

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2024 AND 2023

For the convenience of readers and for information purpose only, the 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. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR24000510

To the Board of Directors and Shareholders of Taiwan Fu Hsing Industrial Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Taiwan Fu Hsing Industrial Co., Ltd. (the "Company") as at December 31, 2024 and 2023, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to the Other matter section), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2024 and 2023, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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. Based on our audits and the report of other auditors, 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 judgement, were of most significance in our audit of the Company's 2024 parent company only financial statements. 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, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2024 parent company only financial statements are stated as follows:

Cut-off of export sales revenue recognition

Description

Please refer to Note 4(26) for accounting policies on revenue recognition.

The Company is primarily engaged in export. The sales revenue should be recognised when the entity has transferred to the buyer the control of the goods based on the terms of sales orders, contracts or other agreements. As the procedures for the timing of revenue recognition involves checking of sales situation and relevant documents, and those procedures were performed manually, it may have a significant effect on the appropriateness of revenue recognition near the end of the reporting period. Thus, we consider the cut-off of export sales revenue recognition as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. We understood, assessed and tested the design and the execution of internal controls on revenue recognition; and
- B. We performed cut-off tests on export sales revenue for a certain period around balance sheet date, verified corroboration of sales revenue recognition, assessed the timing of revenue recognition based on trade terms to ensure the appropriateness of sales revenue recognition.

Allowance for inventory valuation losses

Description

Please refer to Note 4(12) for accounting policies on inventory valuation, Note 5 for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(5) for details of inventory valuation.

The Company recognised inventories at the lower of cost and net realisable value. As there are many types of inventory, the net realisable value which was used in the individual identification and valuation of obsolete or damage inventory, involved subjective judgement and uncertainty of estimation, thus, we consider the allowance for inventory valuation losses as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. We assessed the reasonableness of provision policies and procedures on allowance for inventory valuation losses, including inventory clearance, the reasonableness of obsolete inventory, and the consistency of accounting estimates; and

B. We verified that the information on the inventory valuation loss statement was consistent with its policies, randomly checked individual inventory number and inventory clearance, and then assessed the appropriateness of allowance for inventory valuation losses.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$84,405 thousand and NT\$70,352 thousand, constituting 1% of the total assets as at December 31, 2024 and 2023, respectively, and the comprehensive income recognised from associates and joint ventures accounted for under the equity method amounted to NT\$23,953 thousand and NT\$11,980 thousand, constituting 2% and 1%, respectively, of the total comprehensive income for the years then ended.

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 exercise professional judgement and 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 of the current period 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.

Wang, Chun-Kai

Wu, Chien-Chih

For and on behalf of PricewaterhouseCoopers, Taiwan

March 5, 2025

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 672,383	8	\$ 561,344	6
1110	Financial assets at fair value through profit or loss - current	6(2)	564,980	6	840,445	10
1136	Current financial assets at amortised cost	6(3) and 8	273,539	3	11,935	-
1150	Notes receivable, net	6(4)	25,347	-	24,646	-
1170	Accounts receivable, net	6(4)	930,622	10	1,277,476	15
1180	Accounts receivable - related parties	6(4) and 7	51,566	1	1,037	-
1210	Other receivables - related parties	7	1,274	-	1,173	-
130X	Inventories	5 and 6(5)	409,358	5	336,916	4
1476	Other current financial assets		7,160	-	3,520	-
1479	Other current assets, others		47,631	1	45,345	1
11XX	Current Assets		2,983,860	34	3,103,837	36
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(6)	462,805	5	465,172	5
1550	Investments accounted for under equity method	6(7)	4,067,611	46	3,650,338	42
1600	Property, plant and equipment	6(8)	1,260,909	14	1,287,324	15
1755	Right-of-use assets	6(9)	44,034	1	43,730	1
1780	Intangible assets		14,863	-	5,727	-
1840	Deferred income tax assets	6(21)	41,998	-	64,450	1
1980	Other non-current financial assets		24,028	-	38,414	-
1990	Other non-current assets, others		3,540	-	2,151	-
15XX	Non-current assets		5,919,788	66	5,557,306	64
1XXX	Total assets		\$ 8,903,648	100	\$ 8,661,143	100

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TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2170	Accounts payable		\$ 346,327	4	\$ 335,322	4
2180	Accounts payable - related parties	7	317,576	3	483,020	6
2200	Other payables	6(10)	425,744	5	449,907	5
2220	Other payables - related parties	7	55,831	1	30,404	-
2230	Current income tax liabilities		63,581	1	124,421	1
2399	Other current liabilities, others		29,662	-	15,090	-
21XX	Current Liabilities		1,238,721	14	1,438,164	16
Non-current liabilities						
2570	Deferred income tax liabilities	6(21)	137,491	2	158,076	2
2580	Non-current lease liabilities		37,925	-	39,278	-
2640	Accrued pension liabilities	6(11)	2,589	-	43,696	1
2645	Guarantee deposits received		950	-	817	-
25XX	Non-current liabilities		178,955	2	241,867	3
2XXX	Total Liabilities		1,417,676	16	1,680,031	19
Equity						
Share capital						
3110	Share capital - common stock	6(12)	1,884,521	21	1,884,521	22
Capital surplus						
3200	Capital surplus	6(13)	567,114	6	567,114	6
Retained earnings						
3310	Legal reserve	6(14)	1,455,167	16	1,361,922	16
3320	Special reserve		137,755	2	87,897	1
3350	Unappropriated retained earnings		3,456,966	39	3,217,413	37
Other equity interest						
3400	Other equity interest	6(15)	(15,551)	-	(137,755)	(1)
3XXX	Total equity		7,485,972	84	6,981,112	81
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		\$ 8,903,648	100	\$ 8,661,143	100

The accompanying notes are an integral part of these parent company only financial statements.

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2024		2023	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(16) and 7	\$	5,840,260	100	\$ 6,670,652	100
5000 Operating costs	6(5)(11)(19)(20) and 7	(	4,631,058)	(79)	(5,363,437)	(80)
5900 Net operating margin			1,209,202	21	1,307,215	20
Operating expenses	6(11)(19)(20) and 7					
6100 Selling expenses		(	191,043)	(3)	(198,913)	(3)
6200 General and administrative expenses		(	258,375)	(5)	(260,226)	(4)
6300 Research and development expenses		(	113,456)	(2)	(104,169)	(2)
6450 Impairment loss determined in accordance with IFRS 9	12(2)	(	6,022)	-	(823)	-
6000 Total operating expenses		(	568,896)	(10)	(564,131)	(9)
6900 Operating profit			640,306	11	743,084	11
Non-operating income and expenses						
7100 Interest income			44,649	1	22,370	-
7010 Other income	6(17)		37,173	-	52,045	1
7020 Other gains and losses	6(18)		92,372	1	6,744	-
7050 Finance costs		(	1,633)	-	(819)	-
7070 Share of profit of associates and joint ventures accounted for using equity method, net			273,490	5	333,097	5
7000 Total non-operating income and expenses			446,051	7	413,437	6
7900 Profit before income tax			1,086,357	18	1,156,521	17
7950 Income tax expense	6(21)	(176,842)	(3)	(209,247)	(3)
8200 Profit for the year		\$	909,515	15	\$ 947,274	14

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TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

		Year ended December 31				
		2024		2023		
Items	Notes	AMOUNT	%	AMOUNT	%	
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(11)				
		\$	39,975	1	(\$ 18,674)	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(6)(15)				
			1,115	-	(33,422)	(1)
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss					
			4,699	-	109	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)				
		(7,995)	-	3,735	-
8310	Components of other comprehensive (loss) income that will not be reclassified to profit or loss					
			37,794	1	(48,252)	(1)
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Other comprehensive income, before tax, exchange differences on translation	6(15)				
			156,649	3	54,736	1
8380	Total share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss					
		(33,742)	(1)	(71,172)	(1)
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss					
			122,907	2	(16,436)	-
8300	Other comprehensive (loss) income for the year					
		\$	160,701	3	(\$ 64,688)	(1)
8500	Total comprehensive income for the year					
		\$	1,070,216	18	\$ 882,586	13
Basic earnings per share (in dollars)						
9750	Total basic earnings per share	6(22)				
		\$	4.83	\$	5.03	
9850	Total diluted earnings per share					
		\$	4.73	\$	4.93	

The accompanying notes are an integral part of these parent company only financial statements.

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings			Other equity interest		
	Notes	Share capital - common stock	Capital surplus, additional paid- in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
Year ended December 31, 2023									
Balance at January 1, 2023		\$ 1,884,521	\$ 567,114	\$ 1,268,103	\$ 193,516	\$ 2,819,680	(\$ 182,614)	\$ 94,717	\$ 6,645,037
Net income for 2023		-	-	-	-	947,274	-	-	947,274
Other comprehensive loss	6(6)(15)	-	-	-	-	(14,830)	(16,436)	(33,422)	(64,688)
Total comprehensive income (loss)		-	-	-	-	932,444	(16,436)	(33,422)	882,586
Distribution of 2022 earnings:									
Legal reserve		-	-	93,819	-	(93,819)	-	-	-
Special reserve		-	-	-	(105,619)	105,619	-	-	-
Cash dividends	6(14)	-	-	-	-	(546,511)	-	-	(546,511)
Balance at December 31, 2023		\$ 1,884,521	\$ 567,114	\$ 1,361,922	\$ 87,897	\$ 3,217,413	(\$ 199,050)	\$ 61,295	\$ 6,981,112
Year ended December 31, 2024									
Balance at January 1, 2024		\$ 1,884,521	\$ 567,114	\$ 1,361,922	\$ 87,897	\$ 3,217,413	(\$ 199,050)	\$ 61,295	\$ 6,981,112
Net income for 2024		-	-	-	-	909,515	-	-	909,515
Other comprehensive income	6(6)(15)	-	-	-	-	36,679	122,907	1,115	160,701
Total comprehensive income		-	-	-	-	946,194	122,907	1,115	1,070,216
Distribution of 2023 earnings:									
Legal reserve		-	-	93,245	-	(93,245)	-	-	-
Special reserve		-	-	-	49,858	(49,858)	-	-	-
Cash dividends	6(14)	-	-	-	-	(565,356)	-	-	(565,356)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(6)(15)	-	-	-	-	1,818	-	(1,818)	-
Balance at December 31, 2024		\$ 1,884,521	\$ 567,114	\$ 1,455,167	\$ 137,755	\$ 3,456,966	(\$ 76,143)	\$ 60,592	\$ 7,485,972

The accompanying notes are an integral part of these parent company only financial statements.

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,086,357	\$ 1,156,521
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss	12(2)	6,022	823
Net gain on financial assets or liabilities at fair value through profit or loss	6(18)	(10,126)	(16,879)
Depreciation expense	6(8)(9)(19)	78,961	79,060
Amortization expense	6(19)	4,728	1,136
Share of profit or loss of associates and joint ventures accounted for using equity method		(273,490)	(333,097)
Dividend income	6(17)	(20,960)	(33,952)
Interest income		(44,649)	(22,370)
Interest expense		1,633	819
Gain on disposal of investments	6(18)	-	(5,706)
Impairment loss on non-financial assets	6(7)(18)	5,000	23,670
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		285,590	(681,141)
Notes receivable		(701)	(1,452)
Accounts receivable		340,832	(232,560)
Accounts receivable - related parties		(50,529)	5,608
Other receivables - related parties		(101)	(402)
Inventories		(72,442)	124,428
Other financial assets - current		1,340	(1,860)
Other current assets - others		(2,286)	27,434
Changes in operating liabilities			
Accounts payable		11,005	28,392
Accounts payable - related parties		(165,444)	131,206
Other payables		(26,353)	40,837
Other payables - relayed parties		25,427	470
Other current liabilities - others		14,524	18
Net defined benefit liability, non-current		(1,132)	(4,415)
Cash inflow generated from operations		1,193,206	286,588
Dividends received		341,894	331,819
Interest received		39,669	22,161
Interest paid		(1,633)	(819)
Income tax paid		(243,809)	(197,630)
Net cash flows from operating activities		1,329,327	442,119

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TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 469,125)	(\$ 56,736)
Proceeds from disposal of financial assets at amortised cost		207,521	86,383
Acquisition of financial assets at fair value through other comprehensive income		(2,124)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		5,606	-
Acquisition of investments accounted for using equity method	6(7)	(343,511)	(320,190)
Proceeds from capital reduction of investments accounted for using equity method	6(7)	6,399	201,065
Acquisition of property, plant and equipment	6(23)	(35,520)	(126,455)
Increase in prepaid equipment		(15,069)	(7,924)
Acquisition of intangible assets		(13,864)	(6,148)
Increase in other financial assets - non-current		9,386	(27,495)
Net cash flows used in investing activities		(650,301)	(257,500)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Payments of lease liabilities	6(24)	(2,764)	(2,810)
Increase in guarantee deposits received	6(24)	133	817
Cash dividends paid	6(14)	(565,356)	(546,511)
Net cash flows used in financing activities		(567,987)	(548,504)
Net increase (decrease) in cash and cash equivalents		111,039	(363,885)
Cash and cash equivalents at beginning of year	6(1)	561,344	925,229
Cash and cash equivalents at end of year	6(1)	<u>\$ 672,383</u>	<u>\$ 561,344</u>

The accompanying notes are an integral part of these parent company only financial statements.

TAIWAN FU HSING INDUSTRIAL CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Taiwan Fu Hsing Industrial Co., Ltd. (the ‘Company’) was incorporated as a company limited by shares on November 23, 1957. The Company is engaged in the sales and manufacture of door locks and related accessories and furniture.

The Company has been a listed company since March 15, 1995.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 5, 2025.

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[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

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

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

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

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

A. Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'

Update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The entity shall disclose the fair value of each class of investment and is no longer required to disclose the fair value of each investment. In addition, the amendments require the entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognised during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period; and any transfers of the cumulative gain or loss within equity during the reporting period related to the investments derecognised during that reporting period.

B. IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL 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

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in compliance with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRS”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their

translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

A. 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 realised, 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 realised within twelve months from the balance sheet date;
- (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.

B. 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;
- (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
 - (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.
 - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (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.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts receivable and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling costs.

(13) Investments accounted for under the equity method / subsidiaries and associates

A. Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financials and operating policies. In general, it is presumed that the parent has the power to govern the financials and operating policies, if a parent holds, directly or

- indirectly, more than half of the voting power of an entity. Investments in subsidiaries are accounted for under the equity method in these parent company only financial statements.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
 - C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
 - D. When the Company loses control over its subsidiary, the remaining investment in the former subsidiary was remeasured at fair value, and the difference between the fair value and the carrying amount was recognised in profit or loss for the period. The amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of.
 - E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for under the equity method and are initially recognised at cost.
 - F. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.
 - G. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
 - H. Pursuant to the Rules Governing the Preparation of Financial Statements by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other 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.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	25 ~ 55 years
Machinery and equipment	7 ~ 10 years
Molds	2 years
Other equipment	3 ~ 10 years

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

- A. Leases are recognised 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 recognised as an expense on a straight-line basis over the lease term.
- B. 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 amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised 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.
- C. 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 recognised as an adjustment to the right-of-use asset.

(16) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

(17) Impairment of non-financial assets

- A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of goodwill that have not yet been available for use shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(18) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged, cancelled or expires.

(20) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(21) Non-hedge derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(22) Provisions

Provisions are recognised when the Company has a present legal or constructive 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. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.
- ii. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' remuneration and directors' remuneration

Employees' remuneration and directors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 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.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(25) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's Board of Directors. Stock dividends are recorded as stock dividends to be distributed in the Company's financial statements in the period in which they are resolved by the Company's shareholders and are reclassified to ordinary shares on the effective date of new shares issuance.

(26) Revenue recognition

A. Sales of goods

- (a) The Company manufactures and sells door locks and related accessories and furniture. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer based on the agreed terms, the customer has full discretion over the usage of the products, and there is no unfulfilled obligation. 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.
- (b) The products are often sold with sales discounts based on aggregate sales over a one-year period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales discounts. Accumulated experience is used to estimate and provide for the sales discounts using the expected value method. A refund liability (shown as 'other payables') is recognised for expected sales discounts payable to customers in relation to sales made until the end of the reporting period.
- (c) The Company's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.
- (d) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Services rendered

Revenue from services rendered by the Company in accordance with the contract is recognised based on the stage of completion.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2024, the carrying amount of inventories was \$409,358.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash:		
Cash on hand and petty cash	\$ 300	\$ 405
Checking and demand deposits	<u>20,876</u>	<u>14,826</u>
	21,176	15,231
Cash equivalents:		
Time deposits	<u>651,207</u>	<u>546,113</u>
	<u>\$ 672,383</u>	<u>\$ 561,344</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss - current

Item	December 31, 2024	December 31, 2023
Financial assets mandatorily measured at fair value		
Beneficiary certificates	\$ 515,137	\$ 806,275
Listed (TSE and OTC) stocks	43,741	24,851
	558,878	831,126
Valuation adjustment	6,102	9,319
	<u>\$ 564,980</u>	<u>\$ 840,445</u>

A. The information on financial assets at fair value through profit or loss recognised in net gains and losses is provided in Note 6(18).

B. The Company has no financial assets at fair value through profit or loss pledged to others.

C. Information relating to credit risk of financial asset at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

Items	December 31, 2024	December 31, 2023
Current items:		
Restricted bank deposits	\$ 6,230	\$ 5,835
Time deposits with original maturity date	267,309	6,100
	<u>\$ 273,539</u>	<u>\$ 11,935</u>

A. Interest income from time deposits was recognised under interest income from bank deposits.

B. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was \$273,539 and \$11,935, respectively.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(4) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable	\$ 25,347	\$ 24,646
Less: Allowance for bad debts	-	-
	<u>\$ 25,347</u>	<u>\$ 24,646</u>
Accounts receivable	\$ 938,105	\$ 1,278,937
Less: Allowance for bad debts	(7,483)	(1,461)
	<u>\$ 930,622</u>	<u>\$ 1,277,476</u>
Accounts receivable - related parties	<u>\$ 51,566</u>	<u>\$ 1,037</u>

- A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2024		December 31, 2023	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ 25,347	\$ 948,064	\$ 24,646	\$ 1,197,729
Past due				
Up to 30 days	-	35,279	-	77,600
31 to 60 days	-	1,645	-	4,441
61 to 90 days	-	6	-	6
91 to 180 days	-	4,677	-	26
181 to 360 days	-	-	-	90
Over 360 days	-	-	-	82
	<u>\$ 25,347</u>	<u>\$ 989,671</u>	<u>\$ 24,646</u>	<u>\$ 1,279,974</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2024 and 2023, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2023, the balance of receivables from contracts with customers amounted to \$1,076,216.
- C. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable were \$1,007,535 and \$1,303,159, respectively.
- D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2024		
	Cost	Allowance	Book value
Raw materials	\$ 26,560	(\$ 2,787)	\$ 23,773
Work in process	220,193	(46,583)	173,610
Finished goods	220,265	(8,290)	211,975
	<u>\$ 467,018</u>	<u>(\$ 57,660)</u>	<u>\$ 409,358</u>
	December 31, 2023		
	Cost	Allowance	Book value
Raw materials	\$ 30,599	(\$ 3,104)	\$ 27,495
Work in process	198,827	(47,112)	151,715
Finished goods	168,050	(10,344)	157,706
	<u>\$ 397,476</u>	<u>(\$ 60,560)</u>	<u>\$ 336,916</u>

The cost of inventories recognised as expense for the years ended December 31, 2024 and 2023 was \$4,631,058 and \$5,363,437, respectively, including the amounts of \$2,900 and \$20,465, respectively, that the Company reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because the related inventories were scrapped or sold in 2024 and 2023.

(6) Financial assets at fair value through other comprehensive income

<u>Item</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Non-current items:		
Equity instruments		
Listed (TSE and OTC) stocks	\$ 321,611	\$ 323,275
Unlisted stocks	<u>80,602</u>	<u>80,602</u>
	402,213	403,877
Valuation adjustment	<u>60,592</u>	<u>61,295</u>
	<u>\$ 462,805</u>	<u>\$ 465,172</u>

- A. The Company has elected to classify investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$462,805 and \$465,172 as at December 31, 2024 and 2023, respectively.
- B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ 1,115</u>	<u>(\$ 33,422)</u>
Cumulative losses reclassified to retained earnings due to derecognition	<u>\$ 1,818</u>	<u>\$ -</u>
Dividend income recognised in profit or loss		
Held at end of year	<u>\$ 18,830</u>	<u>\$ 30,678</u>

- C. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was \$462,805 and \$465,172, respectively.
- D. The Company has no financial assets at fair value through other comprehensive income pledged to others.
- E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(7) Investments accounted for under the equity method

<u>Investees</u>	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Carrying amount</u>	<u>Percentage of ownership</u>	<u>Carrying amount</u>	<u>Percentage of ownership</u>
Subsidiaries:				
FORMFLEX ENTERPRISE CO., LTD. (Note 1)	\$ 1,046,225	100%	\$ 1,001,691	100%
TECHFORM INDUSTRIAL CO., LTD.	837,997	100%	818,607	100%
FORTRESS INDUSTRIAL CO., LTD.	832,066	100%	790,579	100%
FU SING INDUSTRIAL (THAILAND) CO., LTD. (Note 2)	720,334	100%	323,735	99.99%
MASTER UNITED INVESTMENT GROUP LTD. (Note 3)	298,028	100%	406,457	100%
FU HSING AMERICAS INC.	181,757	100%	177,149	100%
ARCTEK INDUSTRIAL CO., LTD.	135,702	70%	130,671	70%
SUNION TECHNOLOGY CO., LTD.	84,405	100%	70,352	100%
	4,136,514		3,719,241	
Less: Accumulated impairment	(68,903)		(68,903)	
	<u>\$ 4,067,611</u>		<u>\$ 3,650,338</u>	

Note 1 : On March 12, 2024, the Board of Directors of the Company resolved to reduce and return its capital in FORMFLEX ENTERPRISE CO., LTD. amounting to USD 204 thousand (\$6,399). The Company had recovered the investment amount on April 22, 2024.

Note 2 : On March 8, 2023, the Board of Directors of the Company resolved to establish an overseas subsidiary in Southeast Asia. The Company directly invested and established FU SING INDUSTRIAL (THAILAND) CO., LTD. The registration for the establishment had been completed. In 2024 and 2023, the Company invested cash capital amounting to \$343,511 and \$320,190 , respectively, with a shareholding ratio of approximately 100%.

Note 3 : On September 6, 2023, the Board of Directors of the Company resolved to reduce and return its capital in MASTER UNITED INVESTMENT GROUP LTD. amounting to USD 6.3 million. The Company had recovered the investment amount on October 16, 2023.

A. Refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2024 for the information relating to the subsidiaries of the Company.

B. The Company compared the carrying amount with the recoverable amount of investments accounted for under the equity method based on the assessment. For the year ended December 31, 2023, the Company recognised impairment loss amounting to \$23,670, which was recognised in profit or loss, please refer to Note 6(18).

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Molds	Others	Construction in progress and prepayments for equipment	Total
<u>January 1, 2024</u>							
Cost	\$ 551,945	\$ 728,554	\$ 261,295	\$ 74,223	\$ 42,375	\$ 7,472	\$ 1,665,864
Accumulated depreciation and impairment	-	(188,831)	(126,465)	(41,682)	(21,562)	-	(378,540)
	<u>\$ 551,945</u>	<u>\$ 539,723</u>	<u>\$ 134,830</u>	<u>\$ 32,541</u>	<u>\$ 20,813</u>	<u>\$ 7,472</u>	<u>\$ 1,287,324</u>
<u>2024</u>							
Opening net book amount as at January 1	\$ 551,945	\$ 539,723	\$ 134,830	\$ 32,541	\$ 20,813	\$ 7,472	\$ 1,287,324
Additions	-	-	230	13,823	12,017	11,640	37,710
Prepayment for equipment transferred	-	-	9,415	14,095	3,408	(13,237)	13,681
Depreciation charge	-	(17,759)	(28,728)	(23,152)	(8,167)	-	(77,806)
Disposals - cost	-	-	(23,361)	(32,582)	(5,891)	-	(61,834)
Disposals - accumulated depreciation	-	-	23,361	32,582	5,891	-	61,834
Closing net book amount as at	<u>\$ 551,945</u>	<u>\$ 521,964</u>	<u>\$ 115,747</u>	<u>\$ 37,307</u>	<u>\$ 28,071</u>	<u>\$ 5,875</u>	<u>\$ 1,260,909</u>
December 31							
<u>At December 31, 2024</u>							
Cost	\$ 551,945	\$ 728,554	\$ 247,579	\$ 69,559	\$ 51,909	\$ 5,875	\$ 1,655,421
Accumulated depreciation and impairment	-	(206,590)	(131,832)	(32,252)	(23,838)	-	(394,512)
	<u>\$ 551,945</u>	<u>\$ 521,964</u>	<u>\$ 115,747</u>	<u>\$ 37,307</u>	<u>\$ 28,071</u>	<u>\$ 5,875</u>	<u>\$ 1,260,909</u>

	Land	Buildings and structures	Machinery	Molds	Others	Construction in progress and prepayments for equipment	Total
<u>January 1, 2023</u>							
Cost	\$ 551,945	\$ 728,554	\$ 263,538	\$ 66,815	\$ 46,046	\$ 12,907	\$ 1,669,805
Accumulated depreciation and impairment	-	(170,729)	(120,001)	(32,160)	(24,769)	-	(347,659)
	<u>\$ 551,945</u>	<u>\$ 557,825</u>	<u>\$ 143,537</u>	<u>\$ 34,655</u>	<u>\$ 21,277</u>	<u>\$ 12,907</u>	<u>\$ 1,322,146</u>
<u>2023</u>							
Opening net book amount as at January 1	\$ 551,945	\$ 557,825	\$ 143,537	\$ 34,655	\$ 21,277	\$ 12,907	\$ 1,322,146
Additions	-	-	1,340	11,752	7,417	10,255	30,764
Prepayment for equipment transferred	-	-	19,199	8,843	-	(15,690)	12,352
Depreciation charge	-	(18,102)	(29,246)	(22,709)	(7,881)	-	(77,938)
Disposals - cost	-	-	(22,782)	(13,187)	(11,088)	-	(47,057)
Disposals - accumulated depreciation	-	-	22,782	13,187	11,088	-	47,057
Closing net book amount as at December 31	<u>\$ 551,945</u>	<u>\$ 539,723</u>	<u>\$ 134,830</u>	<u>\$ 32,541</u>	<u>\$ 20,813</u>	<u>\$ 7,472</u>	<u>\$ 1,287,324</u>
<u>At December 31, 2023</u>							
Cost	\$ 551,945	\$ 728,554	\$ 261,295	\$ 74,223	\$ 42,375	\$ 7,472	\$ 1,665,864
Accumulated depreciation and impairment	-	(188,831)	(126,465)	(41,682)	(21,562)	-	(378,540)
	<u>\$ 551,945</u>	<u>\$ 539,723</u>	<u>\$ 134,830</u>	<u>\$ 32,541</u>	<u>\$ 20,813</u>	<u>\$ 7,472</u>	<u>\$ 1,287,324</u>

A. No borrowing costs was capitalised for the years ended December 31, 2024 and 2023.

B. The significant components of buildings include main plants and renovations, which are depreciated over 40 ~ 55 and 25 years, respectively.

C. The Company has no property, plant and equipment pledged to others as collateral.

(9) Leasing arrangements — lessee

A. In December 2022, the Company leased the national land of Pingtung Technology Industrial Park from Pingtung Export Processing Zone Administration, Ministry of Economic Affairs. Rental contracts are made for periods of 10 years. The rental contract was determined based on mutual agreement and did not impose special covenants or agreements.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>December 31, 2023</u>
	<u>Book value</u>	<u>Disposals-cost</u>	<u>Book value</u>	<u>Disposals-cost</u>
Land	\$ 44,034	\$ 1,155	\$ 43,730	\$ 1,122

For the years ended December 31, 2024 and 2023, there were no additions to right-of-use assets. And the net increase in right-of-use assets due to the remeasurement of lease liabilities were \$1,459 and \$0, respectively.

C. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31,</u>	<u>Year ended December 31,</u>
	<u>2024</u>	<u>2023</u>
Interest expense on lease liabilities	\$ 695	\$ 750
Expense on short-term lease contracts	3,335	3,126
Expense on leases of low-value assets	434	270
	<u>\$ 4,464</u>	<u>\$ 4,146</u>

D. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were \$7,228 and \$6,956, respectively.

(10) Other payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Salaries and bonus	\$ 244,959	\$ 247,886
Equipment payable	3,550	1,360
Refund liabilities	98,271	125,786
Directors' remuneration	20,000	19,500
Labour and health insurance fees	13,156	13,335
Others	45,808	42,040
	<u>\$ 425,744</u>	<u>\$ 449,907</u>

(11) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject

to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are determined as follows:

	December 31, 2024	December 31, 2023
Present value of funded obligations	\$ 297,230	\$ 338,713
Fair value of plan assets	(294,641)	(295,017)
Net defined benefit liability	<u>\$ 2,589</u>	<u>\$ 43,696</u>

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2024</u>			
Balance at January 1	\$ 338,713	(\$ 295,017)	\$ 43,696
Current service cost	740	-	740
Interest expense (income)	<u>4,065</u>	<u>(3,540)</u>	<u>525</u>
	<u>343,518</u>	<u>(298,557)</u>	<u>44,961</u>
Remeasurements:			
Return on plan assets	-	(26,872)	(26,872)
Change in population assumptions	-	-	-
Change in financial assumptions	(5,824)	-	(5,824)
Experience adjustments	<u>(7,279)</u>	<u>-</u>	<u>(7,279)</u>
	<u>(13,103)</u>	<u>(26,872)</u>	<u>(39,975)</u>
Pension fund contribution	-	(2,397)	(2,397)
Paid pension	<u>(33,185)</u>	<u>33,185</u>	<u>-</u>
Balance at December 31	<u>\$ 297,230</u>	<u>(\$ 294,641)</u>	<u>\$ 2,589</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2023</u>			
Balance at January 1	\$ 334,094	(\$ 304,657)	\$ 29,437
Current service cost	892	-	892
Interest expense (income)	<u>4,009</u>	<u>(3,656)</u>	<u>353</u>
	<u>338,995</u>	<u>(308,313)</u>	<u>30,682</u>
Remeasurements:			
Return on plan assets	-	(1,619)	(1,619)
Change in population assumptions	-	-	-
Change in financial assumptions	-	-	-
Experience adjustments	<u>20,293</u>	<u>-</u>	<u>20,293</u>
	<u>20,293</u>	<u>(1,619)</u>	<u>18,674</u>
Pension fund contribution	-	(5,660)	(5,660)
Paid pension	<u>(20,575)</u>	<u>20,575</u>	<u>-</u>
Balance at December 31	<u>\$ 338,713</u>	<u>(\$ 295,017)</u>	<u>\$ 43,696</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2024	2023
Discount rate	<u>1.60%</u>	<u>1.20%</u>
Future salary increases	<u>3.00%</u>	<u>3.00%</u>

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
Effect on present value of defined benefit obligation				
December 31, 2024	(\$ 3,506)	\$ 3,608	\$ 3,023	(\$ 2,955)
December 31, 2023	(\$ 4,409)	\$ 4,545	\$ 3,814	(\$ 3,723)

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

- (f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2025 amount to \$2,514.
- (g) As of December 31, 2024, the weighted average duration of the retirement plan is 6 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$ 115,643
Within 2 years	25,011
Within 3 years	19,588
Within 4 years	19,207
Within 5 years	16,237
Within 6 to 10 years	<u>63,440</u>
	<u>\$ 259,126</u>

- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2024 and 2023 were \$25,306 and \$25,614, respectively.

(12) Share capital

- A. As of December 31, 2024, the Company's authorized capital was 242,400 thousand shares (of which 10,000 thousand shares are reserved for the issuance of stock warrants, preferred shares with stock warrants and corporate bonds with stock warrants), at a par value of \$10 (in dollars) per share. One share has a voting right and the right to receive dividends, and the number of shares issued and for which the proceeds have been collected were both 188,452 thousand shares.
- B. The beginning and ending amount of the Company's outstanding common stocks were both 188,452 thousand shares.
- C. In addition, please refer to Note 11 'Significant Events after the Balance Sheet Date' for details.

(13) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(14) Retained earnings

- A. Where the Company accrues profit every year, after paying all regulatory taxes and dues, 10% of the earnings should be set aside as legal reserve until the amount of legal reserve is equal to the amount of total capital. And set aside or reverse special reserve as required by the regulations when necessary.

When the Company appropriates special reserve in accordance with the laws, an equivalent amount of special reserve shall be set aside from the undistributed earnings of the prior year based on the insufficiency of the cumulative decrease of equity of the prior year before the earning distribution. If it is insufficient to be set aside, the current post-tax profit plus the amount other than the current post-tax profit are included in the appropriation of the current unappropriated earnings.

After the provision or reversal of special reserve as required by the regulations, the appropriation of the remaining earnings along with the unappropriated earnings of prior years as accumulated distributable earnings for shareholders shall be proposed by the Board of Directors and approved by the shareholders.

The appropriation shall be proposed by the Board of Directors and resolved by the shareholders if the Company distributes dividends and bonus, legal reserve and capital surplus, in whole or in part, by issuing new shares; the appropriation shall be authorised to the Board of Directors, upon approval adopted by the majority vote at its meeting attended by two-thirds of the total number of directors, and then reported to the shareholders, if dividends and bonus, legal reserve and capital surplus, in whole or in part, are distributed in the form of cash.

The Company's dividend distribution policy aligns with the future development plan by taking into account of factors such as investment environment, capital needs, domestic and overseas competition, along with the consideration of shareholders' interest. Each year the dividend must not be less than 30% of earnings. The dividend and bonus can be distributed in cash or shares, among which the cash dividend must not be less than 50% of the appropriated dividend.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- In accordance with the abovementioned rules, the special reserve appropriated as a result of the Company's choice of reclassifying provision for land revaluation increment to retained earnings as of December 31, 2024 and 2023 were both \$48,991.
- D. On March 6, 2024, the Board of Directors resolved that total cash dividends for the distribution of earnings for the year of 2023 was \$565,356 at NT\$3.0 (in dollars) per share, and reported to the shareholders on May 24, 2024. On March 8, 2023, the Board of Directors resolved that total cash dividends for the distribution of earnings for the year of 2022 was \$546,511 at NT\$2.9 (in dollars) per share, and reported to the shareholders on May 26, 2023.
- On March 5, 2025, the Board of Directors resolved that total cash dividends for the distribution of earnings for the year of 2024 was \$584,202 at NT\$3.1 (in dollars) per share.

(15) Other equity items

	2024		
	Currency	Unrealised	Total
	translation	gains (losses) on valuation	
At January 1	(\$ 199,050)	\$ 61,295	(\$ 137,755)
Revaluation	-	1,115	1,115
Revaluation transferred to retained earnings - gross	-	(1,818)	(1,818)
Currency translation differences:			
— Exchange differences on translation of net assets in foreign operations	156,649	-	156,649
— Exchange differences on translation of shares of investments accounted for under the equity method	(33,742)	-	(33,742)
At December 31	(\$ 76,143)	\$ 60,592	(\$ 15,551)
	2023		
	Currency	Unrealised	Total
	translation	gains (losses) on valuation	
At January 1	(\$ 182,614)	\$ 94,717	(\$ 87,897)
Revaluation	-	(33,422)	(33,422)
earnings - gross			
Currency translation differences:			
— Exchange differences on translation of net assets in foreign operations	54,736	-	54,736
— Exchange differences on translation of shares of investments accounted for under the equity method	(71,172)	-	(71,172)
At December 31	(\$ 199,050)	\$ 61,295	(\$ 137,755)

(16) Operating revenue

The Company derives revenue all from contracts with customers and mainly from the transfer of goods at a point in time and services over time in the following major geographical regions:

<u>2024</u>	<u>Goods</u>	<u>Services</u>	<u>Total</u>
US	\$ 5,137,247	\$ -	\$ 5,137,247
Asia	466,333	14,528	480,861
Europe	334	-	334
Other	221,818	-	221,818
	<u>\$ 5,825,732</u>	<u>\$ 14,528</u>	<u>\$ 5,840,260</u>
<u>2023</u>	<u>Goods</u>	<u>Services</u>	<u>Total</u>
US	\$ 6,042,208	\$ -	\$ 6,042,208
Asia	410,806	12,974	423,780
Europe	821	-	821
Other	203,843	-	203,843
	<u>\$ 6,657,678</u>	<u>\$ 12,974</u>	<u>\$ 6,670,652</u>

(17) Other income

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Dividend income	\$ 20,960	\$ 33,952
Rent income	12,673	12,167
Other income	3,540	5,926
	<u>\$ 37,173</u>	<u>\$ 52,045</u>

(18) Other gains and losses

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Net currency exchange gain	\$ 87,246	\$ 7,829
Net gain on financial assets at fair value through profit or loss	10,126	16,879
Gain on disposal of investments	-	5,706
Impairment loss on non – financial assets	(5,000)	(23,670)
	<u>\$ 92,372</u>	<u>\$ 6,744</u>

(19) Expenses by nature

	For the years ended December 31,	
	2024	2023
Employee benefit expense	\$ 890,363	\$ 891,559
Depreciation charges on property, plant and equipment	77,806	77,938
Depreciation charges on right-of-use assets	1,155	1,122
Amortisation	4,728	1,136
	<u>\$ 974,052</u>	<u>\$ 971,755</u>

(20) Employee benefit expense

	For the years ended December 31,	
	2024	2023
Wages and salaries	\$ 738,849	\$ 738,023
Labor and health insurance fees	70,987	71,524
Pension costs	26,571	26,859
Directors' remuneration	20,342	19,848
Other personnel expenses	33,614	35,305
	<u>\$ 890,363</u>	<u>\$ 891,559</u>

A. According to the Articles of Incorporation of the Company, when distributing earnings, the ratio of distributable profit of the current year shall not be lower than 5% for employees' compensation and shall not be higher than 5% for directors' remuneration. If a company has accumulated deficit, earnings should be channeled to cover losses.

Employees' compensation (bonus) can be distributed in the form of shares or cash. Qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements, entitled to receive aforementioned stock or cash. The requirements are determined by the Chairman of Board of Directors.

B. For the years ended December 31, 2024 and 2023, employees' compensation was accrued at \$179,099 and \$157,854, respectively; while directors' remuneration was accrued at \$20,000 and \$19,500, respectively. The aforementioned amounts were recognised in salary expenses.

For the year ended December 31, 2024, the Board of Directors estimated the employees' compensation and directors' remuneration based on the Company's Articles of Incorporation and operating performance level. The employees' compensation and directors' remuneration resolved by the Board of Directors were \$179,099 and \$20,000, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' remuneration of 2023 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2023 financial statements. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2024	2023
Current tax:		
Current tax on profits for the year	\$ 177,282	\$ 208,366
Tax on unappropriated earnings	11,199	20,174
Prior year income tax overestimation	(5,511)	(5)
Total current tax	<u>182,970</u>	<u>228,535</u>
Deferred tax:		
Origination and reversal of temporary differences	(6,128)	(19,288)
Income tax expense	<u>\$ 176,842</u>	<u>\$ 209,247</u>

(b) The income tax credit /(charge) relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2024	2023
Remeasurement of defined benefit obligations	<u>\$ 7,995</u>	<u>(\$ 3,735)</u>

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2024	2023
Tax calculated based on profit before tax and statutory tax rate	\$ 217,272	\$ 231,304
Effect of amount not allowed to be recognised under the regulations	(46,118)	(42,226)
Additional tax on undistributed earnings	11,199	20,174
Prior year income tax overestimation	(5,511)	(5)
Income tax expense	<u>\$ 176,842</u>	<u>\$ 209,247</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

		2024			
		January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:					
Temporary differences:					
Net defined benefit liability	\$	8,739	(\$ 226)	(\$ 7,995)	\$ 518
Loss on obsolete and slow-moving and market price decline of inventories		12,112	(580)	-	11,532
Impairment loss on non-financial assets		4,734	-	-	4,734
Accrued unused compensated absences		6,060	(500)	-	5,560
Accrued sales returns and discounts		25,157	(5,503)	-	19,654
Unrealised exchange loss		7,648	(7,648)	-	-
		<u>64,450</u>	<u>(14,457)</u>	<u>(7,995)</u>	<u>41,998</u>
Deferred tax liabilities:					
Revaluation increments	(	41,619)	-	-	(41,619)
Investment income	(	114,593)	24,541	-	(90,052)
Unrealised exchange gain		-	(4,599)	-	(4,599)
Unrealised valuation gain	(	1,864)	643	-	(1,221)
	(	<u>158,076</u>	<u>20,585</u>	<u>-</u>	<u>(137,491)</u>
	(\$	<u>93,626</u>	<u>\$ 6,128</u>	<u>(\$ 7,995)</u>	<u>(\$ 95,493)</u>
		2023			
		January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:					
Temporary differences:					
Net defined benefit liability	\$	5,887	(\$ 883)	\$ 3,735	\$ 8,739
Loss on obsolete and slow-moving and market price decline of inventories		16,205	(4,093)	-	12,112
Impairment loss on non-financial assets		-	4,734	-	4,734
Accrued unused compensated absences		5,060	1,000	-	6,060
Accrued sales returns and discounts		13,042	12,115	-	25,157
Unrealised exchange loss		4,410	3,238	-	7,648
Unrealised valuation loss		1,420	(1,420)	-	-
		<u>46,024</u>	<u>14,691</u>	<u>3,735</u>	<u>64,450</u>
Deferred tax liabilities:					
Revaluation increments	(	41,619)	-	-	(41,619)
Investment income	(	121,054)	6,461	-	(114,593)
Unrealised valuation gain		-	(1,864)	-	(1,864)
	(	<u>162,673</u>	<u>4,597</u>	<u>-</u>	<u>(158,076)</u>
	(\$	<u>116,649</u>	<u>\$ 19,288</u>	<u>\$ 3,735</u>	<u>(\$ 93,626)</u>

D. As of the report date, the Company's income tax returns through 2022 have been assessed and approved by the Tax Authority. There were no disputes between the Company and the Tax Authority.

(22) Earnings per share

	For the year ended December 31, 2024		
	Amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 909,515	188,452	\$ 4.83
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 909,515	188,452	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	3,702	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 909,515	192,154	\$ 4.73
	For the year ended December 31, 2023		
	Amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 947,274	188,452	\$ 5.03
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 947,274	188,452	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	3,694	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 947,274	192,146	\$ 4.93

(23) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2024	2023
Increase in property, plant and equipment	\$ 37,710	\$ 30,764
Add: Opening balance of payable on equipment (Note)	1,360	97,051
Less: Ending balance of payable on equipment (Note)	(3,550)	(1,360)
Cash paid for purchases of property, plant and equipment	<u>\$ 35,520</u>	<u>\$ 126,455</u>

Note: Recorded as 'other payables'.

B. Financing activities with no cash flow effects:

	For the years ended December 31,	
	2024	2023
Prepayments for equipment being converted to property, plant and equipment	<u>\$ 13,681</u>	<u>\$ 12,352</u>
Increase in remeasurement of lease liabilities	\$ 1,459	\$ -
Loss : Increase in right-of-use asset	(1,459)	-
	<u>\$ -</u>	<u>\$ -</u>

(24) Changes in liabilities from financing activities

	Changes in cash			At December 31, 2024
	At January 1, 2024	flow from financing activities	Other non-cash changes	
Lease liability (Note)	\$ 42,042	(\$ 2,764)	\$ 1,459	\$ 40,737
Guarantee deposits received	817	133	-	950
	<u>\$ 42,859</u>	<u>(\$ 2,631)</u>	<u>\$ 1,459</u>	<u>\$ 41,687</u>

	Changes in cash			At December 31, 2023
	At January 1, 2023	flow from financing activities	Other non-cash changes	
Lease liability (Note)	\$ 44,852	(\$ 2,810)	\$ -	\$ 42,042
Guarantee deposits received	-	817	-	817
	<u>\$ 44,852</u>	<u>(\$ 1,993)</u>	<u>\$ -</u>	<u>\$ 42,859</u>

Note: The lease liability (shown as other current liabilities, others).

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
FORTRESS INDUSTRIAL CO., LTD. (FORTRESS INDUSTRIAL)	Subsidiary
MASTER UNITED INVESTMENT GROUP LTD.(MASTER)	"
FORMFLEX ENTERPRISE CO.,LTD.(FORMFLEX)	"
FU HSING AMERICAS INC.(F.H.A.)	"
ARCTEK INDUSTRIAL CO., LTD. (ARCTEK INDUSTRIAL)	"
TECHFORM INDUSTRIAL CO., LTD.(TECHFORM)	"
SUNION TECHNOLOGY CO., LTD. (SUNION)	"
FORTRESS DOOR CONTROL PRODUCT (CHANGSHU) CO., LTD. (FORTRESS DOOR CONTROL) (NOTE 1)	"
RUI SHENG INDUSTRIAL CO., LTD. (RUI SHENG INDUSTRIAL)	"
ZIYONG HARDWARE PRODUCTS (TAICANG) CO., LTD. (ZIYONG TAICANG)	"
ARCTEK SECURITY TECHNOLOGIES (SHANGHAI) CO., LTD. (ARCTEK)	"
FORMFLEX METAL INDUSTRIAL (CHANGSHU) CO., LTD. (FORMFLEX CHANGSHU)	"
FORTUNE INDUSTRIAL LTD. (FORTUNE) (NOTE 2)	"
CHANGSHU FORTUNE PACKING MATERIAL CO., LTD. (CHANGSHU FORTUNE PACKING) (NOTE 3)	"
FU SING INDUSTRAIL (THAILAND) CO.,LTD. (「F.S.T.」)	"
HUNDURE TECHNOLOGY CO., LTD. (HUNDURE TECHNOLOGY).	The Company is this company's key management.
TAIWAN FU HSING CULTURE & EDUCATION FOUNDATION	Other related party

NOTE 1 : On June 20, 2022, the shareholders resolved to terminate operation and deregister Fortress Door Control Product (Changshu) Co., Ltd. Fortress Door Control Product (Changshu) Co., Ltd.'s liquidation and deregistration had been completed in Mainland China during November 2023.

NOTE 2 : On January 22, 2024, the Board of Directors resolved to terminate operation and deregister FORTUNE INDUSTRIAL LTD. and remitted back the residual property amounting to USD 320 thousand.

NOTE 3 : On October 20, 2022, the shareholders resolved to terminate operation and deregister Changshu Fortune Packing Material Co., Ltd. Changshu Fortune Packing Material Co., Ltd.'s liquidation and deregistration had been completed in Mainland China during November 2023.

(2) Significant related party transactions and balances

A. Operating revenue

		For the years ended December 31,	
		2024	2023
Sales of goods:			
Subsidiaries			
F.H.A	\$	72,445	\$ 9,055
Others		6,819	4,273
Sales of services:			
Subsidiaries			
FORTRESS INDUSTRIAL		9,720	8,298
FORMFLEX CHANGSHU		4,808	4,676
	\$	93,792	\$ 26,302

Prices of goods sold to related parties are determined by mutual agreements and the credit term is 30~150 days after monthly billings. Services rendered to related parties are based on a cost-plus basis after negotiation.

B. Purchases

		For the years ended December 31,	
		2024	2023
Purchases of goods:			
Subsidiaries			
FORMFLEX CHANGSHU	\$	1,338,131	\$ 1,759,339
TECHFORM		362,853	412,270
SUNION		211,935	159,128
ZIYONG TAICANG		8,535	72,593
Others		-	-
Other related party			
HUNDURE TECHNOLOGY		1,462	774
Purchases of services (recorded as 'selling expenses'):			
Subsidiaries			
F.H.A		49,366	67,498
	\$	1,972,282	\$ 2,471,602

Prices of goods purchased from related parties are based on mutual agreements and the payment term is 30~90 days after monthly billings. Prices and payment terms of services rendered by related parties are determined by mutual agreements.

C. Receivables from related parties

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable:		
Subsidiaries		
F.H.A	\$ 50,755	\$ 611
Others	811	426
	<u>51,566</u>	<u>1,037</u>
Other receivables:		
Subsidiaries		
FORTRESS INDUSTRIAL	1,080	961
Others	194	212
	<u>1,274</u>	<u>1,173</u>
	<u>\$ 52,840</u>	<u>\$ 2,210</u>

The abovementioned other receivables mainly include:

- (a) Outstanding receivables arising from the sale of parts to related parties, which were not accounted for sales revenue when it occurred.
- (b) Receivables arising from services rendered by the Company.

D. Payables to related parties

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts payable:		
Subsidiaries		
FORMFLEX CHANGSHU	\$ 273,263	\$ 437,269
TECHFORM	28,395	33,537
SUNION	15,918	6,467
Others	-	5,747
	<u>317,576</u>	<u>483,020</u>
Other payables:		
Subsidiaries		
FORMFLEX CHANGSHU	40,449	563
F.H.A	13,473	28,899
Others	1,909	942
	<u>55,831</u>	<u>30,404</u>
	<u>\$ 373,407</u>	<u>\$ 513,424</u>

The abovementioned other payables mainly include:

- (a) Payables arising from services rendered by the related parties.

(b) Outstanding payables arising from importing parts from related parties, which were not accounted for as purchases when it occurred.

E. For the year ended December 31, 2023, the Company's capital increase and decrease in MASTER and F.S.T., please refer to Note 6(7).

F. For the years ended December 31, 2024 and 2023, the Company donated cash amounting to \$7,583 and \$8,911, respectively, to Taiwan Fu Hsing Culture & Education Foundation, for cultural education promotion and enterprise social responsibility.

(3) Key management compensation

	For the years ended December 31,	
	2024	2023
Salaries and other short-term employee benefits	\$ 88,474	\$ 88,014
Post-employment benefits	154	333
	<u>\$ 88,628</u>	<u>\$ 88,347</u>

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

Pledged asset	December 31, 2024	December 31, 2023	Purpose
Restricted bank deposits (Recorded as 'Current financial assets at amortised cost, net')	<u>\$ 6,230</u>	<u>\$ 5,835</u>	Guarantee for derivative financial products

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Facilities of the letters of credit issued but unused:

	December 31, 2024	December 31, 2023
Importing raw materials and equipment	<u>\$ 21,008</u>	<u>\$ 25,489</u>

(2) Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2024	December 31, 2023
Property, plant and equipment	<u>\$ 19,916</u>	<u>\$ 14,366</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On March 5, 2025, the Board of Directors of the Company resolved the following items:

(1) Details of the appropriation of earnings for 2024 as approved by the Board of Directors are provided in Note 6(18).

(2) In order to adjust the capital structure and increase return on shareholders' equity, the Company planned to reduce capital by 37,690 thousand shares, and the amount of capital reduction was \$376,904. After the capital reduction, the paid-in capital was \$1,507,617. The transaction will be

conducted after it is resolved by the shareholders at their annual shareholders' meeting and submitted to the competent authorities for approval.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain the capital needed for expanding and upgrading plants and equipment, the Company's management shall ensure that there are necessary financial resources and operating plans to support operations, capital expenditures, research and development expenses, debt repayment and dividend payment in the next 12 months.

The Company uses debt ratio to control capital. The Company's policy is to maintain a stable debt ratio as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Debt ratio	22%	27%

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 564,980</u>	<u>\$ 840,445</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	<u>\$ 462,805</u>	<u>\$ 465,172</u>
Financial assets at amortised cost/		
Loans and receivables		
Cash and cash equivalents	\$ 672,383	\$ 561,344
Financial assets at amortised cost - current	273,539	11,935
Notes receivable	25,347	24,646
Accounts receivable (including related parties)	982,188	1,278,513
Other receivables - related parties	1,274	1,173
Guarantee deposits paid	-	-
Other financial assets (current and non-current)	31,188	41,934
	<u>\$ 1,985,919</u>	<u>\$ 1,919,545</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Accounts payable (including related parties)	\$ 663,903	\$ 818,342
Other accounts payable (including related parties)	481,575	480,311
	<u>\$ 1,145,478</u>	<u>\$ 1,298,653</u>
Lease liabilities	<u>\$ 40,737</u>	<u>\$ 42,042</u>

B. Financial risk management policies

In order to control effectively and decrease financial risk, the directors of the Company focus on identifying, evaluating and hedging market uncertainties to minimise potential adverse effects from markets on the Company's financial performance. The risk includes market risk (including foreign exchange risk, interest rate risk and other price risk); credit risk and liquidity risk. Risk management is carried out by related segments under approved policies.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB, etc. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. In order to prevent decrease in value of assets denominated in foreign currencies and estimated future cash flows fluctuation by foreign currency exchange, the Company hedges currency risk through derivative financial instruments (including forward exchange agreements). These derivative financial instruments assist in decreasing foreign currency fluctuation but cannot eliminate the impact.
- ii. The Company's strategic investment is to hold certain investments in foreign operations, thus, the Company does not hedge the investment.
- iii. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2024		
	Foreign currency		
	amount	Exchange	Book value
	(In Thousands)	rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 48,095	32.79	\$ 1,577,035
AUD:NTD	1,910	20.39	38,945
RMB:NTD	4,633	4.48	20,756
<u>Non-monetary items</u>			
<u>Investments accounted for under the equity method</u>			
USD:NTD	46,194	32.79	1,502,340
THB:NTD	750,348	0.96	720,334
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	13,066	32.79	428,434
RMB:NTD	11,183	4.48	50,100

December 31, 2023			
Foreign currency			
	amount	Exchange	Book value
	(In Thousands)	rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 54,625	30.71	\$ 1,677,534
AUD:NTD	930	20.98	19,511
RMB:NTD	4,256	4.32	18,386
<u>Non-monetary items</u>			
<u>Investments accounted for under the equity method</u>			
USD:NTD	51,076	30.71	1,561,627
THB:NTD	359,705	0.90	323,735
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	20,137	30.71	618,407
RMB:NTD	4,334	4.32	18,723
iv. Total exchange gain, including realised and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2024 and 2023, amounted to \$87,246 and \$7,829, respectively.			
v. Analysis of foreign currency market risk arising from significant foreign exchange variation:			
For the year ended December 31, 2024			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 15,770	\$ -
AUD:NTD	1%	389	-
RMB:NTD	1%	208	-
<u>Non-monetary items</u>			
<u>Investments accounted for under the equity method</u>			
USD:NTD	1%	-	15,023
THB:NTD	1%	-	7,203
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	4,284	-
RMB:NTD	1%	501	-

For the year ended December 31, 2023			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 16,775	\$ -
AUD:NTD	1%	195	-
RMB:NTD	1%	184	-
<u>Non-monetary items</u>			
<u>Investments accounted for under the equity method</u>			
USD:NTD	1%	-	15,616
THB:NTD	1%	-	3,237
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	6,184	-
RMB:NTD	1%	187	-

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, it is expected that significant price risk would not happen as the Company had assessed the bearable price risk at the time of investing and managed with proper authorisation.
- ii. The Company's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, post-tax profit for the years ended December 31, 2024 and 2023 would have increased/decreased by \$28,249 and \$42,022, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$23,140 and \$23,259, respectively, as a result of other comprehensive income on equity investments classified as at fair value through other comprehensive income.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.

- ii. The Company's treasury measures and control credit risk of deposits with banks, fixed investment income and other financial instruments. The Company's clients and performing parties are banks with good credit quality or financial institutions and companies with investment, thus, the possibility of default is remote and the credit risk is insignificant.
- iii. The Company manages their credit risk taking into consideration the entire group's concern. To maintain quality of accounts receivable, the Company has established procedures relating to credit risk management. Individual customers' risk assessment considers several factors that may influence the customers' ability to pay, such as the customer's financial position, historical transactions and current economic situation. Individual risk limits are set based on internal or external ratings in accordance with limits set by the sales department. The utilisation of credit limits is regularly monitored. When appropriate, the Company applies certain credit enhancement tools, such as collecting sales revenue in advance to reduce credit risk of specific customers.
- iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. As of December 31, 2024 and 2023, the Company assesses the default possibility of accounts receivable for its customers: The provision for not past due and up to 30 days past due was 0.01% and 0.1%, respectively; The provision for 31 to 360 days past due was 25% ~ 50%; And the provision for past due over a year was 100%. In addition, so far, the Company's balance of receivables past due over 31 days constitutes was 0.6% and 0.4%, of total receivables.
- vi. As of December 31, 2024 and 2023, notes and accounts receivable from the Company's top 2 customers constituted 67% and 76% of the Company's total notes and accounts receivables, respectively. The credit concentration risk of the remaining accounts receivable is relatively insignificant.
- vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- viii. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2024	2023
At January 1	\$ 1,461	\$ 638
Provision for impairment	6,022	823
At December 31	<u>\$ 7,483</u>	<u>\$ 1,461</u>

For provisioned loss in 2024 and 2023, the impairment losses arising from customer contracts are \$6,022 and \$823, respectively.

(c) Liquidity risk

The objectives for managing liquidity risk are maintaining cash and deposits needed for operations, high liquidity marketable securities and adequate borrowing credits to ensure the Company is financially flexible.

The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows.

	December 31, 2024			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>				
Accounts payable (including related parties)	\$ 663,903	\$ -	\$ -	\$ -
Other payables (including related parties)	481,575	-	-	-
Lease liability	<u>3,463</u>	<u>3,463</u>	<u>10,390</u>	<u>30,363</u>
	<u>\$1,148,941</u>	<u>\$ 3,463</u>	<u>\$ 10,390</u>	<u>\$ 30,363</u>

Derivative financial liabilities:None

	December 31, 2023			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>				
Accounts payable (including related parties)	\$ 818,342	\$ -	\$ -	\$ -
Other payables (including related parties)	480,311	-	-	-
Lease liability	<u>3,412</u>	<u>3,412</u>	<u>10,238</u>	<u>32,108</u>
	<u>\$1,302,065</u>	<u>\$ 3,412</u>	<u>\$ 10,238</u>	<u>\$ 32,108</u>

Derivative financial liabilities:None

(3) Fair value information

- A. 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. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and beneficiary certificates is included in Level 1.

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. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including current portion), other receivables - related parties, other financial assets, notes payable, accounts payable (including current portion) and other payables (including current portion) are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity security	\$ 564,980	\$ -	\$ -	\$ 564,980
Financial assets at fair value through other comprehensive income				
Equity security	434,483	-	28,322	462,805
	<u>\$ 999,463</u>	<u>\$ -</u>	<u>\$ 28,322</u>	<u>\$ 1,027,785</u>
Liabilities: None				

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity security	\$ 840,445	\$ -	\$ -	\$ 840,445
Financial assets at fair value through other comprehensive income				
Equity security	<u>436,850</u>	<u>-</u>	<u>28,322</u>	<u>465,172</u>
	<u>\$ 1,277,295</u>	<u>\$ -</u>	<u>\$ 28,322</u>	<u>\$ 1,305,617</u>
Liabilities: None				

- (b) The methods and assumptions the Company used to measure fair value are as follows:
The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value
D. For the years ended December 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.		
E. For the years ended December 31, 2024 and 2023, there was no transfer into or out from Level 3.		
F. The Company's treasury is in charge of valuation procedures for fair value measurements being categorised within Level 3 periodically, which is to evaluate and measure the fair value of financial instruments.		
The Company's equity securities for fair value measurements being categorised within Level 3 are investments in unlisted companies evaluated by net asset value method.		

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- Loans to others: Please refer to table 1.
- Provision of endorsements and guarantees to others: None.
- Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 3.
- Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 4.
- Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- 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 5.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.

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

J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 10.

(4) Major shareholders information

Names, number of shares and ownership of shareholders whose equity interest is greater than 5%: Please refer to table 11.

14. SEGMENT INFORMATION

Not applicable.

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries

Loans to others

Year ended December 31, 2024

Expressed in thousands of NTD

Table 1

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding	Balance at	Actual amount drawn down	Interest rate	Nature of loan	Amount of	Reason for short-term financing	Allowance	Collateral		Limit on loans	Ceiling on	Footnote
					balance during	December 31,				transactions		for	Limit on loans	Ceiling on			
					year ended December 31,	December 31,				with the		doubtful	granted to	total loans			
					2024	2024				borrower		accounts	Item	Value	a single party	granted	
1	Taiwan Fu Hsing Industrial Co., Ltd.	FU SING INDUSTRIAL (THAILAND) CO., LTD.	Other receivables-related parties	Y	\$ 655,800	\$ 655,800	\$ -	3.00	Note 1(2)	-	Factory construction expenses	\$ -	None	\$ -	\$ 663,701	\$ 748,597	Note 2

Note 1:The code represents the nature of loans as follows:

- (1) Business relationship.
- (2) Short-term financing.

Note 2:In accordance with the Investee’s policy for granting loans, limit on loans granted to a single party is described as follows:

- (1) For business relationship, the total amount shall not exceed 20% of the net assets value; the limit amount for single party shall not exceed the amount of transaction.
- (2) For short-term financing, the total amount shall not exceed 10% of the net assets value; the limit amount for single party shall not exceed 50% of the net assets value.

The limit amount for subsidiaries shall not exceed the amount of its paid-in capital multiplied by the proportion of the company's equity holdings.

- (3) Between the subsidiaries controlled by the same parent company for the business needs short-term financing, the total amount shall not exceed 30% of the net assets value; the limit amount for single party shall not exceed 20% of the net assets value.

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2024

Table 2

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2024				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Taiwan Fu Hsing Industrial Co., Ltd.	Beneficiary certificates - Taishin Ta-Chong Money Market Fund	None	Financial assets at fair value through profit or loss - current	17,213,794	\$ 255,098	Note 2	\$ 255,098	
	Beneficiary certificates - Capital Money Market Fund	None	Financial assets at fair value through profit or loss - current	7,680,727	129,192	Note 2	129,192	
	Beneficiary certificates - Taishin 1699 Money Market Fund	None	Financial assets at fair value through profit or loss - current	8,857,747	125,315	Note 2	125,315	
	Beneficiary certificates - Yuanta/P-shares Taiwan Dividend Plus ETF	None	Financial assets at fair value through profit or loss - current	250,000	9,170	Note 2	9,170	
	Stocks - Min Aik Precision Industrial Co., Ltd.	None	Financial assets at fair value through profit or loss - current	500,000	22,900	Note 2	22,900	
	Stocks - Hiyee International Co., Ltd.	None	Financial assets at fair value through profit or loss - current	31,399	6,311	Note 2	6,311	
	Stocks - Huaku Development Co., Ltd.	None	Financial assets at fair value through profit or loss - current	55,000	6,270	Note 2	6,270	
	Stocks - Hua Yu Lien Development Co., Ltd.	None	Financial assets at fair value through profit or loss - current	38,282	4,747	Note 2	4,747	
	Stocks - Chipbond Technology Corporation	None	Financial assets at fair value through profit or loss - current	50,000	3,220	Note 2	3,220	
	Stocks - Pegatron Corporation	None	Financial assets at fair value through profit or loss - current	30,000	2,757	Note 2	2,757	
	Stocks - Fine Blanking & Tool Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	7,552,867	253,777	9.98	253,777	
	Stocks - Advanced International Multitech Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,142,000	85,764	Note 2	85,764	
	Stocks - Min Aik Precision Industrial Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,000,000	45,800	Note 2	45,800	
	Stocks - Excelsior Medical Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	405,168	34,844	Note 2	34,844	
	Stocks - Hundure Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	990,390	18,322	9.51	18,322	
	Stocks - King Chou Marine Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	350,000	14,298	Note 2	14,298	
	Stocks - Sunsino Development Associate Inc.	None	Financial assets at fair value through other comprehensive income - non-current	833,406	5,000	Note 2	5,000	
	Stocks - NCKU Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,300,000	5,000	8.33	5,000	
	Stocks - Saint Pin Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	251,835	-	Note 2	-	
	Stocks - Nailermate Enterprise Corp.	None	Financial assets at fair value through other comprehensive income - non-current	39	-	Note 2	-	
	Stocks - Sing Bee Enterprise Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	511,928	-	Note 2	-	
	Stocks - Tsu Yung Enterprise Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	400,000	-	Note 2	-	
	Stocks - MAP TECHNOLOGY HOLDINGS LIMITED	None	Financial assets at fair value through other comprehensive income - non-current	7,853,941	-	5.47	-	
	Stocks - Ofis International Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	720,000	-	Note 2	-	
	Stocks - Hwa Nan Co., Ltd.	Note 1	Financial assets at fair value through other comprehensive income - non-current	85,891	-	15.85	-	
	Stocks - Melten Connected Healthcare Inc.	None	Financial assets at fair value through other comprehensive income - non-current	1,111,111	-	Note 2	-	

Note 1: Same board chairman.

Note 2: It is not disclosed as the ownership does not exceed 5%.

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
Year ended December 31, 2024

Table 3 Expressed in thousands of NTD

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2024		Addition		Disposal			Balance as at December 31, 2024		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Taiwan Fu Hsing Industrial Co., Ltd.	Beneficiary certificates - Taishin Ta-Chong Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	26,116,960	\$ 385,000	8,903,166	\$ 131,188	\$ 131,000	\$ 188	17,213,794	\$ 254,000
	Beneficiary certificates - Capital Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	12,562,183	208,000	39,016,252	652,000	43,897,708	732,424	731,000	1,424	7,680,727	129,000
	Beneficiary certificates - Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	11,440,590	184,000	53,754,505	873,000	65,195,095	1,058,692	1,057,000	1,692	-	-
	Beneficiary certificates - Union Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	13,636,634	185,000	17,155,120	234,000	30,791,754	419,953	419,000	953	-	-
	Beneficiary certificates - Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	15,503,695	215,000	20,169,517	283,000	26,815,465	375,303	373,000	2,303	8,857,747	125,000
	FU SING INDUSTRIAL (THAILAND) CO., LTD.	Investments accounted for using equity method	-	Subsidiaries	74,999,955	323,735	44	396,599 (Note)	-	-	-	-	74,999,999	720,334
Fortress Industrial Co., Ltd.	Beneficiary certificates - Taishin Ta-Chong Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	79,275,237	1,166,000	79,275,237	1,166,952	1,166,000	952	-	-

Note : The Group participated in the cash capital increase of its subsidiary FU SING INDUSTRIAL (THAILAND) CO., LTD., with an investment amount of \$343,511, which included investment gains and losses and other comprehensive gains and losses recognized in the current period.

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
Year ended December 31, 2024

Table 4 Expressed in thousands of NTD

If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:													
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
FU SING INDUSTRIAL (THAILAND) CO., LTD.	Plant	2023.6.27 (Note 1)	\$ 372,665	\$ 372,665	ROJANA INDUSTRIAL PARK PUBLIC CO., LTD.	A non-related pary	-	-	-	\$ -	Negotiated and by reference to the appraisal report	Plant construction needs	-
	Property	2024.12.23 (Note 2)	381,308	76,262	TE CHANG CONSTRUCTION (THAILAND) CO.,LTD.	A non-related pary	-	-	-	-	According to market conditions	Operational requirements	-

Note 1 : On June 27, 2023, FU SING INDUSTRIAL (THAILAND) CO., LTD.’s shareholders’ meeting approved the purchase of land as a preparatory land for building a factory. On the same day, a real estate sales contract was signed, with a total price of THB 388,192 thousand, and the payment was paid in accordance with the contract’s stipulations. As of now, the transfer of land deed is still in process.

Note 2 : On December 23, 2024, FU SING INDUSTRIAL (THAILAND) CO., LTD.’s shareholders’ meeting approved to build a factory for operating use. On the same day, a construction contract was signed, with a total price of THB 425,000 thousand (tax included), and the prepayment was paid in accordance with the contract’s stipulations.

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2024

Table 5

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Credit term	Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)		Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Taiwan Fu Hsing Industrial Co., Ltd.	Formflex Metal Industrial (Changshu) Co., Ltd.	Indirectly-owned subsidiary	Purchases	\$ 1,338,131	33	Agreement	Note	Note	(\$ 273,263)	(41)	
	Techform Industrial Co., Ltd.	Subsidiary	Purchases	362,853	9	Agreement	Note	Note	(28,395)	(4)	
	Sunion Technology Co., Ltd.	Subsidiary	Purchases	211,935	5	Agreement	Note	Note	(15,918)	(2)	
Fortress Industrial Co., Ltd.	Arctek Industrial Co., Ltd.	Affiliated company	Purchases	238,868	23	Agreement	Note	Note	(46,501)	(20)	
Formflex Metal Industrial (Changshu) Co., Ltd.	Taiwan Fu Hsing Industrial Co., Ltd.	Parent company	(Sales)	(1,338,131)	(100)	Agreement	Note	Note	273,263	100	
Techform Industrial Co., Ltd.	Taiwan Fu Hsing Industrial Co., Ltd.	Parent company	(Sales)	(362,853)	(49)	Agreement	Note	Note	28,395	17	
Sunion Technology Co., Ltd.	Taiwan Fu Hsing Industrial Co., Ltd.	Parent company	(Sales)	(211,935)	(92)	Agreement	Note	Note	15,918	90	
Arctek Industrial Co., Ltd.	Fortress Industrial Co., Ltd.	Affiliated company	(Sales)	(238,868)	(66)	Agreement	Note	Note	46,501	82	

Note: The above sales were based on agreements with the companies and there were no material differences with general transactions.

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2024

Table 6

Expressed in thousands of NTD

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2024	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Formflex Metal Industrial (Changshu) Co., Ltd.	Taiwan Fu Hsing Industrial Co., Ltd.	Parent company	\$ 273,263	3.77	\$ -	-	\$ 202,534	\$ -

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries
Significant inter-company transactions during the reporting periods
Year ended December 31, 2024

Table 7

Expressed in thousands of NTD

Transactions amount between the parent company and subsidiaries or between subsidiaries reaching \$10 million is provided below and descriptions are disclosed in Note 2, and the same transaction is disclosed only once.

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Taiwan Fu Hsing Industrial Co., Ltd.	Formflex Metal Industrial (Changshu) Co., Ltd.	1	Purchases	\$ 1,338,131	Agreement	17%
		"	"	Accounts payable - related parties	273,263	Agreement	3%
		"	"	Other payable - related parties	40,449	Agreement	-
		Techform Industrial Co., Ltd.	1	Purchases	362,853	Agreement	5%
		"	"	Accounts payable - related parties	28,395	Agreement	-
		Sunion Technology Co., Ltd.	1	Purchases	211,935	Agreement	3%
		"	"	Accounts payable - related parties	15,918	Agreement	-
		FU HSING AMERICAS INC.	1	Sales	72,445	Agreement	1%
		"	"	Operating expenses	49,366	Agreement	1%
		"	"	Accounts payable - related parties	50,755	Agreement	1%
		"	"	Other payable - related parties	13,473	Agreement	-
1	Fortress Industrial Co., Ltd.	Arctek Industrial Co., Ltd.	3	Purchases	238,868	Agreement	3%
		"	"	Service revenue	13,715	Agreement	-
		"	"	Accounts payable - related parties	46,501	Agreement	-
		Arctek Security Technologies (Shanghai) Co., Ltd.	3	Sales	30,506	Agreement	-
		Rui Sheng Industrial Co., Ltd.	3	Purchases	11,515	Agreement	-
2	Techform Industrial Co., Ltd.	Ziyong Hardware Products (Taicang) Co., Ltd.	3	Purchases	12,172	Agreement	-
3	Rui Sheng Industrial Co., Ltd.	Arctek Industrial Co., Ltd.	3	Sales	34,066	Agreement	-

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

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries

Information on investees

Year ended December 31, 2024

Expressed in thousands of NTD

Table 8

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2024			Net profit (loss) of the investee for the year ended December 31, 2024	Investment income(loss) recognised by the Company for the year ended December 31, 2024		Footnote
				Balance as at December 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value				
Taiwan Fu Hsing Industrial Co., Ltd.	Formflex Enterprise Co., Ltd.	SAMOA	Investment holdings	\$ 735,344	\$ 741,744	23,500,000	100.00	\$ 1,046,225	\$ 177,823	\$ 179,285		Note 1 and 4
Taiwan Fu Hsing Industrial Co., Ltd.	Techform Industrial Co., Ltd.	Taiwan	Processing of hardware products	800,000	800,000	80,000,000	100.00	837,997	31,356	31,389		Note 1
Taiwan Fu Hsing Industrial Co., Ltd.	Fortress Industrial Co., Ltd.	Taiwan	Sales and manufacture of door locks, transom closers and floor springs	410,231	410,231	39,930,000	100.00	832,066	157,344	156,578		Note 1
Taiwan Fu Hsing Industrial Co., Ltd.	FU SING INDUSTRIAL (THAILAND) CO., LTD.	Thailand	Sales and manufacture of door locks and related accessories	663,701	320,190	74,999,999	100.00	720,334	591	591		Note 3
Taiwan Fu Hsing Industrial Co., Ltd.	Master United Investment Group Ltd.	British Virgin Islands	Investment holdings	337,175	337,175	930,000	100.00	274,358	(122,769)	(122,769)		
Taiwan Fu Hsing Industrial Co., Ltd.	Fu Hsing Americas Inc.	U.S.A	Sales of door locks and related accessories	11,263	11,263	300,000	100.00	181,757	(650)	(7,573)		Note 1
Taiwan Fu Hsing Industrial Co., Ltd.	Arctek Industrial Co., Ltd.	Taiwan	Sales and manufacture of transom closers and floor springs	65,200	65,200	5,838	70.00	90,469	17,189	12,036		Note 1
Taiwan Fu Hsing Industrial Co., Ltd.	Sunion Technology Co., Ltd.	Taiwan	Sales and manufacture of electronic lock parts	29,000	29,000	5,500,000	100.00	84,405	23,953	23,953		
Arctek Industrial Co., Ltd.	Rui Sheng Industrial Co., Ltd.	Taiwan	Sales and manufacture of transom closers and floor springs	14,000	14,000	756,000	70.00	30,526	6,087	-		Note 2
Formflex Enterprise Co., Ltd.	Fortune Industrial Ltd.	SAMOA	Investment holdings	-	6,698	-	-	-	19	-		Note 2 and 5

Note 1: The difference of the investee company’s gain (loss) in the current year and the Company’s investment gain (loss) recognized was the unrealized gain (loss) arising from intercompany transactions.

Note 2: Those amounts have been included in the profit or loss for the current year of the Company’s investees accounted for under the equity method, which were calculated and recognised as gain (loss) on investment by the Company.

Note 3: The investee was established and registered at the end of April 2023. As of now, the investee is still under the plant construction and operation preparation

Note 4: On March 12, 2024, the Board of Directors of the Company resolved to reduce the registered capital in the investee amounting to USD 204 thousand. The Company had recovered the investment amount on April 22, 2024.

Note 5: On January 22, 2024, the Board of Directors of the Company resolved to terminate operation and deregister the investee and remitted back the residual property amounting to USD 320 thousand.

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries
Information on investments in Mainland China
Year ended December 31, 2024

Table 9Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net income of investee as of December 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2024	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Formflex Material Industrial (Changshu) Ltd.	Sales and manufacture of architectural door and locks and related accessories	\$ 735,090	(2)	\$ 735,090	\$ -	\$ -	\$ 735,090	\$ 176,358	100	\$ 176,358	\$ 1,005,217	\$ 975,801	Note 2
Ziyong Hardware Products (Taicang) Co., Ltd.	Sales and manufacture of door locks and related accessories and furniture	297,447	(2)	319,892	-	-	319,892	(122,785)	100	(122,785)	273,157	435,021	Note 2
Arctek Security Technologies (Shanghai) Co., Ltd.	Sales and manufacture of transom closers and floor springs	74,763	(3)	-	-	-	-	4,063	100	4,063	20,257	-	Note 2
ChangShu Fortune Packing Material Co., Ltd.	Sales and manufacture of packing materials and plastic	-	(2)	6,698	-	6,698	-	-	-	-	-	3,628	Note 5

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Investment amount approved by the Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA	Footnote
Taiwan Fu Hsing Industrial Co., Ltd.	\$ 1,054,982	\$ 1,054,982	\$ 4,522,693	Note 3
Fortress Industrial Co., Ltd.	28,770	28,770	497,143	Note 4 and Note 6

Note 1 : Investment methods are classified into the following categories:
(1) Directly invest in a company in Mainland China.
(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China: reinvest in Mainland China through MASTER UNITED INVESTMENT GROUP LTD., FORMFLEX ENTERPRISE CO., LTD., and FORTUNE INDUSTRIAL LTD.
(3) Others: The Company invested in Arctek Security Technologies (Shanghai) Co., Ltd. not using its capital but through the debts of Formflex Material Industrial (Changshu) Ltd., the Company’s investee in Mainland China. In addition, refer to Note 4(3) B. for details.

Note 2: The investment gain/loss was recognised based on the financial statements that are audited and attested by R.O.C. parent company’s CPA.

Note 3: Limit amount prescribed by the Jing-Shen-Zi Letter No. 09704604680 of Ministry of Economic Affairs, dated August 29, 2008, and is calculated based on 60% of the Company’s consolidated net assets.

Note 4: Calculated based on 60% of the Company’s consolidated net assets.

Note 5: Changshu Fortune Packing Material Co., Ltd.’s liquidation and deregistration had been completed in Mainland China during November 2023 and remitted the residual property amounting to USD 627 thousand to FORTUNE INDUSTRIAL LTD.
On April 22, 2024, the Company recovered the investment amounting to approximately USD 320 thousand.

Note 6: It pertained to Fortress door control product (Changshu) Co., Ltd.’s liquidation and deregistration which had been completed in Mainland China during November 2023 and fully remitted out the residual property in 2023.

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries
Significant transactions , either directly or indirectly through a third area, with investee companies in the Mainland Area
Year ended December 31, 2024

Table 10Expressed in thousands of NTD

Purchaser/seller	Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Other receivables		Provision of endorsements/guarantees or collaterals		Financing			
		Amount	%	Amount	%	Balance at December 31, 2024		Amount	%	Balance at December 31, 2024	Purpose	Maximum balance during the year ended December 31, 2024	Balance at December 31, 2024	Interest rate	Interest during the year ended December 31, 2024
Taiwan Fu Hsing Industrial Co., Ltd.	Formflex Material Industrial (Changshu) Co., Ltd.	(\$ 1,338,131)	(33)	\$ 4,808	33	(\$ 313,712)	(27)	\$ 194	3	\$ -	-	\$ -	\$ -	-	\$ -
Taiwan Fu Hsing Industrial Co., Ltd.	Ziyong Hardware Products (Taicang) Co., Ltd.	(8,535)	-	-	-	17	-	-	-	-	-	-	-	-	-
Techform Industrial Co., Ltd.	Ziyong Hardware Products (Taicang) Co., Ltd.	(12,172)	(3)	-	-	-	-	-	-	-	-	-	-	-	-
Fortress Industrial Co., Ltd.	Fortress Door Control Product (Changshu) Co., Ltd.	30,506	2	-	-	4,718	2	-	-	-	-	-	-	-	-

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries
Major shareholders information
December 31, 2024

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Fu Chih Investment Development Co.,Ltd.	10,091,307	5.35%

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed is the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shares include the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. The information on the reported share equity of insider is provided in the "Market Observation Post System".

Note 3: The preparation principle of this table uses the shareholders' register as of the book closure date for the shareholders' special meeting (no need buy-to-cover short sales) to calculate the distribution of the balance of each unsecured transaction.

Note 4: Ownership (%) = total shares held by the shareholder/total shares transferred in dematerialised form.

Note 5: Total shares transferred in dematerialised form (including treasury shares) amounted to 188,452,170 shares=188,452,170 common shares + 0 preference shares.

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 1

Item	Description	Amount
Cash :		
Cash on hand and Petty cash		\$ 300
Bank deposits	Demand deposits - NTD	12,148
	Demand deposits - USD (US \$260 thousand, exchange rate 32.79)	8,523
	Demand deposits - RMB (RMB ¥5 thousand, exchange rate 4.478)	23
	Demand deposits - AUD (AUD \$9 thousand, exchange rate 20.39)	182
		20,876
Cash equivalents:		
Time deposits	Time deposits - NTD, continually maturing before February 2025, interest rate 1.225% ~ 1.70%	267,000
	Time deposits - USD (US \$10,600 thousand, exchange rate 32.79), continually maturing before March 2025, interest rate 4% ~ 4.85%	347,574
	Time deposits - RMB (US \$2,580 thousand, exchange rate 4.478), continually maturing before March 2025, interest rate 2.3% ~ 2.4%	11,553
	Time deposits - AUD (US \$1,230 thousand, exchange rate 20.39), continually maturing before January 2025, interest rate 2%	25,080
		651,207
		\$ 672,383

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 2

Name of Financial Instrument	Description	Shares	Face Value	Total Amount	Interest Rate	Cost	Fair Value		Amount of Change in	Note
							Unit Price	Total Amount	The Fair Value is	
									Attributable to Change	
in The Credit Risk										
Beneficiary certificates:										
Taishin Ta-Chong Money Market Fund	Money funds	17,213,794	Not applicable	\$ 254,000	-	\$ 254,000	14.82	\$ 255,098	Not applicable	
Capital Money Market Fund	Money funds	7,680,727	Not applicable	129,000	-	129,000	16.82	129,192	Not applicable	
Taishin 1699 Money Market Fund	Money funds	8,857,747	Not applicable	125,000	-	125,000	14.15	125,315	Not applicable	
Yuanta/P-shares Taiwan Dividend Plus ETF	Stock funds	250,000	Not applicable	7,137	-	7,137	36.68	9,170	Not applicable	
Listed (TSE and OTC) stocks:										
Min Aik Precision Industrial Co., Ltd	Stocks	500,000	Not applicable	27,221	-	27,221	45.80	22,900	Not applicable	
Huaku Development Co., Ltd.	Stocks	55,000	Not applicable	4,691	-	4,691	114.00	6,270	Not applicable	
HUA YU LIEN Development Co., Ltd.	Stocks	38,282	Not applicable	4,670	-	4,670	124.00	4,747	Not applicable	
Chipbond Technolgy Corporation	Stocks	50,000	Not applicable	2,952	-	2,952	64.40	3,220	Not applicable	
Pegatron Corporation	Stocks	30,000	Not applicable	2,217	-	2,217	91.90	2,757	Not applicable	
Hiyes International Co., Ltd.	Stocks	31,399	Not applicable	1,990	-	1,990	200.99	6,311	Not applicable	
						558,878				
Valuation adjustment of financial assets at fair value through profit or loss						6,102				
						\$ 564,980				

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF FINANCIAL ASSETS MEASURED AT AMORTISED COST -CURRENT
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 3

Name	Description	Shares	Face Value	Total Amount	Interest Rate	Carrying Amount	Accumulated Impairment	Note
Time deposits - USD	US \$7,960 thousand, exchange rate 32.79	5	\$ 261,009	\$ 261,009	4.00%~5.28%	\$ 261,009	\$ -	
	Maturity date: January 2025 ~ April 2025							
	US \$190 thousand, exchange rate 32.79	4	6,230	6,230	3.85%~5.23%	6,230	-	Secured pledge
	Maturity date: May 2025 ~ December 2025							
Time deposits - NTD	Maturity date: June 2025 ~ September 2025	2	6,300	6,300	1.655%	<u>6,300</u>	<u>-</u>	
						<u>\$ 273,539</u>	<u>\$ -</u>	

Please refer to Note 8 for details.

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related parties:			
Customer C	Sales revenue	\$ 495,960	
Customer B	Sales revenue	181,564	
Customer G	Sales revenue	54,871	
Others (balance of each client has not exceeded	Sales revenue	205,710	
5% of total account balance)			
		938,105	
Less: Allowance for bad debts		(7,483)	
		<u>\$ 930,622</u>	
Related parties:			
FU HSING AMERICAS INC.	Sales revenue	\$ 50,755	
Others (balance of each client has not exceeded	Sales revenue	811	
5% of total account balance)			
		<u>\$ 51,566</u>	

TAIWAN FU HSING INDUSTRIAL CO., LTD.

STATEMENT OF INVENTORIES

DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

Item	Description	Amount		Note
		Cost	Net Realisable Value	
Raw materials		\$ 26,560	\$ 23,713	The lower of cost and net realisable value
Work in progress		220,193	220,270	
Finished goods		<u>220,265</u>	<u>247,554</u>	
		467,018	<u>\$ 491,537</u>	
Less: Allowance for inventory valuation and				
	obsolete and slow-moving inventories	(<u>57,660</u>)		
		<u>\$ 409,358</u>		

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF OTHER CURRENT ASSETS, OTHERS
DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 6

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Receivables from business tax refund		\$ 17,420	
Office supplies		14,446	
Prepayments		9,711	
Others		<u>6,054</u>	
		<u>\$ 47,631</u>	

TAIWAN FU Hsing INDUSTRIAL CO., LTD.
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 7

Name	Beginning Balance		Addition		Decrease		Ending Balance		Accumulated		
	Shares	Fair Value	Shares	Amount	Shares	Amount	Shares	Fair Value	impairment	Collateral	Note
Listed stocks:											
Fine Blanking & Tool Co., Ltd.	7,552,867	\$ 272,659	-	\$ -	-	(\$ 18,882)	7,552,867	\$ 253,777	Not applicable	None	
Advanced International Multitech Co., Ltd.	1,115,000	81,172	27,000	4,592	-	-	1,142,000	85,764	"	None	
Min Aik Precision Industrial Co., Ltd.	1,077,000	32,310	3,000	16,168	(80,000)	(2,678)	1,000,000	45,800	"	None	
Excelsior Medical Co., Ltd.	385,875	34,111	19,293	733	-	-	405,168	34,844	"	None	
King Chou Marine Technology Co., Ltd.	350,000	13,633	-	665	-	-	350,000	14,298	"	None	
Launch Technology Co., Ltd.	50,000	2,965	-	-	(50,000)	(2,965)	-	-	"	None	
Unlisted stocks:											
Hundure Technology Co., Ltd.	990,390	18,322	-	-	-	-	990,390	18,322	"	None	
Sunsino Development Associate Inc.	833,406	5,000	-	-	-	-	833,406	5,000	"	None	
NCKU Venture Capital Co., Ltd.	1,300,000	5,000	-	-	-	-	1,300,000	5,000	"	None	
Saint Pin Technology Co., Ltd.	251,835	-	-	-	-	-	251,835	-	"	None	
Nailermate Enterprise Corp.	39	-	-	-	-	-	39	-	"	None	Preferred shares
Shing Bee Enterprise Co., Ltd.	511,928	-	-	-	-	-	511,928	-	"	None	
Tsu Yung Enterprise Co., Ltd.	400,000	-	-	-	-	-	400,000	-	"	None	
Map Technology Holdings Limited	7,853,941	-	-	-	-	-	7,853,941	-	"	None	
Ofis International Co., Ltd.	720,000	-	-	-	-	-	720,000	-	"	None	
Hwa Nan Co., Ltd.	85,891	-	-	-	-	-	85,891	-	"	None	
Melten Connected Healthcare Inc.	1,111,111	-	-	-	-	-	1,111,111	-	"	None	
		\$ 465,172		\$ 22,158		(\$ 24,525)		\$ 462,805			

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 8

Name	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net Assets Value		Collateral	Notes
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership	Amount	Unit Price (in dollars)	Total Amount		
Subsidiaries:													
FORMFLEX ENTERPRISE CO., LTD.	23,704,000	\$1,001,691	-	\$ 223,173	(204,000)	(\$ 178,639)	23,500,000	100.00%	\$1,046,225	45	\$ 1,048,756	None	
TECHFORM INDUSTRIAL CO., LTD.	80,000,000	818,607	-	31,390	-	(12,000)	80,000,000	100.00%	837,997	10	837,998	None	
FORTRESS INDUSTRIAL CO., LTD.	39,930,000	790,579	-	161,277	-	(119,790)	39,930,000	100.00%	832,066	21	834,137	None	
FU SING INDUSTRIAL (THAILAND) CO., LTD.	74,999,955	323,735	44	396,599	-	-	74,999,999	100.00%	720,334	10	720,334	None	
MASTER UNITED INVESTMENT GROUP LTD.	930,000	406,457	-	-	-	(108,429)	930,000	100.00%	298,028	295	274,358	None	
FU HSING AMERICAS INC.	300,000	177,149	-	4,608	-	-	300,000	100.00%	181,757	639	191,593	None	
ARCTEK INDUSTRIAL CO., LTD.	5,838	130,671	-	12,037	-	(7,006)	5,838	70.00%	135,702	15,501	90,497	None	
SUNION TECHNOLOGY CO., LTD.	5,500,000	70,352	-	23,953	-	(9,900)	5,500,000	100.00%	84,405	15	84,405	None	
		<u>3,719,241</u>		<u>853,037</u>		<u>(435,764)</u>			<u>4,136,514</u>		<u>\$ 4,082,078</u>		
Accumulated impairment		(68,903)		-		-			(68,903)				
		<u>\$3,650,338</u>		<u>\$ 853,037</u>		<u>(\$ 435,764)</u>			<u>\$4,067,611</u>				

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

<u>Vendor name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related parties:			
Tsu Yung Enterprise Co., Ltd.	Purchases and outsource	\$ 34,277	
Litai Color Printing Enterprises Co., Ltd.	Purchases	29,569	
Taicang Huamao Hardware Co., Ltd.	Purchases	26,255	
Others (balance of each vendor has not exceeded 5% of total account balance)	Purchases and outsource	256,226	
		<u>\$ 346,327</u>	
Related parties:			
Formflex Metal Industrial (Changshu) Co., Ltd.	Purchases	\$ 273,263	
Techform Industrial Co., Ltd.	Purchases and outsource	28,395	
Sunion Technology Co., Ltd.	Purchases	<u>15,918</u>	
		<u>\$ 317,576</u>	

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 10

<u>Item</u>	<u>Volume</u>	<u>Amount</u>	<u>Note</u>
Metalwork doors	32,238 thousand pieces	\$ 5,933,905	
Less: Sales returns and discounts		(108,173)	
Net sales revenue		5,825,732	
Other service revenue		14,528	
		<u>\$ 5,840,260</u>	

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 11

Item	Amount		Note
	Subtotal	Total	
Beginning raw materials		\$ 30,599	
Add: Raw materials purchased	\$ 2,496,682		
Less: Raw materials reclassified as expenses, etc.	(312)	2,496,370	
Ending raw materials		(26,560)	
Raw materials used		2,500,409	
Direct labour		409,528	
Manufacturing expense		<u>676,386</u>	
Manufacturing cost		3,586,323	
Beginning work in progress		198,827	
Less: Work in progress reclassified as expenses		(5,839)	
Ending work in progress		(220,193)	
Cost of finished goods		3,559,118	
Beginning finished goods		168,050	
Less: Finished goods reclassified as expenses, etc.		(8,631)	
Ending finished goods		(220,265)	
Cost of goods sold from finished goods		3,498,272	
Cost of goods sold from purchase		1,208,555	
Cost of goods sold from molds		2,171	
Less: Allowance for inventory valuation and obsolete and slow-moving inventories		(2,900)	
Less: Revenue from sale of scraps		(75,040)	
		<u>\$ 4,631,058</u>	

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 12

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Processing fees		\$ 261,227	
Indirect labor		138,201	
Repairs and maintenance expense		54,829	
Depreciation		55,130	
Utilities expense		44,108	
Other expenses	Balance of individual accounts has not	122,891	
	exceeded 5% of total account balance		
		<u>\$ 676,386</u>	

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 13

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Wages and salaries		\$ 51,083	
Commissions expense		50,325	
Export expense		21,692	
Advertisment expense		22,779	
Freight		10,371	
Other expenses	Balance of individual accounts has not exceeded 5% of total account balance	34,793	
		<u>\$ 191,043</u>	

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 14

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Wages and salaries		\$ 124,457	
Depreciation		20,801	
Directors' remuneration		20,342	
Professional service fees		17,548	
Other expenses	Balance of individual accounts has not	75,227	
	exceeded 5% of total account balance		
		<u>\$ 258,375</u>	

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 15

Item	Description	Amount	Note
Wages and salaries		\$ 68,589	
Research and development expenses		19,553	
Labour and health insurance fees		6,421	
Other expenses	Balance of individual accounts has not exceeded 5% of total account balance	18,893	
		<u>\$ 113,456</u>	

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF FINANCE COST
FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 16

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Interest expense		<u>\$ 1,633</u>	

TAIWAN FU HSING INDUSTRIAL CO., LTD.

SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTISATION EXPENSES BY
FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 17

Function Nature	Year ended December 31, 2024			Year ended December 31, 2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense	\$ 581,279	\$ 309,084	\$ 890,363	\$ 582,120	\$ 309,439	\$ 891,559
Wages and salaries	494,720	244,129	738,849	492,702	245,321	738,023
Labour and health insurance fees	49,231	21,756	70,987	49,627	21,897	71,524
Pension costs	19,024	7,547	26,571	19,430	7,429	26,859
Directors' remuneration	-	20,342	20,342	-	19,848	19,848
Other personnel expenses	18,304	15,310	33,614	20,361	14,944	35,305
Depreciation expense	55,130	23,831	78,961	54,961	24,099	79,060
Amortisation expense	-	4,728	4,728	-	1,136	1,136

Note:

A. As at December 31, 2024 and 2023, the Company had 1,146 and 1,183 employees, respectively, including both 7 non-employee directors.

B. (a) Average employee benefit expense for the years ended December 31, 2024 and 2023 was \$764 and \$741, respectively.

(b) Average employee salaries for the years ended December 31, 2024 and 2023 were \$649 and \$628, respectively.

(c) Changes of adjustments of average employees' salary was 3%.

(d) The Company has no supervisors' remuneration as it set up an audit committee.

(e) The Company sets up the Remuneration Committee with all independent directors serving as Remuneration Committee members. The Committee evaluates the factors such as the industry environment, profitability of the Company, performance and contribution of employees and researches on the market pay levels to establish the 'Taiwan Fu Hsing Industrial Co., Ltd. Manager's Remuneration Policy', which is used as a basis for determining salaries to managers after the policy is approved by the Board of Directors. The members committee will regularly review managers' performance to assess their contribution to the Company and reasonableness of remuneration. Also, the Committee will continue to review and revise the Company's remuneration policy to ensure a competitive compensation structure that is aligned with the interests of shareholders.

All employees' position classifications, salary structures, salary levels and salary calculation and so on are stipulated in the Company's 'Position Structure and Salary Management Regulations'. The regulations are published in the Company's internal website for reference of employees, and are regularly reviewed by the human resource department or revised to comply with the laws and regulations.

According to the Article 26-1 of Incorporation of the Company, when distributing earnings, the ratio of distributable profit of the current year shall not be lower than 5% for employees' compensation and shall not be higher than 5% for directors' remuneration.

The Company conducts performance assessment on all employees every year in accordance with 'Performance Assessment and Management Regulations' to determine their performance levels through self-evaluations and second-level supervisor evaluations according to the individual's KPI, competency, attendance, rewards and punishments and so on. The year-end bonuses to employees are distributed based on the employees' performance and the Company's profitability in accordance with the 'Year-End Bonus Approval and Distribution Standards'.

The bonuses to managers and specific persons are distributed by reference to individual's and special contribution to the Company in accordance with the 'Taiwan Fu Hsing Industrial Co., Ltd. Manager's Remuneration Policy'.