|-----------|---|---|---|---|
| 2st meeting December 13, 2023 | Motion 1 | Review of 2023 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 | Completed the issuance of internal documents on February 7, 2024. |
| | Motion 2 | Review of the allocation and payment of the 2023 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 February 7, 2024 Remuneration to directors: before March 31, 2024. |
| | Motion 3 | Review of the projected allocation percentage for the 2024 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. | No opinion expressed | Passed as proposed without objection from attending members when inquired by the chair. Effective on January 1, 2024 with the consent of the Board of Directors. |
| | Motion 4 | Discussion on the amendment of the "Board of Directors Performance Evaluation Method" of our company. | 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. |
| 1st meeting February 27, 2024 | Motion 1 | Proposal for promotion of the company's corporate governance manager. | 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 | The title of corporate governance supervisor was promoted from deputy section chief to section chief in accordance with internal regulations. |

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. Starting from 111, disclosure of SASB indicators for automotive parts was added, along with the publication of TCFD reports.

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.

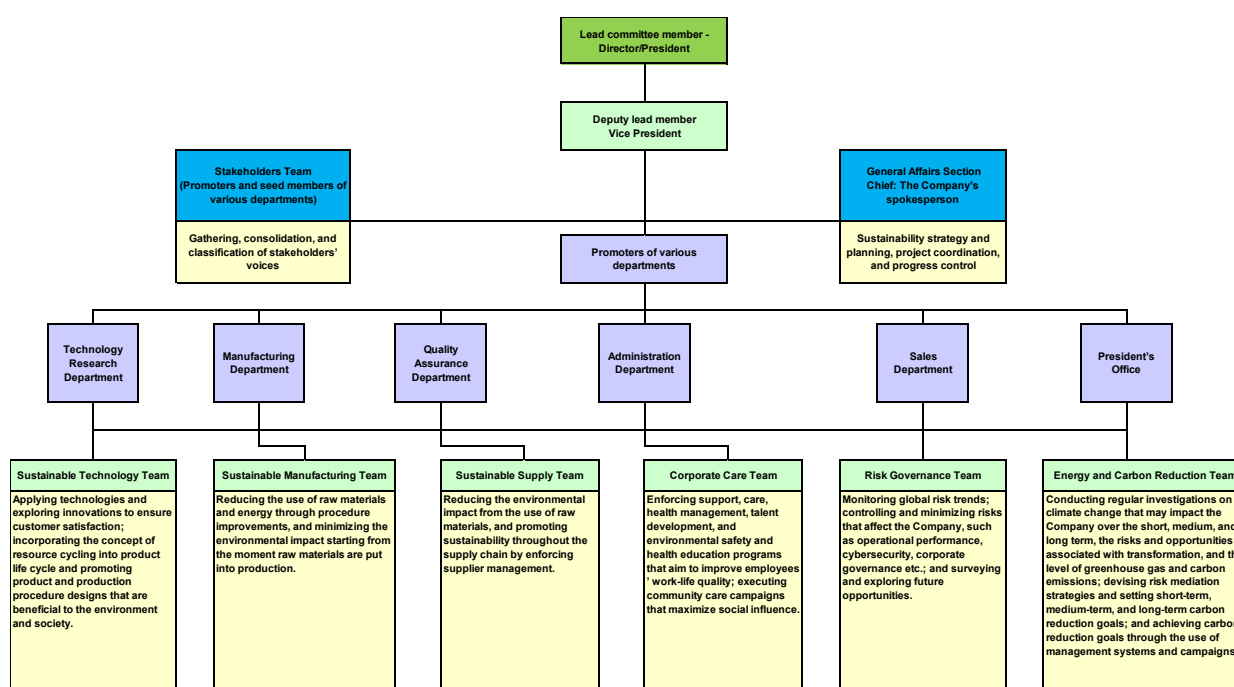
Implementation guidelines for sustainable development

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 2023, 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 2023 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 2023 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 GRI 414 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.

https://www.fineblanking.com.tw/ec99/rwd1280/category.asp?category_id=28

Stakeholders who discover any suspected violations of ethics, integrity, environmental protection, or occupational health and safety incidents can report through the following channels:

External Complaint Unit: Wu, Pei-Jung, Department of Auditing

Address: No. 3, Gongba Road, Chuansing Industrial Park, Shengang Township, Changhua County

External Complaint Phone: 04-7990118 ext. 105

External Complaint Email: gmo12@fineblanking.com.tw

Internal Complaint Phone: 04-7990118 ext. 120

Internal Complaint Email: adm20@fineblanking.com.tw

Below are the channels used to communication with stakeholders in 2023:

| Stakeholder | Communication channel and frequency | Issues of concern |
|-----------------------|--|--|
| Employees | <ul style="list-style-type: none"> ◆ Employee Welfare Committee meetings (irregularly) ◆ Company announcements (irregularly) ◆ Improvement proposal system (irregularly) ◆ Labor-management meetings (quarterly) ◆ Employee mailbox (permanent) ◆ Occupational Safety and Health Committee meetings (quarterly) ◆ Mental counseling for employees (monthly) | <ul style="list-style-type: none"> ◆ Employee welfare and compensation ◆ Workplace safety and health management ◆ Talent training and development ◆ Operational and financial performance (profitability) ◆ Talent recruitment and retention ◆ Sustainable development strategy |
| Customers/clients | <ul style="list-style-type: none"> ◆ Business meetings (irregularly) ◆ Customer visits (irregularly) ◆ Customer satisfaction surveys (yearly) ◆ Customer complaint management system (irregularly) ◆ Purchase of product liability insurance (yearly) | <ul style="list-style-type: none"> ◆ Customer relationship management ◆ Operational and financial performance (profitability) ◆ Technology R&D ◆ Procurement policy and supplier management ◆ Environmental protection system ◆ Climate change and energy/carbon reduction ◆ Workplace safety and health management ◆ Product labeling and product health and safety |
| Suppliers/contractors | <ul style="list-style-type: none"> ◆ Supplier meetings (irregularly) ◆ Contractor training (irregularly) ◆ Supplier audits (yearly) ◆ Supplier assessments (monthly) ◆ Supplier questionnaires (yearly) | <ul style="list-style-type: none"> ◆ Procurement policy and supplier management ◆ Operational and financial performance (profitability) ◆ Environmental protection system ◆ Workplace safety and health management ◆ Customer relationship management |
| Shareholders | <ul style="list-style-type: none"> ◆ Convention of shareholders' meetings (yearly) ◆ Announcement of financial statements (quarterly) ◆ Announcement of consolidated revenue (monthly) ◆ Spokesperson and Investor Relations Department (irregularly) ◆ Market Observation Post System (regularly and irregularly) ◆ Company website (irregularly) | <ul style="list-style-type: none"> ◆ Operational and financial performance (profitability) ◆ Technology R&D ◆ Sustainable development strategy |

| Stakeholder | Communication channel and frequency | Issues of concern |
|---------------------|--|--|
| Group | <ul style="list-style-type: none"> ◆ Convention of annual general meetings (yearly) ◆ Convention of board meetings (quarterly) ◆ Market Observation Post System (regularly and irregularly) ◆ Company website (irregularly) ◆ Group activities (yearly/quarterly) ◆ Financial information (monthly) ◆ Operational review meetings (monthly) | <ul style="list-style-type: none"> ◆ Operational and financial performance (profitability) ◆ Technology R&D ◆ Workplace safety and health management ◆ Employee welfare and compensation ◆ Sustainable development strategy ◆ Climate change and energy/carbon reduction |
| Government agencies | <ul style="list-style-type: none"> ◆ Correspondence and e-mail (irregularly) ◆ Seminars and public meetings organized by government agencies (irregularly) ◆ Government announcements (irregularly) ◆ Energy consumption management (yearly) ◆ Water recycling and reuse (irregularly) ◆ Market Observation Post System (regularly and irregularly) ◆ Environmental compliance audits and mandatory filings (regularly) | <ul style="list-style-type: none"> ◆ Environmental protection system ◆ Workplace safety and health management ◆ Employee welfare and compensation ◆ Climate change and energy/carbon reduction ◆ Cybersecurity management ◆ Greenhouse gas emission and management |

Awards and certifications in 2023

| Category | Organizer/certifier | Award/certification |
|----------------------------------|--|---|
| Sustainable development | Taiwan Institute for Sustainable Energy | 16th Corporate Sustainability Report Awards - Conventional Manufacturing - “Bronze Award” |
| | BSI Taiwan Branch | Won the BSI Sustainability Resilience Pilot Award in 2023. |
| | BSI Taiwan Branch | The 2022 ESG report was validated to conform with AA1000 AS:2018 Assurance Standard Type 1 and GRI core requirements |
| | Ministry of Labor Occupational Safety and Health Administration | In 112, companies that excelled in voluntarily comparing occupational health and safety indicators in their sustainability reports were recognized. |
| Economy and corporate governance | Organizer: Taipei Exchange Execution unit: Securities and Futures Institute | The results of the corporate governance evaluation are as follows: For the first to ninth sessions, the company was ranked among the 6% to 20% of companies in the over-the-counter group. For the tenth session, the company was ranked among the 21% to 35% of companies in the over-the-counter group. |
| | Chinese Total Productivity Management Association | The Company participated in the 36th Taiwan Continuous Improvement Award - Self-improvement Category, and won the Gold Tower Award in 2023. |

| Category | Organizer/certifier | Award/certification |
|---|---|--|
| 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 2023 |
| | BSI Taiwan Branch | In 2019, the Company passed certification for the revised version of ISO 50001:2018; this certification was maintained in 2023 |
| | BSI Taiwan Branch | The 2022 greenhouse gas survey passed validation for ISO 14064-1 in 2023 |
| | BSI Taiwan Branch | 2022 Climate-related Financial Disclosure (TCFD) Level-5: Excellent; verified in 2023 |
| Social | Chuanghua County Government | Won the “One Tier Award” for employing persons with disabilities above the statutory quota in 2023 |
| | Chuanghua County Government | he Changhua County Goodwill Breastfeeding Room was certified in 2023 (from 2023 to 2026) |
| | Occupational Safety and Health Administration | Won the core enterprise award of "FBT Safety and Health Family" in Changhua County in 2023 |
| | 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) |
| | 1111 Job Bank | Won the 1111 Human Bank Happy Enterprise Silver Award in 2023 |

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.
- (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.
- (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 5 years (2018-2023), the Company was able to generate benefits, totaling NT\$7.21 million, NT\$8.73 million, NT\$8.33 million, NT\$8.03 million, NT\$7.23 million, and NT\$11.09 million, respectively, from energy and waste reduction improvements.

(4) 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 2023, compared to 2022, the amount of recycled water increased by 50.404 million liters, while the target water intensity was reduced by 1%, but the actual reduction was 13.04%. |
|------|---------------------------------|-------------------------------------|----------------------------------|---|--|
| 2023 | 19.928 | 129.854 | 1,240.8 | 104.65 | |
| 2022 | 21.487 | 180.258 | 1,497.7 | 120.35 | |
| 2021 | 17.338 | 176.650 | 1,457.6 | 121.19 | |

(5) 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.

Our company's safety management office commissions qualified testing institutions to conduct inspections on various control items at least once a year. In 112, external testing was conducted, and several test results fell below the control standards. However, the monitoring result for ethylene glycol monobutyl ether acetate exceeded the allowable concentration by 10 ppm, categorizing it as a Level 3 managed chemical. After discussing engineering improvement directions with the environmental monitoring company, an active cover plate was added to the opening of the paint bucket. Upon retesting, the concentration was less than 0.177 ppm, well below the allowable concentration, confirming the effectiveness of the engineering improvement.

(6) 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 2023, 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) | The waste density remained constant between 112 and 111. |
|------|---|--|---|---|---|---|
| 2023 | 37.57 | 109.503 | 147.073 | 1,240.8 | 0.118 | |
| 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 the Waste Management section of the Sustainability Report for categories, names, production weights, and disposal methods of industrial 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 816.949 tonnes in 2023 compared to 2022 was mainly due to the decrease in scrap iron offcuts. |
|------|----------------------------|----------------------------------|---|---|
| 2023 | 2,205.712 | 1,240.8 | 1.778 | |
| 2022 | 3,032.661 | 1,497.7 | 2.024 | |
| 2021 | 3,326.780 | 1,457.6 | 2.280 | |

Note: Please refer to the Waste Management section of the Sustainability Report for recycling categories, resource utilization percentages, and the uses of recycled resources.

(7) 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).

(8) 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.

(9) Environmental protection spending

The environmental expenditure of our company in the fiscal year 112 amounted to approximately 11,293 million NT dollars, as detailed in section four, Environmental Expenditure Information, on page 146~147.

- (10) 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.

(11) 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.

(12) 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 148 to 159.

5. Climate-related information and execution status of greenhouse gas inventory, energy management system

The company passed the verification of the ISO 50001:2011 Energy Management System in 2015 and completed the transition to the ISO 50001:2018 version in August 2019. Since 2021, the company has been preparing the "Hsin Chong Precision Machinery 2021 Climate-Related Financial Disclosure Report" and "Hsin Chong Precision Machinery 2022 Climate-Related Financial Disclosure Report," which were submitted to the board of directors and verified by BSI as Level-5: Excellent. The updated "Hsin Chong Precision Machinery 2023 Climate-Related Financial Disclosure Report" is pending submission to the board of directors and verification. Additionally, the company implemented the ISO 14064-1 Greenhouse Gas Inventory System in 2015, and the inventory reports from 2015 to 2022 were verified by BSI (the 2023 greenhouse gas report is currently under verification).

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 1 and Scope 2) from purchased electricity make up nearly 83% 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.

(1) Climate-Related Information Execution Status:

On December 21st, 110, the board of directors approved the establishment of a climate change governance organization, the "TCFD Implementation Committee," under the "Sustainability Committee," to utilize the TCFD framework to develop the company's climate risk identification process. Through discussions among committee members and seed members, a total of 6 opportunities and 11 risks were identified. Subsequently, strategies for addressing risks/opportunities, climate change risk management, indicators, and goals were compiled into the "Hsin Chong Precision Machinery Climate-Related Financial Disclosure Report," submitted to the board of directors, and verified. The progress towards TCFD goals will be incorporated into the implementation effectiveness report of the annual sustainability report, submitted to the board of directors in May each year.

Implementation Status of Climate-Related Information

| Item | Project | Execution situation |
|------|--|--|
| 1 | Describe board and management oversight and governance of climate-related risks and opportunities. | <p>Governance ■ The Sustainability Committee is composed of senior executives from various departments within the company, including members of the implementation committee and seed members. They have set goals to reduce carbon emissions intensity by 20% compared to the baseline year of 2021 by 2030, and by 50% by 2050.</p> <p>Note: The Sustainability Committee is the highest-level organization responsible for climate change management within the company. Authorized by the board of directors, Mr. Wu Zongming, a director of the company and concurrently the general manager, serves as the Chairman of the Implementation Organization. He regularly reports the performance of sustainability management to the board of directors. Under the Sustainability Committee, there is the Energy Saving and Carbon Reduction Team_TCFD Implementation Committee, which is the organization responsible for executing and managing actions related to climate change risks and opportunities.</p> <p>■ The TCFD Implementation Committee's Carbon Emission Reduction Subgroup proposes detailed action plans and strategies. Key implementation focuses in 2023 include process improvements, task force enhancements, and ISO 50001 Energy Management System implementation. Monthly reviews of energy conservation and waste reduction progress are conducted, along with future planning.</p> <p>Strategy ■ In 2023, reassess climate scenario simulations to identify short-, medium-, and long-term climate risks and opportunities, as well as potential operational and financial impacts for the company.</p> <p>Risk Management: ■ In 2023, reconstruct the climate risk identification process using the TCFD framework, establish a climate change risk and opportunity matrix, and set up processes for implementing relevant response plans. ※ Please refer to the Climate Change chapter in the Sustainability Report.</p> |
| 2 | Describe how the identified climate risks and opportunities impact the company's business, strategy and finances (short-term, medium-term, long-term). | |
| 3 | Describe the financial impact of extreme climate events and transition actions. | |
| 4 | Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system. | |
| 5 | If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used should be described. | |
| 6 | If there is a transformation plan to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transition risks. | |

| Item | Project | Execution situation |
|------|---|---|
| 7 | If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated. | Still to be discussed and planned |
| 8 | If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning schedule, annual achievement progress and other information should be explained; if carbon offsets or renewable energy certificates (RECS) are used to achieve relevant goals, the information should be explained. The source and quantity of offset carbon reduction credits or the quantity of renewable energy certificates (RECS). | <p>Metrics and Goals</p> <p>■ In 2023, a review will be conducted to redefine and set climate change-related management indicators, assessing the degree of goal achievement and performance.</p> <p>※ Please refer to the Climate Change and Greenhouse Gas Management chapters in the Sustainability Report.</p> |
| 9 | Greenhouse gas inventory and assurance, reduction targets, strategies and specific action plans | <p>Please refer to pages 75 to 77 for the explanation on greenhouse gas emission inventory management execution under section (4) Greenhouse Gas Emission Inventory Explanation.</p> <p>※ Please refer to the <u>Climate Change</u> and <u>Greenhouse Gas Management</u> chapters in the Sustainability Report.</p> |

(2) 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 2023:

Unit: Metric tons CO₂e/year

| ISO 14064 1:2006 | | ISO 14064 1:2018 | | | | | Remark |
|---|------------------------------|------------------|---|--------------|--------------|--------------|---|
| Scope | | Category/Year | | 2021 | 2022 | 2023 | |
| Scope 1 | Direct GHG emissions | Category 1 | Direct greenhouse gas emissions and elimination | 1,076.719 | 993.239 | 836.050 | Combustion of natural gas, diesel, etc. |
| Scope 2 | Indirect GHG emissions | Category 2 | Indirect GHG emissions from energy input | 5,685.080 | 5,637.342 | 4,142.986 | Purchased electricity |
| Scope 3 | Other indirect GHG emissions | Category 3 | Indirect GHG emissions from transportation | 555.292 | 491.500 | 474.538 | Transport of steel coil |
| | | Category 4 | Indirect GHG emissions from products used by the organization | 14,373.294 | 13,220.071 | 9,335.303 | 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 | Not surveyed | |
| | | Category 6 | Indirect GHG emissions from other sources | Not surveyed | Not surveyed | Not surveyed | |
| Scope 1+Scope 2 greenhouse gas emissions | | | | 6,761.799 | 6,630.581 | 4,979.036 | |
| Scope 3 greenhouse gas emissions | | | | 14,928.586 | 13,711.571 | 9,809.841 | |
| Revenue (million NT dollars) | | | | 1,457.6 | 1,497.7 | 1,240.8 | |
| Scope 1 + Scope 2 greenhouse gas emissions (metric tons CO ₂ e/million NT dollars of revenue) | | | | 4.64 | 4.43 | 4.01 | |
| In 2023, Scope 1 + Scope 2 greenhouse gas emissions was 4.01 kilograms CO ₂ e/thousand NT dollars of revenue, which is a decrease of 13.58% compared to the baseline year of 2022 (4.64 kilograms CO ₂ e/thousand NT dollars). This exceeds the target reduction of 6%. Additionally, it is a decrease of 9.48% compared to 2022 (4.43 kilograms CO ₂ e/thousand NT dollars), achieving the annual target. | | | | | | | |
| 1.Verification information for our company in the years 2021 and 2022 : Verification scope : FINE BLANKING & TOOL CO., LTD,the operational bases in Taiwan * Verification agency : The Taiwan branch of the British Standards Institution (BSI) * Verification standards : ISO 14064-1:2018 Edition-Clause Verification results : The assurance level for the verification of direct and indirect energy emissions (Categories 1 and 2 according to ISO 14064-1:2018) is reasonable assurance level. For other indirect greenhouse gases, the assurance level is limited assurance level * Verification opinion : The result of the BSI greenhouse gas inventory report is an unqualified opinion, indicating full compliance with relevant standards and appropriate and accurate disclosure of greenhouse gas information 2.In May of the year 2023, verification is scheduled to be conducted for the year 2023 * the inventory information is as shown in the table below * | | | | | | | |

| | | | | |
|--|--|--|----------------------------|--|
| Profile of the Company | | According to the Roadmap for Sustainable Development for Listed | | |
| <input type="checkbox"/> Companies with a capital amount of NT\$10 | | <input checked="" type="checkbox"/> Individual inventory of the parent company <input type="checkbox"/> Consolidated financial | | |
| <input type="checkbox"/> Companies with a capital amount of NT\$5 | | <input type="checkbox"/> Assurance of the parent company-only individual <input type="checkbox"/> Assurance of the consolidated financial statements of the subsidiaries | | |
| <input checked="" type="checkbox"/> Companies with a capital amount of less than NT\$5 billion | | | | |
| | | | | |
| Scope 1 | Total emissions (tonnes CO2e) | Intensity (tonnes CO2e/NT\$ million) | Authenticating institution | Statement of conviction |
| Parent company (Taiwan branch) | 836.050 | 0.674 | BSI Taiwan Branch | Inventory of greenhouse gas emissions in 2023 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 | | |
| Total | 836.050 | 0.674 | | |
| Scope 2 | Total emissions (tonnes CO2e) | Intensity (tonnes CO2e/NT\$ million) | Authenticating institution | Statement of conviction |
| Parent company (Taiwan branch) | 4,151.373 | 3.346 | BSI Taiwan Branch | Inventory of greenhouse gas emissions in 2023 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 | | |
| Total | 4,151.373 | 3.346 | | |
| Scope 3 (Taiwan operations) | 9,809.841(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.

(3). Energy and resource management

The types of energy used by the Company in 2023 included electricity, natural gas, gasoline, and diesel. Electricity was the primary form of energy consumed, representing 70.83% of all energy used, while other energy sources accounted for 29.17%.

Through the assessment of environmental issues and the management of risks and opportunities organized by ISO 50001, the Company aims to reduce the environmental and climate impact caused by greenhouse gas emissions. Since January 2015, the Company has implemented an energy management system with a goal of achieving an annual energy saving of at least 1%. In 2023, a total investment of 9,077 thousand NT dollars was made in energy conservation, implementing 8 energy-saving projects. This resulted in a total energy saving of 2,454,041 gigajoules and a reduction of 337.43 metric tons of CO2e emissions. Additionally, energy cost savings amounted to 3.75 million NT dollars. The average annual electricity savings rate from 2015 to 2023 reached 2.24%.

| Serial | Scheme name | Improvement instructions | Energy saving oriented | Annual electricity saving |
|--------|--|---|------------------------|---------------------------|
| 1 | Improvement of energy consumption of punch presses | Press energy control, maintenance and improvement reporting | energy management | - |
| 2 | Ice water machine consumes less energy | Replacement and optimization of ice water host system | Efficiency improvement | 146,447 degree |
| 3 | Improvement of energy consumption of electroplating host | Personnel, process, and working hours allocation methods | energy management | - |
| 4 | Air compressor energy consumption reduced | Replacement of old air compressors and improvement of air leakage reports | efficiency improvement | 316,200 degree |
| 5 | Air compressor energy consumption reduced | Energy control, maintenance and air leakage Improve reporting | efficiency improvement | 43,788 degree |
| 6 | Air compressor energy consumption reduced | Replacement of old air compressors and improvement of air leakage reports | efficiency improvement | 137,844 degree |
| 7 | Improvement of energy consumption in ED coating process | Personnel, process, working hours allocation method, TPM maintenance plan and improvement report | energy management | - |
| 8 | Improvement of energy consumption in high frequency heat treatment | "Standardization Establishment and Educational Training for High-Frequency Heat Treatment Energy Management | energy management | 37,399 degree |
| Total | | | | 681,678degree |

In 112, the energy intensity decreased by 6.19% compared to 111. Moving forward, the company will continue to promote full employee participation to achieve ISO 50001:2018 certification through BSI verification audits.

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 10,458,816 kWh between December 2019 and December 2023 that reduced emissions by 5,269.492 metric tons of CO₂e. At FBT, we support the nation's renewable energy policy through action.

6. 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 148 to 159.

7. 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 373 people in Taiwan, 612 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 129 individuals, 14 of whom are still

employed to date Cooperative internships with universities: 6 students currently. 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, 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) In 2023, as part of our commitment to giving back to society, our company continued to participate in the rural remote health promotion program. We collaborated with the Digital Humanitarian Association to designate the Xide Community Development Association in Shengang Township, Changhua County. Through the introduction of digital applications, we enabled the elderly to stay active and healthy in familiar environments. This initiative facilitated aging in place by providing remote teaching and health consultation services, offering the elderly a wealth of health promotion activities and silver hair health information. By enhancing the elderly's self-awareness and knowledge of health, we aimed to reduce the incidence of acute events among them. The Social Return on Investment (SROI) was calculated at 5.615 ($\text{SROI value} = \text{Impact/Investment} = 842,301 \text{ yuan}/150,000 \text{ yuan}$, citing the Digital Humanitarian Association's 2023 annual closing report), indicating the positive effects of the project. We plan to continue promoting this program in 2024.

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 2023, 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 69 250CC bags of blood from 47 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.

8. 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 2023 that gave rise to complaints.

(2) Customer service

To provide customers with the best service, FBT has been actively promoting the development of a patented high-value component in 2020. The intelligent disc design is aimed at promoting customer convenience. It mainly combines customers' individual disc brake pads and timing discs. Through molding and production techniques, the components are presented in an intelligent (A+B) disc format. This technology significantly reduces customer assembly time and labor costs.

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 2023, the Company achieved a total score of 85.31 and reported having met all indicator requirements.

showing slight improvements compared to 2022. The positive feedback from customers affirms our efforts. Therefore, the company will continue to enhance its service to further improve customer satisfaction and meet their needs.

9. 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 37 new suppliers in 2023, 100% 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 199 suppliers that met the survey requirements in 2023; they were each issued a supplier questionnaire, 100% of which had completed and returned the questionnaire.

According to the Changhua County Government's implementation plan for improving the working environment of small and medium-sized enterprises, a safety and health seminar was held at Zhi Xing Precision Machine on August 18, 112. The seminar covered topics such as machinery hazard prevention, disaster response management, occupational disease prevention, defensive driving awareness, and transitioning from smart manufacturing to digital transformation. A total of 16 companies participated, with 22 individuals responding to the QR-code survey. The satisfaction rate for the seminar was 95.68%, and the exchange of ideas was fruitful. On January 12, 113, a supplier exchange meeting was held to enhance communication with suppliers, share the company's operating philosophy, showcase award-winning cases, discuss sustainable management, and explore future market trends.

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 63-81 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 63-81 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 | |
| <p>3. Environmental Topic</p> <p>(1) Has the Company set an environmental management system designed to industry characteristics?</p> | V | | <p>(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 2023, 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 69-78 for a more detailed description of the implementation of sustainable development.</p> | (1).None |
| <p>(2) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?</p> | V | | <p>(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 2023, 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 69-78 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.</p> | (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 6 opportunities and 11 risks, Elaborating on the strategies for risks and opportunities, climate change risk management, and the compilation of indicators and goals. began preparation of the “FBT 2021 Climate-related Financial Disclosures Report” and began preparation of the “FBT 2022 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.</p> <p>The Company expects to make detailed disclosures on the risks and opportunities associated with climate change in its sustainability report.</p> <p>Our company’s climate-related informationPlease refer to pages 73~78 for the execution status.. Climate-related information and greenhouse gases Implementation of physical inventory, energy management management management system.</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 69 -79 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 | |
| <p>4. Social Topic</p> <p>(1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?</p> | V | | <p>(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 148-159 and sections 5., Labor and capital Relationship, our company's sustainability report human rights and communication chapter.</p> | (1).None |
| <p>(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?</p> | V | | <p>(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 148-159.</p> | (2).None |
| <p>(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?</p> | V | | <p>(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 148-159.</p> | (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) The company's functional gap inspection results Arrange annual plans to continue on-the-job training and training of personnel, 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 refer to pages 128 to 129, Section 3, titled "Employee Education and Training, and Employee Career Development" for relevant operational details. | (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 2023. Please see pages 79-81 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 80-81 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 http://www.fineblanking.com.tw/ec99/rwd1280/category.asp?category_id=24 . | 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 63-81 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. http://www.fineblanking.com.tw/ec99/rwd1280/category.asp?category_id=31 .</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 | |
| 2. Ethic Management Practice (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? | 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 |
| (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? | 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? (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? (3) Does the company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint? | 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. (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. (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. | (1).None (2).None (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 http://www.fineblanking.com.tw/ 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, Process of financial business transactions between related parties sequence, 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/>
(Investor Zone/Corporate Governance/Important Company Internal Regulations)
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/> . (Investor Relations Section)
3. Continuing education undertaken by directors and managers on topics concerning corporate governance and new regulations in 2023 and up until the publication date of annual report:

Continuing education of directors in 2023 and up to the publication date of this annual report

| Title | Name | Training date | | Organizer | Course name | 進修時數 |
|-----------------------------------|------------------|---------------|-----------|---|---|------|
| | | 起 | 迄 | | | |
| Corporate director representative | Chung – Yi Wu | 7/25/2023 | 7/25/2023 | Securities and Futures Market Development Foundation of the Republic of China | How directors supervise the company's corporate risk management and crisis management | 3 |
| Corporate director representative | Jui-Chang Lin | 4/12/2023 | 4/12/2023 | Taiwan Financial Research and Training Institute | Corporate Governance Lecture | 3 |
| | Jui-Chang Lin | 6/2/2023 | 6/2/2023 | Securities and Futures Market Development Foundation of the Republic of China | 112th annual insider trading prevention publicity briefing | 3 |
| Corporate director representative | Chung-Ming Wu | 7/25/2023 | 7/25/2023 | Securities and Futures Market Development Foundation of the Republic of China | How directors supervise the company's corporate risk management and crisis management | 3 |
| Corporate director representative | Kuan-Hsing Wu | 7/25/2023 | 7/25/2023 | Securities and Futures Market Development Foundation of the Republic of China | How directors supervise the company's corporate risk management and crisis management | 3 |
| Corporate director representative | Chung-Wuu Li | 7/25/2023 | 7/25/2023 | Securities and Futures Market Development Foundation of the Republic of China | How directors supervise the company's corporate risk management and crisis management | 3 |
| Corporate director representative | Yen-Hsing Wu | 7/25/2023 | 7/25/2023 | Securities and Futures Market Development Foundation of the Republic of China | How directors supervise the company's corporate risk management and crisis management | 3 |
| Director | Yu-Mei Wu | 7/25/2023 | 7/25/2023 | Securities and Futures Market Development Foundation of the Republic of China | How directors supervise the company's corporate risk management and crisis management | 3 |
| Independent Director | Yi-Min Lin | 3/16/2023 | 3/16/2023 | CPA Associations R. O. C(Taiwan) | Directors' fiduciary duties and liability for false financial statements | 3 |
| | Yi-Min Lin | 7/25/2023 | 7/25/2023 | Securities and Futures Market Development Foundation of the Republic of China | How directors supervise the company's corporate risk management and crisis management | 3 |
| Independent Director | Chia-Chi Kuo | 3/23/2023 | 3/23/2023 | CPA Associations R. O. C(Taiwan) | Accountant money laundering prevention supervision and practice | 3 |
| | Chia-Chi Kuo | 8/3/2023 | 8/3/2023 | CPA Associations R. O. C(Taiwan) | Case analysis of money laundering and insider trading | 3 |
| Independent Director | Cheng-Shong Hong | 8/3/2023 | 8/3/2023 | Taipei Exchange | Publicity and briefing session on insider equity of listed companies | 3 |
| | Cheng-Shong Hong | 8/30/2023 | 8/30/2023 | Institute of Financial Law and Crime Prevention. | The Third Corporate Governance Practice Seminar of 2012 | 3 |

Managers' continuing education in 2023 and as of the date of report publication

| Title | Name | Training date | Organizer | Course name | Training hours |
|--|----------------|---------------------|---|--|----------------|
| President | Chung-Ming Wu | 6/6/2023 | FINE BLANKING & TOOL CO., LTD. | IATF16949 - Clause Changes and Customer Specific Requirements | 2 |
| | Chung-Ming Wu | 7/25/2023 | Securities and Futures Institute (SFI Taiwan) | Advanced Seminar on Directors (including Independent Directors) and Corporate Governance Practices - 'How Directors Supervise Companies in Implementing Effective Enterprise Risk Management and Crisis Handling | 3 |
| | Chung-Ming Wu | 8/23/2023~10/4/2023 | Transform Management Consultants Co. Ltd. | Dale Carnegie - High Performance Executive Leadership and Management | 24.5 |
| | Chung-Ming Wu | 10/3/2023 | FINE BLANKING & TOOL CO., LTD. | Health Lecture - Workplace Relationships Made Easy: Understanding and Preventing Workplace Misconduct | 2 |
| Vice President | Chin-Tsu Hsieh | 5/16/2023 | TAIWAN GREEN PRODUCTIVITY FOUNDATION | TCFD Education and Training | 3 |
| | Chin-Tsu Hsieh | 6/6/2023 | FINE BLANKING & TOOL CO., LTD. | IATF 16949 - Clause Changes and Customer Specific Requirements | 2 |
| | Chin-Tsu Hsieh | 8/23/2023~10/4/2023 | Transform Management Consultants Co. Ltd. | Dale Carnegie - High Performance Executive Leadership and Management | 24.5 |
| | Chin-Tsu Hsieh | 10/3/2023 | FINE BLANKING & TOOL CO., LTD. | Health Seminar - Workplace Relations Made Easy: Understanding and Preventing Workplace Misconduct | 2 |
| Chief Internal Auditor | Pei-Jung Wu | 3/21/2023 | Accounting Research and Development Foundation | Corporate Governance: Internal Audit Response; Competencies of Internal Audit Personnel in Corporate Governance and Practical Financial Risk Assessment | 6 |
| | Pei-Jung Wu | 7/25/2023 | Securities and Futures Institute (SFI Taiwan) | Advanced Seminar for Directors (Including Independent Directors) and Corporate Governance Executives - 'How Directors Oversee Corporate Risk Management and Crisis Handling | 3 |
| | Pei-Jung Wu | 8/15/2023 | The Institute of Internal Auditors-Chinese Taiwan | Financial Planning, Supervision, and Management Mechanisms and Practices for Corporate Groups (Including Overseas Investment Enterprises) | 6 |
| | Pei-Jung Wu | 8/23/2023~10/4/2023 | Transform Management Consultants Co. Ltd. | Dale Carnegie - High Performance Executive Leadership and Management | 24.5 |
| | Pei-Jung Wu | 9/7/2023 | The Institute of Internal Auditors-Chinese Taiwan | Digital Course on Internal Audit Digital Transformation and Emerging Technology Applications | 6 |
| | Pei-Jung Wu | 10/3/2023 | FINE BLANKING & TOOL CO., LTD. | Health Seminar - Workplace Relations Made Easy: Understanding and Preventing Workplace Misconduct | 2 |
| Auditor | Chun-Hui Shen | 3/16/2023 | The Institute of Internal Auditors-Chinese Taiwan | Internal Audit Digital Transformation and Emerging Technology Applications | 6 |
| | Chun-Hui Shen | 5/16/2023 | TAIWAN GREEN PRODUCTIVITY FOUNDATION | TCFD Education and Training | 3 |
| | Chun-Hui Shen | 5/19/2023 | The Institute of Internal Auditors-Chinese Taiwan | Practical Debate on Data Processing and Analysis, and Applications of Pivot Analysis | 6 |
| | Chun-Hui Shen | 12/26/2023 | China Productivity Center | Easy-to-Start Learning with POWER BI Desktop: Big Data Analysis Applications | 6 |
| Deputy Manager of the President's Office and Acting Spokesperson | Chun-Chieh Lin | 3/29/2023 | China Productivity Center | Benchmark Enterprise Visit - Winner of the 26th National Quality Award - Excellent Management Award: Zhenfeng Enterprise | 2.5 |
| | Chun-Chieh Lin | 5/16/2023 | TAIWAN GREEN PRODUCTIVITY FOUNDATION | TCFD Education and Training | 3 |
| | Chun-Chieh Lin | 6/6/2023 | FINE BLANKING & TOOL CO., LTD. | IATF 16949 - Clause Changes and Customer Specific Requirements | 2 |
| | Chun-Chieh Lin | 8/23/2023~10/4/2023 | Transform Management Consultants Co. Ltd. | Dale Carnegie - High Performance Executive Leadership and Management | 24.5 |
| | Chun-Chieh Lin | 10/3/2023 | FINE BLANKING & TOOL CO., LTD. | Health Seminar - Workplace Relations Made Easy: Understanding and Preventing Workplace Misconduct | 2 |
| Manager of the Administration Department and Spokesperson | Mei-Niang Liu | 2/23/2023 | Automotive Research & Testing Center | Seminar on Carbon Reduction Technologies in the Automotive and Motorcycle Manufacturing Industry | 3.5 |
| | Mei-Niang Liu | 3/1/2023~3/15/2023 | Taipei Exchange | Corporate Governance Evaluation and Advocacy Course for the Year 2023 | 6 |
| | Mei-Niang Liu | 3/2/2023 | Industrial Development Bureau, MOEA | Manufacturing Industry Climate Change Adaptation Advocacy Seminar | 3 |
| | Mei-Niang Liu | 3/29/2023 | China Productivity Center | Benchmark Enterprise Visit - Winner of the 26th National Quality Award - Excellent Management Award: Zhenfeng Enterprise | 2.5 |
| | Mei-Niang Liu | 4/21/2023 | Tunghai University | Sharing of Practical Experience on Internal Carbon Pricing (ICP) | 2.5 |
| | Mei-Niang Liu | 4/25/2023 | Yuanta Securities Co., Ltd. | Retirement Planning Seminar - Must-Knows! 3 Common Misconceptions in Financial Planning' + 'In-Depth Exploration of ETFs | 1.5 |
| | Mei-Niang Liu | 4/26/2023 | Small and Medium Enterprise and Startup Administration | Industry and Small-to-Medium Enterprise Transformation and Development Seminar | 2 |
| | Mei-Niang Liu | 5/16/2023 | TAIWAN GREEN PRODUCTIVITY FOUNDATION | TCFD Education and Training | 3 |
| | Mei-Niang Liu | 6/29/2023 | Providence University | 2023 Biodiversity ESG Conservation Action Forum | 4 |
| | Mei-Niang Liu | 7/7/2023 | Labor General Physical and Health Examination Record Form | Establishment of Safety and Health Hazard Identification and Autonomous Management System (Prevention of Noise Hazards in Operations) for the Year 2023 | 4 |
| | Mei-Niang Liu | 7/25/2023 | Securities and Futures Institute (SFI Taiwan) | Advanced Seminar for Directors (Including Independent Directors) and Corporate Governance Executives - 'How Directors Oversee Corporate Risk Management and Crisis Handling | 3 |
| | Mei-Niang Liu | 8/18/2023 | Labor General Physical and Health Examination Record Form | Online Briefing for the Recognition and Selection Event of 'Healthy Workforce Sustainability Leading Enterprises | 1.5 |
| | Mei-Niang Liu | 8/18/2023 | NXN TECHNOLOGY CO., LTD. | Challenges and Issues in Smart Manufacturing & Fundamentals of Digital Transformation Development | 2 |
| | Mei-Niang Liu | 8/23/2023~10/4/2023 | Transform Management Consultants Co. Ltd. | Dale Carnegie - High Performance Executive Leadership and Management | 24.5 |
| | Mei-Niang Liu | 9/22/2023 | Fair Trading Commission | Fair Trade Commission Advocacy for Legal Compliance and Competition in the Manufacturing Industry in 2023 | 4 |
| | Mei-Niang Liu | 10/3/2023 | FINE BLANKING & TOOL CO., LTD. | Health Seminar - Workplace Relations Made Easy: Understanding and Preventing Workplace Misconduct | 2 |
| | Mei-Niang Liu | 10/30/2023 | Accounting Research and Development Foundation | Continuous Education Course for Accounting Supervisors (Two-Day Course) | 12 |
| | Mei-Niang Liu | 11/9/2023 | Occupational Safety and Health Administration | 2023 Seminar on Autonomous Management for Senior Executives of Enterprises Handling and Storing High-Risk Public Hazardous Chemicals | 3 |
| | Mei-Niang Liu | 11/14/2023 | British Standards Institution (BSI) | 2023 BSI International Sustainable Standards Management Annual Conference: Digital Trust X Sustainable Development | 6 |

| Title | Name | Training date | Organizer | Course name | Training hours |
|---|----------------|-----------------------|---|---|----------------|
| Manager of the Sales Department | Neng-Tang Chou | 4/18/2023 | Changhua County Industrial Association | The Ultimate Guide to Business Development Beyond Price Competition | 6 |
| | Neng-Tang Chou | 4/25/2023 | Yuanta Securities Co., Ltd. | Retirement Planning Seminar - Must-Knows! '3 Common Misconceptions in Financial Planning' + 'In-Depth Exploration of ETFs | 1.5 |
| | Neng-Tang Chou | 6/6/2023 | FINE BLANKING & TOOL CO., LTD. | IATF 16949 - Clause Changes and Customer Specific Requirements | 2 |
| | Neng-Tang Chou | 7/26/2023 | Industrial Development Bureau, MOEA | Intellectual Property Business Symposium of 2023 | 3 |
| | Neng-Tang Chou | 8/23/2023~10/4/2023 | Transform Management Consultants Co. Ltd. | Dale Carnegie - High Performance Executive Leadership and Management | 24.5 |
| | Neng-Tang Chou | 10/3/2023 | FINE BLANKING & TOOL CO., LTD. | Health Seminar - Workplace Relations Made Easy: Understanding and Preventing Workplace Misconduct | 2 |
| Manager of the Technology Research Department | Jung-Feng Wu | 5/16/2023 | TAIWAN GREEN PRODUCTIVITY FOUNDATION | TCFD Education and Training | 3 |
| | Jung-Feng Wu | 6/6/2023 | FINE BLANKING & TOOL CO., LTD. | IATF 16949 - Clause Changes and Customer Specific Requirements | 2 |
| | Jung-Feng Wu | 8/23/2023~10/4/2023 | Transform Management Consultants Co. Ltd. | Dale Carnegie - High Performance Executive Leadership and Management | 24.5 |
| Administration Department | Ya-Ling Huang | 2/6/2023 | Yuanta Securities Co., Ltd. | Special Lecture for the 2023 Shareholders' Meeting | 3.5 |
| | Ya-Ling Huang | 3/25/2023 | China Industrial & Commercial Research Institute | Practical Class on Accounting and Reporting Income Tax for Employee Welfare Committees | 6 |
| | Ya-Ling Huang | 5/16/2023 | TAIWAN GREEN PRODUCTIVITY FOUNDATION | TCFD Education and Training | 3 |
| | Ya-Ling Huang | 7/25/2023 | Securities and Futures Institute (SFI Taiwan) | Advanced Seminar for Directors (Including Independent Directors) and Corporate Governance Executives - 'How Directors Oversee Corporate Risk Management and Crisis Handling | 3 |
| | Ya-Ling Huang | 8/18/2023 | NXN TECHNOLOGY CO., LTD. | Challenges and Issues in Smart Manufacturing & Fundamentals of Digital Transformation Development | 2 |
| | Ya-Ling Huang | 8/23/2023 | Taipei Exchange | IFRSs XBRL Financial Reporting Online Tutorial Course (4-1 to 4-2) | 2 |
| | Ya-Ling Huang | 8/23/2023~10/4/2023 | Transform Management Consultants Co. Ltd. | Dale Carnegie - High Performance Executive Leadership and Management | 24.5 |
| | Ya-Ling Huang | 9/5/2023 | Labor Affairs Bureau, Taichung City Government | Workplace Welfare Legal Seminar | 4 |
| | Ya-Ling Huang | 10/2/2023~10/31/2023 | Taipei Exchange | Promotional Event for Tasks Required by Companies Listed or Preparing for Listing (Video Presentation) | 4 |
| | Ya-Ling Huang | 10/17/2023 | PricewaterhouseCoopers Taiwan | Practical Training on Controlled Foreign Corporations (CFC) Reporting | 2 |
| | Ya-Ling Huang | 10/30/2023~10/31/2023 | Accounting Research and Development Foundation | Continuous Education Course for Accounting Supervisors (Two-Day Course) | 12 |
| | Ya-Ling Huang | 11/3/2023 | Securities and Futures Institute (SFI Taiwan) | Insights into the Derivative Financial Markets for Listed Companies: Towards Corporate Sustainability Seminar | 3 |
| | Ya-Ling Huang | 11/16/2023 | Labor General Physical and Health Examination Record Form | Presentation Event on Promoting Workplace Sustainable Health and Safety Achievements | 3 |
| Manager of the Quality Assurance Department | Ming-Hsing Lin | 5/16/2023 | TAIWAN GREEN PRODUCTIVITY FOUNDATION | TCFD Education and Training | 3 |
| | Ming-Hsing Lin | 6/6/2023 | FINE BLANKING & TOOL CO., LTD. | IATF 16949 - Clause Changes and Customer Specific Requirements | 2 |
| | Ming-Hsing Lin | 8/23/2023~10/4/2023 | Transform Management Consultants Co. Ltd. | Dale Carnegie - High Performance Executive Leadership and Management | 24.5 |
| | Ming-Hsing Lin | 9/12/2023 | POLARIS | Polaris Online Training Course | 1.5 |
| | Ming-Hsing Lin | 10/3/2023 | FINE BLANKING & TOOL CO., LTD. | Health Seminar - Workplace Relations Made Easy: Understanding and Preventing Workplace Misconduct | 2 |
| Manager of the Manufacturing Department | Chia-Che Chang | 5/16/2023 | TAIWAN GREEN PRODUCTIVITY FOUNDATION | TCFD Education and Training | 3 |
| | Chia-Che Chang | 6/6/2023 | FINE BLANKING & TOOL CO., LTD. | IATF 16949 - Clause Changes and Customer Specific Requirements | 2 |
| | Chia-Che Chang | 8/18/2023 | NXN TECHNOLOGY CO., LTD. | Challenges and Issues in Smart Manufacturing & Fundamentals of Digital Transformation Development | 2 |
| | Chia-Che Chang | 8/23/2023~10/4/2023 | Transform Management Consultants Co. Ltd. | Dale Carnegie - High Performance Executive Leadership and Management | 24.5 |
| | Chia-Che Chang | 10/3/2023 | FINE BLANKING & TOOL CO., LTD. | Health Seminar - Workplace Relations Made Easy: Understanding and Preventing Workplace Misconduct | 2 |

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

Feb 27, 2024

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 2023:

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, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency 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 Feb 27, 2024, 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

Chung-Ming Wu, President

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 |
|-----------------------------|--------------|--|---|
| 2023 Annual General Meeting | May 30, 2023 | Acknowledgment of the 2022 business report, financial statements, and consolidated financial statements encompassing business investments. | Resolution passed: Acknowledged 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. |
| | | Acknowledgment of the 2022 earnings distribution proposal. | Resolution passed: To approve the distribution of common cash dividends at NT\$2.0 per share for a total of NT\$151,323,480. During the meeting held on May 30, 2023, the board of directors passed a decision to set the baseline date for dividends at June 30, 2023. The payment of cash dividends was completed on July 12, 2023. |
| | | Discussion on amendments to the Company's "Shareholders' Meeting Rules." | Resolution passed. The issuance of internal documents was completed on June 5, 2023; the amended terms have since been effected. |
| | | Discussion about the nomination and qualification examination of director candidates. | Election results: There are 10 elected directors (including 3 independent directors). The elected list is as follows: (1).List of Director Candidates : Chiuan-Dau INVESTMENT Co., Ltd. Representative:Chung-Yi Wu IDEA INVESTMENT Co., Ltd. Representative:Chung-Ming 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 Yu-Meu Wu (2) List of elected independent directors: Chia-Chi Kuo,Yi-Min Lin,Cheng-Shong Hong Important information was released on May 30, 2023 and Various announcements and completed the economic review on July 3,2023 The Ministry of Commerce Department approves changes to the company change registration form. |

| Meeting name | Meeting date | Summary | Resolution and implementation status |
|-----------------------------|--------------|--|---|
| 2023 Annual General Meeting | May 30, 2023 | Removal of restrictions on competing business practices for the next new directors of the Company. | <p>Resolution passed: Resolved: To lift the restrictions on engaging in competitive activities for the following directors: Director Chung-Yi Wu Director Chung-Ming Wu Director Kuan- Hsing Wu Director Chung-Wuu Li Director Jui-Chang Lin Director Yu-Mei Wu Director Yen-Hsing Wu Independent Director Chia-Chi Kuo Independent Director Yi-Min Lin Independent Director Cheng-Shong Hong</p> <p>Deadline for lifting the restrictions on engaging in competitive activities: May 29, 115. This resolution was announced on May 30,2023.</p> |

2. Major board of directors resolutions and implementation status

| 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. | Resolution passed: To allocate NT\$10,604,749 of director/supervisor remuneration and NT\$14,728,818 of employee remuneration. 1. To be reported during the annual general meeting scheduled on May 24, 2023. 2. 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. |
| | | Review of the Company's 2022 business report, financial statements, and consolidated financial statements encompassing business investments. | 1. 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. 2. The material information was released on March 6, 2023. 3. The outcome was announced and uploaded on March 14, 2023. 4. To be reported for acknowledgment during the annual general meeting scheduled on May 30, 2023. |
| | | 2022 earnings distribution proposal. | Resolution passed; implementation status is as follows: 1. The common share cash dividends are to be paid at NT\$2.0 per share for a total of NT\$151,323,480. 2. The material information concerning dividends resolved by the board of directors was announced on March 6, 2023. 3. To be reported for acknowledgment during the annual general meeting scheduled on May 30, 2023. |
| | | Discussion on the issuance of the 2022 "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 on March 7, 2023. 2. The details have been disclosed in the 2022 annual report. |

| 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; implementation status is as follows: 1. Resolution passed; to be reported for approval during the annual general meeting scheduled on May 30, 2023. 2. The outcome was announced and uploaded before May 31, 2023. 3. The issuance of internal documents was completed on June 5, 2023; 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 30, 2023. 2. The outcome was announced and uploaded before March 7, 2023. 3. The issuance of internal documents was completed on March 20, 2023; the amended terms have since been effected. |
| | | Discussion on amendments to the Sustainable Development Best | Resolution passed; implementation status is as follows: 1. Reported during the annual general meeting held on May 30, 2023. 2. The outcome was announced and uploaded before March 7, 2023. 3. The issuance of internal documents was completed on March 17, 2023; the amended terms have since been effected. |
| | | Discussion on amendments to the Rules Procedure for Directors | Resolution passed; implementation status is as follows: 1. Reported during the annual general meeting held on May 30, 2023. 2. The outcome was announced and uploaded before March 7, 2023. 3. The issuance of internal documents was completed on March 17, 2023; the amended terms have since been effected. |

| Meeting name | Meeting date | Summary | Resolution and implementation status |
|---------------------------|---------------|---|--|
| 1st board meeting of 2023 | March 6, 2023 | Resolution passed and carried out accordingly upon the renewal date. | 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. According to regulations, the proposal announcement process was completed on April 7, 2023. |
| | | Discussion about the motion for the election of all directors. | The resolution was passed and submitted to the shareholders' meeting for election of 10 directors (including 3 independent directors). The implementation is as follows: 1. Announcement of the General Meeting of Shareholders and Elections on March 14, 2023. 2. Announcement of the candidate list on April 7, 2023. 3. The shareholders' meeting election was completed on May 30, 2023. |
| | | Discussion about the nomination and qualification examination of director candidates. | 1. Resolution passed; implementation status is as follows: List of Director (including Independent Director) Candidates: (1). List of Director Candidates : 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) List of Independent Director Candidates : Chia-Chi Kuo, Yi-Min Lin, Cheng-Shong Hong 2. The list of candidates was announced on April 7, 2023. 3. To be submitted for election in the general shareholders' meeting on May 30, 2023. |

| 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. | Resolution passed; implementation status is as follows: 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. 2. During the nomination period, no other shareholders holding 1% or more shares of the Company have nominated. 3. The Company has completed the announcement of the nominees on April 7, 2023 as required. 4. The list of candidates was uploaded after the review by the board of directors on April 7, 2023. 5. To be submitted for election in the general shareholders' meeting on May 30, 2023. |
| | | Removal of restrictions on competing business practices for the next new directors of the Company. | Resolution passed; implementation status is as follows: 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 29, 2026. 2. Submitted and passed the resolution at the regular shareholders' meeting on May 30, 2023. |
| | | Recognition of the Company's Corporate Governance Officer, designated Cybersecurity Officer, and designated personnel in charge of cybersecurity. | Resolution passed; implementation status is as follows: 1. The announcement was made on March 6, 2023 by the Head of Corporate Governance and the Head of Information Security. 2. The corporate governance officer, the information security officer, and the information security personnel have assumed basic information reporting duties since March 6, 2023. |
| 2nd board meeting in 2023 | May 8, 2023 | Review of the Company's 2023 first-quarter consolidated business reports and consolidated financial statements encompassing business investments. | 1. Resolution acknowledged: To acknowledge the 2023 first-quarter business report and financial statements, which reported consolidated revenue of NT\$697,631,000, net income of NT\$70,329,000, net income attributable to owners of the parent company of NT\$49,218,000, and earnings per share of NT\$0.65. 2. The material information was released on May 8, 2023. 3. The financial statements were published and forwarded to the Taipei Exchange on May 13, 2023. |

| Meeting name | Meeting date | Summary | Resolution and implementation status |
|---------------------------|--------------|---|--|
| 3rd board meeting in 2023 | May 30, 2023 | Chairman selection case. | <p>All the directors present unanimously elected Chung-Yi Wu, the legal representative of Quandao Investment Co., Ltd., to serve as the chairman of the board and represent the company externally.</p> <ol style="list-style-type: none"> 1. The announcement was completed on May 30, 2023. 2. The changes to the Ministry of Economic Affairs' change list were completed on July 3, 2023. |
| | | Appointment of general manager and deputy general manager. | <p>The chairman of the board nominated Chung-Ming Wu as general manager; General Manager Wu nominated Chin-Tsu Hsieh to be re-elected as Deputy General Manager.</p> <ol style="list-style-type: none"> 1. The announcement was completed on May 30, 2023. 2. The Ministry of Economic Affairs' change list of changes was completed on July 3, 2023. |
| | | Determination of the baseline date for cash dividends as part of the 2022 earnings distribution. | <p>Resolution passed: Baseline date for cash dividends - June 30, 2023 (Friday) Payment date - July 12, 2023 (Wednesday)</p> <ol style="list-style-type: none"> 1. The material information was released on May 30, 2023. 2. The announcement for the cash dividend payment was made on June 5, 2023. The baseline date for payment of cash dividends, profit-sharing, or other rights was announced on June 5, 2023 3. The payment of cash dividends was completed on July 12, 2023. |
| | | Discussion on the appointment of members of the Company's fifth salary and remuneration committee and second audit committee. | <p>Resolution passed: List of Independent Director Candidates : Chia-Chi Kuo, Yi-Min Lin, Cheng-Shong Hong Served as the fifth salary and remuneration committee of the company Member and the Second Audit Committee.</p> <ol style="list-style-type: none"> 1. On 2023/5/30, the Remuneration Committee and the Audit Committee elected independent director Lin Yimin as the convener. 2. All announcements have been made on 2023/5/30. |

| Meeting name | Meeting date | Summary | Resolution and implementation status |
|---------------------------|------------------|---|--|
| 4th board meeting in 2023 | July 25, 2023 | Report on the 2023 first-half performance of the Company and equity-accounted long-term investments (subsidiaries) | <ol style="list-style-type: none"> 1. Resolution acknowledged: To acknowledge the 2023 first-half business report and financial statements, which reported consolidated revenue of NT\$1,367,104,000, net income of NT\$126,476,000, net income attributable to owners of the parent company of NT\$87,557,000, and earnings per share of NT\$1.16. 2. The material information was released on July 25, 2023. 3. The financial statements were published and forwarded to the Taipei Exchange on August 11, 2023. |
| 5th board meeting in 2023 | November 8, 2023 | Discussion on the 2024 audit plan. | Resolution passed; the outcome was announced and uploaded on December 27, 2023. |
| | | Consolidated financial statements of the Company and consolidated financial statements encompassing business investments for the first three quarters of 2023 | <ol style="list-style-type: none"> 1. Resolution acknowledged: To acknowledge the 2023 three-quarter business report and financial statements, which reported consolidated revenue of NT\$2,089,334,000, net income of NT\$197,837,000, net income attributable to owners of the parent company of NT\$134,025,000, and earnings per share of NT\$1.77. 2. The material information was released on November 8, 2023. 3. The financial statements were published and forwarded to the Taipei Exchange on November 13, 2023. |
| | | Discussion proposal on revising the company's "Operating Procedures for Financial Business Transactions between Affiliated Companies". | <ol style="list-style-type: none"> 1. Resolution acknowledged: 1. The outcome was announced and uploaded on November 20, 2023. 2. The internal document revision process has been completed on December 27, 2023. and implementation |
| | | Revision of the "Board Meeting Regulations" of our company for discussion. | <ol style="list-style-type: none"> 1. Resolution acknowledged: 1. The outcome was announced and uploaded on November 20, 2023. 2. The internal document revision process has been completed on December 27, 2023. and implementation |
| | | Mainland Sun Company Suzhou Fine Blanking & Tool. Evaluation Operation Discussion Case | <ol style="list-style-type: none"> 1. Resolution acknowledged: 1. Detailed plans are being drafted. 2. Seek professional real estate equity disposal transaction security service orders Position in the middle. |

| Meeting name | Meeting date | Summary | Resolution and implementation status |
|---------------------------|-------------------|---|--|
| 6th board meeting in 2023 | December 13, 2023 | Review of the 2023 year-end bonus and special bonus payment. | <p>1. Resolution passed; the cumulative amounts of the year-end bonus and special bonus up until December 2023 shall be estimated and allocated according to the “Year-end Bonus and Special Bonus Allocation and Payment Policy.” Payment date: before February 7, 2024.</p> <p>2. The payment was completed before February 7, 2024, as proposed and resolved.</p> |
| | | Review of the allocation and payment of the 2023 director/employee remuneration. | <p>Resolution passed:</p> <p>1. In accordance with the resolution of the board meeting on December 13, 2023, it has been included in the financial report of 2023 and was approved at the meeting on February 27, 2024, and included in the shareholder's annual meeting report for the year 2024.</p> <p>2. Employee remuneration NT\$12,771,963 The payment was completed before February 6, 2024.</p> <p>Director remuneration NT\$9,195,813 The payment is expected to be completed before March 27, 2024.</p> |
| | | Review of the projected allocation percentage for the 2024 director remuneration and employee remuneration. | <p>1. Resolution passed: To allocate 2024 director/supervisor remuneration at: profit before tax (and before employee/director/supervisor remuneration) * 3.6%. To allocate 2024 employee remuneration at: profit before tax (and before employee/director/supervisor remuneration) * 5%.</p> <p>2. To recognize expenses based on unaudited net income on a monthly basis starting from 2024.</p> <p>3. The proposed allocation ratio for director and employee remuneration is included in the annual financial budget explanation starting from the year 2024, eliminating the need for separate proposals.</p> |
| | | Discussion of operational plans and financial budgets for 2024. | <p>1. Passed the operational plans and projected financial statements for 2024.</p> <p>2. The 2024 projected financial statements are for internal use only and are not disclosed to the public.</p> |
| | | Resolution passed: Reviewing transactions involving sales and purchases with related parties, where the budget exceeds 5% of the consolidated revenue for both 2023 and 2024. ° | Resolution passed: The performance information of transactions with related parties for the year 2023 is to be included in the financial report for the year 2023. |

| Meeting name | Meeting date | Summary | Resolution and implementation status |
|---------------------------|-------------------|--|--|
| 6th board meeting in 2023 | December 13, 2023 | Revision of the "Board Performance Evaluation Method" of our company for discussion. | Resolution passed: The document distribution operation was completed on December 27, 2023, and has been implemented in accordance with the regulations since the date of issuance. |
| | | Discussion on the 2024 annual general meeting date. | Resolution passed: To register the date of the annual general meeting at May 21, 2024. 2. On January 3, 2024, the date of the annual general meeting was registered at May 21, 2024 (Tuesday). 3. On February 27, 2024, the board of directors passed a resolution to set the date of the annual general meeting at May 21, 2024 (Tuesday), and the 2023 annual general meeting was convened as scheduled. |
| 1st board meeting of 2024 | February 27, 2024 | Review of the Company's 2023 business report, financial statements, and consolidated financial statements encompassing business investments. | 1. Resolution passed: To acknowledge the 2023 business report and financial statements, which reported full-year consolidated revenue of NT\$2,860,040,000, net income of NT\$273,083,000, net income attributable to owners of the parent company of NT\$181,424,000, and earnings per share of NT\$2.40. 2. The material information was released on February 27, 2024. 3. The outcome was announced and uploaded on March 14, 2024. 4. To be reported for acknowledgment during the annual general meeting scheduled on May 21, 2024. |
| | | 2023 earnings distribution proposal. | Resolution passed; implementation status is as follows: 1. The common share cash dividends are to be 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 February 27, 2024. 3. To be reported for acknowledgment during the annual general meeting scheduled on May 21, 2024. |
| | | Discussion on the issuance of the 2023 "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 on February 27, 2024. 2. The details have been disclosed in the 2023 annual report. |

| Meeting name | Meeting date | Summary | Resolution and implementation status |
|---------------------------|-------------------|---|--|
| 1st board meeting of 2024 | February 27, 2024 | Discussion on the regular assessment of CPAs' independence in accordance with regulations and CPA appointment for 2024. | 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 2024. |
| | | Discussion on the renewal of expiring banking facilities for May 2024 to April 2025. | Resolution passed and carried out accordingly upon the renewal date. |
| | | Discussion on amendments to the Rules Procedure for Directors | Resolution acknowledged: 1.The outcome was announced and uploaded on March 19, 2024. 2.The internal document revision process has been completed on April 11, 2024. and implementation |
| | | Discussion proposal on amending the Company's "Organizational Rules of the Audit Committee". | Resolution acknowledged: 1.The outcome was announced and uploaded on February 27, 2024. 2.The internal document revision process has been completed on April 11, 2024. and implementation |
| | | Discussion on amendments to the Company's "Corporate Governance Code of Conduct." | Resolution acknowledged: 1.The outcome was announced and uploaded on March 15, 2024. 2.The internal document revision process has been completed on April 11, 2024. and implementation |
| | | Discussion proposal on new revision of the company's "Risk Management Code of Practice". | After discussion by the directors, the resolution was not passed. |
| | | Discussion on the date, venue, and form of the 2024 annual general meeting. | Resolution was passed to convene the 2024 annual general meeting on May 21, 2024; implementation status is as follows: 1.The announcement of the material information was made on February 27, 2024, regarding the time, venue, and agenda of shareholder meeting. 2.The announcement was made on March 14, 2024, to accept motion proposals for the current year's annual general meeting from March 15 until 8:00 a.m., March 25, 2024, 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 21, 2024. |

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: None.

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 | 01/01/2023~12/31/2023 | 2,610 | 595 | 3,205 | Other non-audit fees include business tax directly deducted from audit fees, audit fees for corporate income tax and undistributed earnings, business registration fees, etc. |
| | Chia-Yu Chi | 01/01/2023~12/31/2023 | | | | |

- 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 : NA

3.6.2 Regarding the successor CPA : NA

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 | 2023 | | As of March. 31, 2024 | |
|----------------------------|--|------------------------------|-------------------------------------|-----------------------------|-------------------------------------|
| | | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) |
| Chairman | Chiuan-Dau INVESTMENT Co., Ltd. | 606,000 | 0 | 168,000 | 0 |
| | Representative: Chung-Yi Wu | 0 | 0 | 0 | 0 |
| Director | (IDEA INVESTMENT Co., Ltd. (Note1) | 15,000 | 0 | 20,000 | 0 |
| | Representative: Chung-Ming Wu (Note1) | 0 | 0 | 0 | 0 |
| major shareholder Director | Chiuan-Tai INVESTMENT CORP. (Note1) | 0 | 0 | 0 | 0 |
| | Representative: Chung-Ming Wu (Note1) | 2,000 | 0 | | 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 Co., Ltd. | 0 | 0 | 0 | 0 |
| | Representative: Jui-Chang Lin | 0 | 0 | 0 | 0 |
| Director | CHING YUAN INVESTMENT Co.,Ltd. | 0 | 0 | 0 | 0 |
| | Representative: Yen-Hsing Wu | 0 | 0 | 0 | 0 |
| Director | Yu-Meu Wu | 0 | 0 | 0 | 0 |
| Independent Director | Chia-Chi Kuo | 0 | 0 | 0 | 0 |
| Independent Director | Yi-Min Lin | 0 | 0 | 0 | 0 |
| Independent Director | 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 (Note2) | 0 | 0 | 0 | 0 |
| Financial Officer | Mei-Niang Liu | 0 | 0 | 0 | 0 |

Note:1. On May 30, 112, Chiuan-Dau INVESTMENT Co., Ltd. Representative: Chung-Ming Wu., was dismissed as a director, and IDEA INVESTMENT Co., Ltd. Chung-Ming Wu., was appointed as a new director.

Note:2. 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 | |
| Chiuan-Tai INVESTMENT CORP.. | 14,462,693 | 19.11% | 0 | 0% | 0 | 0% | MEDCARE MANUFACTURING INC. Chiuan-Dau INVESTMENT Co., Ltd. GSK INVESTMENT DEVELOPMENT CORP. GSK CORPORATION | Brother of the Chairman Common corporate representative Common chairman Common chairman | |
| Representative: Kuan- Hsing Wu | 135,024 | 0.18% | 0 | 0% | 0 | 0% | MEDCARE MANUFACTURING INC. | Father-son relationship with the Chairman | |
| GSK INVESTMENT DEVELOPMENT CORP. | 10,352,725 | 13.68% | 0 | 0% | 0 | 0% | GSK CORPORATION Chiuan-Tai INVESTMENT CORP Chiuan-Dau INVESTMENT Co., Ltd. MEDCARE MANUFACTURING INC. | Common chairman Common chairman Common corporate representative Brother of the Chairman | |
| Representative: Chung-Wuu Li | 28,948 | 0.04% | 0 | 0% | 0 | 0% | None | None | |
| Taiwan Fu Hsing Industrial Co., Ltd. | 7,552,867 | 9.98% | 0 | 0% | 0 | 0% | None | None | |
| Person in charge: Jui-Chang Lin | 0 | 0% | 0 | 0% | 0 | 0% | None | None | |
| Chiuan-Dau INVESTMENT Co., Ltd. | 6,828,668 | 9.03% | 0 | 0% | 0 | 0% | GSK CORPORATION Chiuan-Tai INVESTMENT CORP.. GSKINVESTMENT DEVELOPMENT CORP. MEDCARE MANUFACTURING INC. | Common chairman Common corporate representative Common corporate representative Brother of the Chairman | |
| Representative: Chung-Yi Wu | 1,310,631 | 1.73% | 135,024 | 0.18% | 0 | 0% | GSK CORPORATION Chiuan-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 | |
| GSK CORPORATION | 2,625,513 | 3.47% | 0 | 0% | 0 | 0% | Chiuan-Tai INVESTMENT CORP.. | Common chairman | |
| | | | | | | | GSK INVESTMENT DEVELOPMENT CORP. | Common chairman | |
| | | | | | | | Chiuan-Dau INVESTMENT Co., Ltd | Common corporate representative | |
| | | | | | | | MEDCARE MANUFACTURING INC. | Brother of the Chairman | |
| Person in charge: Chung-Yi Wu | 1,310,631 | 1.73% | 135,024 | 0.18% | 0 | 0% | Chiuan-Tai INVESTMENT CORP.. | Common chairman | |
| | | | | | | | GSK INVESTMENT DEVELOPMENT CORP. | Common chairman | |
| | | | | | | | Chiuan-Dau INVESTMENT Co., Ltd | Common corporate representative | |
| | | | | | | | MEDCARE MANUFACTURING INC. | Brother of the Chairman | |
| Fubon Life Insurance Co., Ltd. | 2,148,940 | 2.84% | 0 | 0% | 0 | 0% | None | None | |
| Person in charge: Ming-Xing Cai | 0 | 0% | 0 | 0% | 0 | 0% | None | None | |
| MEDCARE MANUFACTURING INC. | 2,069,970 | 2.74% | 0 | 0% | 0 | 0% | GSK INVESTMENT DEVELOPMENT CORP. | Brother of the Chairman | |
| | | | | | | | Chiuan-Tai INVESTMENT CORP.. | Brother of the Chairman | |
| | | | | | | | Chiuan-Dau INVESTMENT Co., Ltd | Brother to the corporate representative | |
| | | | | | | | GSK CORPORATION | Brother of the Chairman | |
| Person in charge: Tai-Xing Wu | 600,114 | 0.79% | 0 | 0% | 0 | 0% | Chiuan-Tai INVESTMENT CORP.. | Relative relationship within the second degree of kinship to the representative of the company. | |
| | | | | | | | | | |
| Yun-Mei Li | 1,945,000 | 2.57% | 0 | 0% | 0 | 0% | None | None | |
| One- people Li | 1,544,000 | 2.04% | 0 | 0 | 0 | 0 | None | None | |
| Sheng-Mei Zhuang | 1,459,000 | 1.93% | 0 | 0 | 0 | 0 | None | None | |

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 Company

Investment Ownership

As of 3/31/2024 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 | % |
| SUPERIORITY ENTERPRISE CORP (Note2) | 48,000 | 100% | 0 | 0% | 48,000 | 100% |
| PROFITIOUS INTERNATIONAL INC.(Note3) | 22,717 | 55.75% | 17,020 | 41.77% | 39,737 | 97.52% |

Note 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 03/22/2024 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 03/22/2024 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 03/22/2024 Unit: Person; Share; %

| Item | Government Agencies | Financial Institutions | Other Juridical Persons | Domestic Natural Persons | Foreign Institutions & Natural Persons | Total |
|------------------------|---------------------|------------------------|-------------------------|--------------------------|--|------------|
| Number of Shareholders | 0 | 1 | 38 | 7,765 | 9 | 7,813 |
| Shareholding (shares) | 0 | 2,148,940 | 47,532,234 | 25,904,414 | 76,152 | 75,661,740 |
| Percentage | 0% | 2.84% | 62.82% | 34.24% | 0.10% | 100% |

Note: Shareholding by china investors was 0%.

4.1.3 Shareholding Distribution Status

4.1.3 1. Common Share

As of 03/22/2024 Unit: Person; Share; %

| Class of Shareholding (Unit: Share) | Number of Shareholders | Shareholding (Shares) | Percentage |
|--|---------------------------|-----------------------|------------|
| 1 to 999 | 6,057 | 114,389 | 0.15% |
| 1,000 - 5,000 | 1,293 | 2,528,715 | 3.34% |
| 5,001 to 10,000 | 187 | 1,422,054 | 1.88% |
| 10,001 - 15,000 | 69 | 852,251 | 1.13% |
| 15,001 to 20,000 | 43 | 793,394 | 1.05% |
| 20,001 - 30,000 | 43 | 1,091,842 | 1.44% |
| 30,001 - 40,000 | 15 | 533,573 | 0.71% |
| 40,001 - 50,000 | 15 | 689,285 | 0.91% |
| 50,001 to 100,000 | 32 | 2,222,630 | 2.94% |
| 100,001 to 200,000 | 26 | 3,423,581 | 4.52% |
| 200,001 - 400,000 | 12 | 3,352,269 | 4.43% |
| 400,001 to 600,000 | 5 | 2,595,642 | 3.43% |
| 600,001 to 800,000 | 4 | 2,595,624 | 3.43% |
| 800,001 - 1,000,000 | 0 | 0 | 0.00% |
| Over 1,000,001 | 12 | 53,446,491 | 70.64% |
| Total | 7,813 | 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 03/22/2024 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. | 6,828,668 | 9.03% |
| GSK CORPORATION | 2,625,513 | 3.47% |
| Fubon Life Insurance Co., Lt | 2,148,940 | 2.84% |
| MEDCARE MANUFACTURING INC. | 2,069,970 | 2.74% |
| Yun-Mei Li | 1,945,000 | 2.57% |
| Yi-Ming Li | 1,544,000 | 2.04% |
| Sheng-Mei Zhuang | 1,459,000 | 1.93% |

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 | 2022 | 2023 | 01/01/2024~ 03/31/2024 (Note4) |
|--|------------|---------------|--------------------------------------|
| Market Price per Share | | | |
| Highest Market Price | 43.90 | 40.25 | 36.75 |
| Lowest Market Price | 33.00 | 32.00 | 32.05 |
| Average Market Price | 37.79 | 36.23 | 34.14 |
| Net Worth per Share | | | |
| Before Distribution | 32.26 | 32.46 | - |
| After Distribution | 30.26 | (Note5) 30.86 | - |
| Earnings per Share | | | |
| Weighted Average Shares(thousand shares) | 75,661,740 | 75,661,740 | 75,661,740 |
| Diluted Earnings Per Share | 2.82 | 2.40 | - |
| Adjusted Diluted Earnings Per Share | 2.82 | 2.40 | - |
| Dividends per Share | | | |
| Cash Dividends | 2.00 | (Note5) 1.60 | - |
| Stock Dividends | | | |
| ● Dividends from Retained Earnings | 0 | 0 | - |
| ● Dividends from Capital Surplus | 0 | 0 | - |
| Accumulated Undistributed Dividends | 0 | (Note5) 1.60 | (Note5) 1.6 |
| Return on Investment | | | |
| Price / Earnings Ratio (Note 1) | 13.40 | 15.10 | - |
| Price / Dividend Ratio (Note 2) | 18.90 | 22.64 | - |
| Cash Dividend Yield Rate (Note 3) | 5.29% | 4.42% | - |

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 2023 cash dividends have been approved by the board of directors and are pending resolution in the 2024 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 of our company resolved on February 27, 2024 of the Republic of China to appropriate the undistributed profits as of the end of the 2023 of the Republic of China as follows: Statutory surplus reserve:

NT\$18,142,342, Accumulated translation adjustments on foreign currency-denominated long-term investments overseas: NT\$15,011,372, Cash dividends on ordinary shares: NT\$121,058,784, at NT\$1.6 per share.

Dividends for the last 5 years are explained in the following chart. Earnings per share for 2023 were 14.89% lower compared to 2022, which led to a 20% decrease in dividends per share in 2023 over 2022:

| Item/Year | 2019 | 2020 | 2021 | 2022 | 2023(Note1) |
|--------------------------|--------|--------|--------|--------|-------------|
| Earnings per Share (NTD) | 0.73 | 1.36 | 2.40 | 2.82 | 2.40 |
| Cash dividends (NTD) | 0.70 | 0.70 | 1.60 | 2.00 | 1.60 |
| Stock dividends (NTD) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Payout ratio | 95.89% | 51.74% | 66.67% | 70.92% | 66.67% |

Note: 1. 2023 dividends are pending approval in the 2024 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\$12,771,963 and director remuneration totaling NT\$9,195,813 were estimated for 2023 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.

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 2023:

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 2023 employee remuneration and director/supervisor remuneration resolved by the board of directors on December 13, 2023 and February 27, 2024, are as follows:

The distribution of employee and director remuneration for the year 2023 is 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 | 12,771,963 | 12,771,963 | 0 | None | Cash or wire transfer |
| Directors' Remuneration | Directors of the Company | 9,195,813 | 9,195,813 | 0 | None | Cash or wire transfer |
| Total | | 21,967,776 | 21,967,776 | 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 (2022) 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 | 14,728,818 | 14,728,818 | 14,728,818 | 0 | None | Cash or wire transfer |
| Director/supervisor remuneration | 10,604,749 | 10,604,749 | 10,604,749 | 0 | None | Cash or wire transfer |
| Total | 25,333,567 | 25,333,567 | 25,333,567 | 0 | — | — |

4.1.9 Buyback of company shares: None.

4.2 Bonds : None.

4.3 Preferred shares: None.

4.4 Global Depositary 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 | 2023 | |
|---------------------|---|---------------------|
| | Consolidated operating revenue, (thousands) | Operating ratio (%) |
| Fine blanking parts | 873,215 | 30.53% |
| Brake discs | 762,598 | 26.66% |
| Car seats, saddles | 1,052,803 | 36.81% |
| Others | 171,424 | 6.00% |
| Total | 2,860,040 | 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:

Drive train— Bearing spacers, transmission rod assemblies, spot welding bolt.

Interior System— interior compartment assemblies, right/left outer exterior compartment assemblies, right outer exterior, compartment body assemblies, handle.

Safety System— K-shaped latches, latches, connecting plates, hand brake assemblies.

(2)Scooter and motorcycle parts :

Transmission system— shock absorber assembly 、 and drive sprocket 、 wheels.

Engine system— chain wheels.

Safety system— brake discs 、 smart disc 、 forged lace disc 、 front/rear induction wheel 、 floating disc.

(3)Bicycle parts : brake discs.

(4)All Terrain Vehicle (ATV)— A-arm assemblies, direction unit, direction column combination.

(5)Golf cart— Secondary clutch assemblies, paddle assemblies (TPS), Frictional Shifted Seat-Pad, Main clutch assemblies.

(6) Tools and equipment— Gasket.

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/ car door panel (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 the ARTC Global Motorcycle Market Analysis and Outlook, the global motorcycle market is primarily concentrated in Asia, with the top 10 motorcycle markets globally being China, India, Indonesia, Vietnam, Brazil, Thailand, the Philippines, the United States, Pakistan, and Taiwan, with 8 out of these 10 countries located in Asia. The main growth momentum is concentrated in developing countries such as China, Southeast Asia, Africa, and Latin America.

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 the Industrial Technology Research Institute's (ITRI) IKE Outlook 2024 series | Global Motorcycle and Electric Motorcycle Industry Review and Outlook data, global motorcycle sales in 2023 reached approximately 59.22 million units, showing a growth of approximately 0.87% compared to around 58.71 million units in 2022.

According to Taiwan's Economic and Trade Network Business Situation Quick Collection for 2023, the top three motorcycle sales markets were China and India, each with sales in the tens of millions, and Indonesia with motorcycle sales reaching 6.24 million units.

According to the statistics from the Taiwan Vehicle Industry Association, the domestic sales in Vietnam from 2012 to 2013 were approximately 3.1 million and 2.5 million vehicles, with an export ratio of about 10-20%. The total sales were about 3.5 million and 3.1 million vehicles, respectively. From 2014 to 2019, sales remained above 3 million vehicles. However, due to the impact of the pandemic, sales decreased to approximately 2.68 million vehicles in 2020 and 2.47 million vehicles in 2021. In recent years, the five major manufacturers (Honda, Yamaha, Piaggio, Sanyang, and Suzuki) have continuously expanded their estimated production capacity, leading to a continuous increase in exports to other Asian countries and African countries.

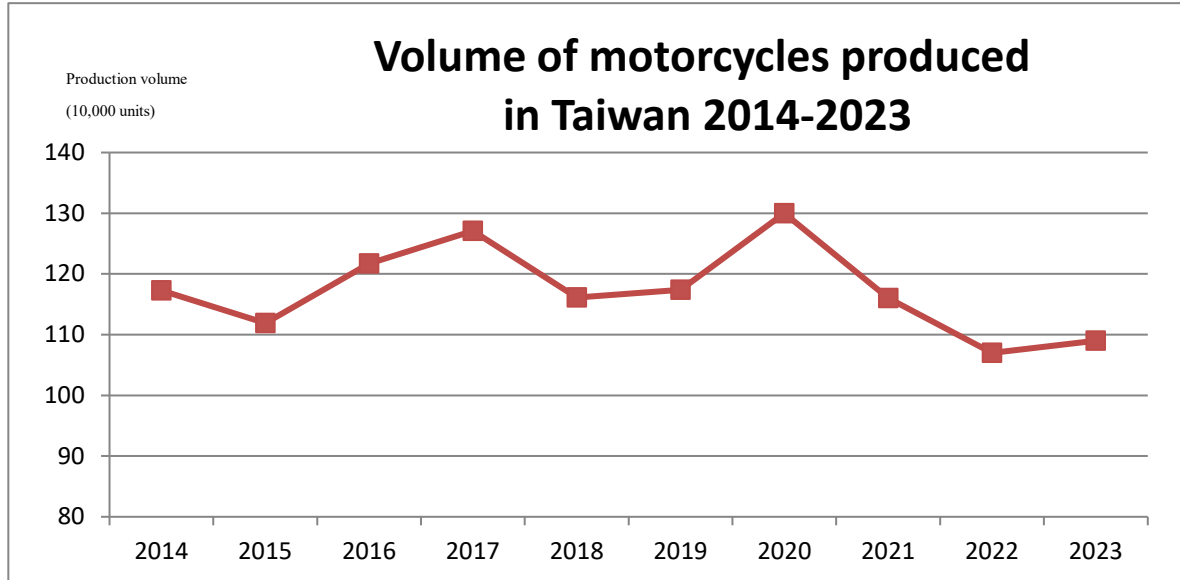
According to the Vietnam Express English News report, member manufacturers of the Vietnam Association of Motorcycle Manufacturers (VAMM) collectively sold 2.5 million motorcycles in the Vietnamese market in 2023, showing a year-on-year decrease of 16.2%.

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. In 2022, there were approximately 679,000 units, representing a decline of 15.22%. In 2023, the number rose to approximately 817,000 units, marking an increase of 18.27%. 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. The export ratio of complete vehicles decreased from approximately 41% in 2009 to around 32.46%, 36.75%, and 25.22% in the years 2021, 2022, and

2023 respectively.

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 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------------------------------|-------|-------|--------|-------|-------|-------|------|--------|-------|------|
| Production volume (10,000 units) | 117.3 | 111.9 | 121.7 | 127.1 | 116.1 | 117.4 | 130 | 116 | 107 | 109 |
| Percentage increase (decrease) (%) | 1.70 | 9.90 | (4.60) | 8.8 | (8.7) | 1.1 | 10.7 | (10.8) | (7.8) | 1.9 |

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.

In 2022 and 2023, the figures were 394,000 units and 276,000 units respectively.

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%. In 2022 and 2023, sales figures were 66,000 units and 59,000 units respectively. Due to the impact of climate change and the carbon reduction issue, domestic manufacturers like Kymco have entered the competition in the electric motorcycle market. However, the overall motorcycle market in Taiwan for 2024 is still not optimistic due to the influence of inflation.

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, 25.8 million, 25.31 million to 26.08 million units. In 2023, automobile production and sales reached 301.61 million units and 300.94 million units respectively, marking an increase of 8.2% and 9.9% compared to the previous year, China remained the largest automobile market globally. With emerging markets such as mainland China and India rising, their share of the automobile market has increased significantly, 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. In 2022, the sales volume was 262,000 units, experiencing a decline of 0.91%. However, in 2023, the sales volume increased to 285,000 units, representing a growth of

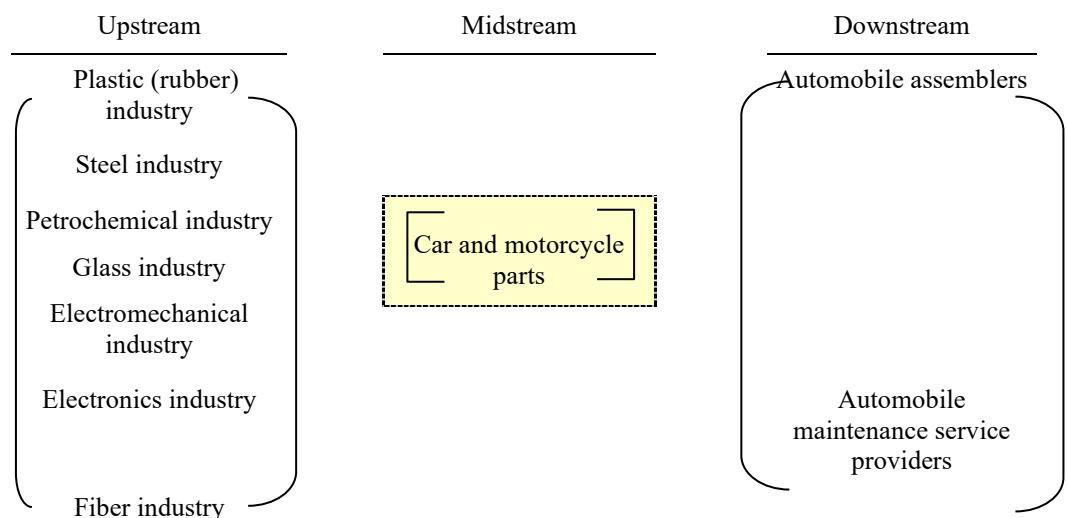
8.67%. Currently there are more than two thousand automobile parts suppliers in Taiwan, and due to the limited size of the domestic market, many have opted to invest in China. Over time, Taiwanese automobile manufacturers have been able to generate yields from their R&D investments, and increase the 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 2020.

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. 2023 Consolidated R&D expenses up until the publication date of the annual report

Unit ; NT\$ thousands

| Item \ Year | 2023 | Up until 2024/3/31 | Remarks |
|----------------------------|--------|-----------------------|---|
| Product R&D expenses | 27,335 | 6,949 | R&D expenses presented as operating expense |
| As a percentage of revenue | 0.96% | 1.01% | |

5.1.3.2 2023 Technologies and products successfully developed (new samples) up until the publication date of the annual report

| Product | Purpose |
|--|---|
| Safety System—K-shaped latches, latches, connecting plates, hand brake assemblies. Interior System—interior compartment assemblies, right/left outer exterior compartment assemblies, right outer exterior, compartment body assemblies, handle. Drive train—Bearing spacers, transmission rod assemblies, spot welding bolt | Automobile parts |
| Drive train—Bearing spacers, transmission rod assemblies, spot welding bolt Safety System—Brake discs, smart discs, lace forged discs, front sensing wheels, rear sensing wheels, floating discs, brake lever assemblies Engine System—Chain wheels | Motorcycle parts Heavy duty motorcycle parts |

| | |
|---|----------------|
| Tools and equipment—Gasket. Golf cart—Secondary clutch assemblies, paddle assemblies (TPS), Frictional Shifted Seat-Pad, Main clutch assemblies. All Terrain Vehicle (ATV)—A-arm assemblies, direction unit, direction column combination. Bicycle — Brake discs | 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 \ Year | | 2021 | | 2022 | | 2023 | |
|------------------------------------|------------|----------------|--------|----------------|-------|----------------|-------|
| | | revenue amount | (%) | revenue amount | (%) | revenue amount | (%) |
| Overseas sales | Europe | 69,743 | 2.52 | 61,013 | 1.94 | 56,315 | 1.97 |
| | Americas | 25,446 | 0.92 | 25,464 | 0.81 | 27,211 | 0.95 |
| | Asia | 1,397,669 | 50.52 | 1,709,154 | 54.41 | 1,666,421 | 58.27 |
| | Other Area | 8,447 | 0.31 | 0 | 0 | 0 | 0 |
| Total | | 1,501,305 | 54.27 | 1,795,631 | 57.16 | 1,749,947 | 61.19 |
| Domestic sales (including traders) | | 1,265,133 | 45.73 | 1,345,674 | 42.84 | 1,110,093 | 38.81 |
| Total | | 2,766,438 | 100.00 | 3,141,305 | 100 | 2,860,040 | 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. 2023 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 | 410,354 | 37.54% | 85% | 31.91% |
| KYMCO | 423,669 | 38.76% | 68% | 26.36% |
| Yamaha Taiwan | 162,185 | 14.84% | 55% | 8.16% |
| Suzuki Taiwan | 15,288 | 1.40% | 0% | 0.00% |
| PGO | 17,472 | 1.60% | 50% | 0.80% |
| Gogoro | 59,209 | 5.42% | 99% | 5.37% |

| | | | | |
|-------------|-----------|---------|----|--------|
| China Motor | 4,848 | 0.44% | 0% | 0.00% |
| Total | 1,093,025 | 100.00% | — | 72.60% |

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 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| No. of motorcycles produced in Taiwan (thousands) | 1,173 | 1,119 | 1,217 | 1,271 | 1,161 | 1,174 | 1,298 | 1,164 | 1,070 | 1,093 |
| Market share of the Company (%) | 81.37% | 75.78% | 76.49% | 77.03% | 74.99% | 78.32% | 75.21% | 72.61% | 73.41% | 72.60% |

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 2023: 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 2023, 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), 83 million (2021), and 82 million (2022), 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 2023, the market share in Vietnam was about 63%,66% and 72% 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 2023 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 1.59% of the Company's revenue in 2023 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 1.2 % of the revenue in 2023, and the market share is not analyzed because of its insignificance.

In summary, our company's motorcycle disc brake discs are the leading manufacturer in both the Taiwan and Vietnam markets. The market share of motorcycle seats in Vietnam exceeds 60%, demonstrating significant competitiveness. Our precision stamped products are also highly acclaimed by world-class manufacturers. Additionally, the sales of car seats are gradually expanding in the Vietnam market.

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:

Taiwan'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 2020 and 2023 were reported at 938,000 and 801,000 and 679,000 and 817,000 units, respectively; there was no significant change in overall sales volume as increases in domestic sales were offset by decreases in overseas sales. In 2018, the expansion of overseas markets indirectly drove up the demand for motorcycle components sourced domestically, gradually increasing the proportion to over 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. In 2023, it declined to 2.5 million units. All of the five top players (Honda, Yamaha, Piaggio, Sanyang, and Suzuki) 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: 1.Information compiled by the Taiwan Transportation Vehicles Manufacturers Association.

2. The amount for January to November 2023 was 205.3 billion yuan, a decrease of 12.89% compared to the same period last year

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. In 2023, production and sales both exceeded 30 million units, making it the country with the highest sales in the world for several consecutive years. In order to seize opportunities in the Chinese car market, domestic related companies are no longer limited to investments in mainland China by

Taiwanese parent companies or Taiwanese businessmen. In recent years, they have gradually expanded their market size through strategic alliances or equity swaps, aiming to play an international division of labor role in the global procurement system.

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.

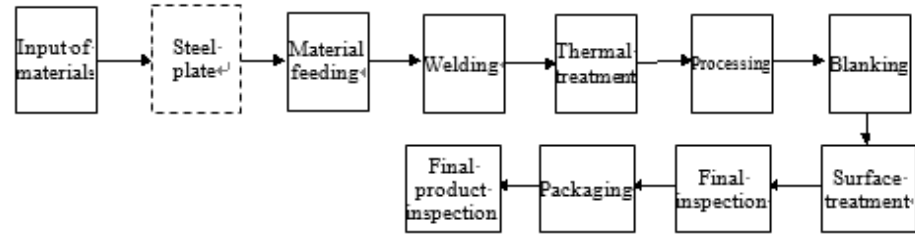
5.2.2 、 Production Procedures of Main Products

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

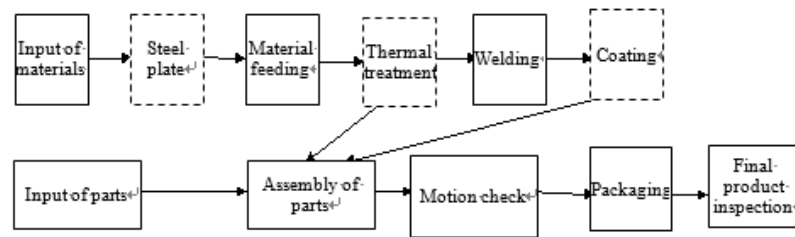
- (1). Recliners : Can be used for car seats in passenger vehicles, forklifts, and special purpose vehicles.
- (2). Brake discs : Brake discs for motorcycles and bicycles.
- (3). Gears : For motorcycle transmission and starter gear sets.
- (4). Fine blanking parts : The product can be used in office 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:

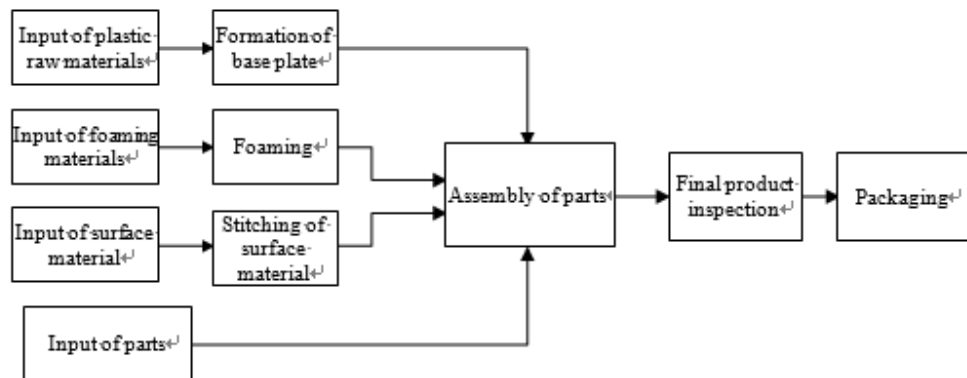
- (1) Production flowchart for cogwheels, brake discs, and precision stamped parts:



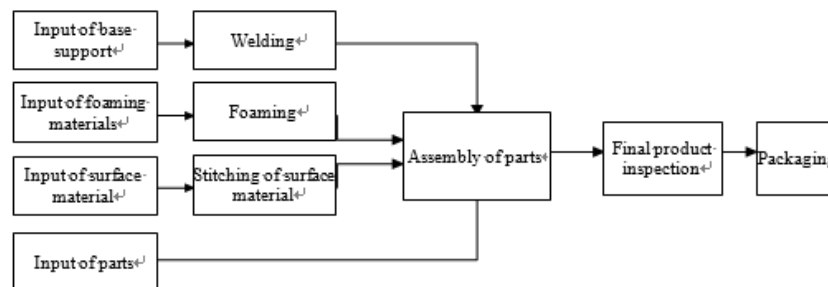
(2) Production flowchart for recliners, sliders, and handbrakes:



(3) Production flowchart for saddles:



(4) Production flowchart for car seats:



5.2.3 Supply Status of Main Materials

Our company's main materials are steel sheets and iron sheets, which are used for assembling components such as car seats, motorcycle seats, and recliners. All of the above-mentioned materials can be obtained locally in Taiwan. However, some companies import certain special steel sheets, iron sheets, and chemical raw materials directly from abroad due to considerations of the international situation. The rest are sourced directly from domestic manufacturers or locally in Vietnam

or mainland 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 2022 and 2023; 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 ; %

| | 2022 | | | | 2023 | | | |
|------|---------------------------|-----------|--|----------------------|---------------------------|-----------|--|----------------------|
| Item | 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 | 410,679 | 22.63% | None | HT | 491,184 | 32.02% | None |
| 2 | (Japanese company K) | 140,316 | 7.73% | None | (Japanese company K) | 112,999 | 7.37% | None |
| 3 | (US company H) | 129,340 | 7.13% | None | (US company H) | 61,497 | 4.01% | None |
| | Other (None exceeded 10%) | 1,134,262 | 62.51% | | Other (None exceeded 10%) | 868,361 | 56.60% | |
| | Net Total Supplies | 1,814,597 | 100% | | Net Total Supplies | 1,534,041 | 100% | |

A. Cause of variation:

Our company primarily procures raw materials in accordance with customer specifications or verification during the early stages of development. For steel materials, domestically produced materials are indirectly purchased from CSC through multiple suppliers such as Taihao and Chunyuan, while imports from Japan are sourced from suppliers T and K. Since 2013, we have been procuring some materials from HT in Vietnam. Our subsidiary in Vietnam procures raw materials for automobile seats and motorcycle cushions, sourcing some chemical raw materials from overseas and procuring others locally from HT and similar suppliers.

In 2023, the consolidated net revenue decreased by 8.95% compared to the same period, resulting in a reduction in purchases from 2022. The amount and proportion of purchases from the top supplier, HT, increased significantly from 2022 to 2023. This was due to the procurement of iron and plastic components for newly produced car seats in Vietnam, in addition to the majority of steel purchases for original disc brake discs. Purchases from the Japanese supplier K

decreased significantly in 2023 due to a decrease in orders and corresponding procurement amounts. On the other hand, purchases from the American supplier H increased in 2023 due to increased procurement of materials for newly produced motorcycle seats, despite the decrease in revenue. In 2023, the overall proportion of purchases to net revenue decreased to approximately 53.64% from 57.77% in 2022 due to changes in orders and product material structures.

- 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 2022 and 2023; the amounts sold and relative percentage to net sales in the respective years are explained below:

Unit: NT\$ thousand; %

| | 2022 | | | | 2023 | | | |
|------|-----------------------|-----------|---|---|-----------------------|-----------|---|---|
| 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 | 981,791 | 31.25% | None | HO | 1,045,371 | 36.55% | None |
| 2 | GSK Technologies Inc. | 491,064 | 15.63% | Counterparty's chairperson is the Company's corporate director representative | GSK CORPORATION | 378,375 | 13.23% | Counterparty's chairperson is the Company's corporate director representative |
| 3 | GSK CORPORATION | 335,424 | 10.68% | Counterparty's chairperson is the Company's Chairman | GSK Technologies Inc. | 346,734 | 12.12% | Counterparty's chairperson is the Company's Chairman |
| | Others | 1,333,026 | 42.44% | | Others | 1,089,560 | 38.10% | |
| | Net Sales | 3,141,305 | 100% | | Net Sales | 2,860,040 | 100% | |

A. Cause of variation:

In year 2023, the combined net revenue decreased by 8.95% compared to the same period. The increase in the amount and ratio of the top three customers' orders was due to an increase in orders from customer HO. This increase was primarily driven by new mass production orders for automobile seats in Vietnam in year 2023. The decrease in sales from customer GSK International in year 2023 compared to 2022 was due to a decrease in orders for motorcycle brake discs, snowmobile brake discs, and heavy machinery parts from overseas customers. The increase in sales from customer GSK Industrial in year 2023 compared to 2022 was attributed to changes in orders for golf cart components.

- 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/ piece/kg / Unit: NT\$ thousands

| Output Year | | 2022 | | | 2023 | | |
|--------------------------------------|------------------------|----------|----------|-----------|----------|----------|-----------|
| | | Capacity | Quantity | Amount | Capacity | Quantity | Amount |
| Major Products (or by department) | | | | | | | |
| Recliners | Thousand/ pieces | 360 | 263 | 38,329 | 400 | 314 | 35,193 |
| Fine blanking parts | Thousand/ pieces | 36,000 | 33,586 | 892,855 | 31,000 | 25,244 | 746,114 |
| Brake discs | Thousand/ pieces | 7,300 | 6,881 | 884,988 | 5,000 | 4,825 | 746,797 |
| Gears | Thousand/ pieces | 450 | 393 | 31,236 | 400 | 376 | 30,080 |
| Seat assy | Thousand/ pieces | 2,700 | 2,665 | 865,976 | 2,500 | 2,217 | 814,731 |
| Others(Note2) | Thousand/ pieces/kg | 7,650 | 7,245 | 112,389 | 6,800 | 6,189 | 110,374 |
| Total | | (Note3) | (Note3) | 2,825,773 | (Note3) | (Note3) | 2,483,289 |

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 | | 2022 | | | | 2023 | | | |
|--------------------------------------|------------------------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|
| | | Local | | Export | | Local | | Export | |
| Major Products (or by department) | | Quantity | Amount | Quantity | Amount | Quantity | Amount | Quantity | Amount |
| Recliners | Thousand/ pieces | 107 | 27,399 | 170 | 15,507 | 117 | 30,415 | 208 | 15,133 |
| Fine blanking parts | Thousand/ pieces | 8,126 | 658,781 | 24,225 | 333,493 | 7,108 | 577,534 | 19,188 | 295,779 |
| Brake discs | Thousand/ pieces | 2,777 | 570,365 | 2,690 | 332,575 | 1,657 | 430,225 | 2,968 | 334,175 |
| Gears | Thousand/ pieces | 145 | 16,447 | 215 | 12,502 | 104 | 15,632 | 284 | 19,054 |
| Seat assy | Thousand/ pieces | 56 | 36,090 | 2,619 | 1,045,302 | 79 | 21,262 | 2,151 | 1,031,692 |
| Others (Note1) | Thousand/ pieces/kg | 1,955 | 36,592 | 6,935 | 56,252 | 1,774 | 35,025 | 4,632 | 54,114 |
| Total | | (Note1) | 1,345,674 | (Note1) | 1,795,631 | (Note1) | 1,110,093 | (Note1) | 1,749,947 |

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 2024

| Year | | 2022 | 2023 | Current year up until 3/31/2024 |
|--------------------------|---|--------|--------|------------------------------------|
| Number of Employees | Direct Labor | 605 | 639 | 608 |
| | Indirect labor | 238 | 202 | 195 |
| | Sales, administration, and research personnel | 188 | 195 | 198 |
| | Total | 1,031 | 1,036 | 1,001 |
| Average Age | | 36.88 | 37.30 | 37.72 |
| Average Years of Service | | 6.7 | 7.08 | 7.4 |
| Education | Ph.D | 0.10% | 0.10% | 0.10% |
| | Masters | 0.87% | 0.87% | 0.90% |
| | Bachelor's Degree | 25.80% | 25.97% | 27.07% |
| | Senior High School | 44.62% | 42.95% | 47.85% |
| | Below Senior High | 28.61% | 30.12% | 24.08% |

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\$7.2 million for 2023, and an actual sum of NT\$11.09 million was spent between January and December 2023 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\$11,293, thousand 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 | 1,626 | 1,753 | Note1 |
| | | Prevention of soil pollution | 15 | | |
| | | Air pollution control | 112 | | |
| 2 | Routine equipment operation and servicing charges | | 2,359 | | |
| 3 | Environmental protection, treatment, water, and power expenses | | 700 | | Estimated value |
| 4 | Wastewater fee | | 1,983 | | |
| 5 | Testing fee | | 518 | | |
| 6 | External training charges | | 198 | | |
| 7 | Environmental protection personnel expenses | | 1,186 | | |
| 8 | Waste disposal charges | | 2,596 | | |
| Total | | | 11,293 | | |

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 2023 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 2023 and 2022, 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 increased by 9 to 341 and 332. The "mean salary" of non-managerial full-time employees was NT\$513,000 and NT\$574,000 in the respective years, representing a NT\$61,000 decrease, whereas the "median salary" of non-managerial full-time employees was NT\$464,000 and NT\$524,000, respectively, representing a NT\$60,000 decrease.

- (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.
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 338 arrangements were made in 2023 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. In year 2020, we were certified again (for the period from 2020 to 2023). Additionally, in year 2023, we obtained certification for the Changhua County Breastfeeding-Friendly Room

(for the period from 2023 to 2026), 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,

with a total of 3,157 participants in 2023, In 2024 we introduced a new record for step counts. Quarterly, we organize health promotion series events with different themes, such as the Fun Circle Nine-Square Competition, Jump Rope Fun Competition, Chess Fun Competition, and Recycling Fun Competition, among others. These activities help alleviate stress, promote health, and we provide incentive mechanisms to encourage employee participation. Each month, during our company-wide regular meetings, outstanding winners of these activities are recognized.

Every year, we organize employee trips, Happy Blood Donor events, year-end parties, and activities for International Workers' Day.

(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. in 2023, the following courses and seminars were held: Noise Work and Hearing, Artisan - Eternal Test Tube Flowers, Bone Health and Osteoporosis Prevention, Nutritionist Lectures on Sugar and Carbohydrates, Experiencing Everyday Series - Wishing Bottle with Floating Flowers, Correct Posture to Avoid Injury, Experiencing Everyday Series - Three-dimensional Embroidery Wreath with Dried Flowers, Weight Loss for Body and Mind Relief, Mindful Eating for Weight Loss, Experiencing Everyday Series - Dandelion Glass Balls, Experiencing Everyday Series - Dream Catcher Eternal Flowers, Workplace Relationships Made Easy - Understanding and Preventing Workplace Misconduct, and In-Service Environmental Safety and Health Education Training, among others.

We have implemented a health information system since 2016 and continuously optimized the new version of our health management

platform. We continue to establish another interactive platform with employees, providing e-health information, e-health self-management, health check inquiries, epidemic prevention information, and health promotion messages, among others. This strengthens employees' awareness of epidemic prevention and health. The system is connected via the intranet and designated area Wi-Fi, with employees logging in with personal accounts and passwords to ensure data protection and information 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).

Participating in the Ministry of Labor's Occupational Safety and Health Administration Workplace Health and Safety Sustainable Development Program, we were honored as a distinguished enterprise in the "Proactive Evaluation of Occupational Health and Safety Indicators in Corporate Sustainability Reports" for the year 2023.

(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 2023 to rehearse proper handling and response for a total of 13 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.

In response to frequent reports of casualties caused by fire incidents in the news, we have increased emergency evacuation and escape training to instill correct evacuation concepts among personnel. This ensures that all personnel in each factory can evacuate promptly and retreat to safe areas to take headcounts.

(10) Equipment Safety Management:

We conduct equipment classification management and legally list and outsource inspections for hazardous machinery and equipment, ensuring safe operation. In 112, the hazardous machinery of the company underwent regular inspections in accordance with the "Regulations for Inspection of Hazardous Machinery and Equipment," ensuring safe equipment operation.

(11) Safety and Health Performance:

In 112, the company had zero cases of occupational accidents (excluding commuting incidents) and zero cases of occupational diseases.

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. 123 employees of the Company hold a total of 227 professional certificates for various roles such as safety manager, crane operator, forklift operator, etc. Below is a summary of the training courses organized in 2023:

| Course category | | Course count | Training hours | Enrollments |
|----------------------|---|--------------|----------------|-------------|
| Administration | | 38 | 3,363.5 | 989 |
| Role-specific | Administrative and finance | 52 | 603.5 | 177 |
| | Marketing | 20 | 181.5 | 94 |
| | Property management and production management | 93 | 2,075.5 | 1,403 |
| | Research, development, and quality related | 67 | 1,266.0 | 337 |
| | Technical | 189 | 3,788.5 | 3,638 |
| | Auditing | 13 | 162.5 | 48 |
| General | | 61 | 1,828.0 | 907 |
| Environmental safety | | 93 | 4,806.5 | 2,067 |
| Total | | 626 | 18,065.5 | 9,660 |

In addition, we adopt the practice of keeping internal documents on knowledge gained through organizational learning. Between 2019 and 2023, we added a total of 171, 174, 134, 136 and 156 documents to the knowledge base.

(2) Employee career development

Our company conducts annual training plans based on the results of skills gap analysis, continuously providing on-the-job training for employees. Each year, we distribute "Human Resources

Survey/Individual Skill Assessment Forms" to register newly added online training items for employees and assess their proficiency. This serves as a reference for training adjustments and records individual training effectiveness, allowing us to review employees' future career development capabilities.

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, 2023 and 2022, the balance of the pension fund account was NT\$1,714,000 and NT\$8,930,000 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 2023 and 2022 in accordance with the above rules are as follows:

| Items | For the years ended December 31, | |
|--------------------------------------|----------------------------------|-----------|
| | 2023 | 2022 |
| Defined contribution pension expense | \$ 11,377 | \$ 11,344 |

5. Friendly workplace and child care

The company is committed to promoting gender equality policies and empathizing with employees' needs, including supporting their family lives. We encourage both male and female employees with children under the age of three to utilize parental leave. In Taiwan in 2023, there were 3 male employees and 7 female employees eligible for parental leave. One male employee and one female employee actually applied for it, with a 100% return-to-work rate. In 2022, four employees returned to work, with a retention rate of 100% by 2023.

6.Enforcement of labor agreements and employee rights:

Based on a people-oriented and harmonious team corporate culture, we prioritize giving full respect and daily care to our colleagues, maintaining a harmonious working environment between labor and management. Here are the agreements and measures regarding employee rights and interests:

(1) Labor Union and Collective Agreement:

Our Taiwan operations do not have a labor union or a signed collective agreement. Although our operations in mainland China have established a company union, no request for a collective agreement has been made to date. In Vietnam, to stabilize labor-management relations, both parties uphold the spirit of labor-management autonomy and integrity. They negotiate on labor-related matters such as labor conditions, welfare measures, occupational safety, internal complaint mechanisms, union operations, and the use of company facilities. A collective agreement was signed on July 1, 112, effective until June 30, 113, for a total of one year. This agreement includes provisions that are superior to labor laws, such as assistance for laborers in poor family conditions and assistance for laborers from remote areas to return home for the New Year.

(2) Respect for Human Rights:

We uphold the core value of "Happy Growth" and support the principles of the United Nations Universal Declaration of Human Rights (UDHR) and relevant international human rights concepts. We comply with the laws and regulations of the countries where our operations are located and treat all employees with dignity and respect.

We conduct diverse human rights protection training courses, implement practices for human rights protection, and provide communication channels for employees on human rights concerns. We adhere to various labor laws and regulations.

(3) Ethical Guidelines and Policies:

The company has established ethical codes of conduct for directors and managers, as well as rules and regulations for workplace conduct, safety and health guidelines, measures for preventing sexual harassment, complaint procedures, and disciplinary measures. We implement these to protect the basic rights of our employees.

(4) 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 2023.

(5) The Company regularly conducts environmental and workplace inspections in accordance with the Occupational Safety and Health Management Plan, promotes self-care systems, responsibility care systems, subcontractor management, toxic chemical management, and transportation safety management, and organizes emergency drills as part of its daily operations. Through the systematic implementation of the PDCA (Plan-Do-Check-Act) cycle, the Company continuously improves its operations. In addition to meeting legal and customer requirements, the Company sets multiple environmental, safety, and health objectives, targets, and action plans each year through environmental assessments, hazard identification, and other system

operations to achieve continuous improvement. Various measures for hazard prevention are implemented for employees, with the ultimate goal of achieving zero work-related 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:

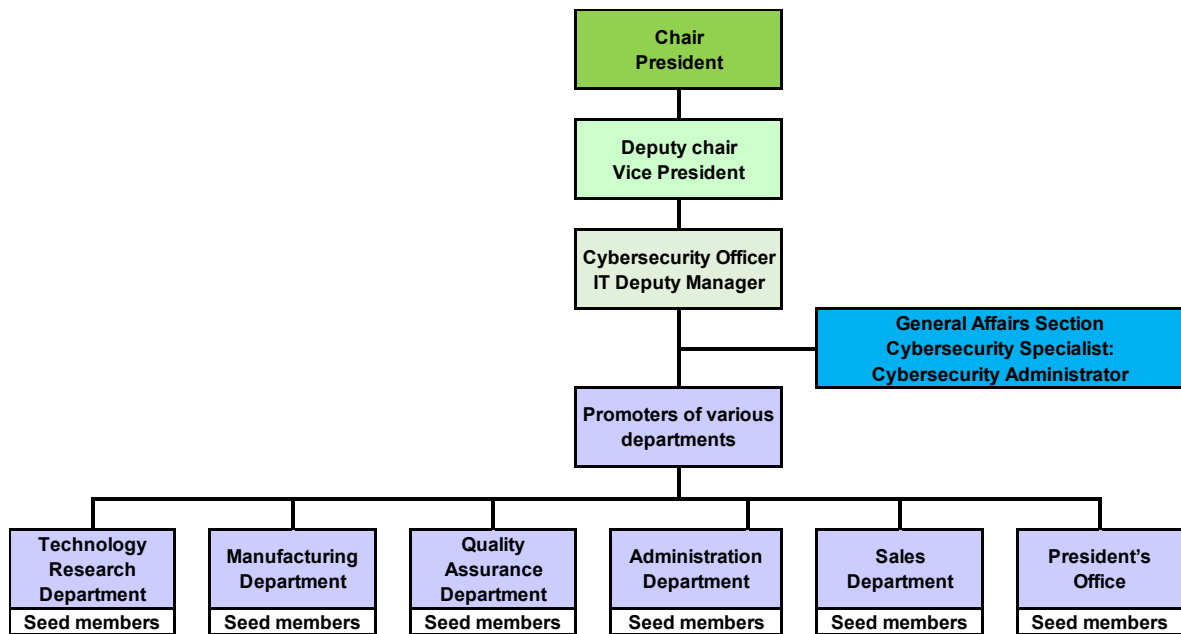
Our company did not incur any labor disputes or losses as of the publication date of the 2023 annual report

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:

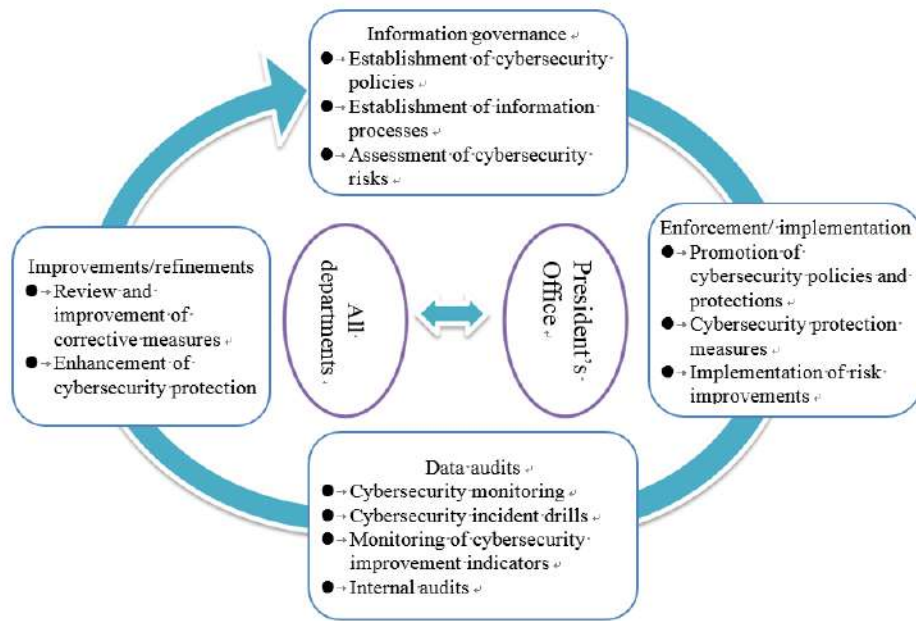


2. The Company has devised the following cybersecurity policy as part of its “Information Process Management”:



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:

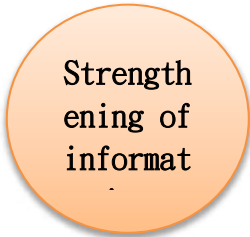

- The Company shall comply with the government’s cybersecurity regulations and requirements.
- Controls shall be established to prevent unauthorized access to systems and networks.
- Appropriate information software and hardware shall be provided to sustain the normal operations of the Company.
- A data 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 2023 |
|---|---|---|
|  <p>Internet security</p> | <ul style="list-style-type: none"> Enhancement of network firewalls and access control; prevention against spread of computer viruses across terminals and plant premises | <ul style="list-style-type: none"> Firewalls have been created for real-time monitoring; all abnormal findings are reported and eliminated immediately |
|  <p>device security</p> | <ul style="list-style-type: none"> Vulnerability detection and intrusion tests at least once every two years Antivirus measures are installed according to computer types to detect malware | <ul style="list-style-type: none"> In 2022, vulnerability detection and penetration testing were conducted. The next session is scheduled to be carried out in the middle of 2024 Virus pattern update and scanning on a weekly basis |

| Management solution | | Implementation status in 2023 |
|---|--|--|
|  | <ul style="list-style-type: none"> ● Encryption and effective tracking of documents and data | <ul style="list-style-type: none"> ● Access rights have been configured according to departments and duties ● Email access uses permission management ● Management of portable hardware and thumb drive use |
|  | <ul style="list-style-type: none"> ● At least one cybersecurity awareness promotion per department per year ● At least one cybersecurity emergency response drill a year | <ul style="list-style-type: none"> ● Cybersecurity awareness was promoted to an audience of 150 in 2023 ● Response drill for intrusion of information system was held in May 2023, the next drill is scheduled for May 2024. |

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.

- 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 2019-2023

Unit: NT\$ thousands

| Year Item | | Financial Summary for The Last Five Years(Note1) | | | | |
|---|---------------------|--|-----------|-----------|-------------|-----------|
| | | 2019 | 2020 | 2021 | 2022 | 2023 |
| Current assets | | 1,641,774 | 1,764,901 | 2,008,366 | 2,129,749 | 2,067,709 |
| Property, Plant and Equipment(Note2) | | 1,006,817 | 964,581 | 955,954 | 1,035,423 | 1,033,638 |
| Intangible assets | | 19,591 | 17,691 | 18,087 | 18,212 | 18,074 |
| Other assets(Note2) | | 173,389 | 140,801 | 128,365 | 128,645 | 154,470 |
| Total assets | | 2,841,571 | 2,887,974 | 3,110,772 | 3,312,029 | 3,273,891 |
| Current liabilities | Before distribution | 351,344 | 418,392 | 488,727 | 509,231 | 465,190 |
| | After distribution | 427,006 | 471,355 | 609,786 | 660,554 * | 586,249 |
| Non-current liabilities | | 32,900 | 30,153 | 30,689 | 35,862 | 25,478 |
| Total liabilities | Before distribution | 384,244 | 448,545 | 519,416 | 545,093 | 490,668 |
| | After distribution | 459,906 | 501,508 | 640,475 | 696,416 * | 611,727 |
| Equity attributable to shareholders of the parent | | 2,177,484 | 2,193,302 | 2,316,133 | 2,440,776 | 2,455,865 |
| Capital stock | | 756,617 | 756,617 | 756,617 | 756,617 | 756,617 |
| Capital surplus | After distribution | 173,500 | 150,801 | 150,801 | 150,801 | 150,801 |
| Retained earnings | Before distribution | 1,328,887 | 1,378,298 | 1,506,670 | 1,599,278 | 1,629,379 |
| | After distribution | 1,275,924 | 1,325,335 | 1,385,611 | 1,447,955 * | 1,508,320 |
| Other equity interest | | (81,520) | (92,414) | (97,955) | (65,920) | (80,932) |
| Treasury stock | | 0 | 0 | 0 | 0 | |
| Non-controlling interest | | 279,843 | 246,127 | 275,223 | 326,160 | 327,358 |
| Total equity | Before distribution | 2,457,327 | 2,439,429 | 2,591,356 | 2,766,936 | 2,783,223 |
| | After distribution | 2,381,665 | 2,386,466 | 2,470,297 | 2,615,613 * | 2,662,164 |

Note1 : All consolidated financial data for 2019-2023 has been audited by CPAs.

Note2 : No asset revaluation was performed in 2019-2023.

Note3 : “ * ” denotes that the cash distribution of 2023 earnings is pending resolution during the 2024 annual general meeting.

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

6.1.2 Condensed Balance Sheet in 2019-2023

Unit: NT\$ thousands

| Item \ Year | Financial Summary for The Last Five Years(Note1) | | | | |
|---|--|-----------|-----------|-----------|-------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| Current assets | 987,224 | 1,163,170 | 1,295,535 | 1,345,383 | 1,344,811 |
| Property, Plant and Equipment(Note2) | 669,510 | 641,321 | 647,526 | 666,187 | 634,194 |
| Intangible assets | 4,100 | 2,275 | 2,708 | 2,691 | 2,255 |
| Other assets(Note2) | 746,942 | 671,060 | 698,301 | 747,197 | 741,017 |
| Total assets | 2,407,776 | 2,477,826 | 2,644,070 | 2,761,458 | 2,722,277 |
| Current liabilities | Before distribution | 212,301 | 268,064 | 310,572 | 298,960 |
| | After distribution | 287,963 | 321,027 | 431,631 | 450,283 * |
| Non-current liabilities | 17,991 | 16,460 | 17,365 | 21,722 | 12,236 |
| Total liabilities | Before distribution | 230,292 | 284,524 | 327,937 | 320,682 |
| | After distribution | 305,954 | 337,487 | 448,996 | 472,005 * |
| Equity attributable to shareholders of the parent | 2,177,484 | 2,193,302 | 2,316,133 | 2,440,776 | 2,455,865 |
| Capital stock | 756,617 | 756,617 | 756,617 | 756,617 | 756,617 |
| Capital surplus | After distribution | 173,500 | 150,801 | 150,801 | 150,801 |
| Retained earnings | Before distribution | 1,328,887 | 1,378,298 | 1,506,670 | 1,599,278 |
| | After distribution | 1,275,924 | 1,325,335 | 1,385,611 | 1,447,955 * |
| Other equity interest | (81,520) | (92,414) | (97,955) | (65,920) | (80,932) |
| Treasury stock | 0 | 0 | 0 | 0 | 0 |
| Non-controlling interest | 0 | 0 | 0 | 0 | 0 |
| Total equity | Before distribution | 2,177,484 | 2,193,302 | 2,316,133 | 2,440,776 |
| | After distribution | 2,101,822 | 2,140,339 | 2,195,074 | 2,289,453 * |

Note1 : All separate financial data for 2019-2023 has been audited by CPAs.

Note2 : No asset revaluation was performed in 2019-2023.

Note3 : “*” denotes that cash distribution of 2023 earnings is pending resolution during the 2024 annual general meeting.

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

6.1.3 Consolidated Condensed Statement of Comprehensive Income in 2019-2023

Except for earnings per share, which is in NTD thousands

| Item \ Year | Financial Summary for The Last Five Years (Note1) | | | | |
|---|---|-----------|-----------|-----------|-----------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| Operating revenue | 2,342,201 | 2,112,014 | 2,766,438 | 3,141,305 | 2,860,040 |
| Gross profit | 362,183 | 336,707 | 540,331 | 608,396 | 566,577 |
| Income from operations | 148,422 | 171,790 | 333,859 | 376,692 | 333,421 |
| Net operating income (loss) | 32,389 | 8,568 | 9,641 | 41,503 | 39,449 |
| Income before tax | 180,811 | 180,358 | 343,500 | 418,195 | 372,870 |
| Profit (loss) from continuing operations before tax | 119,919 | 143,338 | 252,953 | 306,478 | 273,083 |
| Discontinuing operation loss | 0 | 0 | 0 | 0 | 0 |
| Net income (Loss) | 119,919 | 143,338 | 252,953 | 306,478 | 273,083 |
| Other comprehensive income (income after tax) | (24,962) | (23,951) | (8,490) | 53,902 | (23,248) |
| Total comprehensive income | 94,957 | 119,387 | 244,463 | 360,380 | 249,835 |
| Net income attributable to shareholders of the parent | 55,371 | 103,071 | 181,204 | 213,388 | 181,424 |
| Net income attributable to non-controlling interest | 64,548 | 40,267 | 71,749 | 93,090 | 91,659 |
| Comprehensive income attributable to Shareholders of the parent | 36,755 | 91,480 | 175,790 | 245,698 | 166,412 |
| Comprehensive income attributable to non-controlling interest | 58,202 | 27,907 | 68,673 | 114,682 | 83,423 |
| Earnings per share(Note2) | 0.73 | 1.36 | 2.4 | 2.82 | 2.40 |

Note1 : All consolidated financial data for 2019-2023 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 2019-2023

Except for earnings per share, which is in NTD thousands

| Item \ Year | Financial Summary for The Last Five Years (Note 1) | | | | |
|---|--|-----------|-----------|-----------|-----------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| Operating revenue | 1,265,457 | 1,197,869 | 1,457,622 | 1,497,690 | 1,240,762 |
| Gross profit | 153,784 | 168,736 | 265,191 | 258,316 | 227,182 |
| Income from operations | 44,566 | 84,257 | 146,758 | 137,616 | 108,104 |
| Net operating income (loss) | 24,989 | 30,723 | 81,526 | 131,627 | 122,307 |
| Income before tax | 69,555 | 114,980 | 228,284 | 269,243 | 230,411 |
| Profit (loss) from continuing operations before tax | 55,371 | 103,071 | 181,204 | 213,388 | 181,424 |
| Discontinuing operation loss | 0 | 0 | 0 | 0 | 0 |
| Net income (Loss) | 55,371 | 103,071 | 181,204 | 213,388 | 181,424 |
| Other comprehensive income (income after tax) | (18,616) | (11,591) | (5,414) | 32,310 | (15,012) |
| Total comprehensive income | 36,755 | 91,480 | 175,790 | 245,698 | 166,412 |
| Net income attributable to shareholders of the parent | 55,371 | 103,071 | 181,204 | 213,388 | 181,424 |
| Net income attributable to non-controlling interest | 0 | 0 | 0 | 0 | 0 |
| Comprehensive income attributable to Shareholders of the parent | 36,755 | 91,480 | 175,790 | 245,698 | 166,412 |
| Comprehensive income attributable to non-controlling interest | 0 | 0 | 0 | 0 | 0 |
| Earnings per share (Note 2) | 0.73 | 1.36 | 2.4 | 2.82 | 2.40 |

Note 1 : All separate financial data for 2019-2023 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 2019 to 2023

| Year | Accounting Firm | CPA | Audit 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 |
| 2023 | FULFILL & CO., CPAS | Kuo-Yu Yen 、Chia-Yu Chi | Unqualified opinion |

6.2 Five-Year Financial Analysis

6.2.1 Consolidated Financial Analysis in 2019-2023

| Year (Note 1) Item (Note 3) | | Financial Analysis for the Last Five Years | | | | |
|---|---|--|--------|--------|--------|--------|
| | | 2019 | 2020 | 2021 | 2022 | 2023 |
| Financial structure (%) | Debt Ratio | 13.52 | 15.53 | 16.7 | 16.46 | 14.99 |
| | Ratio of long-term capital to property, plant and equipment | 247.34 | 256.03 | 274.29 | 270.69 | 271.73 |
| Solvency (%) | Current ratio | 467.28 | 421.83 | 410.94 | 418.23 | 444.49 |
| | Quick ratio | 365.67 | 345.84 | 315.27 | 321.67 | 353.15 |
| | Interest earned ratio (times) | 303.87 | 312.50 | 623.28 | 737.49 | 659.31 |
| Operating performance | Accounts receivable turnover (times) | 4.48 | 4.19 | 5.48 | 6.04 | 5.91 |
| | Average collection period | 81.47 | 87.11 | 66.61 | 60.43 | 61.76 |
| | Inventory turnover (times) | 5.01 | 5.34 | 5.77 | 5.43 | 5.28 |
| | Accounts payable turnover (times) | 7.59 | 6.44 | 7.35 | 8.3 | 7.86 |
| | Average days in sales | 72.85 | 68.35 | 63.26 | 67.22 | 69.13 |
| | Property, plant and equipment turnover (times) | 2.22 | 2.14 | 2.88 | 3.15 | 2.76 |
| | Total assets turnover (times) | 0.81 | 0.74 | 0.92 | 0.98 | 0.87 |
| Profitability | Return on total assets (%) | 4.19 | 5.02 | 8.45 | 9.56 | 8.31 |
| | Return on stockholders' equity (%) | 4.84 | 5.85 | 10.06 | 11.44 | 9.84 |
| | Pre-tax income to paid-in capital (%) (Note 7) | 23.90 | 23.84 | 45.40 | 55.27 | 49.28 |
| | Profit ratio (%) | 5.12 | 6.78 | 9.14 | 9.76 | 9.54 |
| | Earnings per share (NT\$) (Note 1) | 0.73 | 1.36 | 2.4 | 2.82 | 2.40 |
| Cash flow | Cash flow ratio (%) | 87.51 | 87.51 | 71.56 | 81.21 | 111.08 |
| | Cash flow adequacy ratio (%) | 161.24 | 167.12 | 127.82 | 138.19 | 137.6 |
| | Cash reinvestment ratio (%) | 3.82 | 5.16 | 5.55 | 4.67 | 5.7 |
| Leverage | Operating leverage | 2.07 | 1.78 | 1.39 | 1.34 | 1.43 |
| | Financial leverage | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| <p>Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)</p> <p>1. Increase in cash flow ratio: This is due to a 24.95% increase in net cash flow from operating activities in 2023 compared to 2022, and a 8.65% decrease in current liabilities compared to 2022.</p> <p>2. Increase in cash reinvestment ratio: This is due to a 23.85% increase in net cash flow from operating activities minus cash dividends in 2023, and a 1.52% increase in property, plant, and equipment gross amount plus other non-current assets plus operating capital.</p> | | | | | | |

Note 1 : All consolidated financial data for 2019-2023 has been audited by CPAs.

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.

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 in2019-2023

| Year (Note1) Item (Note 3) | | Financial Analysis for the Last Five Years | | | | |
|---|---|--|----------|----------|----------|----------|
| | | 2019 | 2020 | 2021 | 2022 | 2023 |
| Financial structure (%) | Debt Ratio | 9.56 | 11.48 | 12.04 | 11.61 | 9.79 |
| | Ratio of long-term capital to property, plant and equipment | 327.92 | 344.56 | 360.37 | 369.64 | 389.17 |
| Solvency (%) | Current ratio | 465.01 | 433.92 | 417.14 | 450.02 | 529.09 |
| | Quick ratio | 334.55 | 349.67 | 308.34 | 333.56 | 422.14 |
| | Interest earned ratio (times) | 2,899.13 | 3,026.79 | 6,008.47 | 7,086.34 | 7,433.61 |
| Operating performance | Accounts receivable turnover (times) | 3.56 | 3.68 | 4.82 | 5.23 | 4.76 |
| | Average collection period | 102.53 | 99.19 | 75.73 | 69.79 | 76.68 |
| | Inventory turnover (times) | 3.61 | 4.09 | 4.28 | 3.64 | 3.41 |
| | Accounts payable turnover (times) | 6.63 | 6 | 6.38 | 7.32 | 7.48 |
| | Average days in sales | 101.11 | 89.24 | 85.28 | 100.27 | 107.04 |
| | Property, plant and equipment turnover (times) | 1.84 | 1.83 | 2.26 | 2.28 | 1.91 |
| | Total assets turnover (times) | 0.52 | 0.49 | 0.57 | 0.55 | 0.45 |
| Profitability | Return on total assets (%) | 2.26 | 4.22 | 7.08 | 7.9 | 6.62 |
| | Return on stockholders' equity (%) | 2.51 | 4.72 | 8.04 | 8.97 | 7.41 |
| | Pre-tax income to paid-in capital (%) (Note 7) | 9.19 | 15.2 | 30.17 | 35.59 | 30.45 |
| | Profit ratio (%) | 4.38 | 8.6 | 12.43 | 14.25 | 14.62 |
| | Earnings per share (NT\$) (Note 2) | 0.73 | 1.36 | 2.4 | 2.82 | 2.40 |
| Cash flow | Cash flow ratio (%) | 65.76 | 79.09 | 50.71 | 51.72 | 79.81 |
| | Cash flow adequacy ratio (%) | 113.35 | 110.61 | 93.44 | 102.8 | 107.77 |
| | Cash reinvestment ratio (%) | 1.55 | 3.34 | 2.9 | 0.90 | 1.36 |
| Leverage | Operating leverage | 2.66 | 1.68 | 1.33 | 1.39 | 1.56 |
| | Financial leverage | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| <p>Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)</p> <p>1.Increase in quick ratio: Mainly due to a 26.62% decrease in net inventory in 2023 compared to 2022, and a 14.98% decrease in current liabilities compared to 2022.</p> <p>2.Increase in cash flow ratio: This is primarily due to a 31.19% increase in net cash flow from operating activities in 2023 compared to 2022, and a 14.98% decrease in current liabilities in 2023 compared to 2022.</p> <p>3.Increase in cash reinvestment ratio: This is due to a 53.33% increase in net cash flow from operating activities minus cash dividends, and a 2.15% increase in property, plant, and equipment gross amount plus other non-current assets plus long-term investments plus operating capital.</p> | | | | | | |

Note1 : All separate financial data for 2019-2023 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. 2023 Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 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

February 27,2024

6.4 Financial Statements for the Years Ended December 31, 2023 and 2022, 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, 2023, 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

February 27, 2024



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, 2023 and 2022, 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, 2023 and 2022, 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 Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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, 2023. 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, 2023 is stated as follows:

1. Accounts receivable valuation

Fine Blanking & Tool Co., Ltd. and its subsidiaries were affected by the economic climate, and 70.42% 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, 2023 and 2022, 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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we 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, 2023 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
February 27, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to 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, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

| Items | Notes | December 31, 2023 | | December 31, 2022 | | |
|-------|---|-------------------|--------------|-------------------|--------------|--------|
| | | Amount | % | Amount | % | |
| 11×× | CURRENT ASSETS: | | | | | |
| 1100 | Cash and cash equivalents | 4 and 6(1) | \$ 993,619 | 30.35 | \$ 874,855 | 26.41 |
| 1136 | Current financial assets at amortized cost | 4 and 6(2) | 199,810 | 6.10 | 227,127 | 6.86 |
| 1150 | Notes receivable, net | 4 and 6(3) | 5,778 | 0.18 | 6,708 | 0.20 |
| 1170 | Accounts receivable, net | 4, 5 and 6(3) | 292,861 | 8.95 | 372,969 | 11.26 |
| 1180 | Accounts receivable due from related parties, net | 4, 5, 6(3) and 7 | 142,293 | 4.34 | 147,088 | 4.44 |
| 1200 | Other receivables | 7 | 7,905 | 0.24 | 8,103 | 0.24 |
| 1310 | Inventories | 4, 5 and 6(4) | 390,037 | 11.91 | 469,937 | 14.19 |
| 1410 | Prepayments | | 34,868 | 1.07 | 21,760 | 0.66 |
| 1470 | Other current assets | | 538 | 0.02 | 1,202 | 0.04 |
| 11×× | Total current assets | | 2,067,709 | 63.16 | 2,129,749 | 64.30 |
| 15×× | NON-CURRENT ASSETS: | | | | | |
| 1600 | Property, plant and equipment | 4, 6(5) and 8 | 1,033,638 | 31.57 | 1,035,423 | 31.26 |
| 1755 | Right-of-use assets | 4 and 6(6) | 42,998 | 1.31 | 46,549 | 1.41 |
| 1801 | Computer software, net | 4 and 5 | 2,553 | 0.08 | 2,691 | 0.08 |
| 1805 | Goodwill | 4 and 5 | 15,521 | 0.47 | 15,521 | 0.47 |
| 1840 | Deferred tax assets | 4, 5 and 6(12) | 20,139 | 0.62 | 18,489 | 0.56 |
| 1915 | Prepayments for business facilities | | 24,153 | 0.74 | 12,608 | 0.38 |
| 1920 | Guarantee deposits paid | | 10,276 | 0.31 | 10,415 | 0.31 |
| 1995 | Other non-current assets, others | | 56,904 | 1.74 | 40,584 | 1.23 |
| 15×× | Total non-current assets | | 1,206,182 | 36.84 | 1,182,280 | 35.70 |
| 1×× | TOTAL ASSETS | | \$ 3,273,891 | 100.00 | \$ 3,312,029 | 100.00 |
| 21×× | CURRENT LIABILITIES: | 4 | | | | |
| 2130 | Current contract liabilities | 4 | \$ 18,081 | 0.55 | \$ 18,988 | 0.57 |
| 2150 | Notes payable | 4 | 2,883 | 0.09 | 230 | 0.01 |
| 2170 | Accounts payable | 4 and 7 | 268,309 | 8.20 | 291,158 | 8.79 |
| 2180 | Accounts payable to related parties | | 7,996 | 0.24 | 7,273 | 0.22 |
| 2200 | Other payables | 4 and 6(12) | 99,564 | 3.04 | 121,353 | 3.66 |
| 2230 | Current tax liabilities | 4 | 65,128 | 1.99 | 64,817 | 1.96 |
| 2250 | Current provisions | 4 and 6(7) | 21 | 0.00 | 12 | 0.00 |
| 2280 | Current lease liabilities | | 1,072 | 0.03 | 1,165 | 0.04 |
| 2399 | Other current liabilities, others | | 2,136 | 0.07 | 4,235 | 0.13 |
| 21×× | Total current liabilities | | 465,190 | 14.21 | 509,231 | 15.38 |

(Continued)

FINE BLANKING & TOOL CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

| Items | Notes | <u>December 31, 2023</u> | | <u>December 31, 2022</u> | |
|-------|---|--------------------------|---------------------|--------------------------|---|
| | | Amount | % | Amount | % |
| 25×× | NON-CURRENT LIABILITIES: | | | | |
| 2551 | Provisions for employee benefits, non-current | 4 | \$ 7,238 0.22 | \$ - - | |
| 2570 | Deferred tax liabilities | 4 and 6(12) | 4,550 0.14 | 5,535 0.17 | |
| 2580 | Non-current lease liabilities | 4 and 6(7) | 13,557 0.42 | 14,695 0.44 | |
| 2640 | Net defined benefit liability, non-current | 4, 5 and 6(8) | - - | 15,432 0.46 | |
| 2645 | Guarantee deposits received | | 133 0.00 | 200 0.01 | |
| 25×× | Total non-current liabilities | | 25,478 0.78 | 35,862 1.08 | |
| 2×× | Total liabilities | | 490,668 14.99 | 545,093 16.46 | |
| 31×× | EQUITY ATTRIBUTABLE TO OWNERS OF PARENT | | | | |
| 3110 | Ordinary share | 6(9) | 756,617 23.11 | 756,617 22.84 | |
| 3210 | Capital surplus, additional paid-in capital | 6(9) | 150,801 4.61 | 150,801 4.55 | |
| 3300 | Retained earnings | 6(9) | | | |
| 3310 | Legal reserve | | 480,974 14.69 | 459,608 13.88 | |
| 3320 | Special reserve | | 65,920 2.01 | 97,955 2.96 | |
| 3350 | Unappropriated retained earnings | | 1,082,485 33.06 | 1,041,715 31.45 | |
| 3400 | Other equity interest | 6(9) | | | |
| 3410 | Exchange differences on translation of foreign financial statements | | (80,932) (2.47) | (65,920) (1.99) | |
| 31×× | Total equity attributable to owners of parent | | 2,455,865 75.01 | 2,440,776 73.69 | |
| 36×× | NON-CONTROLLING INTERESTS | 6(9) | 327,358 10.00 | 326,160 9.85 | |
| 3×× | Total equity | | 2,783,223 85.01 | 2,766,936 83.54 | |
| 3×2× | TOTAL LIABILITIES AND EQUITY | | \$ 3,273,891 100.00 | \$ 3,312,029 100.00 | |

(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, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

| Items | Notes | 2023 | | 2022 | |
|---|-------------------|--------------|---------|--------------|---------|
| | | Amount | % | Amount | % |
| 4000 OPERATING REVENUE | 4, 5, 6(10) and 7 | \$ 2,860,040 | 100.00 | \$ 3,141,305 | 100.00 |
| 5000 OPERATING COSTS | 6(4)(13) and 7 | (2,293,463) | (80.19) | (2,532,909) | (80.63) |
| 5900 GROSS PROFIT FROM OPERATIONS | | 566,577 | 19.81 | 608,396 | 19.37 |
| 6000 OPERATING EXPENSES | 6(13) | | | | |
| 6100 Selling expenses | | (43,624) | (1.53) | (29,062) | (0.93) |
| 6200 Administrative expenses | | (162,350) | (5.68) | (179,345) | (5.71) |
| 6300 Research and development expenses | | (27,335) | (0.96) | (23,554) | (0.75) |
| 6450 Impairment loss determined in accordance with IFRS 9 | | 153 | 0.01 | 257 | 0.01 |
| Total operating expenses | | (233,156) | (8.16) | (231,704) | (7.38) |
| 6900 NET OPERATING INCOME | | 333,421 | 11.65 | 376,692 | 11.99 |
| 7000 NON-OPERATING INCOME AND EXPENSES | 6(11) | | | | |
| 7100 Interest income | | 26,395 | 0.92 | 14,372 | 0.46 |
| 7010 Other income | | 16,564 | 0.58 | 7,805 | 0.25 |
| 7020 Other gains and losses | | (2,816) | (0.10) | 19,679 | 0.63 |
| 7510 Interest expense | 6(7) | (566) | (0.02) | (568) | (0.02) |
| 7670 Gain on reversal of impairment loss | | (128) | (0.00) | 215 | 0.01 |
| Total non-operating income and expenses | | 39,449 | 1.38 | 41,503 | 1.33 |
| 7900 PROFIT BEFORE INCOME TAX | | 372,870 | 13.03 | 418,195 | 13.32 |
| 7950 INCOME TAX EXPENSE | 4 and 6(12) | (99,787) | (3.49) | (111,717) | (3.56) |
| 8200 PROFIT FOR THE PERIOD | | 273,083 | 9.54 | 306,478 | 9.76 |
| 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 |
| 8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(12) | - | - | (69) | (0.00) |
| 8360 Components of other comprehensive income that will be reclassified to profit or loss | | | | | |
| 8361 Exchange differences on translation | | (23,248) | (0.81) | 53,627 | 1.71 |
| OTHER COMPREHENSIVE INCOME(LOSS), NET OF INCOME TAX | | (23,248) | (0.81) | 53,902 | 1.72 |
| 8500 TOTAL COMPREHENSIVE INCOME | | \$ 249,835 | 8.73 | \$ 360,380 | 11.48 |
| 8600 PROFIT ATTRIBUTABLE TO | | | | | |
| 8610 Owners of parent | | \$ 181,424 | 6.34 | \$ 213,388 | 6.79 |
| 8620 Non-controlling interests | | 91,659 | 3.20 | 93,090 | 2.97 |
| | | \$ 273,083 | 9.54 | \$ 306,478 | 9.76 |
| 8700 COMPREHENSIVE INCOME ATTRIBUTABLE TO | | | | | |
| 8710 Owners of parent | | \$ 166,412 | 5.82 | \$ 245,698 | 7.82 |
| 8720 Non-controlling interests | | 83,423 | 2.91 | 114,682 | 3.66 |
| | | \$ 249,835 | 8.73 | \$ 360,380 | 11.48 |
| 9750 BASIC EARNINGS PER SHARE (NTD) | 6(14) | \$ 2.40 | | \$ 2.82 | |

(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, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

| Items | Equity Attributable to Owners of Parent | | | | | | Total | Non-controlling Interests | Total Equity |
|---|---|-----------------|-------------------|-----------------|----------------------------------|---|--------------|---------------------------|--------------|
| | Ordinary Share | Capital Surplus | Retained Earnings | | | Others | | | |
| | | | Legal Reserve | Special Reserve | Unappropriated Retained Earnings | Exchange Differences on Translation of Foreign Financial Statements | | | |
| BALANCE, JANUARY 1, 2022 | \$ 756,617 | \$ 150,801 | \$ 441,475 | \$ 92,414 | \$ 972,781 | \$ (97,955) | \$ 2,316,133 | \$ 275,223 | \$ 2,591,356 |
| Appropriation of earnings: | | | | | | | | | |
| Legal reserve | | | 18,133 | | (18,133) | | - | | - |
| Special reserve | | | | 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 |
| Appropriations of earnings: | | | | | | | | | |
| Legal reserve | | | 21,366 | | (21,366) | | - | | - |
| Special reserve | | | | (32,035) | 32,035 | | | | |
| Cash dividends | | | | | (151,323) | | (151,323) | (82,225) | (233,548) |
| Profit for the period | | | | | 181,424 | | 181,424 | 91,659 | 273,083 |
| Other comprehensive income (loss) for the period: | | | | | | | | | |
| Exchange differences on translation of foreign financial statements | | | | | | (15,012) | (15,012) | (8,236) | (23,248) |
| Total comprehensive income (loss) for the period | | | | | 181,424 | (15,012) | 166,412 | 83,423 | 249,835 |
| BALANCE, DECEMBER 31, 2023 | \$ 756,617 | \$ 150,801 | \$ 480,974 | \$ 65,920 | \$ 1,082,485 | \$ (80,932) | \$ 2,455,865 | \$ 327,358 | \$ 2,783,223 |

(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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

| | 2023 | 2022 |
|---|-----------------|-----------------|
| CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES : | | |
| Profit before income tax | \$ 372,870 | \$ 418,195 |
| Adjustments: | | |
| Adjustments to reconcile profit (loss) | | |
| Depreciation expense | 106,680 | 96,284 |
| Amortization expense | 36,668 | 30,634 |
| Expected credit loss (gain) | (153) | (257) |
| Interest income | (26,395) | (14,372) |
| Interest expense | 566 | 568 |
| Loss (gain) on disposal of property, plant and equipment | (815) | (2,641) |
| Loss (gain) on disposal of other assets | 710 | - |
| Impairment loss (gain on reversal) on non-financial assets | 128 | (215) |
| Changes in operating assets | | |
| Decrease (increase) in notes receivable, net | 930 | 9,282 |
| Decrease (increase) in accounts receivable, net | 80,275 | (12,088) |
| Decrease (increase) in accounts receivable due from related parties | 4,781 | (10,109) |
| Decrease (increase) in other receivables | (726) | (1,256) |
| Decrease (increase) in inventories | 79,900 | (14,086) |
| Decrease (increase) in prepayments | (11,560) | (10,066) |
| Decrease (increase) in other current assets | 664 | 63 |
| Total changes in operating assets | <u>154,264</u> | <u>(38,260)</u> |
| Changes in operating liabilities | | |
| Increase (decrease) in contract liabilities | (907) | (2,464) |
| Increase (decrease) in notes payable | 2,653 | (2,729) |
| Increase (decrease) in accounts payable | (22,849) | (4,501) |
| Increase (decrease) in accounts payable to related parties | 723 | (1,239) |
| Increase (decrease) in other payable | (22,010) | 12,875 |
| Increase (decrease) in provisions | 9 | (104) |
| Increase (decrease) in other current liabilities | (2,099) | 2,019 |
| Increase (decrease) in net defined benefit liability | (8,194) | - |
| Total changes in operating liabilities | <u>(52,674)</u> | <u>3,857</u> |

(Continued)

FINE BLANKING & TOOL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

| | 2023 | 2022 |
|--|--------------------|-------------------|
| Cash inflow (outflow) generated from operations | 591,849 | 493,793 |
| Interest received | 26,880 | 13,861 |
| Interest paid | (554) | (575) |
| Income taxes paid | (101,452) | (93,526) |
| Net cash flows from (used in) operating activities | <u>516,723</u> | <u>413,553</u> |
| CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES : | | |
| Decrease (increase) in financial assets at amortized cost - current | 27,317 | (104,917) |
| Acquisition of property, plant and equipment | (67,138) | (119,888) |
| Proceeds from disposal of property, plant and equipment | 816 | 15,115 |
| Decrease (increase) in software fee | (798) | (1,045) |
| Decrease (increase) in prepayments for business facilities | (56,092) | (55,291) |
| Decrease (increase) in refundable deposits | 139 | (10) |
| Decrease (increase) in other non-current assets | (52,102) | (26,234) |
| Net cash flows from (used in) investing activities | <u>(147,858)</u> | <u>(292,270)</u> |
| CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES : | | |
| Payments of lease liabilities | (1,277) | (1,344) |
| Increase (decrease) in guarantee deposits received | (67) | 132 |
| Cash dividends | (233,327) | (184,723) |
| Change in non-controlling interests | (8,236) | 21,592 |
| Net cash flows from (used in) financing activities | <u>(242,907)</u> | <u>(164,343)</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | <u>(7,194)</u> | <u>19,862</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 118,764 | (23,198) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 874,855 | 898,053 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | <u>\$ 993,619</u> | <u>\$ 874,855</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION : | | |
| NON-CASH INVESTING AND FINANCING ACTIVITIES : | | |
| Exchange differences on translation of foreign financial statements | <u>\$ (23,248)</u> | <u>\$ 53,627</u> |

(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, 2023 and 2022
(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, 2023, 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 February 27, 2024.

3. Application of New Standards, Amendments and Interpretations

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

In preparing the accompanying consolidated financial statements, the Group has adopted the following IFRS, International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) that issued by the International Accounting Standards Board (IASB) and have been endorsed by the FSC, with effective date from January 1, 2023:

| <u>New Standards, Interpretations and Amendments</u> | <u>Effective Date Issued by IASB</u> |
|--|---|
| 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.

- (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 |
| Amendment to IFRS 16 “Leases Liability in a Sale and Leaseback” | January 1, 2024 |
| IFRS 17 “ Insurance Contracts” | January 1, 2023 |
| Amendments to IFRS 17 “ Insurance Contracts” | January 1, 2023 |
| Amendment to IFRS 17 “Initial application of IFRS 17 and IFRS 9 – comparative information” | January 1, 2023 |
| Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” | January 1, 2024 |
| Amendments to IAS 1 “Non-current Liabilities with Covenants” | January 1, 2024 |

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

| <u>Name of Investor</u> | <u>Name of Subsidiary</u> | <u>Business Activities</u> | <u>2023/12/31</u> | <u>2022/12/31</u> |
|--------------------------------|---------------------------------------|---|--------------------------|--------------------------|
| 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, 2023 and 2022, the Group recognized the loss allowance of \$855 thousand and \$1,008 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, 2023 and 2022, the Group recognized the impairment loss (gain on reversal of impairment loss) of \$128 thousand and (\$215) 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, 2023 and 2022, 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, 2023 and 2022, the Group recognized the deferred tax assets of \$20,139 thousand and \$18,489 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, 2023 and 2022, the carrying amounts of inventories were \$390,037 thousand and \$469,937 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, 2023 and 2022, the carrying amounts of defined benefit obligations were \$0 thousand and \$15,432 thousand, respectively.

6. Explanation of Significant Accounts

(1) Cash and cash equivalents

| Items | December 31, 2023 | December 31, 2022 |
|-------------------|-------------------|-------------------|
| Cash | \$ 688 | \$ 732 |
| Deposits in banks | 992,931 | 874,123 |
| Total | <u>\$ 993,619</u> | <u>\$ 874,855</u> |

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

(2) Current financial assets at amortized cost

| Items | December 31, 2023 | December 31, 2022 |
|---------------------------------|-------------------|-------------------|
| Time deposits over three months | \$ 199,810 | \$ 227,127 |

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, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Notes receivable | \$ 5,778 | \$ 6,708 |
| Accounts receivable | 294,660 | 374,526 |
| Less: Loss allowance | (799) | (966) |
| Accounts receivable due from related parties | 142,349 | 147,130 |
| Less: Loss allowance | (56) | (42) |
| Plus: Allowance for exchange gains and losses | (1,000) | (591) |
| Total | <u>\$ 440,932</u> | <u>\$ 526,765</u> |

For trade receivables, the Group applies a simplified approach in calculating ECLs to recognize for credit losses expected over the remaining life of the exposure. As of December 31, 2023 and 2022, the analysis of the Group's expected credit losses of accounts receivable were as follows:

December 31, 2023

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

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 |

For the years ended December 31, 2023 and 2022, the movement in the allowance for notes and accounts receivable were as follows:

| Items | For the years ended December 31, | |
|---------------------------------|----------------------------------|----------|
| | 2023 | 2022 |
| Balance, beginning of period | \$ 1,008 | \$ 1,238 |
| Provision (reversal) | (153) | (257) |
| Effect of exchange rate changes | - | 27 |
| Balance, end of period | \$ 855 | \$ 1,008 |

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

(4) Inventories

| Items | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Finished goods | \$ 158,094 | \$ 167,846 |
| Work in process | 120,337 | 156,930 |
| Raw materials | 171,896 | 184,387 |
| Others | 1,228 | 4,530 |
| Inventory in transit | 4,841 | 12,085 |
| Less: Allowance for inventory valuation and obsolescence losses | (66,359) | (55,841) |
| Total | \$ 390,037 | \$ 469,937 |

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, 2023 and 2022 were as follows:

| Items | For the years ended December 31, | |
|-----------------------------------|----------------------------------|--------------|
| | 2023 | 2022 |
| Cost of goods sold | \$ 2,281,068 | \$ 2,516,555 |
| Net losses (gains) on inventories | (36) | (149) |
| Inventory scrap loss | 1,675 | 3,530 |
| Losses on inventory valuation | 10,756 | 12,973 |
| Total | \$ 2,293,463 | \$ 2,532,909 |

(5) Property, plant and equipment

| Items | December 31, 2023 | December 31, 2022 |
|--------------------------|-------------------|-------------------|
| Land | \$ 399,060 | \$ 399,060 |
| Buildings and structures | 273,446 | 223,412 |
| Machinery and equipment | 270,953 | 287,257 |
| Transportation equipment | 10,776 | 4,750 |
| Office equipment | 4,918 | 3,554 |
| Other equipment | 43,059 | 47,462 |
| Construction in progress | 31,426 | 69,928 |
| Total | \$ 1,033,638 | \$ 1,035,423 |

| Items | Land | Buildings and structures | Machinery and equipment | Transportation equipment | Office equipment | Other equipment | Construction in progress | Total |
|--|------------|--------------------------|-------------------------|--------------------------|------------------|-----------------|--------------------------|--------------|
| Cost: | | | | | | | | |
| 2023/1/1 | \$ 399,060 | \$ 554,728 | \$ 1,881,125 | \$ 20,334 | \$ 14,668 | \$ 187,583 | \$ 69,928 | \$ 3,127,426 |
| Additions | | 12,229 | 13,848 | 610 | 777 | 13,628 | 26,046 | 67,138 |
| Disposals | | (783) | (10,821) | (1,082) | (638) | (2,182) | | (15,506) |
| Transfers | | 62,811 | 29,726 | 7,487 | 1,810 | 3,020 | (62,692) | 42,162 |
| Effect of exchange rate changes | | (4,204) | (18,442) | (310) | (201) | (1,994) | (1,856) | (27,007) |
| 2023/12/31 | \$ 399,060 | \$ 624,781 | \$ 1,895,436 | \$ 27,039 | \$ 16,416 | \$ 200,055 | \$ 31,426 | \$ 3,194,213 |
| 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 |
| Accumulated depreciation and impairment: | | | | | | | | |
| 2023/1/1 | \$ - | \$ 331,316 | \$ 1,593,868 | \$ 15,584 | \$ 11,114 | \$ 140,121 | \$ - | \$ 2,092,003 |
| Depreciation | | 23,419 | 56,629 | 2,018 | 1,184 | 20,631 | | 103,881 |
| Disposals | | (783) | (10,821) | (1,082) | (637) | (2,182) | | (15,505) |
| Transfers | | | | | | | | - |
| Effect of exchange rate changes | | (2,617) | (15,193) | (257) | (163) | (1,574) | | (19,804) |
| 2023/12/31 | \$ - | \$ 351,335 | \$ 1,624,483 | \$ 16,263 | \$ 11,498 | \$ 156,996 | \$ - | \$ 2,160,575 |
| 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 |
| Carrying amounts: | | | | | | | | |
| 2023/12/31 | \$ 399,060 | \$ 273,446 | \$ 270,953 | \$ 10,776 | \$ 4,918 | \$ 43,059 | \$ 31,426 | \$ 1,033,638 |
| 2022/12/31 | \$ 399,060 | \$ 223,412 | \$ 287,257 | \$ 4,750 | \$ 3,554 | \$ 47,462 | \$ 69,928 | \$ 1,035,423 |

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, 2023 and 2022, the Group recognized \$16,627 thousand and \$20,266 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, 2023 and 2022, 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, 2023 | December 31, 2022 |
|--------------------------|-------------------|-------------------|
| Land | \$ 41,697 | \$ 44,598 |
| Transportation Equipment | 1,301 | 1,951 |
| Total | \$ 42,998 | \$ 46,549 |

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

| Items | Land | Transporation equipment | Total |
|---------------------------------|-----------|----------------------------|-----------|
| Cost: | | | |
| 2023/1/1 | \$ 52,000 | \$ 3,308 | \$ 55,308 |
| Additions | | 431 | 431 |
| Disposals | | (511) | (511) |
| Effect of exchange rate changes | (1,282) | | (1,282) |
| 2023/12/31 | \$ 50,718 | \$ 3,228 | \$ 53,946 |
| 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 |
| Depreciation: | | | |
| 2023/1/1 | \$ 7,402 | \$ 1,357 | \$ 8,759 |
| Depreciation | 1,846 | 1,081 | 2,927 |
| Disposals | | (511) | (511) |
| Effect of exchange rate changes | (227) | | (227) |
| 2023/12/31 | \$ 9,021 | \$ 1,927 | \$ 10,948 |
| 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 |
| Carrying amounts: | | | |
| 2023/12/31 | \$ 41,697 | \$ 1,301 | \$ 42,998 |
| 2022/12/31 | \$ 44,598 | \$ 1,951 | \$ 46,549 |

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

| 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 |
| Total | \$ 27,057 | \$ 11,197 | \$ 15,860 |
| Current | \$ 1,712 | \$ 547 | \$ 1,165 |
| Non-current | \$ 25,345 | \$ 10,650 | \$ 14,695 |

The amount of lease liabilities increased \$431 thousand and \$1,238 thousand for the years ended December 31, 2023 and 2022. The interest rates are 1.70% and 1.045% and the expiry date is February 2026.

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

| Items | For the years ended December 31, | |
|--|----------------------------------|--------|
| | 2023 | 2022 |
| Interest on lease liabilities | \$ 565 | \$ 568 |
| Expenses relating to short-term leases | \$ 840 | \$ 746 |

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

| Items | For the years ended December 31, | |
|-------------------------------|----------------------------------|----------|
| | 2023 | 2022 |
| Total cash outflow for leases | \$ 2,682 | \$ 2,658 |

(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, 2023 and 2022, respectively, were as follows:

| Items | For the years ended December 31, | |
|--------------------------------------|----------------------------------|-----------|
| | 2023 | 2022 |
| Defined contribution pension expense | \$ 11,377 | \$ 11,344 |

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.

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

| Items | For the year ended December 31, 2023 | December 31, 2023 | For the year ended December 31, 2022 | December 31, 2022 |
|----------------------------------|--|----------------------|--|----------------------|
| Labor pension reserve account | | \$ - | | \$ 8,930 |
| Employee benefit liabilities | | - | | 15,463 |
| Pension cost | \$ 191 | | \$ 375 | |

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, | |
|-------------------------------------|----------------------------------|--------|
| | 2023 | 2022 |
| Cost of revenue | \$ 151 | \$ 295 |
| General and administrative expenses | 40 | 80 |
| Total | \$ 191 | \$ 375 |

Reconciliation of the defined benefit obligations at present value and plan asset at fair value were as follows:

| Items | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Present value of the defined benefit obligations | \$ - | \$ (24,393) |
| Fair value of plan assets | - | 8,930 |
| Net defined benefit liability | - | (15,463) |

The movements in present value of the defined benefit obligations were as follows:

| Items | For the years ended December 31, | |
|---|----------------------------------|-------------|
| | 2023 | 2022 |
| Balance, beginning of period | \$ (24,393) | \$ (31,428) |
| Current service cost | (89) | (266) |
| Interest expense of defined benefit obligation | (224) | (218) |
| Benefits paid | 597 | 8,430 |
| Actuarial gain (loss) arising from experience adjustments | – | (2,729) |
| Actuarial gain (loss) arising from changes in demographic assumptions | – | (81) |
| Actuarial gain (loss) arising from changes in financial assumptions | (84) | 1,899 |
| Effect of plan settlements | 16,955 | – |
| Reclassified as employee benefit liabilities | 7,238 | – |
| Balance, end of period | \$ - | \$ (24,393) |

Movements in the fair value of the plan assets were as follows:

| Items | For the years ended December 31, | |
|--------------------------------|----------------------------------|-----------|
| | 2023 | 2022 |
| Balance, beginning of period | \$ 8,930 | \$ 15,624 |
| Interest income | 122 | 110 |
| Return on plan assets | 84 | 1,255 |
| Contributions from employer | 6,740 | 371 |
| Benefits paid from plan assets | (597) | (8,430) |
| Repayments from plan assets | (13,565) | – |
| Pension funds withdrawal | (1,714) | – |
| Balance, end of period | \$ - | \$ 8,930 |

The percentages of the major categories of plan assets that constitute the fair value of total plan assets were as follows:

| Items | December 31, 2023 | | December 31, 2022 | |
|--------------------------|-------------------|---|-------------------|---------|
| | Amount | % | Amount | % |
| Cash and cash equivalent | \$ - | - | \$ 8,930 | 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, 2023, the Company reached an agreement with all employees who chose the old pension scheme to settle the pension fund and the Company had no defined benefit plan obligations.

(9) Equity

A. Ordinary share

As of December 31, 2023, 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, 2023 | December 31, 2022 |
|----------------------------|-------------------|-------------------|
| 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 2022 and 2021 had been approved during shareholders' meeting on May 30, 2023 and May 24, 2022, respectively.

| Items | Appropriation | | Dividend per share | |
|-----------------|---------------|-----------|--------------------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| Legal reserve | \$ 21,366 | \$ 18,133 | | |
| Special reserve | (32,035) | 5,541 | | |
| Cash dividends | 151,323 | 121,059 | \$ 2.00 | \$ 1.60 |

The appropriation of the 2023 net income was proposed by the Board of Directors on February 27, 2024 as follows:

| Items | 2023 | Dividend per share |
|-----------------|-----------|--------------------|
| Legal reserve | \$ 18,142 | |
| Special reserve | 15,012 | |
| Cash dividends | 121,059 | \$ 1.60 |

The appropriation for 2023 is to be presented for approval in the Company's shareholders' meeting to be held on May 21, 2024 (expected).

D. Others

Changes in others for the years ended December 31, 2023 and 2022 were as follows:

| Items | | For the years ended December 31, | |
|---|------------------------------|----------------------------------|-------------|
| | | 2023 | 2022 |
| Exchange differences on translation of foreign financial statements | Balance, beginning of period | \$ (65,920) | \$ (97,955) |
| | Changes in period | (15,012) | 32,035 |
| | Balance, end of period | \$ (80,932) | \$ (65,920) |

E. Non-controlling interests

Changes in the amount of non-controlling interests for 2023 and 2022 were as follows:

| Items | For the years ended December 31, | |
|---|----------------------------------|------------|
| | 2023 | 2022 |
| Balance, beginning of period | \$ 326,160 | \$ 275,223 |
| Appropriation of earnings | (82,225) | (63,745) |
| Profit for the period | 91,659 | 93,090 |
| Exchange differences on translation of foreign financial statements | (8,236) | 21,592 |
| Balance, end of period | \$ 327,358 | \$ 326,160 |

(10) Operating revenue

Disaggregation of revenue for the years ended December 31, 2023 and 2022 were as follows:

| Items | For the years ended December 31, | |
|---------------|----------------------------------|--------------|
| | 2023 | 2022 |
| Sale of goods | \$ 2,802,460 | \$ 3,075,527 |
| Others | 57,580 | 65,778 |
| Total | \$ 2,860,040 | \$ 3,141,305 |

(11) Non-operating income and expenses

The details of non-operating income and expenses for the years ended December 31, 2023 and 2022 were as follows:

| Items | For the years ended December 31, | |
|--|----------------------------------|-----------|
| | 2023 | 2022 |
| Non-operating income | | |
| Rent income | \$ 1,664 | \$ 1,661 |
| Other income | 14,900 | 6,144 |
| Total | \$ 16,564 | \$ 7,805 |
| Other gains and losses | | |
| Gain (loss) on disposal of property, plant and equipment | \$ 815 | \$ 641 |
| Foreign exchange losses | (1,499) | 20,531 |
| Others | (2,132) | (1,493) |
| Total | \$ (2,816) | \$ 19,679 |

(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, | |
|---|----------------------------------|-------------------|
| | 2023 | 2022 |
| Current income tax expense | | |
| Current tax expense recognized in the current year | \$ 99,453 | \$ 104,968 |
| Income tax adjustments on prior years | (24) | 1,746 |
| Tax on undistributed earnings | 3,233 | 1,100 |
| Deferred income tax expense | | |
| The origination and reversal of temporary differences | (2,785) | 3,903 |
| Income tax credits | (90) | - |
| Income tax expense recognized in profit or loss | <u>\$ 99,787</u> | <u>\$ 111,717</u> |

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, | |
|---|----------------------------------|-------------------|
| | 2023 | 2022 |
| Income before tax | <u>\$ 372,870</u> | <u>\$ 418,195</u> |
| Income tax expense at the statutory rate | \$ 93,879 | \$ 103,776 |
| Tax effect of adjusting items | | |
| Nondeductible items in determining taxable income | 4,113 | 4,949 |
| Tax-exempt income | (103) | - |
| Tax on undistributed earnings | 3,233 | 1,100 |
| Income tax credits | (90) | - |
| Income tax adjustments on prior years, | (24) | 1,746 |
| Changes in deferred tax | | |
| Temporary differences | (1,221) | 146 |
| Income tax expense recognized in profit or loss | <u>\$ 99,787</u> | <u>\$ 111,717</u> |

B. Income tax expense recognized in other comprehensive income

| Items | For the years ended December 31, | |
|-----------------------------|----------------------------------|-------|
| | 2023 | 2022 |
| Defined benefit obligations | \$ - | \$ 69 |

C. Deferred income tax assets and liabilities

| Items | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Deferred income tax assets | | |
| Temporary differences | | |
| Provisions | \$ 4 | \$ 2 |
| Inventory | 9,426 | 6,804 |
| Property, plant and equipment | 3,806 | 4,578 |
| Unrealized gross profit from intercompany transactions within the Group | 575 | 1,004 |
| Net defined benefit liability | 1,447 | 2,480 |
| Foreign currency assets and liabilities | 1,367 | 135 |
| Land use rights | 3,514 | 3,486 |
| Total | \$ 20,139 | \$ 18,489 |
| Deferred income tax liabilities | | |
| Long-term investments | \$ 4,548 | \$ 5,150 |
| Foreign currency assets and liabilities | 2 | 135 |
| Received in advance | - | 250 |
| Total | \$ 4,550 | \$ 5,535 |

D. Changes in deferred income tax assets and liabilities

For the year ended December 31, 2023

| Items | Balance, beginning of period | Profit or loss | Other comprehensive income | Effect of exchange rate changes | Balance, end of period |
|---|------------------------------------|----------------|----------------------------------|---------------------------------------|------------------------------|
| Deferred income tax assets | | | | | |
| Provisions | \$ 2 | \$ 2 | \$ - | \$ - | \$ 4 |
| Inventory | 6,804 | 2,671 | | (49) | 9,426 |
| Property, plant and equipment | 4,578 | (731) | | (41) | 3,806 |
| Unrealized gross profit from intercompany transactions within the Group | 1,004 | (434) | | 5 | 575 |
| Net defined benefit liability | 2,480 | (1,033) | | | 1,447 |
| Foreign currency assets and liabilities | 135 | 1,232 | | | 1,367 |
| Land use rights | 3,486 | 90 | | (62) | 3,514 |
| Total | \$ 18,489 | \$ 1,797 | \$ - | \$ (147) | \$ 20,139 |
| Deferred income tax liabilities | | | | | |
| Long-term investments | \$ 5,150 | \$ 602 | \$ - | \$ - | \$ 4,548 |
| Foreign currency assets and liabilities | 135 | 133 | | | 2 |
| Received in advance | 250 | 253 | | (3) | - |
| Total | \$ 5,535 | \$ 988 | \$ - | \$ (3) | \$ 4,550 |

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 |
|---|------------------------------------|----------------|----------------------------------|---------------------------------------|------------------------------|
| Deferred income tax assets | | | | | |
| 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 |
| Total | \$ 17,776 | \$ 618 | \$ (69) | \$ 164 | \$ 18,489 |
| Deferred income tax liabilities | | | | | |
| Long-term investments | \$ 720 | \$ (4,430) | \$ - | \$ - | \$ 5,150 |
| Foreign currency assets and liabilities | 2 | (133) | | | 135 |
| Received in advance | 273 | 42 | | (19) | 250 |
| Total | \$ 995 | \$ (4,521) | \$ - | \$ (19) | \$ 5,535 |

E. Unrecognized deferred tax assets

As of December 31, 2023 and 2022, deferred income tax asset items that are not very likely realizable and hence are not recognized of the Group were as follows:

| December 31, 2023 | December 31, 2022 |
|-------------------|-------------------|
| \$ 40,458 | \$ 38,920 |

F. The tax authorities have examined income tax returns of the Company through 2021.

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

| | | For the years ended December 31, | | | | | |
|----------------------------|----|----------------------------------|-------------------|------------|--------------|-------------------|------------|
| | | 2023 | | | 2022 | | |
| By function | | | | | | | |
| By item | | Cost of sale | Operating expense | Total | Cost of sale | Operating expense | Total |
| | | | | | | | |
| Employee benefits | | | | | | | |
| Salary | \$ | 205,959 | \$ 75,791 | \$ 281,750 | \$ 218,742 | \$ 72,985 | \$ 291,727 |
| Labor and health insurance | | 27,996 | 8,782 | 36,778 | 26,849 | 7,689 | 34,538 |
| Pension | | 7,380 | 4,188 | 11,568 | 8,208 | 3,511 | 11,719 |
| Remuneration directors | | - | 14,155 | 14,155 | - | 16,944 | 16,944 |
| Others | | 54,672 | 9,115 | 63,787 | 73,961 | 9,312 | 83,273 |
| Depreciation | | 92,200 | 14,480 | 106,680 | 82,609 | 13,675 | 96,284 |
| Amortization | | 25,654 | 11,014 | 36,668 | 21,658 | 8,976 | 30,634 |

Note: For the years ended December 31, 2023 and 2022, the average numbers of employees of the Group were 1,047 and 1,026, 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, 2023 and 2022, 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 \$21,968 thousand and \$25,334 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 2023 approved by the board of directors at February 27, 2024 were in the amounts of \$12,772 thousand and \$9,196 thousand, respectively. There is no difference between the aforementioned approved amounts and the amounts charged against earnings of 2023.

Remuneration to employees and directors for 2022 approved by the board of directors at March 6, 2023 were in the amounts of \$14,729 thousand and \$10,605 thousand and had been presented in the

shareholders' meeting on May 30, 2023. There is no difference between the aforementioned approved amounts and the amounts recognized in the financial statements of 2022.

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, | |
|--|----------------------------------|------------|
| | 2023 | 2022 |
| Basic earnings per share | | |
| Profit attributable to common shareholders of parent (in thousands) | \$ 181,424 | \$ 213,388 |
| 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 | \$ 2.40 | \$ 2.82 |

(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, 2023 | December 31, 2022 |
|------------------------------------|-------------------|-------------------|
| Financial assets | | |
| Financial assets at amortized cost | | |
| Cash and cash equivalents | \$ 993,619 | \$ 874,855 |
| Financial assets at amortized cost | 199,810 | 227,127 |
| Receivables | 440,932 | 526,765 |
| Total | \$ 1,634,361 | \$ 1,628,747 |

| Items | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Financial liabilities | | |
| Financial liabilities at amortized cost | | |
| Payables | \$ 279,188 | \$ 298,661 |
| Lease liabilities | 14,629 | 15,860 |
| Total | <u>\$ 293,817</u> | <u>\$ 314,521</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, | | | |
|-----------------------|----------------------------------|--------------|--------------|--------------|
| | 2023 | | 2022 | |
| | Appreciation | Depreciation | Appreciation | Depreciation |
| Profit for the period | \$ 5,715 | \$ (5,715) | \$ 5,068 | \$ (5,068) |
| Equity | 7,991 | (7,991) | 7,675 | (7,675) |

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, 2023 and 2022 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, 2023 | December 31, 2022 |
|------------|-------------------|-------------------|
| Percentage | 70.42% | 69.33% |

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 |
|-----------------------|---------------|-----------|-----------|--------------|------------|
| <hr/> | | | | | |
| December 31, 2023 | | | | | |
| Payables | \$ 279,188 | \$ - | \$ - | \$ - | \$ 279,188 |
| Lease liabilities | 1,072 | 877 | 462 | 12,218 | 14,629 |
| December 31, 2022 | | | | | |
| Payables | \$ 298,661 | \$ - | \$ - | \$ - | \$ 298,661 |
| Lease liabilities | 1,165 | 1,429 | 458 | 12,808 | 15,860 |

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, 2023 | | | | | December 31, 2022 | | | | | |
|--|----|------------------|--------|----|--|----|------------------|--------|----|---------|
| Foreign currency amount (In thousands) | | Exchange rate | NTD | | Foreign currency amount (In thousands) | | Exchange rate | NTD | | |
| <u>Financial assets</u> | | | | | | | | | | |
| Monetary items: | | | | | | | | | | |
| USD | \$ | 11,683 | 30.705 | \$ | 358,731 | \$ | 8,478 | 30.715 | \$ | 260,396 |
| EUR | | 196 | 33.980 | | 6,661 | | 614 | 32.745 | | 20,096 |
| RMB | | 35,441 | 4.335 | | 153,642 | | 27,553 | 4.410 | | 121,515 |
| VND | | 325,308,390 | 0.001 | | 422,901 | | 372,314,943 | 0.001 | | 484,009 |

| December 31, 2023 | | | | December 31, 2022 | | | |
|------------------------------|--|------------------|--------|-------------------|--|------------------|--------|
| | Foreign currency amount (In thousands) | Exchange rate | NTD | | Foreign currency amount (In thousands) | Exchange rate | NTD |
| <u>Financial liabilities</u> | | | | | | | |
| Monetary items: | | | | | | | |
| USD | \$ | 248 | 30.705 | \$ | 7,611 | \$ | 5,424 |
| EUR | | - | 33.980 | | - | 30 | 32.745 |
| RMB | | 11,191 | 4.335 | | 48,514 | 7,463 | 4.410 |
| VND | | 81,275,129 | 0.001 | | 105,658 | 86,708,743 | 0.001 |

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> | <u>For the years ended December 31,</u> | |
|-----------------------|---|-------------|
| | <u>2023</u> | <u>2022</u> |
| Other related parties | \$ 41,088 | \$ 43,320 |

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> | <u>For the years ended December 31,</u> | |
|-----------------------|---|-------------------|
| | <u>2023</u> | <u>2022</u> |
| Other related parties | | |
| GSK Corporation | \$ 378,375 | \$ 335,424 |
| GSK Technologies | 346,734 | 491,064 |
| Others | 43,320 | 35,753 |
| Total | <u>\$ 768,429</u> | <u>\$ 862,241</u> |

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, 2023 | December 31, 2022 |
|-----------------------|-------------------|-------------------|
| Other related parties | | |
| GSK Corporation | \$ 81,482 | \$ 53,332 |
| GSK Technologies | 49,005 | 83,894 |
| Others | 11,862 | 9,904 |
| Less: Loss allowance | (56) | (42) |
| Total | \$ 142,293 | \$ 147,088 |

b. Accounts payable

| Items | December 31, 2023 | December 31, 2022 |
|-----------------------|-------------------|-------------------|
| Other related parties | \$ 7,996 | \$ 7,273 |

D. Property transactions

During 2023, the Group's property transactions with its related parties are as follows:

| Items | Name of equipment | Years | Purchase price | Outstanding payment |
|-----------------------|-------------------------|-------|----------------|---------------------|
| Other related parties | Ultrasonic equipment | 2023 | \$ 23 | |
| GSK Technologies Inc. | Mold equipment | 2022 | 11,400 | - |
| Other related parties | Disc inspection machine | 2022 | 1,812 | - |
| | Gear measuring machine | | | |

E. Others

During 2023 and 2022, the Group's other transactions with its related parties are summarized as follows:

| Items | For the years ended December 31, | |
|-------------------------------------|----------------------------------|--------|
| | 2023 | 2022 |
| Agency fee | \$ 749 | \$ 770 |
| Manufacturing overhead - outsourced | 2,951 | 4,278 |

F. Compensation of key management personnel

| Items | For the years ended December 31, | |
|------------------------------|----------------------------------|-----------|
| | 2023 | 2022 |
| Short-term employee benefits | \$ 20,531 | \$ 23,125 |

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, 2023, amounts available under letters of credit for import: None
- (2) As of December 31, 2023, 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, 2023 (In thousands) |
|-------------------------------------|--|-------------------------------------|---|---|
| Prepayments for business facilities | Tab transmission CCD 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 |
| Prepayments for business facilities | Double-sided grinder | Ri Qing Chemistry Industry Co, Ltd. | JPY 57,000 | 12,664 |
| Construction in progress | Expansion of the first plant in Hanoi, Vietnam - Office building | Chien Huong. JSC | VND 30,476,007 | 30,648 |

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, 2023 | Domestic operations department | Overseas operations department | Adjustment and elimination | Total |
|---|--------------------------------------|--------------------------------------|-------------------------------|--------------|
| Revenue | | | | |
| Revenue from external customers | \$ 1,223,904 | \$ 1,636,136 | \$ - | \$ 2,860,040 |
| Intersegment revenues | 16,858 | 4,886 | (21,744) | - |
| Total revenue | 1,240,762 | 1,641,022 | (21,744) | 2,860,040 |
| Segment profit or loss | 230,411 | 241,704 | (99,245) | 372,870 |
| Segment assets | 2,722,277 | 1,245,884 | (694,270) | 3,273,891 |
| 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 |

(2) Geographical information

| Geographical information | Revenue from external customers | | Non-current assets | |
|--------------------------|----------------------------------|--------------|--------------------|-------------------|
| | For the years ended December 31, | | December 31, 2023 | December 31, 2022 |
| | 2023 | 2022 | | |
| Taiwan | \$ 1,110,093 | \$ 1,345,674 | \$ 673,719 | \$ 695,139 |
| Asia | 1,666,421 | 1,709,154 | 512,324 | 468,652 |
| America | 27,211 | 25,464 | | |
| Europe | 56,315 | 61,013 | | |
| Total | \$ 2,860,040 | \$ 3,141,305 | \$ 1,186,043 | \$ 1,163,791 |

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, 2023 and 2022:

| Customer | For the years ended December 31, | | | |
|------------|----------------------------------|--------|--------------|--------|
| | 2023 | | 2022 | |
| | Amount | % | Amount | % |
| Customer A | \$ 346,734 | 12.12% | \$ 491,064 | 15.63% |
| Customer B | 378,375 | 13.23% | 335,424 | 10.68% |
| Customer C | 1,045,371 | 36.55% | 981,791 | 31.25% |
| Total | \$ 1,770,480 | 61.90% | \$ 1,808,279 | 57.56% |

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, 2023

| 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 | 378,375 | 13.23% | 60 days | Normal | Normal | 81,482 | 18.48% | |
| Fine Blanking & Tool Co., Ltd. GSK Vietnam | GSK Technologies Inc. | The entity's chairman is the Company's director | Sale | 346,734 | 12.12% | 60 days | Normal | Normal | 49,005 | 11.11% | |

Table 2: Significant intercompany transactions during the reporting periods

In Thousands of NTD
For the year ended December 31, 2023

| 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 | 16,858 | Normal trading terms | 0.59% |
| 0 | Fine Blanking & Tool Co., Ltd. | GSK Vietnam Co., Ltd. | 1 | Accounts receivable | 6,426 | Normal trading terms | 0.20% |
| 1 | GSK VIETNAM CO., LTD. | Fine Blanking & Tool Co., Ltd. | 2 | Operating revenue | 1,999 | Normal trading terms | 0.07% |
| 1 | GSK VIETNAM CO., LTD. | Fine Blanking & Tool Co., Ltd. | 2 | Accounts receivable | - | Normal trading terms | 0.00% |
| 2 | Suzhou Fine Blanking & Tool Co., Ltd. | GSK Vietnam Co., Ltd. | 3 | Operating revenue | 2,335 | Normal trading terms | 0.08% |
| 2 | Suzhou Fine Blanking & Tool Co., Ltd. | GSK Vietnam Co., Ltd. | 3 | Accounts receivable | 337 | Normal trading terms | 0.01% |

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, 2023

| Name of investor | Name of investee (Note 1, 2) | Location | Main businesses and products | Original investment amount | | Balance as of December 31, 2023 | | | Net income (losses) of investee (Note 2(2)) | Share of profits/losses (Note 2(3)) | Note |
|--------------------------------|---------------------------------|----------|---|----------------------------|-------------------|---------------------------------|-------------------------|----------------|--|--|--|
| | | | | December 31, 2023 | December 31, 2022 | Shares | Percentage of ownership | Carrying value | | | |
| Fine Blanking & Tool Co., Ltd. | Propitious International Inc. | BVI | Investment | 347,044 | 347,044 | - | 55.75% | 426,279 | 206,751 | 115,481 | 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% | 266,097 | (15,761) | (14,923) | 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% | 725,948 | 206,625 | 206,275 | 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, 2023" 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, 2023

| 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, 2023 | Investment flows | | Accumulated outflow of investment from Taiwan as of December 31, 2023 | Net income (losses) of investee | Percentage of ownership | Share of profits/losses (Note 2(2)B) | Carrying amount as of December 31, 2023 | 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 | (15,797) | 100% | (15,797) | 270,833 | - |

| Accumulated investment in mainland China as of December 31, 2023 | Investment amounts authorized by Investment Commission, MOEA | Upper Limit on Investment |
|--|--|---------------------------|
| 391,965 | 395,904 | 1,473,519 |

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, 2023

| Shareholding Shareholder's name | Number of common shares | Number of preferred shares | Percentage |
|--------------------------------------|----------------------------|-------------------------------|------------|
| Chuan Tai Investment Co., Ltd. | 14,462,693 | | 19.11% |
| GSK Investment Development Co., Ltd. | 10,352,725 | | 13.68% |
| Taiwan Fu Hsing Industrial Co., Ltd. | 7,552,867 | | 9.98% |
| Chuan Dao Investment Co., Ltd. | 6,666,668 | | 8.81% |
| | | | |

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



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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, 2023 and 2022, 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, 2023 and 2022, 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 Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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, 2023. 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, 2023 is stated as follows:

1. Accounts receivable valuation

Fine Blanking & Tool Co., Ltd. was affected by the economic climate, and 81.37% 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 the 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of 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, 2023 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
February 27, 2024

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, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

| Items | Notes | December 31, 2023 | | December 31, 2022 | | |
|-------|---|-------------------|--------------|-------------------|--------------|--------|
| | | Amount | % | Amount | % | |
| 11×× | CURRENT ASSETS: | | | | | |
| 1100 | Cash and cash equivalents | 4 and 6(1) | \$ 824,897 | 30.30 | \$ 708,625 | 25.66 |
| 1150 | Notes receivable, net | 4 and 6(2) | 5,573 | 0.21 | 5,972 | 0.22 |
| 1170 | Accounts receivable, net | 4, 5 and 6(2) | 96,477 | 3.54 | 139,082 | 5.04 |
| 1180 | Accounts receivable due from related parties, net | 4, 5, 6(2) and 7 | 138,263 | 5.08 | 135,514 | 4.91 |
| 1200 | Other receivables | | 3,357 | 0.12 | 836 | 0.03 |
| 1210 | Other receivables due from related parties | 7 | 3,875 | 0.14 | 6,199 | 0.22 |
| 1310 | Inventories | 4, 5 and 6(3) | 249,637 | 9.17 | 340,201 | 12.32 |
| 1410 | Prepayments | | 22,194 | 0.82 | 7,979 | 0.29 |
| 1470 | Other current assets | | 538 | 0.02 | 975 | 0.03 |
| 11×× | Total current assets | | 1,344,811 | 49.40 | 1,345,383 | 48.72 |
| 15×× | NON-CURRENT ASSETS: | | | | | |
| 1550 | Investments accounted for using equity method | 4 and 6(4) | 692,376 | 25.43 | 709,959 | 25.71 |
| 1600 | Property, plant and equipment | 4, 6(5) and 8 | 634,194 | 23.30 | 666,187 | 24.13 |
| 1755 | Right-of-use assets | 4 and 6(6) | 1,302 | 0.05 | 1,951 | 0.07 |
| 1801 | Computer software, net | 4 and 5 | 2,255 | 0.08 | 2,691 | 0.10 |
| 1840 | Deferred tax assets | 4, 5 and 6(12) | 11,371 | 0.42 | 10,977 | 0.40 |
| 1915 | Prepayments for business facilities | | 22,063 | 0.81 | 10,064 | 0.36 |
| 1920 | Guarantee deposits paid | | 10,169 | 0.37 | 10,319 | 0.37 |
| 1995 | Other non-current assets, others | | 3,736 | 0.14 | 3,927 | 0.14 |
| 15×× | Total non-current assets | | 1,377,466 | 50.60 | 1,416,075 | 51.28 |
| 1×× | TOTAL ASSETS | | \$ 2,722,277 | 100.00 | \$ 2,761,458 | 100.00 |
| 21×× | CURRENT LIABILITIES: | | | | | |
| 2130 | Currenct contract liabilities | 4 | \$ 9,134 | 0.33 | \$ 9,408 | 0.34 |
| 2150 | Notes payable | 4 | 2,883 | 0.10 | 230 | 0.01 |
| 2170 | Accounts payable | 4 | 114,306 | 4.20 | 142,658 | 5.17 |
| 2180 | Accounts payable to related parties | 4 and 7 | 4,295 | 0.16 | 4,606 | 0.17 |
| 2200 | Other payables | | 71,492 | 2.63 | 85,588 | 3.10 |
| 2230 | Current tax liabilities | 4 and 6(12) | 49,040 | 1.80 | 51,259 | 1.86 |
| 2250 | Current provisions | 4 | 20 | 0.00 | 12 | 0.00 |
| 2280 | Current lease liabilities | 4 and 6(7) | 870 | 0.03 | 964 | 0.03 |
| 2399 | Other current liabilities, others | | 2,136 | 0.08 | 4,235 | 0.15 |
| 21×× | Total current liabilities | | 254,176 | 9.33 | 298,960 | 10.83 |

FINE BLANKING & TOOL CO., LTD.
Parent Company Only Balance Sheets
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

| Items | Notes | December 31, 2023 | | December 31, 2022 | | |
|-------|---|-------------------|--------------|-------------------|--------------|--------|
| | | Amount | % | Amount | % | |
| 25×× | NON-CURRENT LIABILITIES: | | | | | |
| 2551 | Provisions for employee benefits, non-current | 4 | 7,238 | 0.27 | - | - |
| 2570 | Deferred tax liabilities | 4 and 6(12) | 4,550 | 0.17 | 5,285 | 0.19 |
| 2580 | Non-current lease liabilities | 4 and 6(7) | 448 | 0.02 | 1,005 | 0.04 |
| 2640 | Net defined benefit liability, non-current | 4, 5 and 6(8) | - | - | 15,432 | 0.56 |
| 25×× | Total non-current liabilities | | 12,236 | 0.46 | 21,722 | 0.79 |
| 2×× | Total liabilities | | 266,412 | 9.79 | 320,682 | 11.62 |
| 31×× | EQUITY: | | | | | |
| 3110 | Ordinary share | 6(9) | 756,617 | 27.79 | 756,617 | 27.40 |
| 3210 | Capital surplus, additional paid-in capital | 6(9) | 150,801 | 5.54 | 150,801 | 5.46 |
| 3300 | Retained earnings | 6(9) | | | | |
| 3310 | Legal reserve | | 480,974 | 17.67 | 459,608 | 16.64 |
| 3320 | Special reserve | | 65,920 | 2.42 | 97,955 | 3.55 |
| 3350 | Unappropriated retained earnings | | 1,082,485 | 39.76 | 1,041,715 | 37.72 |
| 3400 | Other equity interest | 6(9) | | | | |
| 3410 | Exchange differences on translation of foreign financial statements | | (80,932) | (2.97) | (65,920) | (2.39) |
| 31×× | Total equity | | 2,455,865 | 90.21 | 2,440,776 | 88.38 |
| 3×2× | TOTAL LIABILITIES AND EQUITY | | \$ 2,722,277 | 100.00 | \$ 2,761,458 | 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, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

| Items | Notes | 2023 | | 2022 | |
|---|-------------------|--------------|---------|--------------|---------|
| | | Amount | % | Amount | % |
| 4000 OPERATING REVENUE | 4, 5, 6(10) and 7 | \$ 1,240,762 | 100.00 | \$ 1,497,690 | 100.00 |
| 5000 OPERATING COSTS | 6(3)(13) and 7 | (1,013,750) | (81.70) | (1,239,136) | (82.74) |
| 5900 GROSS PROFIT FROM OPERATIONS | | 227,012 | 18.30 | 258,554 | 17.26 |
| 5910 UNREALIZED PROFIT (LOSS) FROM SALES | | 170 | 0.01 | (238) | (0.02) |
| 5950 GROSS PROFIT FROM OPERATIONS, NET | | 227,182 | 18.31 | 258,316 | 17.24 |
| 6000 OPERATING EXPENSES | 6(13) | (119,078) | (9.60) | (120,700) | (8.06) |
| 6100 Selling expenses | | (22,853) | (1.84) | (24,408) | (1.63) |
| 6200 Administrative expenses | | (82,094) | (6.62) | (81,346) | (5.43) |
| 6300 Research and development expenses | | (14,277) | (1.15) | (14,503) | (0.97) |
| 6450 Impairment loss determined in accordance with IFRS 9 | 5(2) | 146 | 0.01 | (443) | (0.03) |
| 6900 NET OPERATING INCOME | | 108,104 | 8.71 | 137,616 | 9.18 |
| 7000 NON-OPERATING INCOME AND EXPENSES | 6(11) | 122,307 | 9.85 | 131,627 | 8.80 |
| 7100 Interest income | | 12,761 | 1.03 | 2,679 | 0.18 |
| 7010 Other income | | 11,812 | 0.95 | 9,686 | 0.65 |
| 7020 Other gains and losses | | (2,793) | (0.23) | 16,872 | 1.13 |
| 7070 Share of profit of subsidiaries, associates and joint ventures accounted for using equity method | 6(4) | 100,558 | 8.10 | 102,428 | 6.84 |
| 7510 Interest expense | 6(7) | (31) | (0.00) | (38) | (0.00) |
| 7900 PROFIT BEFORE INCOME TAX | | 230,411 | 18.56 | 269,243 | 17.98 |
| 7950 INCOME TAX EXPENSE | 4 and 6(12) | (48,987) | (3.95) | (55,855) | (3.73) |
| 8200 PROFIT FOR THE PERIOD | | 181,424 | 14.61 | 213,388 | 14.25 |
| 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 |
| 8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(12) | - | - | (69) | (0.00) |
| 8360 Components of other comprehensive income that will be reclassified to profit or loss | | | | | |
| 8361 Exchange differences on translation | | (15,012) | (1.21) | 32,035 | 2.14 |
| OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAX | | (15,012) | (1.21) | 32,310 | 2.16 |
| 8500 TOTAL COMPREHENSIVE INCOME | | \$ 166,412 | 13.40 | \$ 245,698 | 16.41 |
| 9750 BASIC EARNINGS PER SHARE (NTD) | 6(14) | | | | |
| Profit before income tax | | \$ 3.05 | | \$ 3.56 | |
| Less: Income tax expense | | (0.65) | | (0.74) | |
| Profit for the period | | \$ 2.40 | | \$ 2.82 | |

(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, 2023 and 2022
(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, 2022 | \$ 756,617 | \$ 150,801 | \$ 441,475 | \$ 92,414 | \$ 972,781 | \$ (97,955) | \$ 2,316,133 |
| Appropriation of earnings: | | | | | | | |
| Legal reserve | | | 18,133 | | (18,133) | | - |
| Special reserve | | | | 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 |
| Appropriation of earnings: | | | | | | | |
| Legal reserve | | | 21,366 | | (21,366) | | - |
| Special reserve | | | | (32,035) | 32,035 | | - |
| Cash dividends | | | | | (151,323) | | (151,323) |
| Profit for the period | | | | | 181,424 | | 181,424 |
| Other comprehensive income (loss) for the period: | | | | | | | |
| Exchange differences on translation of foreign financial statements | | | | | | (15,012) | (15,012) |
| Total comprehensive income (loss) for the period | | | | | 181,424 | (15,012) | 166,412 |
| BALANCE, DECEMBER 31, 2023 | \$ 756,617 | \$ 150,801 | \$ 480,974 | \$ 65,920 | \$ 1,082,485 | \$ (80,932) | \$ 2,455,865 |

(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, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

| | 2023 | 2022 |
|--|-----------------|-----------------|
| CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES : | | |
| Profit before income tax | \$ 230,411 | \$ 269,243 |
| Adjustments: | | |
| Adjustments to reconcile profit (loss) | | |
| Depreciation expense | 55,394 | 48,804 |
| Amortization expense | 4,786 | 5,223 |
| Expected credit loss (gain) | (146) | 443 |
| Interest expense | 31 | 38 |
| Interest income | (12,761) | (2,679) |
| Share of profit of associates and joint ventures accounted for using equity method | (100,558) | (102,428) |
| Loss (gain) on disposal of property, plant and equipment | (335) | (333) |
| Unrealized (realized) gain on the transactions with subsidiaries | (466) | (209) |
| Changes in operating assets | | |
| Decrease (increase) in notes receivable, net | 399 | 6,339 |
| Decrease (increase) in accounts receivable, net | 42,765 | 15,173 |
| Decrease (increase) in accounts receivable due from related parties | (2,763) | (10,836) |
| Decrease (increase) in other receivable | (1,723) | 25 |
| Decrease (increase) in other receivable due from related parties | 2,324 | (2,605) |
| Decrease (increase) in inventories | 90,564 | (8,965) |
| Decrease (increase) in prepayments | (14,215) | (1,306) |
| Decrease (increase) in other current assets | 437 | 290 |
| Total changes in operating assets | <u>117,788</u> | <u>(1,885)</u> |
| Changes in operating liabilities | | |
| Increase (decrease) in contract liabilities | (274) | (1,614) |
| Increase (decrease) in notes payable | 2,653 | (2,729) |
| Increase (decrease) in accounts payable | (28,352) | (37,956) |
| Increase (decrease) in accounts payable to related parties | (311) | 1,885 |
| Increase (decrease) in other payable | (14,317) | 13,037 |
| Increase (decrease) in provisions | 8 | (104) |
| Increase (decrease) in other current liabilities | (2,099) | 2,020 |
| Increase (decrease) in net defined benefit liability | (8,194) | - |
| Total changes in operating liabilities | <u>(50,886)</u> | <u>(25,461)</u> |

(Continued)

FINE BLANKING & TOOL CO., LTD.
Parent Company Only Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

| | <u>2023</u> | <u>2022</u> |
|---|---------------------------|--------------------------|
| Cash inflow (outflow) generated from operations | 243,258 | 190,756 |
| Interest received | 11,963 | 2,598 |
| Interest paid | (31) | (38) |
| Income taxes paid | <u>(52,335)</u> | <u>(38,686)</u> |
| Net cash flows from (used in) operating activities | <u>202,855</u> | <u>154,630</u> |
| CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES : | | |
| Dividends received | 103,595 | 80,311 |
| Acquisition of property, plant and equipment | (14,272) | (32,593) |
| Proceeds from disposal of property, plant and equipment | 335 | 529 |
| Decrease (increase) in intangible assets | (422) | (1,045) |
| Decrease (increase) in prepayments for business facilities | (20,838) | (27,911) |
| Decrease (increase) in refundable deposits | 150 | - |
| Decrease (increase) in other non-current assets | <u>(2,947)</u> | <u>(3,574)</u> |
| Net cash flows from (used in) investing activities | <u>65,601</u> | <u>15,717</u> |
| CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES : | | |
| Payments of lease liabilities | (1,082) | (1,144) |
| Cash dividends | <u>(151,102)</u> | <u>(120,878)</u> |
| Net cash flows from (used in) financing activities | <u>(152,184)</u> | <u>(122,022)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 116,272 | 48,325 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | <u>708,625</u> | <u>660,300</u> |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | <u><u>\$ 824,897</u></u> | <u><u>\$ 708,625</u></u> |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION : | | |
| Non-cash investing and financing activities: | | |
| Exchange differences on translation of foreign financial statements | <u><u>\$ (15,012)</u></u> | <u><u>\$ 32,035</u></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, 2023 and 2022
(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, 2023, 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 February 27, 2024.

3. Application of New Standards, Amendments and Interpretations

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

In preparing the accompanying 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, 2023:

| New Standards, Interpretations and Amendments | Effective Date Issued by IASB |
|--|--------------------------------------|
| 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.

(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:

| New Standards, Interpretations and Amendments | Effective Date Issued by IASB |
|--|--|
| 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 |
| Amendment to IFRS 16 “Leases Liability in a Sale and Leaseback” | January 1, 2024 |
| IFRS 17 “Insurance Contracts” | January 1, 2023 |
| Amendments to IFRS 17 “Insurance Contracts” | January 1, 2023 |
| Amendment to IFRS 17 “Initial application of IFRS 17 and IFRS 9 – comparative information” | January 1, 2023 |
| Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” | January 1, 2024 |
| Amendments to IAS 1 “Non-current Liabilities with Covenants” | January 1, 2024 |

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, 2023 and 2022, the Company recognized the loss allowance of \$855 thousand and \$1,001 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, 2023 and 2022, 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, 2023 and 2022, the Company recognized the deferred tax assets of \$11,371 thousand and \$10,977 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, 2023 and 2022, the carrying amounts of inventories were \$249,637 thousand and \$340,201 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, 2023 and 2022, the carrying amounts of defined benefit obligations were \$0 thousand and \$15,432 thousand, respectively.

6. Explanation of Significant Accounts

(1) Cash and cash equivalents

| Items | December 31, 2023 | December 31, 2022 |
|-------------------|----------------------|----------------------|
| Cash | \$ 299 | \$ 294 |
| Deposits in banks | 824,598 | 708,331 |
| Total | \$ 824,897 | \$ 708,625 |

(2) Notes and accounts receivable, net

| Items | December 31, 2023 | December 31, 2022 |
|---|----------------------|----------------------|
| Notes receivable | \$ 5,573 | \$ 5,972 |
| Accounts receivable | 98,276 | 140,633 |
| Less: Loss allowance | (799) | (960) |
| Accounts receivable due from related parties | 138,549 | 135,642 |
| Less: Loss allowance | (56) | (41) |
| Plus: Allowance for exchange gains and losses | (1,230) | (678) |
| Total | \$ 240,313 | \$ 280,568 |

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, 2023 and 2022, the analysis of the Company's expected credit losses of accounts receivable were as follows:

December 31, 2023

| Items | Carrying amount | Lifetime expected credit loss rate | Loss allowance provision |
|---|-----------------|--|-----------------------------|
| Not past due | \$ 235,375 | 0.04% | \$ 92 |
| Past due within 90 days | 731 | 5.91% | 44 |
| Past due 91-180 days | - | 43.63% | - |
| Past due over 180 days | 719 | 100.00% | 719 |
| Plus: Allowance for exchange gains and losses | (1,230) | | |
| Total | \$ 235,595 | | \$ 855 |

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 |

For the years ended December 31, 2023 and 2022, the movement in the allowance for notes and accounts receivable were as follows:

| | For the years ended December 31, | |
|------------------------------|----------------------------------|----------|
| | 2023 | 2022 |
| Balance, beginning of period | \$ 1,001 | \$ 558 |
| Provision (reversal) | (146) | 443 |
| Balance, end of period | \$ 855 | \$ 1,001 |

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

(3) Inventories

| Items | December 31, 2023 | December 31, 2022 |
|---|----------------------|----------------------|
| Finished goods | \$ 133,502 | \$ 135,184 |
| Work in process | 87,091 | 119,321 |
| Raw materials | 85,151 | 135,674 |
| Less: Allowance for inventory valuation and obsolescence losses | (56,107) | (49,978) |
| Total | <u>\$ 249,637</u> | <u>\$ 340,201</u> |

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, 2023 and 2022 were as follows:

| Items | For the years ended December 31, | |
|-----------------------------------|----------------------------------|---------------------|
| | 2023 | 2022 |
| Cost of goods sold | \$ 1,005,983 | \$ 1,221,853 |
| Net losses (gains) on inventories | (37) | (148) |
| Inventory scrap loss | 1,675 | 3,530 |
| Losses on inventory valuation | 6,129 | 13,901 |
| Total | <u>\$ 1,013,750</u> | <u>\$ 1,239,136</u> |

(4) Investments accounted for using equity method

Investments accounted for using the equity method as of December 31, 2023 and 2022 consisted of the following:

| Company name | December 31, 2023 | | | 2023 |
|-------------------------------|-------------------------|-------------------|----------------|-------------------------|
| | Initial investment cost | Carrying amount | % of ownership | Share of profits/losses |
| Propitious International Inc. | \$ 347,044 | \$ 426,279 | 55.75% | \$ 115,481 |
| Superiority Enterprise Corp. | 391,965 | 266,097 | 100.0% | (14,923) |
| Total | <u>\$ 739,009</u> | <u>\$ 692,376</u> | | <u>\$ 100,558</u> |

| Company name | December 31, 2022 | | | 2022 |
|-------------------------------|-------------------------|-----------------|----------------|-------------------------|
| | 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 |

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, 2023, 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, 2023 | December 31, 2022 |
|--------------------------|----------------------|----------------------|
| Land | \$ 399,060 | \$ 399,060 |
| Buildings and structures | 123,805 | 139,200 |
| Machinery and equipment | 95,848 | 107,706 |
| Transportation equipment | 668 | 725 |
| Office equipment | 2,787 | 1,133 |
| Tools and equipment | 1,599 | 1,572 |
| Other equipment | 10,427 | 16,791 |
| Research equipment | - | - |
| Total | \$ 634,194 | \$ 666,187 |

For the year ended December 31, 2023

| Items | Beginning balance | Additions | Disposals and reclassification | Ending balance |
|--|-------------------|-----------|--------------------------------|----------------|
| Cost: | | | | |
| Land | \$ 399,060 | | | \$ 399,060 |
| Buildings and structures | 364,786 | 350 | | 365,136 |
| Machinery and equipment | 1,075,952 | 10,614 | (3,553) | 1,083,013 |
| Transportation equipment | 6,447 | 163 | | 6,610 |
| Office equipment | 5,428 | 84 | 1,531 | 7,043 |
| Tools and equipment | 41,669 | 560 | (1,521) | 40,708 |
| Other equipment | 61,177 | 2,501 | (472) | 63,206 |
| Research equipment | 3,281 | | | 3,281 |
| Total | \$ 1,957,800 | \$ 14,272 | \$ (4,015) | \$ 1,968,057 |
| Accumulated depreciation and impairment: | | | | |
| Buildings and structures | \$ 225,586 | \$ 15,745 | | \$ 241,331 |
| Machinery and equipment | 968,246 | 28,712 | (9,793) | 987,165 |
| Transportation equipment | 5,722 | 220 | | 5,942 |
| Office equipment | 4,295 | 240 | (279) | 4,256 |
| Tools and equipment | 40,097 | 533 | (1,521) | 39,109 |
| Other equipment | 44,386 | 8,864 | (471) | 52,779 |
| Research equipment | 3,281 | | | 3,281 |
| Total | \$ 1,291,613 | \$ 54,314 | \$ (12,064) | \$ 1,333,863 |
| Carrying amounts | \$ 666,187 | | | \$ 634,194 |

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 |
| Total | \$ 1,915,827 | \$ 32,593 | \$ 9,380 | \$ 1,957,800 |

For the year ended December 31, 2022

| Items | Beginning balance | Additions | Disposals and reclassification | Ending balance |
|--|-------------------|-----------|--------------------------------|----------------|
| 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 |
| Total | \$ 1,268,301 | \$ 47,664 | \$ (24,352) | \$ 1,291,613 |
| Carrying amounts | \$ 647,526 | | | \$ 666,187 |

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, 2023 and 2022, the Company recognized \$7,024 thousand and \$9,783 thousand as a reserve for impairment loss from property, plant and equipment.

As of December 31, 2023 and 2022, no property, plant and equipment were pledged to others as collateral.

For the period ended December 31, 2023 and 2022, 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, 2023

| Transportation Equipment | Cost | Accumulated depreciation | Carrying amount |
|--------------------------|----------|--------------------------|-----------------|
| Beginning balance | \$ 3,308 | \$ 1,357 | \$ 1,951 |
| Additions | 431 | 1,080 | (649) |
| Decreases | (511) | (511) | - |
| Ending balance | \$ 3,228 | \$ 1,926 | \$ 1,302 |

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) | - |
| Ending balance | \$ 3,308 | \$ 1,357 | \$ 1,951 |

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, 2023

| Items | Future minimum lease payments | Interest | Present value of minimum lease payments |
|---------------|----------------------------------|----------|---|
| Within 1 year | \$ 882 | \$ 12 | \$ 870 |
| 2-3 years | 451 | 3 | 448 |
| Total | \$ 1,333 | \$ 15 | \$ 1,318 |
| Current | \$ 882 | \$ 12 | \$ 870 |
| Non-current | \$ 451 | \$ 3 | \$ 448 |

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 |

The amount of lease liabilities increased \$431 thousand and \$1,238 thousand for the year ended December 31, 2023 and 2022. The interest rates are 1.700% and 1.045% and the expiry date is February 2026.

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

| Items | For the years ended December 31, | |
|--|----------------------------------|--------|
| | 2023 | 2022 |
| Interest on lease liabilities | \$ 30 | \$ 38 |
| Expenses relating to short-term leases | \$ 695 | \$ 691 |

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

| Items | For the years ended December 31, | |
|-------------------------------|----------------------------------|----------|
| | 2023 | 2022 |
| Total cash outflow for leases | \$ 1,112 | \$ 1,182 |

(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, 2023 and 2022, were \$7,734 thousand and \$7,965 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.

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

| Items | December 31, 2023 | For the year ended December 31, 2023 | December 31, 2022 | For the year ended December 31, 2022 |
|-------------------------------|----------------------|--|----------------------|--|
| Labor pension reserve account | \$ - | | \$ 8,930 | |
| Employee benefit liabilities | - | | 15,463 | |
| Pension cost | | \$ 191 | | \$ 375 |

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, | |
|-------------------------------------|----------------------------------|--------|
| | 2023 | 2022 |
| Cost of revenue | \$ 151 | \$ 295 |
| General and administrative expenses | 40 | 80 |
| Total | \$ 191 | \$ 375 |

The amounts of defined benefit plan recognized in the balance sheet were as follows:

| Items | December 31, 2023 | December 31, 2022 |
|--|----------------------|----------------------|
| Present value of the defined benefit obligations | \$ - | \$ (24,393) |
| Fair value of plan assets | - | 8,930 |
| Net defined benefit liability | \$ - | \$ (15,463) |

The movements in present value of the defined benefit obligations of the Company were as follows:

| Items | For the years ended December 31, | |
|---|----------------------------------|-------------|
| | 2023 | 2022 |
| Balance, beginning of period | \$ (24,393) | \$ (31,428) |
| Current service cost | (89) | (266) |
| Interest expense of benefit obligation | (224) | (218) |
| Benefits paid | 597 | 8,430 |
| Actuarial gain (loss) arising from experience adjustments | - | (2,729) |
| Actuarial gain (loss) arising from changes in demographic assumptions | - | (81) |
| Actuarial gain (loss) arising from changes in financial assumptions | (84) | 1,899 |
| Effect of plan settlements | 16,955 | - |
| Reclassified as employee benefit liabilities | 7,238 | - |
| Balance, end of period | \$ - | \$ (24,393) |

Movements in the fair value of the plan assets were as follows:

| Items | For the years ended December 31, | |
|--------------------------------|----------------------------------|-----------|
| | 2023 | 2022 |
| Balance, beginning of period | \$ 8,930 | \$ 15,624 |
| Interest income | 122 | 110 |
| Return on plan assets | 84 | 1,255 |
| Contributions from employer | 6,740 | 371 |
| Benefits paid from plan assets | (597) | (8,430) |
| Repayments from plan assets | (13,565) | - |
| Pension funds withdrawal | (1,714) | - |
| Balance, end of period | \$ - | \$ 8,930 |

The percentages of the major categories of plan assets that constitute the fair value of total plan assets were as follows:

| Items | December 31, 2023 | | December 31, 2022 | |
|--------------------------|-------------------|---|-------------------|------|
| | Amount | % | Amount | % |
| Cash and cash equivalent | \$ - | - | \$ 8,930 | 100% |

(9) Equity

A. Ordinary share

As of December 31, 2023, 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, 2023 | December 31, 2022 |
|----------------------------|----------------------|----------------------|
| 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 2022 and 2021 had been approved during shareholders' meeting on May 30, 2023 and May 24, 2022, respectively.

| Items | Appropriation | | Dividend per share | |
|-----------------|---------------|-----------|--------------------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| Legal reserve | \$ 21,366 | \$ 18,133 | | |
| Special reserve | (32,035) | 5,541 | | |
| Cash dividends | 151,323 | 121,059 | \$ 2.00 | \$ 1.60 |

The appropriation of the 2023 net income was proposed by the Board of Directors on February 27, 2024 as follows:

| Items | 2023 | |
|-----------------|-----------|-------------|
| Legal reserve | \$ 18,142 | |
| Special reserve | 15,012 | |
| Cash dividends | 121,059 | 1.6 / share |

The appropriation for 2023 is to be presented for approval in the Company's shareholders' meeting to be held on May 21, 2024 (expected).

D. Others

Changes in others for the years ended December 31, 2023 and 2022 were as follows:

| Exchange differences on translation of foreign financial statements | For the years ended December 31, | |
|--|----------------------------------|-------------|
| | 2023 | 2022 |
| Balance, beginning of period | \$ (65,920) | \$ (97,955) |
| Changes in period | (15,012) | 32,035 |
| Balance, end of period | \$ (80,932) | \$ (65,920) |

(10) Operating revenue

Disaggregation of revenue for the years ended December 31, 2023 and 2022 were as follows:

| Items | For the years ended December 31, | |
|---------------|----------------------------------|--------------|
| | 2023 | 2022 |
| Sale of goods | \$ 1,223,741 | \$ 1,477,099 |
| Others | 17,021 | 20,591 |
| Total | \$ 1,240,762 | \$ 1,497,690 |

(11) Non-operating income and expenses

The details of non-operating income and expenses for the years ended December 31, 2023 and 2022 were as follows:

| Items | For the years ended December 31, | |
|----------------------|----------------------------------|----------|
| | 2023 | 2022 |
| Non-operating income | | |
| Other income | \$ 10,962 | \$ 8,836 |
| Rent income | 850 | 850 |
| Total | \$ 11,812 | \$ 9,686 |

| Items | For the years ended December 31, | |
|--|----------------------------------|------------------|
| | 2023 | 2022 |
| Other gains and losses | | |
| Gain (loss) on disposal of property, plant and equipment | \$ 631 | \$ 781 |
| Foreign exchange losses | (2,907) | 16,811 |
| Others | (517) | (720) |
| Total | <u>\$ (2,793)</u> | <u>\$ 16,872</u> |

(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, | |
|---|----------------------------------|------------------|
| | 2023 | 2022 |
| Current income tax expense | | |
| Current tax expense recognized in the current year | \$ 47,021 | \$ 50,361 |
| Income tax adjustments on prior years | (48) | 941 |
| Tax on undistributed earnings | 3,233 | 1,100 |
| Deferred income tax expense | | |
| The origination and reversal of temporary differences | (1,129) | 3,453 |
| Income tax credits | (90) | - |
| Income tax expense recognized in profit or loss | <u>\$ 48,987</u> | <u>\$ 55,855</u> |

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, | |
|---|----------------------------------|-------------------|
| | 2023 | 2022 |
| Income before tax | <u>\$ 230,411</u> | <u>\$ 269,243</u> |
| Income tax expense at the statutory rate | \$ 46,082 | \$ 53,849 |
| Tax effect of adjusting items | | |
| Nondeductible items in determining taxable income | (86) | (35) |
| Tax-exempt income | (104) | - |
| Tax on undistributed earnings | 3,233 | 1,100 |
| Income tax credits | (90) | - |
| Income tax adjustments on prior years | (48) | 941 |
| Changes in deferred tax | | |
| Temporary differences | - | - |
| Income tax expense recognized in profit or loss | <u>\$ 48,987</u> | <u>\$ 55,855</u> |

B. Income tax expense recognized in other comprehensive income

| Items | For the years ended December 31, | |
|-----------------------------|----------------------------------|-------|
| | 2023 | 2022 |
| Defined benefit obligations | \$ - | \$ 69 |

C. Deferred income tax assets and liabilities

| Items | December 31, | |
|---|--------------|-----------|
| | 2023 | 2022 |
| Deferred income tax assets | | |
| Provisions | \$ 4 | \$ 2 |
| Inventory | 7,146 | 6,402 |
| Long-term investments | - | - |
| Property, plant and equipment | 1,405 | 1,957 |
| Net defined benefit liability | 1,448 | 2,480 |
| Foreign currency assets and liabilities | 1,368 | 136 |
| Deferred income tax assets | \$ 11,371 | \$ 10,977 |
| Deferred income tax liabilities | | |
| Long-term investments | \$ 4,548 | \$ 5,150 |
| Foreign currency assets and liabilities | 2 | 135 |
| Deferred income tax liabilities | \$ 4,550 | \$ 5,285 |

D. Changes in deferred income tax assets and liabilities

For the year ended December 31, 2023

| Items | Balance, beginning of period | Profit or loss | Other comprehensive income | Balance, end of period |
|---|------------------------------------|----------------|----------------------------------|---------------------------|
| Deferred income tax assets | | | | |
| Provisions | \$ 2 | \$ 2 | \$ - | \$ 4 |
| Inventory | 6,402 | 744 | | 7,146 |
| Long-term investments | - | | | - |
| Property, plant and equipment | 1,957 | (552) | | 1,405 |
| Net defined benefit liability | 2,480 | (1,032) | | 1,448 |
| Foreign currency assets and liabilities | 136 | 1,232 | | 1,368 |
| Total | \$ 10,977 | \$ 394 | \$ - | \$ 11,371 |

| Items | Balance, beginning of period | Profit or loss | Other comprehensive income | Balance, end of period |
|---|------------------------------------|----------------|----------------------------------|---------------------------|
| Deferred income tax liabilities | | | | |
| Long-term investments | \$ 5,150 | \$ 602 | \$ - | \$ 4,548 |
| Foreign currency assets and liabilities | 135 | 133 | | 2 |
| Total | \$ 5,285 | \$ 735 | \$ - | \$ 4,550 |

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 |

| | | | | |
|---|--------|------------|------|----------|
| 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 |

E. The tax authorities have examined income tax returns of the Company through 2021.

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

Employee benefits, depreciation, depletion, and amortization expenses for the years ended December 31, 2023 and 2022 were summarized according to their functions as follows:

| | | For the year ended December 31, 2023 | | |
|----------------------------|--|--------------------------------------|-------------------|------------|
| By function | | | | |
| By item | | Cost of sale | Operating expense | Total |
| <hr/> | | | | |
| Employee benefits | | | | |
| Salary | | 132,609 | 42,095 | \$ 174,704 |
| Labor and health insurance | | 15,780 | 4,709 | 20,489 |
| Pension | | 6,091 | 1,834 | 7,925 |
| Remuneration directors | | - | 14,155 | 14,155 |
| Others | | 28,311 | 4,415 | 32,726 |
| Depreciation | | 46,754 | 8,640 | 55,394 |
| Amortization | | 3,255 | 1,531 | 4,786 |

| | | For the year ended December 31, 2022 | | |
|----------------------------|--|--------------------------------------|-------------------|------------|
| By function | | | | |
| By item | | Cost of sale | Operating expense | Total |
| <hr/> | | | | |
| 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 |

For the years ended December 31, 2023 and 2022, the average numbers of employees of the Company were 377 and 374, respectively. The numbers of directors excluding the employees were both 8.

The average employee benefits expense of the Company for 2023 and 2022 were \$639 thousand and \$705 thousand.

The average employee salary expense of the Company for 2023 and 2022 were \$473 thousand and \$507 thousand.

The rate of adjustment in average salary expenses was -6.7%.

The remunerations to employees and the remunerations to directors for the years ended December 31, 2023 and 2022, 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 \$21,968 thousand and \$25,334 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 2023 approved by the board of directors at February 27, 2024 were in the amounts of \$12,772 thousand and \$9,196 thousand, respectively. There is no difference between the aforementioned approved amounts and the amounts charged against earnings of 2023.

Remuneration to employees and directors for 2022 approved by the board of directors at March 6, 2023 were in the amounts of \$14,729 thousand and \$10,605 thousand and had been presented in the shareholders' meeting on May 30, 2023. There is no difference between the aforementioned approved amounts and the amounts recognized in the financial statements of 2022.

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, | |
|--|----------------------------------|------------|
| | 2023 | 2022 |
| Profit for the period (in thousands)(A) | \$ 181,424 | \$ 213,388 |
| 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) | \$ 2.40 | \$ 2.82 |

(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, 2023 | December 31, 2022 |
|---|----------------------|----------------------|
| Financial assets | | |
| Financial assets at amortized cost | | |
| Cash and cash equivalents | \$ 824,897 | \$ 708,625 |
| Receivables | 240,313 | 280,568 |
| Total | \$ 1,065,210 | \$ 989,193 |
| Financial liabilities | | |
| Financial liabilities at amortized cost | | |
| Payables | \$ 121,484 | \$ 147,494 |
| Lease liabilities | 1,318 | 1,969 |
| Total | \$ 122,802 | \$ 149,463 |

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, 2023 | | December 31, 2022 | |
|-----------------------|-------------------|--------------|-------------------|--------------|
| | Appreciation | Depreciation | Appreciation | Depreciation |
| Profit for the period | \$ 5,774 | \$ (5,774) | \$ 5,088 | \$ (5,088) |
| Equity | 7,991 | (7,991) | 7,675 | (7,675) |

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 2023 and 2022 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, 2023 | December 31, 2022 |
|------------|----------------------|----------------------|
| Percentage | 81.37% | 80.12% |

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, 2023 | December 31, 2022 |
|-------------------|----------------------|----------------------|
| Payables | | |
| Within 1 year | \$ 121,484 | \$ 147,494 |
| Lease liabilities | | |
| Within 1 year | \$ 870 | \$ 964 |
| 2-3 years | 448 | 1,005 |
| Total | \$ 1,318 | \$ 1,969 |

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

| December 31, 2023 | | | | |
|------------------------------|-------------------------|--------|---------------|------------|
| Items | Foreign currency amount | | Exchange rate | NTD |
| <u>Financial assets</u> | | | | |
| Monetary items: | | | | |
| USD | \$ | 10,275 | 30.7050 | \$ 315,494 |
| EUR | | 196 | 33.9800 | 6,660 |
| RMB | | 10,007 | 4.3352 | 43,382 |
| JPY | | 4,083 | 0.2172 | 887 |
| <u>Financial liabilities</u> | | | | |
| Monetary items: | | | | |
| USD | | - | 30.7050 | - |
| RMB | | 112 | 4.3352 | 486 |
| JPY | | 1,154 | 0.2172 | 251 |

| December 31, 2022 | | | | |
|------------------------------|-------------------------|--------|---------------|------------|
| Items | 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 |

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

| <u>Items</u> | <u>For the years ended December 31,</u> | |
|-----------------------|---|------------------|
| | <u>2023</u> | <u>2022</u> |
| Subsidiaries | \$ 2,629 | \$ 1,945 |
| Other related parties | 17,846 | 25,037 |
| Total | <u>\$ 20,475</u> | <u>\$ 26,982</u> |

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> | <u>For the years ended December 31,</u> | |
|-----------------------|---|-------------------|
| | <u>2023</u> | <u>2022</u> |
| Subsidiaries | \$ 16,858 | \$ 20,170 |
| Other related parties | | |
| GSK Technologies | 325,473 | 454,974 |
| GSK Corporation | 378,375 | 335,424 |
| Others | 19,545 | 16,264 |
| Total | <u>\$ 740,251</u> | <u>\$ 826,832</u> |

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, 2023 | December 31, 2022 |
|-----------------------|----------------------|----------------------|
| Subsidiaries | \$ 6,426 | \$ 3,859 |
| Other related parties | | |
| GSK Corporation | 81,482 | 53,332 |
| GSK Technologies | 47,380 | 75,201 |
| Others | 3,030 | 3,163 |
| Less: Loss allowance | (55) | (41) |
| Total | \$ 138,263 | \$ 135,514 |

| Items | December 31, 2023 | December 31, 2022 |
|-------|----------------------|----------------------|
|-------|----------------------|----------------------|

b. Other receivables

| | | |
|-----------------------|----------|----------|
| Subsidiaries | | |
| Propitious | \$ 3,662 | \$ 4,612 |
| Other related parties | 213 | 1,587 |
| Total | \$ 3,875 | \$ 6,199 |

c. Accounts payable

| | | |
|-----------------------|----------|----------|
| Subsidiaries | \$ 487 | \$ 1,920 |
| Other related parties | 3,808 | 2,686 |
| Total | \$ 4,295 | \$ 4,606 |

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 | 2023 | Ultrasonic equipment | \$ 23 | \$ - |
| Machinery and equipment | 2022 | Disc inspection machine | 1,300 | - |
| Machinery and equipment | 2022 | Gear measuring machine | 512 | - |

E. Others

| Items | For the years ended December 31, | |
|---|----------------------------------|--------|
| | 2023 | 2022 |
| Agency fee - other related parties | \$ 749 | \$ 770 |
| Manufacturing overhead-outsourced - other related parties | 2,951 | 4,278 |
| Other income - subsidiaries | 3,662 | 4,612 |

F. Compensation of key management personnel

| Items | For the years ended December 31, | |
|------------------------------|----------------------------------|-----------|
| | 2023 | 2022 |
| Salary | \$ 10,828 | \$ 11,995 |
| Professional practice charge | 507 | 525 |
| Remuneration | 9,196 | 10,605 |
| Total | \$ 20,531 | \$ 23,125 |

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, 2023, amounts available under letters of credit for import: None
- (2) As of December 31, 2023, 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, 2023 (In thousands) |
|-------------------------------------|---|--------------------------------------|---|---|
| Prepayments for business facilities | Tab transmission CCD 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 |
| Prepayments for business facilities | Double-sided grinder | Ri Qing Chemistry Industry Co., Ltd. | JPY 57,000 | 12,664 |

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, 2023

| 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 | 378,375 | 30.50% | 2 months | Normal | Normal | 81,482 | 33.91% | |
| Fine Blanking & Tool Co., Ltd. | GSK Technologies Inc. | The entity's chairman is the Company's director | Sale | 325,473 | 26.23% | 2 months | Normal | Normal | 47,380 | 19.72% | |

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, 2023

| Name of investor | Name of investee (Note 1, 2) | Location | Main businesses and products | Original investment amount | | Balance as of December 31, 2023 | | | Net income (losses) of investee (Note 2(2)) | Share of profits/losses (Note 2(3)) | Note |
|--------------------------------|---------------------------------|----------|---|----------------------------|----------------------|---------------------------------|-------------------------------|-------------------|---|---|----------------|
| | | | | December 31, 2023 | December 31, 2022 | Shares | Percentage of ownership | Carrying value | | | |
| Fine Blanking & Tool Co., Ltd. | Propitious International Inc. | BVI | Investment | 347,044 | 347,044 | - | 55.75% | 426,279 | 206,751 | 115,481 | Subsidiary |
| Fine Blanking & Tool Co., Ltd. | Superiority Enterprise Corp. | BVI | Investment and import/export trade | 391,965 | 391,965 | - | 100.0% | 266,097 | (15,761) | (14,923) | 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% | 725,948 | 206,625 | 206,275 | 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, 2023" 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, 2023

| 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, 2023 | Investment flows | | Accumulated outflow of investment from Taiwan as of December 31, 2023 | Net income (losses) of investee | Percentage of ownership | Share of profits/losses (Note 2(2)B) | Carrying amount as of December 31, 2023 | 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 | (15,797) | 100% | (15,797) | 270,833 | - |

| | | |
|--|--|---------------------------|
| Accumulated investment in mainland China as of December 31, 2023 | Investment amounts authorized by Investment Commission, MOEA | Upper Limit on Investment |
| 391,965 | 395,904 | 1,473,519 |

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, 2023

| Shareholding Shareholder's name | Number of common shares | Number of preferred shares | Percentage |
|--------------------------------------|----------------------------|-------------------------------|------------|
| Chuan Tai Investment Co., Ltd. | 14,462,693 | | 19.11% |
| GSK Investment Development Co., Ltd. | 10,352,725 | | 13.68% |
| Taiwan Fu Hsing Industrial Co., Ltd. | 7,552,867 | | 9.98% |
| Chuan Dau Investment Co., Ltd. | 6,666,668 | | 8.81% |
| | | | |

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 | 2022 | 2023 | Difference | |
|---|-----------|-----------|------------|---------|
| | | | Amount | % |
| Current Assets | 2,129,749 | 2,067,709 | (62,040) | -2.91% |
| Property, Plant and Equipment | 1,035,423 | 1,033,638 | (1,785) | -0.17% |
| Right-of-use assets | 46,549 | 42,998 | (3,551) | -7.63% |
| Intangible assets | 18,212 | 18,074 | (138) | -0.76% |
| Other Assets | 82,096 | 111,472 | 29,376 | 35.78% |
| Total Assets | 3,312,029 | 3,273,891 | (38,138) | -1.15% |
| Current Liabilities | 509,231 | 465,190 | (44,041) | -8.65% |
| Long-term Liabilities | 35,862 | 25,478 | (10,384) | -28.96% |
| Total Liabilities | 545,093 | 490,668 | (54,425) | -9.98% |
| Capital stock | 756,617 | 756,617 | 0 | 0.00% |
| Capital surplus | 150,801 | 150,801 | 0 | 0.00% |
| Retained Earnings | 1,599,278 | 1,629,379 | 30,101 | 1.88% |
| Exchange differences on translation of foreign financial statements | (65,920) | (80,932) | (15,012) | -22.77% |
| Non-controlling interests | 326,160 | 327,358 | 1,198 | 0.37% |
| Total equity | 2,766,936 | 2,783,223 | 16,287 | 0.59% |

Analysis of Significant Changes:

1. Increase in Other Assets: Deferred income tax assets, prepaid equipment expenses, and deferred expenses increased by 1,651 thousand, 11,545 thousand, and 16,320 thousand respectively compared to the previous period. Additionally, deposits for guarantees decreased by 140 thousand.

2. Decrease in Non-Current Liabilities: Deferred income tax liabilities, lease liabilities - non-current, net defined benefit liabilities, and deposits received decreased by 984 thousand, 1,138 thousand, 15,432 thousand, and 68 thousand respectively compared to the previous period. However, non-current employee benefit liabilities increased by 7,238 thousand.

3. Increase in Foreign Exchange Differences in Financial Statements of Overseas Operating Entities: This increase is primarily attributed to the appreciation of the US dollar throughout 2023, affecting the translation of subsidiary financial statements.

Note: Other items with changes of less than 10% or less than 1,000 million yuan are not analyzed.

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 | 2022 | 2023 | Difference | |
|---|-----------|-----------|------------|---------|
| | | | Amount | % |
| Net Sales | 3,141,305 | 2,860,040 | (281,265) | -8.95% |
| Gross Profit | 608,396 | 566,577 | (41,819) | -6.87% |
| Operating Expenses | 231,704 | 233,156 | 1,452 | 0.63% |
| Operating Income | 376,692 | 333,421 | (43,271) | -11.49% |
| Non-operating income and expenses | 41,503 | 39,449 | (2,054) | -4.95% |
| Income Before Tax | 418,195 | 372,870 | (45,325) | -10.84% |
| Tax expense (income) | 111,717 | 99,787 | (11,930) | -10.68% |
| Net income | 306,478 | 273,083 | (33,395) | -10.90% |
| Other comprehensive income (income after tax) | 53,902 | (23,248) | (77,150) | 143.13% |
| Total comprehensive income | 360,380 | 249,835 | (110,545) | -30.67% |
| Net income attributable to shareholders of the parent | 213,388 | 181,424 | (31,964) | -14.98% |
| Net income attributable to non-controlling interest | 245,698 | 166,412 | (79,286) | -32.27% |

Analysis of changes in financial ratios:

1. Decrease in Operating Revenue: The decrease in revenue in 2023 was due to the continued impact of inflation and high interest rates, leading to sluggish end-demand.

2. Decrease in Income Tax Expenses: The decrease in income tax expenses is primarily due to the decrease in pre-tax income in Taiwan and Vietnam operating locations.

3. Decrease in Other Comprehensive Income (Net Amount after Tax): The decrease in other comprehensive income (net amount after tax) is attributed to a reduction in foreign exchange translation losses due to the appreciation of the US dollar compared to the previous period.

4. Decrease in Gross Profit Margin, Operating Profit, Pre-tax Income, Net Income, Total Comprehensive Income for the Period, Net Income Attributable to Equity Owners of the Parent Company, and Total Comprehensive Income Attributable to Equity Owners of the Parent Company for the Current Year: The decrease in gross profit margin, operating profit, and pre-tax income is explained in the first point. The decrease in net income and net income attributable to equity owners of the parent company is explained in points 1 and 2. The decrease in total comprehensive income for the period and total comprehensive income attributable to equity owners of the parent company is explained in points 1 to 3.

Note: Other items with changes of less than 10% or less than 1,000 million yuan are not analyzed.

7.2.2 Sales forecast for the next year:

Please refer to section “2024 sales forecast and basis” on page 5.

7.2.3. Possible impacts on the Company's future financial operations and

countermeasures: In 2023, revenue decrease by 8.95% compared to 2022, gross profit decrease by NT\$41,819 thousand, and operating expenses increased by NT\$1,452 thousand from the previous period, resulting in a decrease in operating profits of NT\$43,271 thousand. With sufficient own funds, there is no significant impact on the financial aspect. 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 | 2022 | 2023 | Variance (%) |
|------------------------------|---------|---------|--------------|
| Cash Flow Ratio (%) | 81.21% | 111.08% | 29.87% |
| Cash Flow Adequacy Ratio (%) | 138.19% | 137.60% | -0.59% |
| Cash Reinvestment Ratio (%) | 4.67% | 5.70% | 1.03% |

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. Decrease in Current Cash Flow Adequacy Ratio: This decrease is attributed to the net cash inflow from operating activities increasing by 122,871 thousand over the past 5 years compared to the previous period. This increase is offset by an increase in capital expenditures by 66,897 thousand and cash dividends by 28,045 thousand.
3. Increase in Cash Reinvestment Ratio: The ratio of (net cash flow from operating activities - cash dividends) in year 2023 increased by 23.85% compared to year 2022, while the total amount in the denominator increased by 1.52%.

Unit: NT\$ thousands

| 2023Cash 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 |
| 874,855 | 516,723 | 397,959 | 993,619 | 0 | 0 |

1.2023Analysis of change in cash flow in the current year:

- (1) Operating activities: In the year 2023, the consolidated operating performance generated a net cash inflow of NT\$516,723 from operating activities.
- (2) Investing activities: net outflow of NT\$27,317 resulting from the consolidation of equipment acquisition and financial assets measured at amortized cost in 2023. In the year 2023, expenditures for the acquisition of equipment and other non-current assets amounted to NT\$124,028 thousand and NT\$52,102 thousand respectively, resulting in a net outflow of NT\$147,858 thousand.
- (3) Financing activities: Financing Activities: The main activity in fiscal 2023 was the distribution of cash dividends, resulting in an expenditure of 242,907 thousand.
- (4) Effect of exchange rate: the consolidated net amount for the year ended December 2023 was increased by NT\$7,194 thousand.

2.Improvement plans for lack of liquidity : In year 2023, mainly due to a decrease in pre-tax net profit of 45,325 thousand compared to the previous period, mainly due to a decrease in pre-tax net profit of NT\$372,870 thousand. an increase of 388 thousand in income and expenses, a decrease in inventory of 79,900 thousand, a decrease in accounts receivable of 85,986 thousand, an increase in prepayments and other receivables of 11,560 thousand and 726 thousand respectively, the net change in assets related to operating activities decreased by 154,264 thousand. The net change in liabilities related to operating activities decreased by 52,674 thousand due to a decrease in accounts payable of 19,473 thousand, a decrease thousand in other payables of 22,010 thousand, a decrease in contract liabilities of 907 thousand, a decrease/increase in other current liabilities of 2,099 thousand, and a decrease in net defined benefit liabilities of 8,194 thousand. This resulted in a decrease in funds. Consequently, the net cash inflow from operating activities in the consolidated financial statements was 516,723 thousand, an increase of 103,170 thousand compared to the previous period.

Capital expenditures outflowed 123,230 thousand in investment activities, while other non-current assets increased by 52,102 thousand compared to the previous period, and fixed deposits over 3 months decreased by 27,317 thousand, resulting in a net cash outflow of 147,858 thousand in investment activities, a decrease of 144,412 thousand compared to the previous period.

Financing activities were mainly influenced by an increase in this period's dividend distribution amounting to NT\$233,327 thousand, an increase of NT\$48,604 thousand compared to the previous period, as well as a decrease of NT\$29,828 thousand in the change in non-controlling interests. This resulted in an increase in the outflow amount for this period to NT\$242,907 thousand, an increase of NT\$78,564 thousand compared to the previous period.

Overall, the current cash and cash equivalents increased by 118,764 thousand compared to the previous period. The end-of-period own funds amounted to 993,619 thousand, which is still sufficient. Additionally, the consolidated current liabilities-to-assets ratio has remained below 20% from year 2019 to 2023, ranging from 12.37% to 14.49%、15.71%、15.38%、14.21%, indicating a stable financial structure. Therefore, there is no liquidity insufficiency situation.

7.3.2 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

| 2024 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 |
| 993,619 | 487,233 | 250,637 | 1,230,215 | 0 | 0 |
| 1. Analysis of cash flow variation for the next year: | | | | | |
| (1) Operating activities: The Company expects the operating performance in 2024 and the net cash inflow from operating activities will be NT\$487,233 thousand. | | | | | |
| (2) Investment Activities: It is anticipated that in the upcoming year, financial assets measured at amortized cost - current will decrease by 28,021 thousand, expenditures for the acquisition of equipment and other non-current assets will amount to approximately 51,465 thousand, and there will be an additional expenditure of 21,201 thousand for other non-current assets, resulting in a net investment activity outflow of 44,645 thousand. | | | | | |
| (3) Financing activities: It is projected that expenditures for cash dividends and other activities will amount to approximately 196,475 thousand, and there will be a decrease of 6,281 thousand due to changes in non-controlling interests, resulting in a net financing activity outflow of 204,277 thousand. | | | | | |
| (4) Foreign Exchange Impact: It is estimated that the net effect for year 2024 will be an increase or decrease of 1,715 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 2019 to 2023, from 12.37%, 14.49%, 15.71%, 15.38% and 14.21%, showing a stable financial structure. The 2024 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 2024, the cash at the end of the term was NT\$993,619 thousand with cash adequacy of NT\$1,230,215. 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 | |
|---|-------------------------------------|--------------------------------------|---------------|--|---------|
| | | | | 2022 | 2023 |
| Procedure improvement; acquisition of machinery, equipment, and accessories | Proprietary capital | 01/01/2023 ~ 31/12/2024 | 173,518 | 175,179 | 123,230 |

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 <input type="checkbox"/> 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. NTD115,481 thousands for 2023 | 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 | The subsidiary expects to invest NT\$4,013 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. |

| | | | | | |
|------------------------------|---------|---|---|--|--|
| | | | | for increased revenue and profit. | |
| 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 2023 totaling NTD 14,923 thousands. | 1. Shorten the validation timeline for automobile parts, so that they can be mass-produced more quickly to generate revenue and profit. 2. Lease out idle plant premises and lease out or sell idle equipment to reduce fixed expenses. | Suzhou Fine Blanking & Tool expects to incur NT\$1,056thousands of capital expenditure for the creation of a new production line, in order to support the production of newly developed parts. |

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 I 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 TCFD Implementation Committee | Operational review meeting Safety and Health Committee Audit Committee Board of directors | |
| 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 | 2023 (NT\$ thousands) | As a percentage of revenue(%) | As a percentage of pre-tax profit(%) |
|----------------------------------|--------------------------|-------------------------------------|---|
| Net interest income (expense) | 25,829 | 0.90% | 6.93% |
| Net gain (loss) on exchange | -1,499 | -0.05% | -0.40% |

(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 2023 and 2022 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 10% 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

Our company's sales market in Taiwan is diversified across Asia, North America, Europe, and the domestic market. Approximately 25% of our procurement costs are from overseas, while domestic costs, including raw materials and labor, account for about 75%. According to data from the Directorate-General of Budget, Accounting and Statistics (DGBAS) of the Executive Yuan, Taiwan's economic growth rate in 2023 was 1.40%. It is estimated that the economic growth rate in 2024 will be approximately 3.43%, with the DGBAS estimating Taiwan's inflation rate for 2024 to be around 1.85%. Our subsidiary in mainland China mainly sells automotive components locally. According to statistics from the National Bureau of Statistics of China, the economic growth rate in China was 5.2% in 2023, with the Chinese Academy of Social Sciences estimating the economic growth rate for 2024 to be around 4.8% to 5%. The Chinese Academy of Social Sciences estimates the average inflation rate for 2024 to be between 1.0% and 1.5%. In the region of our subsidiary in Vietnam, we primarily sell automotive components. According to estimates from the General Statistics Office of Vietnam, the economic growth rate in Vietnam was 5.05% in 2023. The Vietnamese government has set a target economic growth rate of 6.13% for 2024, with an annual inflation rate target of 3.94%. The World Bank's "Global Economic Prospects" report projects a global economic growth rate of 2.4% for 2024, with an increase to 3.2% projected for 2025.

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 123 for details on "Products planned to be developed" under Operational Overview.
2. Expected R&D expenses: The Company expects to invest \$27,357 thousand in product R&D in 2024, or 0.89% 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 159~163, 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

Our subsidiary in Vietnam initiated the construction of an additional factory building in Hanoi in March 2022 to meet the demand for new orders of automotive seats. The expansion project also involved the acquisition of new equipment. Completion of the project in 2023 has increased production capacity, which is expected to meet customer order requirements and enhance customer satisfaction.

In Taiwan, operations have been augmented, and our subsidiary in mainland China has continued to acquire automated equipment and upgrade outdated machinery throughout 2022. These efforts are anticipated to improve production efficiency.

The capital expenditures for expanding factory facilities and acquiring equipment can be supported by our own operational funds, thus having no significant 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 2023. Since the top three suppliers accounted for about 43.40% 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 36.55%, 13.23%, and 12.12% of the sales in 2023, respectively, and a total of 61.90%. 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 MattersList 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 ◦

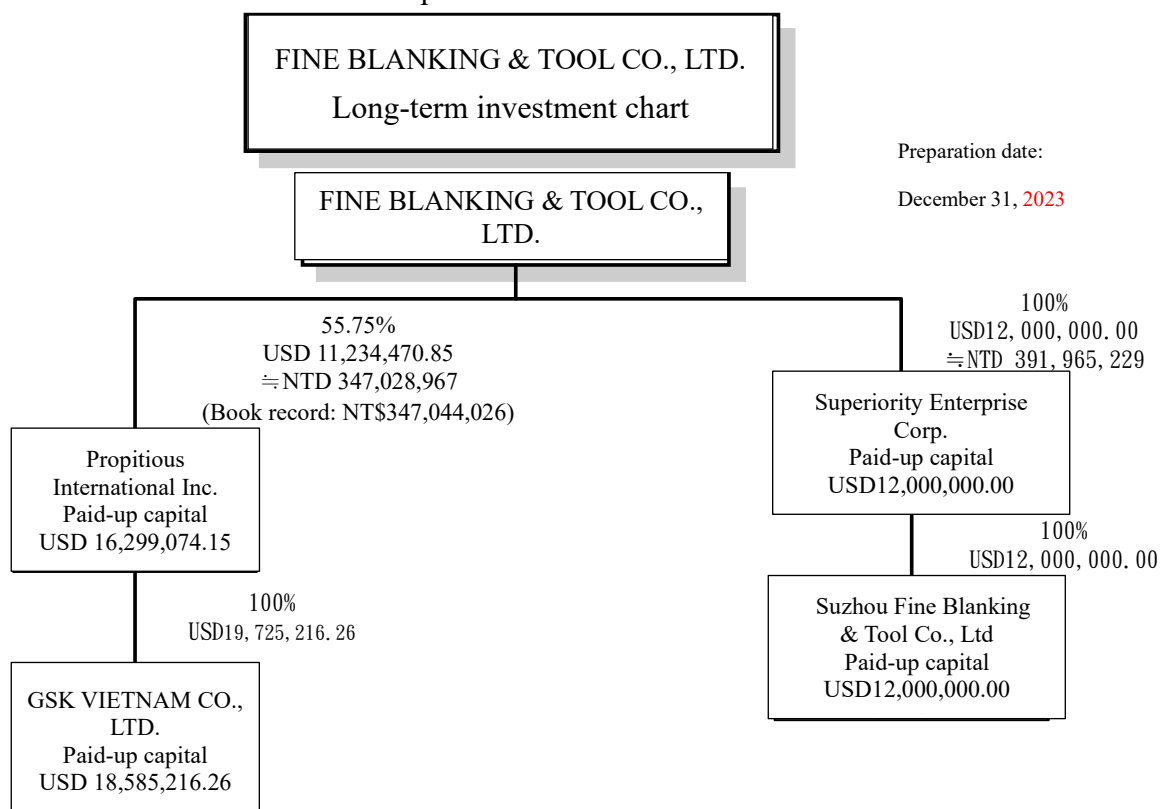
VIII. Special Disclosure

8.1 Summary of Affiliated Companies

2023 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) | |
|---|--|--|--|---|
| | | | Perce tage of shareh olding /capita l contri bution | 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 | 100% | USD12,000,000 |
| | Total | 5 people in total | | |
| PROFITIOUS 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. (※PROFITIOUS A 100%-owned subsidiary held indirectly through INTERNATIONAL INC.; all directors and supervisors listed on the right are assigned by PROFITIOUS 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 | 100% | USD18,585,216.26 |
| | Total | 6 people in total | | |

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 | 270,965 | 0 | 270,965 | 0 | 0 | (15,761) | (278) |
| Suzhou Fine Blanking & Tool | 391,965 | 336,346 | 65,513 | 270,833 | 169,750 | (19,174) | (15,797) | Note3 |
| PROFITOUS INTERNATIONAL INC. | 496,138 | 747,676 | 7,930 | 739,746 | 0 | (11,282) | 206,751 | 5,074 |
| GSK VIETNAM CO., LTD. | 568,588 | 890,176 | 164,113 | 726,063 | 1,471,272 | 243,185 | 206,625 | 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 30.705, CNY 1 = NTD 4.3352, VND 1 = NTD 0.001277778 (assets) and NTD 0.001255828 (liabilities); Revenue, operating profit, and current net income are converted into NTD using the average exchange rate for the year: USD 1 = NTD 31.177, CNY 1 = NTD 4.4243, VND 1 = NTD 0.001307705.

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, 2023, 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
February 27, 2024

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, 2023, 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 and Work in Progress Sections: I obsolete and non-performing goods for more than 12 years are provided 100% of the same value; 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.

Please refer to Note 4 of the 2023th year consolidated financial statements, specifically Section 7, Summary Explanation of Significant Accounting Policies, pages 188 to 190, for relevant accounting policies regarding Financial Instruments (1) Explanation of Financial Assets.

Our current financial assets are measured at amortized cost, including cash and cash equivalents, accounts receivable from origin, and other current assets. As per the aforementioned methods and assumptions, our financial reports disclose information about financial instruments. Apart from the provision for bad debt as mentioned in (1), there are no provisions for assessed losses on other financial assets.

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 | 2023 target | 2023 performance | KPI attainment rate for 2023 |
|---------------------|---|------------------|------------------|------------------------------|
| Financial | Consolidated revenue | 34. 57 billion | 28. 60 billion | 82. 73% |
| | Consolidated benefit of improvement proposals | 66, 500 thousand | 85, 099 thousand | 127. 97% |
| Customer service | On-time delivery rate | 100% | 99. 60% | 99. 60% |
| | Bad return rate | 800PPM | 119PPM | 100% |
| Internal process | On-time purchase delivery rate | 100% | 99. 87% | 99. 87% |
| | Production defect rate | 3, 722PPM | 3, 138PPM | 100% |
| Learning and growth | Consolidated training hours | 10, 524 hours | 18, 065. 5 hours | 100% |
| | Integration of BI 、 ERP 、 HR, etc. | 100% | 100% | 100% |
| | Knowledge documents | 128 pieces | 156 pieces | 100% |



FINE BLANKING & TOOL CO., LTD.

2023 Annual Report

Chairman: Wu, Chung-Yi